



弘和仁愛

HOSPITAL CORPORATION

弘和仁愛醫療集團有限公司
Hospital Corporation of China Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code: 3869



2024

ENVIRONMENTAL, SOCIAL AND
GOVERNANCE REPORT



ABOUT THIS REPORT	3
Report Overview	3
Reporting Scope	3
Reporting Framework	3
Data Source	4
Forward-Looking Statements	4
Contact Us	4
ESG Management Strategies	5
ESG Development Strategy	5
ESG Management System	7
ESG Development Goal	9
Board Statement	10
Responsibility for ESG Issues	10
ESG Risk Management	10
Stakeholder Engagement	11
Materiality Assessment	13
Enhanced Governance	14
Corporate Governance	14
Risk Management	15
Anti-Corruption and Compliance	16
Integrity Supply Chain	17
Anti-Corruption Training	18
High Quality Service	19
Universal Healthcare	19
Building a Network of Multidisciplinary and Medical Institutions	19
Promoting Regularized Medical Support at the Primary Level	20
Medical Service Quality	20
Safety and Quality Management	20
Responsible Advertising	22
Patient Care Experience	22
Patient Information and Privacy Protection	23
Enhancing the Medical Environment	24
Patient Services	24
Supply Chain Quality	25
Supplier Management System	26
Sustainable Supply Chain	26

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Innovation Development	27
Informatization Construction	27
Smart Medical Record Management Platform Construction	27
AI-Assisted Imaging Integration Platform Construction	28
Intellectual Property Strategy and Innovation Transformation	29
Diversity and Inclusion	30
Employee Care	30
Employee Hiring	30
Labor Standard	32
Compensation and Benefits	33
Performance Feedback	35
Communication and Exchange	36
Talent Development	37
Career Promotion System	37
Talent Training	37
Health and Safety	40
Occupational Health and Safety Training	40
Social Responsibility	41
Public Donations	41
Charity Clinics	42
Healthcare Education	43
Voluntary Service	44
Sustainable Operation	45
Combating Climate Change	45
Governance	45
Strategy	45
Climate Risk Identification and Assessment	46
Metrics and Targets	47
Low-carbon and Energy-saving	47
2030 Environmental Targets	48
Emissions Management	49
Use of Resources	53
Protection of the Environment and Natural Resources	55
Environmental Protection Training	55
Noise Management	55
Water and Soil Pollution Management	56
The ESG Reporting Guide Content Index of the Stock Exchange of Hong Kong Limited	57



ABOUT THIS REPORT

Report Overview

Hospital Corporation of China Limited (the “**Company**”) together with its subsidiaries (collectively, the “**Group**”, “**we**”, “**us**” or “**our**”) is a healthcare service technology group led by a team of professionals with extensive experience in hospital management. This Environmental, Social and Governance Report (the “**Report**”) provides an overview of the Group’s environmental, social and governance (“**ESG**”) activities, challenges and initiatives taken from 1 January 2024 to 31 December 2024 (the “**Reporting Period**”) and demonstrates our commitments and performances to sustainable development.

Reporting Scope

This ESG Report mainly covers the operations of the Group and hospitals owned, managed and organized by the Group (the “**Group Hospital(s)**”) in the People’s Republic of China (the “**PRC**”). Distinct from the statutory disclosure scope of the annual financial report, the Group includes all Group Hospitals within the ESG practice boundary, in order to fulfill our commitment to the holistic sustainable development of the healthcare ecosystem. The Group will continue to understand the key ESG aspects of our various businesses and expand the scope of information disclosure where appropriate.

Reporting Framework

The ESG Report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**ESG Reporting Guide**”) as set out in Appendix C2 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). During the preparation of this Report, the Group adopted the reporting principles set out in the ESG Reporting Guide as follows:

- **Materiality:** Materiality assessment is used to identify material issues during the Reporting Period and identified material issues are the focus of this Report. Material issues have been reviewed and confirmed by the board (the “**Board**”) of directors (the “**Director(s)**”) and the Environmental, Social and Governance Working Group (“**ESG Working Group**”). For further details, please refer to the “Stakeholder Engagement” and “Materiality Assessment” sections
- **Quantitative:** Supplementary explanations have been added to the disclosed data to explain standards, methodologies and conversion factors of sources used in calculating emissions and energy use.
- **Balance:** The Group describes and discloses the relevant information and content about the Group in an objective and fair manner and will not be biased due to any factors.
- **Consistency:** The scope and methodology of this Report are fairly consistent with the previous year, and explanations are provided regarding the data with changes in the scope of disclosure and calculation methods.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Data Sources

All data sources disclosed in this Report include public information from government departments, the Group's official internal documents, data collection and statistical systems, and statistical reports from the Group Hospitals.

Forward-Looking Statements

This Report contains forward-looking statements which are based on the Group's current expectations, estimates, projections, beliefs and assumptions about the businesses and markets in which it operates. These forward-looking statements are not guarantees of future performance and are subject to market risks, uncertainties and factors beyond the control of the Group. As a result, actual results and returns may differ from the assumptions and statements contained in this Report.

Contact Us

We welcome feedback and suggestions from stakeholders. You may contact us about this Report or our sustainability performance at:

Website: www.hcclhealthcare.com

Email: hcclhealthcare@hcclhealthcare.com



ESG MANAGEMENT STRATEGIES

ESG Development Strategy

In the past year, global climate challenges remained severe, and sustainable development issues continued to gain momentum and deepen, becoming a core focus of widespread discussion across all sectors. Internationally, there is a broad consensus on promoting the deep integration and collaborative progress of ESG practices to achieve long-term harmonious economic and social development. In China, as the "double carbon" goals—carbon peaking and carbon neutrality—advance steadily, ESG has increasingly become a key pillar for realizing sustainable development visions and an important yardstick for measuring the effectiveness of various sustainability initiatives.

Against this macro backdrop, looking back on the past year, the Group unwaveringly upheld our established ESG development strategy, and deeply engaged across the entire value chain of our business activities to continuously explore the strategic connotations of sustainability. Focusing on five key areas—strengthened governance, quality services, low-carbon operations, diversity and inclusion, and innovative development—the Group advanced its work in an orderly manner, achieving a series of remarkable phased achievements.

In terms of governance enhancement, the Group remained highly focused on ESG and climate risk-related issues, gradually building a comprehensive, multi-dimensional mechanism for identifying and managing ESG and climate risks. Through deep optimization of internal management structures and processes, we not only improved operational efficiency but also ensured that ESG principles were fully integrated into every aspect of corporate decision-making and daily operations, laying a solid foundation for the Group's stable development.

In terms of service quality, the Group is committed to strengthening its service quality management system. By adopting advanced management concepts and innovative initiatives, it has thoroughly reviewed and optimized service procedures. From appointment scheduling to post-treatment follow-up, every step is refined with precision and care, significantly improving service quality and customer satisfaction, and establishing a strong reputation in the healthcare services market.

Low-carbon operations represent a key aspect of the Group's social responsibility. By rigorously implementing emission management measures, we successfully achieved a significant reduction in greenhouse gas emissions, making steady progress toward our environmental goals and contributing positively to global climate action.

In the area of diversity and inclusion, the Group continued to advance its diverse talent strategy, maintaining a stable and balanced gender ratio and fostering an inclusive corporate culture. Through improved employee care mechanisms and career development programs, staff belongingness and collective identity were significantly enhanced, leading to a lower turnover rate and providing a solid talent foundation for the Group's sustained growth.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Innovation and development have always been the driving force behind the Group's progress. We actively promoted digital transformation and invested heavily in research and development, from upgrading smart medical systems to applying green technologies in medical equipment, injecting continuous new momentum into the sustainable transformation of our business.

These achievements have not only created more robust long-term sustainable value for all stakeholders but also solidified the Group's foundation for long-term progress on its sustainability journey. The Group will remain steadfast in deepening this strategy, further expanding the breadth and depth of its practices across all areas, and continuously exploring new paths and models for sustainable development to write a new chapter in the collaborative development of society, the environment, and the enterprise itself.





ESG Management System

While striving to create value for its shareholders, the Group is also committed to fulfilling its corporate social responsibility. We see our ESG commitments as part of our corporate social responsibility and are committed to integrating ESG considerations into our decision-making process. To achieve this goal, we have established a fundamental governance framework that ensures the alignment of ESG considerations with our Group's strategic growth. Simultaneously, we advocate for the integration of ESG principles into all aspects of our business operations. The Group's core governance framework consists of the Board and the ESG Working Group.

The Board

- Evaluate ESG-related risks and opportunities
- Formulate ESG management policies, strategies, priorities and objectives
- Review ESG-related targets
- Review the disclosures in the ESG Report
- Oversee all ESG-related matters

ESG Working Group

- Collect and analyse ESG data and evaluate the effectiveness of policies and procedures
- Ensure the implementation of plans to achieve ESG targets
- Ensure compliance with relevant ESG laws and regulations
- Support the preparation of the annual ESG Report
- Report to the Board on all ESG-related matters



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group has deeply integrated ESG considerations into its strategic decision-making and operational practices, establishing a management system with clear accountabilities and dynamic optimization. The Board holds ultimate accountability for the ESG strategy and reporting. It is tasked with identifying and evaluating the risks and opportunities associated with the Group's ESG performance, establishing pertinent management principles, strategies, priorities, and targets. The Board also approves and releases the annual ESG report, while ensuring the implementation of appropriate and robust ESG risk management and internal control systems throughout the organization. The ESG Working Group is composed of core members of the Chief Executive Officer's Committee ("**CEO's Committee**") and different functional departments to facilitate the Board's oversight of ESG matters. The ESG Working Group is responsible for collecting and analysing ESG information, monitoring and evaluating ESG performance, ensuring compliance with ESG-related laws and regulations, and preparing ESG reports.

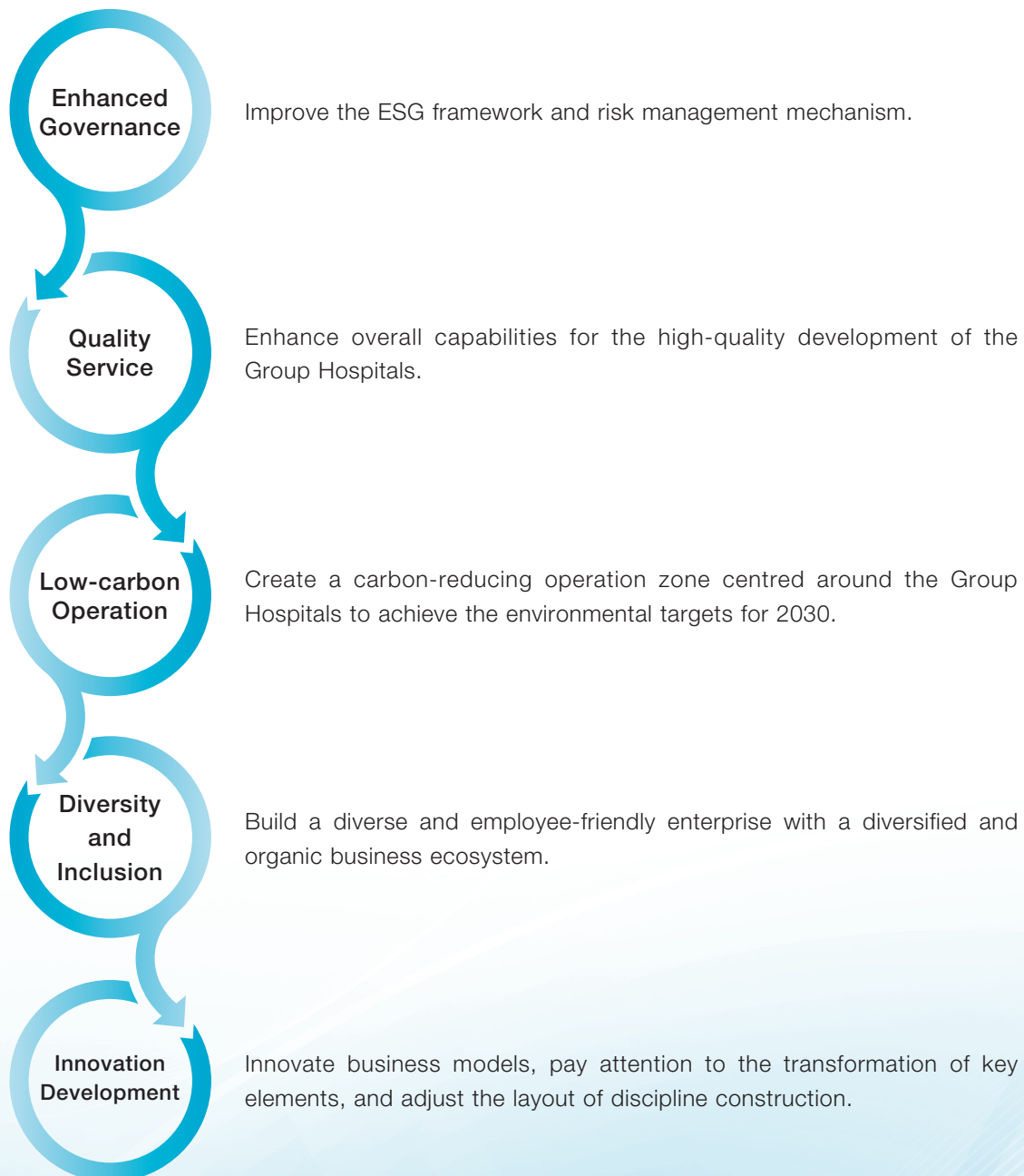
The Group ensures dynamic ESG management enhancement through a closed-loop mechanism of "goal setting-process control-performance evaluation-continuous improvement". The ESG Working Group regularly reviews progress toward established goals and targets and assesses the effectiveness of current policies and procedures. The ESG Working Group discusses existing and future plans to monitor and manage the Group's strategic sustainability objectives, mitigate potential risks, and minimize negative impacts on business operations. Results of the ESG Working Group's discussions are reported to the Board on a regular basis to evaluate the implementation and effectiveness of internal control mechanisms and review progress against set goals and targets. With support from the ESG Working Group, the Board periodically reviews the Group's ESG goals, progress, and performance to ensure timely optimization and improvement.



ESG Development Goal

To ensure the effective implementation of the ESG framework, the Group systematically and progressively establishes phased performance indicators for the five key development areas in its operations. This approach aims to foster continuous improvements in governance, enhance the quality of services, embrace low-carbon practices, promote diversity and inclusion, and drive innovation and development. By firmly embedding the principles of ESG development within the entire value chain of business activities, the Group strives to create a sustainable and responsible business ecosystem.

2030 OUTLOOK





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Board Statement

Responsibility for ESG Issues

As the highest decision-making level of the Group's ESG-related work, the Board is responsible for its overall supervision, guidance, and review. Under its leadership, the ESG Working Group carries out the relevant work. The Board periodically holds ESG meetings in collaboration with the ESG working group to conduct comprehensive reviews, evaluations, and strategic deployments about sustainability objectives, performance, development trends, and potential risks. Drawing on the meeting outcomes, the ESG working group coordinates resource allocation to execute the decisions made, subsequently presenting proposed proposals to the board of directors for approval. The Board confirms that it has reviewed and approved this Report. To the best of its knowledge, material issues have been identified in this Report and the Group's ESG management principles and performance have been presented.

ESG Risk Management

To effectively prevent potential sustainability risks, the Board directs the working group on ESG risk management in its daily operations and regularly monitors its implementation. During the Reporting Period, the Group formulated an ESG Risk List that considers the actual sustainability performance and operations of Group Hospitals. This comprehensive assessment evaluates the current state and impacts of its business operations, supply chain, and environmental and social conditions. It identifies potential challenges and opportunities, which are then integrated into the Group's business decision-making and risk-management processes.

In addition, the Group attaches great importance to climate risk management and integrates it into its comprehensive risk management system. The Board is responsible for overseeing climate risk management and reviews annual reports on climate change management and related topics. Under the overall leadership of the Board, the ESG Working Group coordinates and drives relevant departments to implement ESG-related matters, including climate change management.

In all stages of investment and financing activities, the Group considers climate change risks such as policy and legal risks, market risks, reputational risks, and physical risks. It assesses the material impacts that climate and environmental changes may have on the Group's operations, investment targets, and corporate clients, and proactively develops corresponding risk mitigation measures in advance.



STAKEHOLDER ENGAGEMENT

The Group attaches great importance to engaging with various stakeholders and proactively seeks their feedback on both business operations and ESG matters. The Group is committed to integrating sustainable development into all aspects of its business. To fully understand the core concerns of different stakeholders, we have been working closely with them through diversified communication channels.

Major Stakeholders	Communication Channels	Expectations
Investors and Shareholders	<ul style="list-style-type: none"> General Shareholder Meetings and Extraordinary General Meetings Financial Reporting Announcements and Circulars Emails Company Website Response to legal visit 	<ul style="list-style-type: none"> Operational Performance Corporate Governance Integrity and Compliance Medium- and Long-term Development Planning
Board of Directors and Senior Management	<ul style="list-style-type: none"> Board Meetings Disclosure of Information Company Website Announcement Operation Management Meetings Emails Phone or Newsletter 	<ul style="list-style-type: none"> Corporate Strategy Financials Risk Management Legal and Compliance Talent and Organizational Development Business and Technological Innovation
Patients and Their Families	<ul style="list-style-type: none"> Administrator's Mailbox Visiting Telephone Hotline Social Media Platforms Email and Website Community Events 	<ul style="list-style-type: none"> Medical Technology and Quality Control Customer Privacy Protection Medical Care Experience Protection of the Rights and Interests of Patients and Their Families Hospital Grade Level of informatization Hospital Specialty Departments

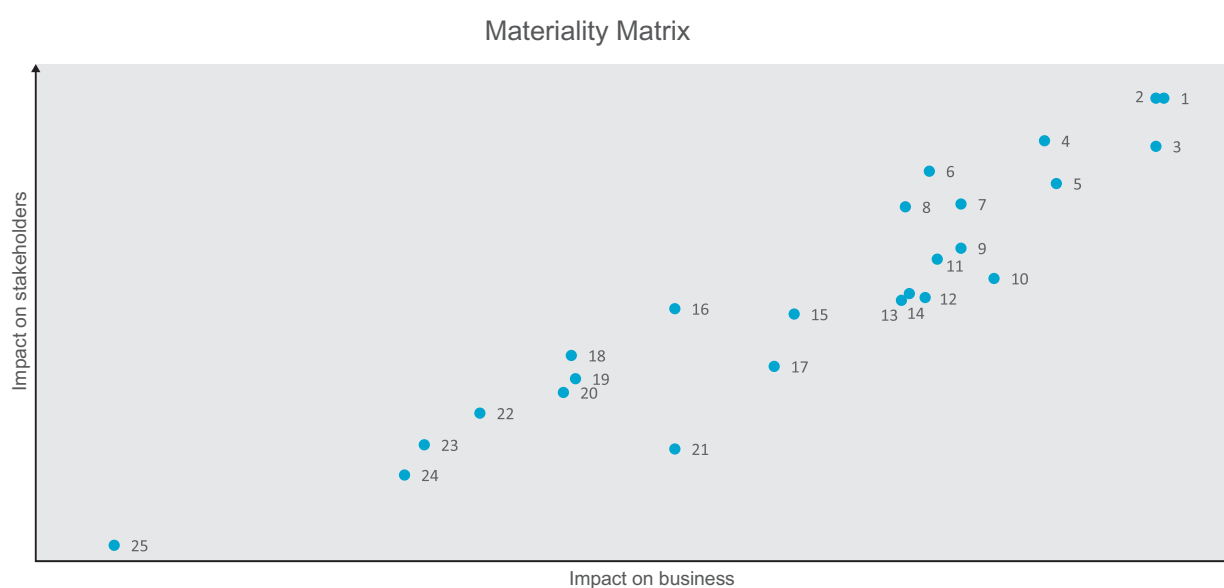
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Major Stakeholders	Communication Channels	Expectations
Suppliers	<ul style="list-style-type: none"> • Supplier Meetings & Events • Regular Audits and Assessments • Quotation and Bidding Process • Field Trips • Emails • Industry Seminars • Business Cooperation and Trade Exchanges 	<ul style="list-style-type: none"> • Fair Competition • Business Ethics and Credibility • Cooperation and Mutual Benefits • Product Responsibility • Corporate Internal Control and Whistleblowing Mechanism • Medical Anti-corruption
Employee	<ul style="list-style-type: none"> • Employee Performance Appraisal • Internal Mail • Staff Meetings and Training • Phone or Newsletter • Staff Congress • Labor Union • Notice 	<ul style="list-style-type: none"> • Career Development • Employee Compensation and Benefits • Occupational Health and Safety • Corporate Culture • Gender Discrimination • Team Cohesion • Social Recognition
Government and Regulatory Agencies	<ul style="list-style-type: none"> • Legal Documents and Notices • Written Response to Public Consultation • Mandatory or Voluntary Disclosure • Field Visits • Meetings 	<ul style="list-style-type: none"> • Legal Taxation • Information Transparency • Compliance with Laws and Regulations • Occupational Health and Safety • Environmental Protection • Medical Anti-corruption
Community and NGOs	<ul style="list-style-type: none"> • Public and Community Events • Community Investment Program • ESG Reports 	<ul style="list-style-type: none"> • Community Involvement • Environmental Protection • Inclusive Healthcare • Ethics
Media and the Public	<ul style="list-style-type: none"> • Social Welfare Activities • Meetings • News • Response to legal visit 	<ul style="list-style-type: none"> • Operational Compliance • Open and Transparent Information • Environmental Protection • Contributions to the Community • Ethics



MATERIALITY ASSESSMENT

To ensure that the disclosures in this Report accurately reflect the Group's commitment to addressing sustainability concerns, a materiality assessment has been conducted. This assessment aims to identify the key concerns of different stakeholders. The Group has compiled a list of material ESG issues based on its business development strategy, sustainability capabilities, industry practices, and regulatory disclosure requirements. Questionnaires were distributed to relevant stakeholders, as well as management and staff from each key function of the Group, to review operations, identify relevant ESG issues, and assess their significance to the Group's business and various stakeholders. The survey results have been analyzed and presented in the form of a materiality matrix.



No. Material Issues

1. Quality and Safety of Medical Services
2. Occupational Health and Safety
3. Employee Rights and Benefits Protection
4. Universal Healthcare
5. Medical and Business Ethics
6. Corporate Governance
7. Customer Service Quality Management
8. Employee Training and Development
9. Information Technology (IT) Development
10. Information Security and Privacy Protection
11. Compliance Management
12. Sustainable Supply Chain
13. Employee Equality and Diversity

No. Material Issues

14. Construction of Internal Control and Oversight Mechanisms
15. Waste Management
16. Sustainable Development Management
17. Investor Relations Management
18. Social Contribution and Development
19. Responsible Advertising
20. Emissions Management
21. Environmental Management
22. Water Resource Management
23. Energy Management
24. Circular Economy
25. Addressing Climate Change

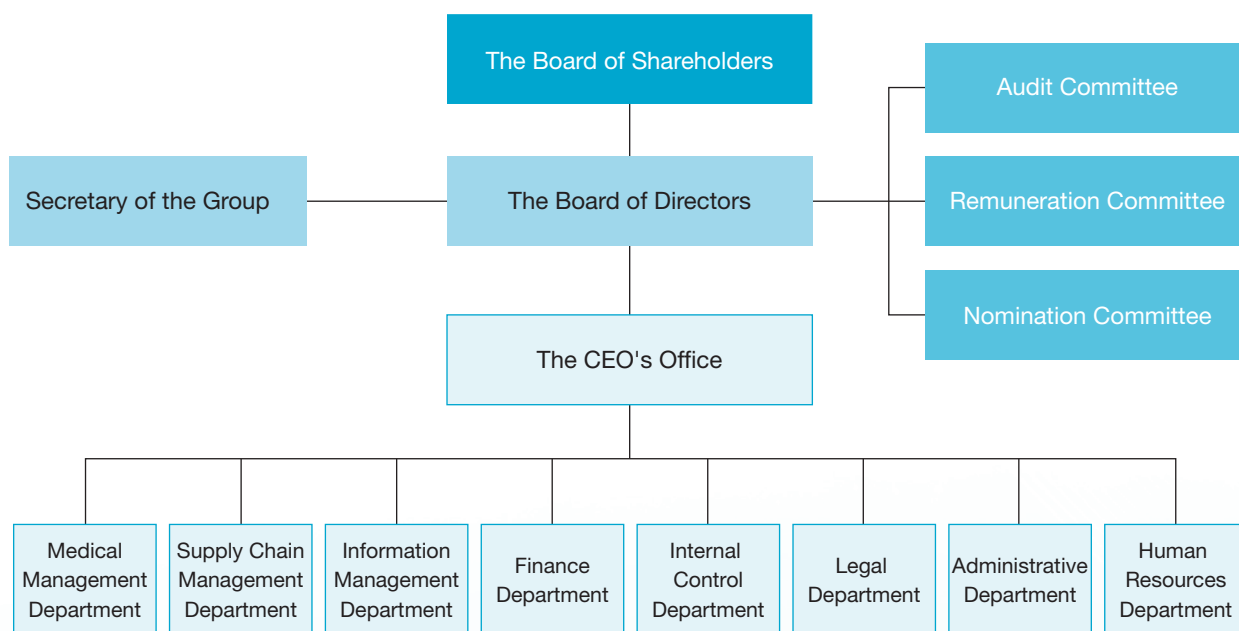
ENHANCED GOVERNANCE

Excellent corporate governance serves as the cornerstone of sound operations and full compliance. We strictly comply with national laws, regulations, and regulatory requirements, establishing a standardized corporate governance framework. We continuously strengthen internal compliance risk management and comprehensively optimize our risk prevention and control systems to ensure all business activities adhere to legal and regulatory standards.

At the same time, we steadfastly uphold the highest standards of business ethics, adhering to principles of integrity governance and medical anti-corruption. By standardizing business conduct with high standards, we are committed to creating sustainable long-term value for shareholders and society, and promoting the shared development of the enterprise and society.

Corporate Governance

In strict adherence to the Company Law of the PRC, the Securities Law of the PRC, Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and other relevant laws and regulations, the Group has enhanced the governance structure of its listed companies. During the Reporting Period, the Board has established three committees: the Audit Committee, the Remuneration Committee, and the Nomination Committee. These committees are responsible for overseeing and reviewing operations, financial management, and employee management.





We diligently convene general meetings of shareholders and board meetings in strict accordance with the Group's articles of association and bylaws. During these meetings, we prudently examine significant projects and key issues in the Group. We adhere to the relevant provisions governing voting matters and voting procedures, ensuring the protection of the legitimate rights and interests of both the listed company and its shareholders.

We strive to promote diversity on our board in terms of gender, culture, expertise, and more. As of the Reporting Period, the Board consisted of 3 executive directors, 2 non-executive directors and 3 independent non-executive directors, of which 3 were female directors, accounting for approximately 38% of the board members. The members of the Group's board have extensive industry experience and professional knowledge and vision in the fields of finance, investment and corporate governance.

Risk Management

The Group always prioritizes risk prevention and control, strictly adhering to the requirements of laws and regulations such as the Company Law of the People's Republic of China and the Audit Law of the People's Republic of China. We continuously optimize our comprehensive risk management system to further strengthen risk prevention and control safeguards.

The Group and Group Hospitals have initially established a system of policies and procedures covering risk management, internal control systems, and internal audit functions. Integrated with the Group's business operations, the risk management system identifies and categorizes existing and emerging risks, scientifically assesses their impact, and reasonably prioritizes them. Through effective measures, it mitigates risks and enhances the precision and effectiveness of risk management. The internal control system comprehensively standardizes employee conduct and business processes across the Group and Group Hospitals.

Internal control and internal audit departments actively fulfill their duties, adhering to internal audit and supervision regulations such as the Hospital Corporation Audit Management System (《弘和仁愛醫療集團內部審計管理制度》) and the Hospital Corporation Economic Responsibility Audit Management Measures (《弘和仁愛醫療集團經濟責任審計工作管理辦法》). They conduct in-depth evaluations and rigorous monitoring of key risks, control measures, and procedures to ensure the robust and efficient operation of internal control systems. The Audit Committee, supported by the Internal Control Department and Finance Department, fully exercises its supervisory role, strengthening oversight and guidance of internal audit work.

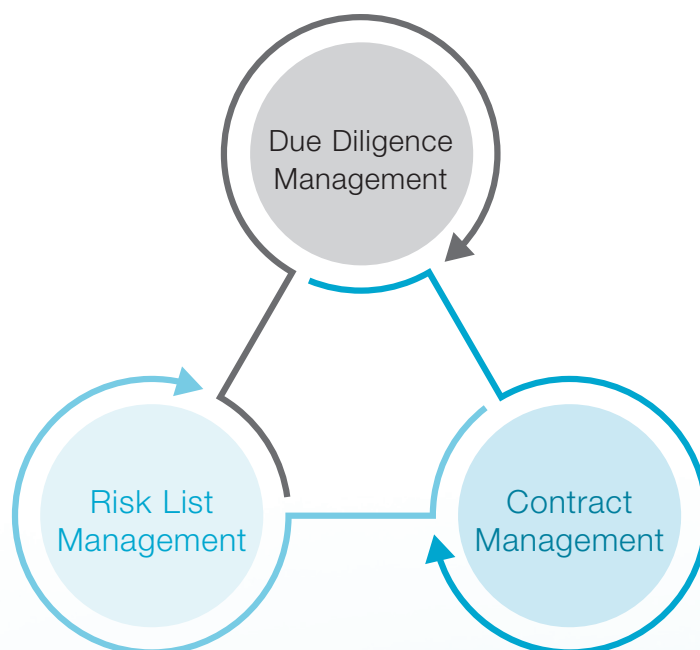
Additionally, the Group continues to deepen the construction of internal control systems for Group Hospitals, further improving standardized internal control frameworks and driving continuous optimization of internal policies and procedures.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Anti-Corruption and Compliance

The Group steadfastly upholds business ethics, continuously optimizing and expanding diverse reporting channels, advancing anti-corruption education, and maintaining a zero-tolerance stance toward embezzlement, corruption, and other improper business practices—resolutely cracking down on such conduct to foster a clean and healthy corporate environment.

The Group strictly complies with laws and regulations such as the Notice on Printing and Circulating of Nine Guidance on the Professional Integrity of the Staff in Medical Institutions (《關於印發醫療機構工作人員廉潔從業九項准則的通知》) and the Certain Provisions on Anti-Unfair Competition in the Pharmaceutical Industry (《醫藥行業關於反不正當競爭的若干規定》). To strengthen the integrity and compliance management, the Group has developed the Hospital Corporation Anti-Corruption and Anti-Fraud Compliance Guideline (《弘和仁愛醫療集團有限公司反腐敗 反舞弊合規指南》), which specifies strict measures for punishing illegal acts such as fraud, conflicts of interest, extortion, bribery, embezzlement, and money laundering. Key-position employees are required to sign the Anti-Corruption and Anti-Fraud Commitment Letter (《反腐敗、反舞弊承諾書》), while other employees sign the Compliance Training Acknowledgment (《合規培訓知情同意書》), both of which are archived by the human resources departments of the Group and its affiliated entities. Additionally, the Group continuously improves its compliance governance system, deeply embedding anti-monopoly and anti-unjustified competition requirements into the entire process of decision-making, management, and execution. This proactive approach mitigates risks arising from improper competition and ensures all operations are conducted within a legal, compliant, fair, and orderly framework.





The Group has established transparent and open reporting channels. In accordance with the Hospital Corporation Anti-Corruption and Anti-Fraud Reporting and Punishment System (《弘和仁愛反腐敗、反舞弊舉報和處分制度》), any employee, member of the public, patient, or their family may report improper conduct or suspected corrupt practices through reporting hotlines, emails, letters, and face-to-face interviews.

All reported cases are handled with strict confidentiality to protect the identity and privacy of whistleblowers, ensuring they do not face unfair treatment and their legal rights are safeguarded. The Board has the authority to review reported cases and take appropriate actions based on investigation results.

Reporting channels

Report email: AC@hccihhealthcare.com

Letter: 4th Floor, Air China Century Plaza, No. 40 Xiaoyun Road, Chaoyang District, Beijing, China

Integrity Supply Chain

The Group follows the principles of “openness, fairness, and impartiality” in transactions, establishing a full-life-cycle supply chain governance system. We strictly adhere to laws and regulations such as Law of the People's Republic of China for Countering Unfair Competition and the Regulations on the Supervision and Administration of Medical Devices, intensifying efforts in medical anti-corruption. To this end, we have formulated procurement management systems including the Hospital Corporation Procurement Service Management Standards and Procedures (《弘和仁愛醫療集團採購服務管理規範和流程》) and the Procurement Management System (《採購管理制度》), systematically implementing a “access-execution-exit” closed-loop regulatory mechanism. All suppliers are required to sign the Letter of Commitment for Supplier Cooperation (《供應商合作陽光承諾函》) or Code of Conduct for Suppliers (《供貨方行為準則》), pledging to refrain from commercial bribery, malicious competition, and other improper practices.

Employees of the Group must remain impartial in their duties and resolutely reject any gifts or kickbacks from suppliers, including money, shares, services, special privileges, etc. In the event of detecting acts of solicitation or acceptance of bribes, they should immediately report to relevant leaders or the discipline inspection and supervision department.

Regarding supplier access and review, the Group conducts rigorous due diligence on prospective key suppliers to ensure compliance with laws and regulations and a clean record. Products and services provided by suppliers must meet environmental and quality standards. We also regularly audit supplier performance to ensure alignment with the Group's requirements. The Group is committed to building a clean, transparent, and efficient supply chain system that safeguards stakeholders' interests and lays a solid foundation for sustainable development.

Anti-Corruption Training

The Group attaches great importance to anti-corruption education for employees, strictly complying with laws and regulations such as the Criminal Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, and Hong Kong's Prevention of Bribery Ordinance, with a commitment to fostering a clean corporate culture. The Hospital Corporation Employee Handbook (《弘和仁愛醫療集團員工手冊》) sets strict requirements for fraud, conflicts of interest, bribery, and data confidentiality. We have established and implemented the Anti-Corruption and Anti-Fraud Compliance Guidelines (《反腐敗、反舞弊合規指南》), clarifying definitions, manifestations, control measures, employee conduct standards, and reporting channels for anti-corruption and anti-fraud. Additionally, we have updated and enforced internal audit and supervision regulations such as the Hospital Corporation Internal Audit Management System (《弘和仁愛醫療集團內部審計管理制度》) and the Hospital Corporation Economic Responsibility Audit Management Measures (《弘和仁愛醫療集團經濟責任審計工作管理辦法》), defining oversight mechanisms to enhance anti-corruption awareness among key-position employees through multi-level, multi-form training, strengthen anti-corruption capabilities, improve cross-departmental collaboration, and effectively prevent, combat, and eliminate all forms of corruption.

During the Reporting Period, the Group organized training on construction of incorrupt governance and internal supervision, totaling more than 15,000 hours with over 14,500 participants, achieving basic coverage across all levels and departments. Furthermore, neither the Group nor its employees were involved in any corruption-related lawsuits, and no material violations of laws and regulations relating to anti-bribery, extortion, fraud, or money laundering with significant impacts on the Group were identified.



HIGH QUALITY SERVICE

In the face of rapid transformation in the healthcare services industry, the Group remains committed to its corporate vision of “Strive for Excellence, Caring for Life, and Be Reliable,” with a focus on delivering high-quality medical services. The Group continuously enhances its medical service quality management system, proactively aligns with healthcare industry policy guidelines, accurately captures evolving patient needs, and continuously optimizes service quality to ensure patients receive an excellent care experience. Meanwhile, the Group strengthens supply chain quality management, strictly controls supply chain standards, and ensures overall service quality meets comprehensive benchmarks.

Universal Healthcare

During the Reporting Period, the Group actively implemented the philosophy of universal healthcare and took concrete actions to improve healthcare accessibility. We are dedicated to building regional medical service hubs, operating and managing multiple hospitals in Shanghai and Zhejiang—spanning urban centers to county-level areas—to break down geographical barriers and provide patients with integrated, systematic, convenient, and high-quality medical services. By continuously optimizing the allocation of medical resources and expanding into integrated medical and elderly care, home healthcare, and health management services, we are gradually building a national medical service network. The Group also explores innovative cooperation models between public medical insurance and commercial insurance, promoting “medical insurance + commercial insurance integration plans”. Through optimized insurance product design and simplified claims processes, more medical services are included in coverage, effectively reducing the financial burden on patients.

Building a Network of Multidisciplinary and Medical Institutions

The Group is actively expanding a diversified network of medical disciplines and healthcare institutions. It is committed to building a medical network that integrates comprehensive disciplines with specialized centers of excellence. The comprehensive disciplines include internal medicine, surgery, obstetrics and gynecology, pediatrics, and geriatric medicine, while the specialized centers of excellence focus on oncology, traditional Chinese medicine, ophthalmology, stomatology, and medical aesthetics. By integrating high-quality medical resources, the Group provides patients with comprehensive and professional healthcare services. Leveraging its hospital system as well as a network of healthcare institutions empowered by “Internet Plus” and intelligent technologies (AI+), the Group overcomes the limitations of time and space, enabling the remote extension and efficient coordination of medical services. Through this strategic layout, the Group is striving to build a holistic healthcare industry network—rooted in China with a global vision—spanning health management, medical services, and elderly care. This initiative aims to offer more people full-spectrum, lifelong health services, further broadening the depth and reach of accessible, inclusive healthcare.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Promoting Regularized Medical Support at the Primary Level

The Group places great importance on enhancing grassroots medical service standards and actively implements the philosophy of universal healthcare. Through year-round regular training for township health centers and dispatching professionals to grassroots levels, transferring advanced medical knowledge and practical skills to grassroots medical staff and effectively improving their professional competencies.

The Group vigorously promoted the implementation of multiple screening programs at the grassroots level. During the Reporting Period, we completed 588 breast and gynecological cancer screenings, 200 thyroid cancer screenings, and over 2,800 multi-cancer screenings. Among these, 2,005 cases involved in-hospital examinations covering lung, gastrointestinal, liver, and breast cancer screenings. These initiatives significantly increased the probability of early disease detection, with an outpatient first-visit rate of 58.66%. Ninety-three patients were successfully admitted for further treatment after being diagnosed through screenings. The Group remains committed to bringing high-quality medical services to grassroots communities and enhancing public health and well-being.

Medical Service Quality

We believe that medical safety and quality are the cornerstones of sustainable development in the healthcare industry. The Group has always prioritized safety and quality indicators in management, strictly adhering to policies such as the National Health Commission's Action Plan for Comprehensive Improvement of Medical Quality (2023–2025) (《全面提升醫療質量行動計劃(2023 – 2025年)》) and various technical norms and standards in the medical industry. We ensure the safety of medical service, continue to promote interoperability within our dedicated internal network, and deliver excellent care experiences for patients and their families.

Safety and Quality Management

The Group takes safety and quality as core elements of its management, striving to build a comprehensive, multi-level management system to guarantee the high quality and safety of medical services and drive the sustained, stable development of its hospitals. Leveraging next-generation dedicated network technology, the Group has built a dedicated internal network connecting the headquarters and Group Hospitals, enabling data interoperability and information resource sharing to enhance hospitals' comprehensive service capabilities and refined management.

We strictly comply with national laws and regulations, including the Regulations on the Supervision and Administration of Medical Devices (《醫療器械監督管理條例》), Regulations on the Handling of Medical Accidents (《醫療事故處理條例》), Drug Administration Law of the People's Republic of China, and Personal Information Protection Law of the People's Republic of China. To this end, we have established internal systems such as the Standard Operating Procedures (SOP) (《操作規程》), Quality Management System (《質量管理制度》), and Medical Device Defect Recall System (《醫療器械缺陷召回制度》), ensuring detailed regulations for every aspect—from medical supply management to service safety—follows detailed protocols and legal compliance.

In accordance with industry regulatory requirements, the Group has deepened the development of management systems across its hospitals, supervising the fulfillment of responsibilities at all levels, promoting standardized hospital management, and ensuring the effective implementation of various management initiatives to enhance operational efficiency. In compliance with relevant standards, system-affiliated hospitals have established and refined a “two-tier, three-level” management structure, clarified the responsibilities and processes of each management committee, and implemented a comprehensive and systematic supervision mechanism for medical service quality. A two-level (hospital and department) quality and safety management framework has been put in place, with regular training, supervision, inspection, and analysis sessions focused on healthcare quality and safety. Specific quality and safety assurance measures are formulated accordingly. Hospitals also conduct regular emergency drills and assessments to strengthen their overall emergency response capabilities.

During the reporting period, each system-affiliated hospital carried out quality and safety enhancement activities tailored to their own characteristics and practical needs. The Group provided ongoing oversight for these improvement efforts, completing a total of 44 special quality improvement initiatives and 156 related task lists. Additionally, the Group strengthened training on the “three fundamentals and three stricts” of medical practice for healthcare professionals. A total of 2,691 test papers were compiled for theoretical assessments, with 24,259 instances of participation, supporting the improvement of both theoretical knowledge and practical skills among medical staff in affiliated hospitals.

The Group also launched a series of activities across its hospital system using comprehensive clinical competency competitions as a core approach. These activities combined theoretical assessments, targeted training, emergency clinical response, and doctor-patient communication exercises. Through “training through competition” and “improvement through competition,” the Group coordinated with hospitals to implement medical quality and safety improvement initiatives. These efforts have significantly enhanced staff awareness and emergency response capabilities, ensuring safer and more reliable medical services for patients.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Responsible Advertising

The Group attaches great importance to responsible advertising activities, ensuring compliance through multi-faceted measures. In daily operations, we strictly adhere to laws and regulations such as the Advertising Law of the People's Republic of China and the Regulations on Medical Advertising Management, standardizing promotional conduct across Group Hospitals. We require the release of objective and truthful medical advertisements, strictly prohibiting false or misleading statements about hospital products, services, or performance to protect patient rights and interests.

To ensure the compliance and accuracy of promotional content, the Group has formulated the Logo Management System (《標識管理制度》) and the "Three-Round Review and Three-Round Proofreading" System for Information Release (《信息發布「三審三校」工作制度》). Through standardized processes, we ensure that the content of advertisements, labels, and other promotional materials meets relevant standards. When publishing information on hospital websites, WeChat official accounts, and other platforms, we strictly implement the "three-round review and three-round proofreading" process to ensure information is secure, accurate, and timely, avoiding negative impacts and public opinion risks.

The Group conducts monthly safety and compliance education, organizing learning sessions on laws and regulations such as the Medical Advertising Law, Law of the People's Republic of China on Guarding State Secret, and Personal Information Protection Law, to enhance employees' legal awareness. During the Reporting Period, no cases of false advertising occurred, and the Group received no penalties.

Patient Care Experience

The Group always prioritizes patient needs and is committed to providing comprehensive, professional, and patient-centered medical services. We strictly comply with relevant laws and regulations to ensure the security and confidentiality of patients' personal information. At the same time, we continuously optimize service processes and improve service quality in order to enhance patient satisfaction and create a more comfortable and convenient medical experience.



Patient Information and Privacy Protection

The Group strictly adheres to laws and regulations such as the Personal Information Protection Law and the Cybersecurity Management Measures for Medical and Health Institutions, establishing a comprehensive end-to-end data governance framework. Through a three-dimensional mechanism of institutional constraints, technical prevention, and personnel supervision, we ensure all-rounded protection of patient privacy.

The Group formulated special policies including the Information Confidentiality System (《信息保密制度》) and the Patient Privacy Protection Regulations (《患者隱私權保護規定》), defining full-cycle management standards for information from collection to deletion. All employees are required to sign confidentiality commitments, and departing employees must complete data handover and sign a Post-Employment Confidentiality Agreement (《離崗保密協議》). The Internal Personal Information Management System and Operational Procedures (《個人信息內部管理制度和操作流程》) clearly stipulate that personal information may only be obtained for specific, legitimate purposes and with the consent of the data subject, strictly prohibiting excessive collection.

In terms of business collaborations, the Group includes confidentiality clauses in contracts with information system vendors, strictly regulating their use and confidentiality responsibilities for patient privacy information. The archived medical record management system has been further improved, standardizing processes for medical record borrowing and copying to prevent privacy leaks at the source.

In terms of information security, the Group strengthens terminal device security management, encrypting patient information during transmission and storage. We provide patients with clear information protection policies and operational guidelines to safeguard their right to know. Through regular inspections and assessments, we continuously optimize privacy protection practices.

Personnel training is a key component: we regularly organize specialized privacy protection training for medical staff, covering topics such as disease information confidentiality, bedside card information management, and privacy protection measures during diagnosis and treatment, to enhance their awareness and professional capabilities. During the Reporting Period, no complaints or disputes arising from privacy leaks occurred.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Enhancing the Medical Environment

The Group is committed to systematically building a patient-centered service ecosystem, strictly adhering to regulations such as the Guidelines for Environmental Surface Cleaning and Disinfection in Healthcare Facilities (《醫療機構環境表面清潔與消毒管理規範》) and the Principles for Medical Institution Planning (《醫療機構設置規劃指導原則》). Through digital transformation, we streamline medical processes, delivering warm, comfortable, and convenient care experiences for patients.

Group hospitals continuously optimize appointment and consultation processes by introducing online appointment platforms and express channels, significantly improving efficiency. Clear wayfinding systems are installed within hospitals to help patients navigate seamlessly. Upholding the “patient-centered” philosophy, we establish comprehensive doctor-patient communication mechanisms, including consulting nurse stations that provide detailed guidance and thoughtful support.

Notably, Jinhua Guangfu Hospital proactively expands service boundaries to meet diverse needs: it provides translation volunteers for foreign patients and arranges sign language interpreters for disabled patients, ensuring every individual receives care in a comfortable environment. The Group’s multi-dimensional efforts continue to elevate medical service standards.

Patient Services

The Group places great emphasis on patient services, regarding patient satisfaction as a key driver for sustainable business development. During the Reporting Period, in line with the requirements of the National Health Commission and based on the unique characteristics and practical conditions of each Group Hospital, the Group carried out special initiatives to improve the patient service experience. The Group provided full-process supervision of these efforts, completing a total of 19 service enhancement initiatives and implementing 134 specific improvement measures. To continuously improve medical quality and service levels, Group Hospitals conduct quarterly satisfaction surveys for outpatient and inpatient patients, covering service attitude, quality, processes, and environmental facilities, while actively collecting feedback for improvement.

The Group strengthens follow-up visits for discharged patients and standardizes satisfaction survey procedures. Feedback and complaints are gathered through multiple channels, including questionnaires, suggestion boxes, and online reviews, and are handled by dedicated departments. Cixi Hospital, in particular, has established physical suggestion boxes and opinion books to widely solicit feedback and accept public supervision.

Focusing on enhancing customer service quality, the Group plans to refine its mechanisms for handling patient feedback and optimizing service processes. It has formulated satisfaction monitoring indicators and conducts regular assessments with clearly defined responsibilities to ensure effective implementation, with the goal of continuously improving patient satisfaction.

Upholding a patient-centered philosophy, the Group has built an integrated “Prevention–Response–Improvement” complaint governance system, strictly in accordance with the Regulations on the Prevention and Handling of Medical Disputes(《醫療糾紛預防和處理條例》). Through a closed-loop management mechanism, patient feedback is transformed into driving force for service quality enhancement.



The Group has established a standardized complaint handling process, emphasizing timely response, root cause investigation, effective communication, and corrective action. For medical service-related complaints, cross-departmental investigation teams are formed, and in cases involving major disputes, hearings by the Medical Ethics Committee are convened to ensure all patient complaints are handled professionally and appropriately.

During the Reporting Period, the Group received two cases of medical service-related complaints. In both instances, it actively cooperated with the relevant departments for investigation and handled the cases in compliance with applicable laws and regulations. The Group continues to optimize its complaint management practices, aiming to provide high-quality, efficient, and satisfactory medical services and to foster a positive doctor-patient relationship.

Supply Chain Quality

The quality, resilience, and sustainability of suppliers are crucial to the Group's operations. The Group strictly complies with the Drug Administration Law of the People's Republic of China, the Regulations for the Implementation of the Drug Administration Law of the People's Republic of China, the Measures for the Administration of Drug Business Licenses, and the Measures for the Supervision and Administration of the Operation of Medical Devices, among other applicable laws and regulations. A well-structured and standardized supplier management system has been established to ensure quality, safety, and environmental protection across the supply chain and to promote its sustainable development.

During the Reporting Period, the Group collaborated with a total of 529 key suppliers of equipment, pharmaceuticals, and services, the vast majority of which are based in mainland China. Upholding the principles of aligned values, collaborative development, regulatory compliance, and platform synergy, the Group works closely with suppliers to co-create a sustainable development ecosystem. Environmental and social responsibility awareness is promoted among suppliers, encouraging them to operate in compliance with regulations.

Details of supplier distribution by region are as follows:

Number of Suppliers	FY 2024
Total number of suppliers	529
Breakdown by region:	
Mainland China	520
Hong Kong	9

Supplier Management System

The Group places great importance on supplier management and is committed to building a clean, transparent, and efficient supply chain system to ensure that suppliers meet the Group's high standards and to provide a solid foundation for sustainable development. In strict compliance with national laws and regulations, the Group has formulated a series of policies, including the Qualification Review Management System for Suppliers and Sales Personnel (《供貨單位及銷售人員資格審核管理制度》), Initial Product Review and Drug Quality Archives Management System (《首營品種審核和藥品質量檔案管理制度》), Code of Conduct for Purchasing Personnel of Hospital Corporation and Its Member Institutions (《弘和仁愛集團及成員單位採購相關人員行為准則》), and the Procurement Service Management Guidelines and Procedures of Hospital Corporation (《弘和仁愛醫療集團採購服務管理規範和流程》). These systems clearly define supplier admission mechanisms, with strict reviews based on qualifications, scale, market position, and client base to ensure compliance with the Group's supply chain requirements.

The Group has established a dedicated Procurement Management Committee responsible for supervising the procurement process and managing associated risks. Procurement activities follow the principles of openness, fairness, and impartiality, with no discrimination or preferential treatment toward any supplier. A thorough due diligence process is conducted to ensure that all potential suppliers comply with legal and regulatory requirements and have no adverse records.

The Group maintains a zero-tolerance policy toward bribery and corruption. All suppliers are required to sign a Letter of Commitment for Supplier Cooperation (《供應商合作陽光承諾函》) or a Code of Conduct for Suppliers (《供貨方行為准則》), which strictly prohibits suppliers from offering any form of benefits or gifts in exchange for procurement contracts or cooperation opportunities. The Group conducts periodic re-evaluations of suppliers regarding product qualifications, quality, and performance, with documented records. Suppliers found with quality defects, expired certificates, or incomplete qualifications are notified and may resume cooperation only upon rectification. Those who fail to improve are removed from the supplier list.

Sustainable Supply Chain

The Group recognizes the critical importance of sustainable development to long-term business operations and the broader social and environmental landscape. As such, sustainability principles are deeply integrated into the Group's operational model, with full efforts directed toward building a sustainable supply chain system.

In its approach to supply chain development, the Group emphasizes both environmental responsibility and social accountability. Priority is given to local suppliers, which helps reduce the carbon footprint associated with long-distance transportation and minimizes the environmental impact of procurement activities. This practice also supports the development of local economies and generates employment opportunities in surrounding communities, achieving a win-win for both economic and environmental benefits. Furthermore, the Group prioritizes eco-friendly products and services by referencing authoritative platforms such as Credit China (‘信用中國’) and the China Government Procurement Network (‘中國政府採購網’), thereby promoting the green transformation of the supply chain from the source.

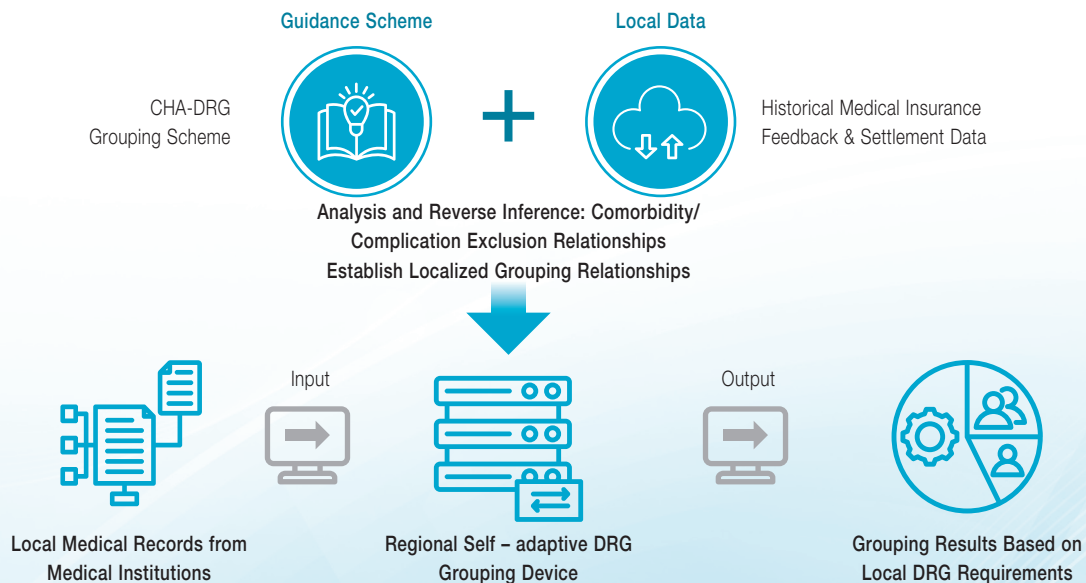
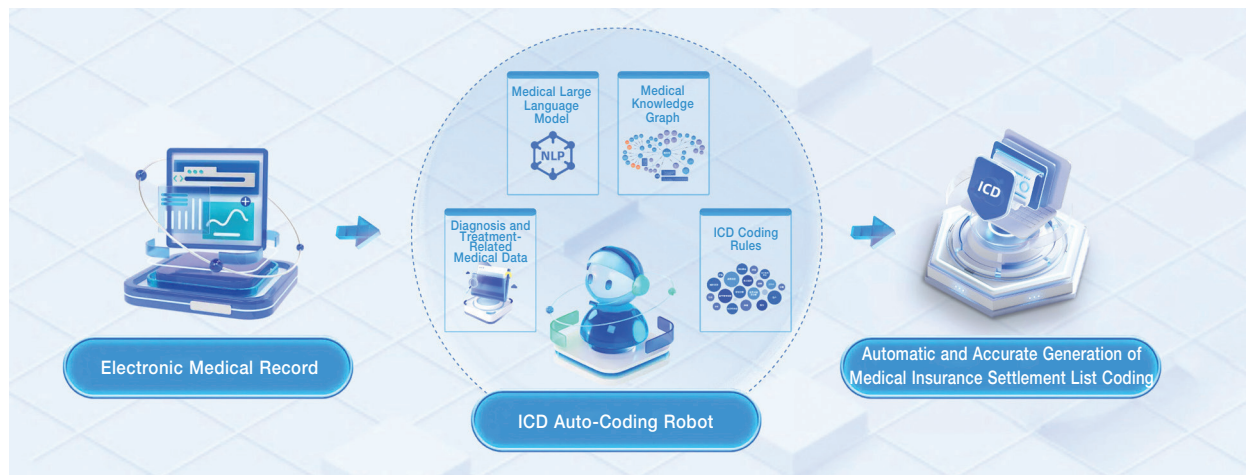
INNOVATION DEVELOPMENT

Informatization Construction

Information technology plays a critical role in improving hospital management efficiency and achieving standardized operations. Our Group is committed to deepening reforms and continuously injecting energy into information technology development, aiming to build a comprehensive and multi-layered smart healthcare system. We are consistently strengthening the internal information network infrastructure to ensure smooth data flow between hospital departments, providing solid information support for medical services and management.

Smart Medical Record Management Platform Construction

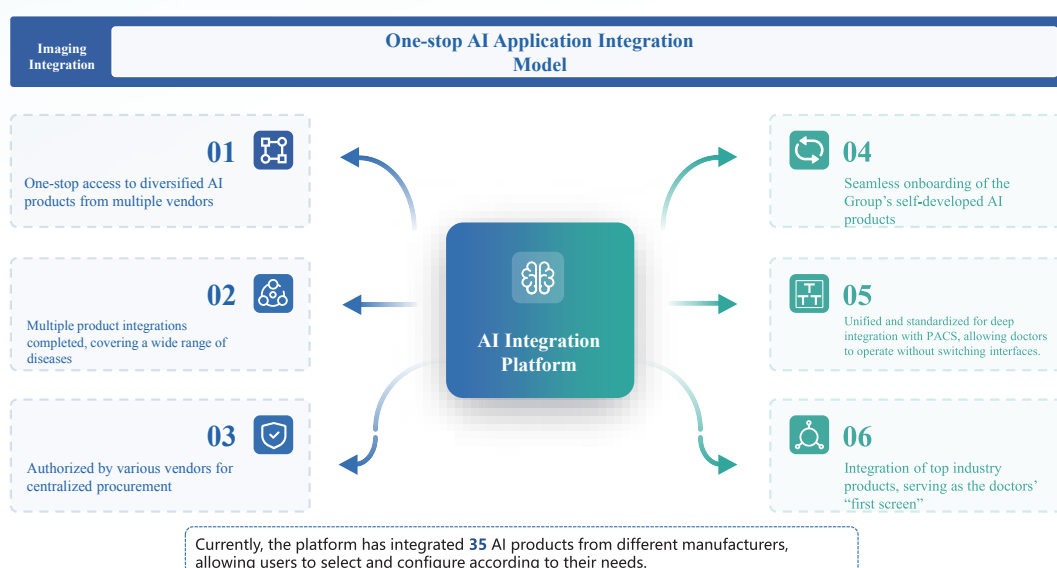
To address common issues in medical institutions' record management, such as insufficient coding accuracy, low work efficiency, and a lack of intelligent tools, our Group has actively explored and introduced advanced technologies. By adopting innovative tools such as ICD automatic coding robots, region-specific DRG pre-groupers, and payment simulators, and integrating them seamlessly with the medical record management system, we have developed a new smart medical record management platform. Leveraging artificial intelligence technology, the platform has significantly improved coding accuracy and work efficiency, effectively reducing human error risks, and providing a solid guarantee for medical safety and quality management.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

AI-Assisted Imaging Integration Platform Construction

In response to the current challenges in the market, including inconsistent interface standards among various AI imaging diagnostic products, decentralized deployment, and difficulties in information security management, the Group has collaborated with strategic partners to jointly develop the AI-Assisted Imaging Integration Platform. This platform integrates 35 imaging diagnostic applications from three major vendors and is centrally deployed at the Group's cloud data center, creating a streamlined product management system. Group Hospitals only need to upload imaging data to the private cloud platform. The system will automatically call the appropriate AI applications based on diagnostic needs and return the results to the hospital. This integration optimizes cost investments, standardizes system maintenance, and provides strong technical support for healthcare service quality and information security.





Intellectual Property Strategy and Innovation Transformation

In the era of knowledge economy, intellectual property (IP) is a key component of a company's core competitiveness. The Group has always viewed IP protection as an important guarantee for promoting innovation and safeguarding the legitimate rights and interests of the company. The Group is committed to building a comprehensive, systematic, and stringent intellectual property protection system.

The Group strictly adheres to the Trademark Law of the People's Republic of China, Patent Law of the People's Republic of China, and other relevant laws and regulations, and clearly stipulates the confidentiality provisions related to intellectual property in the Employee Handbook (《員工手冊》), with legal consequences for violations. Each Group Hospital has established the Patent Management System (《專利管理制度》), which standardizes the ownership of intellectual property for work-related inventions, funded projects, and personal inventions. The Group has developed a full-process protection measure covering the identification, evaluation, application, registration, maintenance, monitoring, use, and transformation of intellectual property rights. The Group actively recruits and trains professionals with experience in intellectual property management and protection, regularly reviews and assesses the effectiveness of the intellectual property management system, and conducts comprehensive intellectual property risk assessments before embarking on new technologies and projects to effectively prevent potential future intellectual property disputes. The Group has also implemented a Research Achievement Management and Incentive System (《科研成果管理與激勵制度》), ensuring standardized management of research achievements and stimulating employee innovation.

During the Reporting Period, the Group invested over 1.85 million yuan in research funds, passed 9 provincial and municipal-level research projects, published 59 papers in various journals, obtained 3 new patents, and organized 70 continuing education programs at various levels.

DIVERSITY AND INCLUSION

The Group has always regarded its employees as the core competitiveness of its sustainable development. The Group is dedicated to establishing a scientific management system that combines medical regulations with modern enterprise practices. We prioritize a people-oriented approach, respecting and safeguarding the legitimate rights and interests of our employees. We provide diverse avenues for career advancement and offer ample training opportunities. Additionally, we prioritize the physical and mental well-being of our employees, ensuring a healthy and safe working environment. We continuously enhance welfare and care measures, and we remain committed to fostering an equal, diverse, and inclusive workplace that promotes sustainability and happiness for all.

Employee Care

The Group strictly adheres to the Civil Code of the People's Republic of China, Labor Law of the People's Republic of China, Labor Contract Law of the People's Republic of China, and the Employment Ordinance of Hong Kong, respects and safeguards employees' rights, and legally regulates labor employment. The Group establishes harmonious and stable labor relations with employees through a fair and transparent employment mechanism. During the Reporting Period, no major issues were found that severely violated employment-related laws and regulations and had a significant impact on the Group.

Employee Hiring

The Group continuously enhances its talent recruitment and selection system, dedicated to creating a fair, just, and transparent hiring environment. We strictly adhere to laws and regulations such as the Labor Law of the People's Republic of China, the Employment Contract Law of the People's Republic of China, and the Employment Ordinance of Hong Kong in recruitment practices. To this end, we have formulated internal policies including the Recruitment Management System (《招聘管理制度》) and the Employee Recruitment System (《员工招聘制度》), clearly standardizing recruitment processes and eliminating discrimination in hiring.

The Group has established a comprehensive talent cultivation framework, pursuing talent echelon building through a dual-driven approach of "external recruitment + internal cultivation": Externally, we integrate diverse channels such as online recruitment, university-industry partnerships, and social referrals to precisely connect with industry elites; Internally, we implement mechanisms like competitive post selection and talent recommendation to activate internal potential, prioritizing career development by opening up promotion channels for employees.



The Group adheres to the employment principle of “job matching, and the capable are placed in the right positions,” and eliminates any discriminatory practices unrelated to job competence (including but not limited to gender, age, appearance, marital status, religious belief, etc.), with professional competence and job requirements being the only evaluation criteria. Based on the core value of “people-oriented”, the Group requires all employees to practice a respectful and inclusive workplace culture, and has established dedicated complaint procedures and a special reporting response mechanism to systematically prevent workplace harassment, insults, and other such behaviors. During the Reporting Period, the Group's employment system operated in compliance with regulations, with no workplace discrimination disputes.

As of December 31, 2024, the total number of employees within the Group's reporting scope was 3,243, all of whom are full-time staff.

Breakdown of Employees	Year 2024	Year 2023
Total Number	3,243	3,264
By Gender		
Male	1,041	1,042
Female	2,202	2,222
By Age		
Under 30 years of age	1,039	1,038
30-50 years old	1,662	1,695
Over 50 years old	542	531
By Region		
Mainland China	3,242	3,263
Hong Kong	1	1
By Employment Category		
Senior Management	49	51
Middle Management	366	360
General Staff	2,828	2,853

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, the Group's overall employee turnover rate was 10%.

Employee Turnover Rate	Year 2024	Year 2023
Overall	10%	11%
By Gender		
Male	11%	12%
Female	10%	11%
By Age		
Under 30 years of age	14%	17%
30-50 years old	8%	8%
Over 50 years old	10%	11%
By Region		
Mainland China	10%	11%
Hong Kong	0%	0%

Labor Standard

The Group strictly adheres to laws and regulations such as the Employment Ordinance of Hong Kong (《僱傭條例》), the Labor Law of the People's Republic of China, and the Regulations of the People's Republic of China on the Prohibition of Child Labor (《中華人民共和國禁止使用童工規定》). Through the Recruitment Management System (《招聘管理制度》) and Employee Handbook, we have established end-to-end compliance review mechanisms to eliminate risks of child labor and forced labor from the source.

At the recruitment and hiring stage, the Group sets clear standards for recruitment, verifying identity and qualifications through multiple dimensions (including identity information, educational credentials, and political background materials) to ensure that new hires comply with age regulations. The Employee Handbook explicitly defines standard working hours, rest and leave rights, and paid annual leave rules, strictly adhering to industry norms to establish a standardized attendance management system that effectively protects employees' statutory rights.

The Group requires all employees to sign and comply with the Employee Handbook and related systems, forming a clear consensus on human resource management responsibilities. During the Reporting Period, the Group's human resource management system operated in compliance and no incidents of employing child labor, minors, or forced labor occurred.



Compensation and Benefits

The Group has developed a comprehensive and highly competitive compensation policy that considers job nature, role value, and individual contributions, building a fair, just, and market-competitive compensation system. Our compensation includes not only industry-competitive base salaries to stabilize employees' basic living needs but also links incentives closely to performance. Through performance bonuses awarded based on multi-dimensional evaluations—such as work performance, project quality, and business target achievement—we fully motivate employees to improve efficiency and pursue excellence.

Focused on long-term employee development, the Group integrates short-term and long-term incentives. For example, share award plans provide long-term incentives to eligible employees, making them real stakeholders in the Group's growth and encouraging contributions to its long-term prosperity for shared success between individuals and the enterprise.

The Group strictly complies with national laws, fulfills its main responsibility for labor security, and timely pays social insurance and housing provident fund for employees in accordance with regulations. We continuously enhance our benefits framework to build a foundational safety net for employees.

In addition to statutory holidays and traditional paid annual leave, the Group thoughtfully provides additional paid leave during the Spring Festival based on annual business performance and employee contributions, allowing them to reunite with family and enjoy quality time. We also offer various leave benefits—including marriage leave, maternity leave, paternity leave, and bereavement leave—to address employees' needs at different life stages, helping them balance work and life and fostering a human-centric workplace environment.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

The Group strongly advocates a harmonious and pleasant working atmosphere. We provide employees with a variety of infrastructure, including dedicated rest areas, maternity rooms, a yoga studio, basketball courts, table tennis rooms, reading rooms, and badminton entertainment areas, to meet the diverse lifestyle needs of employees and promote work-life balance. In addition to regularly organizing collective activities during holidays such as International Women's Day, Mid-Autumn Festival, and Chinese New Year, the Group also occasionally holds team-building trips to enhance employee cohesion, boost happiness, and strengthen a sense of belonging among the employees.



Doctors' Day, Nurses' Day and other special events



Staff Sports Meet

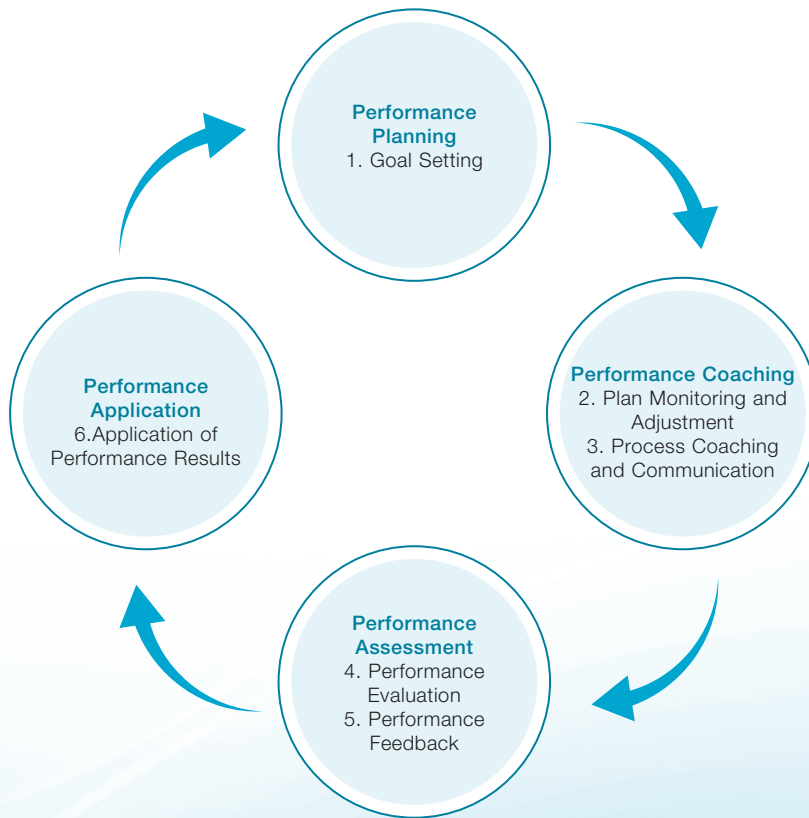


Performance Feedback

The Group encourages employees to maintain a proactive attitude and rigorous work style, aiming to cultivate corporate culture and values through behavioral guidance, complemented by strict assessment and incentive systems. We have formulated policies such as the Hospital Corporation Performance Management Guidelines (《弘和醫療績效管理規範》), Performance Calculation Plan and Detailed Measures (《績效核算方案及具體辦法》), and Performance Salary Supervision and Evaluation Measures (《績效工資監督考核辦法》) to comprehensively strengthen medical quality and performance management, promoting sustainable career development for employees.

The Group clearly defines the calculation methods and specific content of performance plans, standardizing the basis and processes for employee promotion, transfer, and demotion, as well as management of salary and position changes. We have implemented a fair and transparent performance evaluation system with a supervisory mechanism, conducting regular assessments of employees at all levels to provide comprehensive and objective data. Based on evaluation results of work performance and professional skills, we offer promotion and development opportunities to unlock employees' potential.

To ensure the fairness and transparency of performance evaluations, the Group provides appeal channels for employees. If an employee disagrees with their evaluation result, they may initiate a formal appeal process. The Group will conduct a reasonable investigation and promptly feedback the outcome to the employee.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

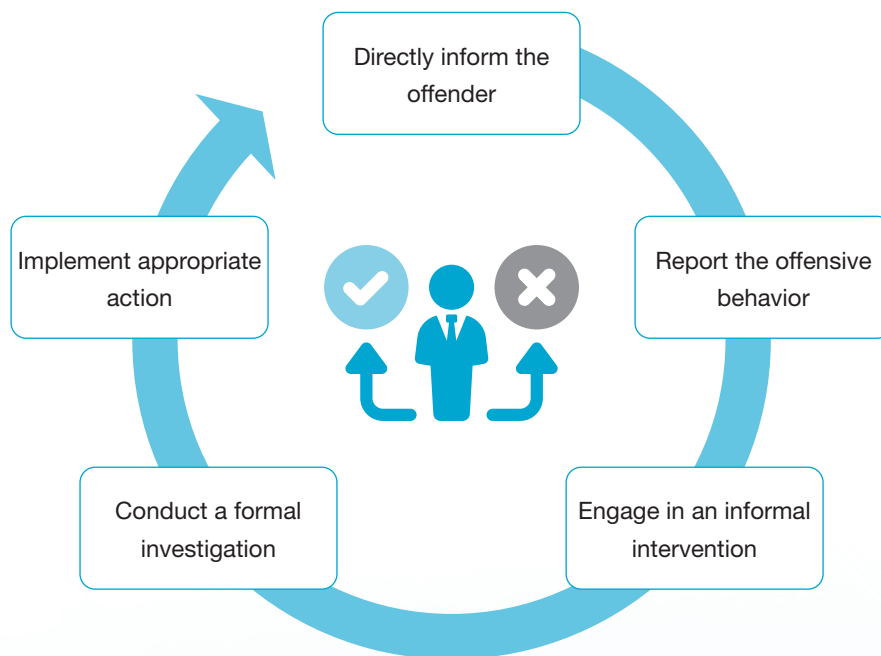
Communication and Exchange

The Group upholds the principle of “speak directly and respectfully”, actively building a bridge for in-depth interaction with employees to foster an open and straightforward two-way communication culture.

We maintain close contact with employees through diverse channels, widely gathering their genuine feedback and practical needs. By organizing various meetings—including intra-departmental workshops and cross-departmental experience-sharing sessions—we provide face-to-face communication platforms to facilitate information sharing and problem-solving.

When an employee resigns, their direct supervisor, department head, and the Human Resources Department conduct exit interviews to understand the reasons for leaving and seek honest opinions and improvement suggestions on the Group’s and department’s operations.

The Group also establishes accessible employee complaint channels. As stipulated in the Employee Handbook, any employee who experiences intimidation, humiliation, bullying, or harassment (including sexual harassment) may file a complaint with their department head or the Human Resources Department through the established procedure. Upon receiving a complaint, the Group takes prompt and serious action, ensuring all cases are investigated and handled in a confidential manner to guarantee fairness and protect employees’ rights.





Talent Development

Talent is the core competitive advantage of the Group's development. The Group continues to focus on optimizing its employee training system and building talent pipelines, by establishing an internal promotion system and offering diversified training, to help employees comprehensively improve their overall competencies. This aims to precisely align individual career development paths, achieving a positive scenario where employees and the Group progress and grow together.

Career Promotion System

The Group places high importance on every employee's career development needs, adhering to the core philosophy of "utilizing talents to their fullest potential" and strives to build a diversified, multi-level career advancement system to provide employees with a broad development platform. In designing promotion pathways, the Group combines both vertical and horizontal advancement. Vertical advancement offers employees the opportunity to progress step-by-step along professional or management tracks, encouraging them to delve deeply into their areas of expertise and continuously enhance their professional skills and management capabilities, transitioning from lower-level positions to mid- and high-level positions. Horizontal advancement breaks down barriers between departments and positions, providing employees with opportunities to expand their career space in different business areas, allowing them to engage with diverse business sectors, broaden their career horizons, and cultivate cross-field integrated skills. At the same time, the Group implements a flexible mechanism that combines both level-by-level promotion and leapfrogged promotion. Exceptional employees who demonstrate outstanding talent, achieve exceptional performance, or play a key role in important projects are provided with a green channel for leapfrogged promotion, fully stimulating employee enthusiasm and creativity.

Talent Training

The Group prioritizes internal management training and talent development, building a comprehensive training framework covering professional, managerial, general, and diverse training modules to meet the differentiated needs of employees at all levels and support shared growth between individuals and the Group. To this end, we have established the Hospital Corporation Training Center to organize and advance high-quality talent development initiatives.

During the Reporting Period, all 3,243 employees participated in the training, achieving a 100% participation rate, with a total training duration of over 116,000 hours across over 89,000 participants.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Year 2024	Percentage of Employee Training	Number of Training Attendance
Overall	100%	89,006
By Gender		
Male	100%	25,415
Female	100%	63,591
By Employment Category		
Senior Management	100%	1,017
Middle Management	100%	10,676
General Staff	100%	77,313

The average number of training hours of employees during the Reporting Period is as follows:

Average Number of Training Hours	Year 2024	Year 2023
Overall	35.93	40.40
By Gender		
Male	33.24	41.62
Female	37.20	39.82
By Employment Category		
Senior Management	42.26	48.76
Middle Management	44.66	58.21
General Staff	34.69	38.00

Professional Training

The Group emphasizes employee capability building and career development, formulating the Personnel Training and Assessment Management System (《人員培訓及考核管理制度》) and improving the organizational structure of the Group's Continuing Education Leadership Team. We have created a closed-loop training ecosystem of tiered empowerment, targeted cultivation, and value feedback, leveraging online-offline training to build a full-scenario development matrix covering clinical practice, management, and research. Training effectiveness is evaluated based on needs and audiences, with assessment results integrated into employee performance evaluations.

Annual training plans are developed, and specialized, in-depth programs are designed for key roles such as doctors and nurses to address the specific needs of different professional streams. During the Reporting Period, professional skill training covered patient care, doctor-patient communication, medical device operation, and other areas, totaling over 46,000 participants and over 72,000 training hours.



The Group deeply recognizes the critical role of the Licensed Physician Qualification Examination in improving medical service quality and strengthening the talent pipeline, making it a priority to assist employees in passing the exam. We urge all hospitals to comprehensively review and refine their Licensed Physician Examination Management System, standardizing candidate file management to record mock exam scores, knowledge gaps, and study progress in detail—providing precise data for targeted training. We actively promote inter-hospital sharing of teaching staff and facilities, breaking down resource barriers to integrate top-tier instructors and create high-quality learning environments that significantly enhance study efficiency and outcomes. During the Reporting Period, the Group's pass rate for the Licensed Physician Qualification Examination reached 69%, an increase of 27 percentage points from the previous year.

Management Training

To build a high-caliber leadership team and enhance organizational performance, the Group prioritizes management training. Annual Hospital Directors' Salons are held to create platforms for hospital managers at all levels to exchange experiences and discuss industry frontiers, expanding their management perspectives through intellectual exchanges. Advanced health management workshops are conducted with leading experts to systematically improve the professional and managerial skills of mid-to-young cadres. During the Reporting Period, the Group delivered over 2,500 hours of leadership training to nearly 300 participants, empowering mid-to-young cadres to make significant strides in leadership development. This injects continuous vitality into the Group's medical management and strengthens the talent foundation for long-term strategic planning.

Health and Safety

The Group places paramount importance on occupational health and safety for employees, strictly complying with national labor safety regulations such as the Labor Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases, and Hong Kong's Occupational Safety and Health Ordinance and Employees' Compensation Ordinance. Through a full-cycle risk management system, we systematically prevent safety hazards, continuously optimize workplace safety standards, and protect employees' physical safety and health during work.

The Group has achieved zero work-related fatalities for four consecutive years (including the Reporting Period). During the Reporting Period, the Group recorded 247 working days lost due to work-related injuries. The Group was also not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group.

Occupational Health and Safety Training

Occupational health and safety are the foundation of the Group's operations, concerning the well-being of every employee and the Group's sustainable development. We always prioritize this as a key strategic focus, striving to build a comprehensive, scientific, and efficient occupational health and safety management system.

The Group strictly adheres to national laws and regulations, including the Law of the People's Republic of China on the Prevention and Control of Infectious Diseases and the Work Safety Law of the People's Republic of China, to ensure legal compliance in occupational health and safety management. We have established a detailed and robust policy framework covering systems such as the Employee Occupational Exposure Management System (《員工職業暴露制度》), Radiology Department Protective Equipment Management System (《放射科防護用品管理制度》), Radiology Department Radiation Protection System (《放射科輻射防護制度》), Protective Isolation Management System (《保護性隔離管理制度》), Infection Prevention and Control System for Device/Procedure-Related Risks (《預防器械/操作相關感染防控制度》), and Medical Staff Occupational Exposure Management System (《醫務人員職業暴露管理制度》). These policies institutionalize and refine occupational health and safety management across all dimensions, enabling standardized and meticulous operations with solid institutional support.

For employees engaged in hazardous occupations, the Group arranges pre-employment, in-service, post-employment, and emergency occupational health examinations. Annual health checks are provided to all employees, and radiology staff undergo regular radiation dose monitoring. We conduct periodic safety inspections across multiple domains, maintaining a hazard log for tracking rectification and proactively identifying potential risks. Through a combination of online and offline training, we regularly deliver safety education and have established procedures for handling emergencies such as food poisoning, supported by comprehensive emergency plans and protective measures. During the Reporting Period, the Group conducted over 11,000 hours of safety and health training.



Social Responsibility

The Group deeply recognizes the responsibilities it holds as a member of society and has always regarded engagement in social welfare as an important part of its development strategy. The Group fully leverages its advantages in medical resources, professional expertise, and industry influence to actively establish close and effective partnerships with the communities it serves. The aim is to achieve resource sharing, complementary advantages, and coordinated progress, driving harmonious development between the Group and the community through concrete actions.

During the Reporting Period, the Group Hospitals were honored with several prestigious awards, including the “National Blood Donation Promotion Award Unit,” (全國無償獻血促進獎單位獎) the “16th Shanghai Health and Hygiene System Civilized Unit,” (第十六屆上海市衛生健康系統文明單位) and the “Advanced Unit in Medical Administration Work,” (醫政管理工作先進單位) which reflects the high recognition of the Group’s work in healthcare, public welfare, and other areas.

Public Donations

The Group actively practices social responsibility, focusing on the needs of vulnerable groups and carrying out a variety of public welfare activities. These initiatives include establishing a public welfare activity management system, collaborating with charitable organizations to implement projects, setting up a special medical aid fund, participating in charitable donations, and providing medical fee reductions for patients in financial hardship. The Group also organizes “Caring for Low-Income Families” events, bringing medical care and medicine to rural areas. During the Reporting Period, according to incomplete statistics, the Group carried out public welfare donations and provided medical fee reductions to identified patients in need, totaling approximately RMB1.037 million yuan. Additionally, the Group organized voluntary blood donations, accumulating over 112,200 milliliters.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Charity Clinics

The Group organizes free clinics and special health activities for community residents and special groups on a regular or irregular basis. Volunteer doctors have actively responded to residents' inquiries regarding chronic diseases, common illnesses, and epidemic prevention and control. They provide valuable services such as conducting physical examinations, offering guidance on blood pressure and blood sugar measurements, promoting rational medication use, and providing diet education. Based on the examination results, the volunteer doctors provide targeted diagnosis and treatment opinions, effectively assisting patients in resolving their health concerns. During the Reporting Period, the Group conducted more than 184 free clinics, covering over 18,000 attendances.





Healthcare Education

The Group leverages its professional advantages as a healthcare enterprise and considers health education to be a key initiative in enhancing the public's health literacy. The Group actively conducts a variety of health promotion activities, aiming to help the public eliminate unhealthy habits, significantly raise health awareness, and accurately identify and effectively avoid various health risks. During the Reporting Period, the Group focused on the health of women and middle-aged and elderly individuals, continuously organizing health lectures throughout the year. These activities included health education and public welfare campaigns, bringing health knowledge directly to the public and contributing significantly to improving the overall health of society. The initiative benefited over 14,200 attendances in total.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Voluntary Service

The Group organizes diverse volunteer service activities, including collaborations with elderly care institutions, community health partnerships, and home-based services for vulnerable patients, to address people's practical needs and promote positive social impact. During the Reporting Period, these volunteer efforts benefited over 34,395 individuals. Additionally, the Group provided grassroots medical assistance and technical guidance, dispatching a total of 6,789 healthcare professionals to offer targeted support to 20 grassroots health centers and clinics, directly serving nearly 55,000 patients.



Actively Build Community Partnerships



SUSTAINABLE OPERATION

We are committed to constructing hospitals that are green, low-carbon, and environmentally friendly. We prioritize energy management during operations to effectively reduce carbon emissions and enhance climate risk management as part of our response to the climate crisis. Through the implementation of scientific and efficient management practices, we aim to minimize the adverse impact of our business activities on the surrounding environment and resources. By doing so, we actively contribute to the achievement of dual carbon goals and strive to become a resource-conserving and environmentally conscious group.

Combating Climate Change

Climate change has become one of the most significant challenges of our time, profoundly affecting all walks of life around the world. Governments around the world recognize the urgency of the climate crisis and are responding to it. China has pledged to the world to “peak carbon emissions before 2030 and achieve carbon neutrality before 2060”. In response to the call of the times, the Group has incorporated climate change-related risks into its risk management to reduce the impact of climate change on its business and better respond to the risks brought by climate change.

Governance

We urge that climate change be integrated into corporate governance considerations. The Board has ultimate responsibility for addressing the risks and opportunities of climate change. To ensure a holistic approach, the Board appointed the ESG Working Group to oversee all aspects, including identifying and managing climate risks, developing viable policies to address climate change, transparently disclosing climate-related information, and overseeing the effectiveness of relevant strategies and actions.

Strategy

We analyze climate-related risks and opportunities to continuously improve our business development strategy and resource allocation. We are dedicated to proactively addressing the potential risks associated with climate change while also capitalizing on the opportunities presented by low-carbon growth. Our firm commitment lies in promoting green and low-carbon development throughout our operations, thereby contributing to the betterment of society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Climate Risk Identification and Assessment

We have assessed climate change risks and divided them into two categories: physical risks and transition risks. To effectively respond to the identified risks, we have developed robust countermeasures. At the same time, we actively identify potential opportunities arising from climate change and use them to align our business practices with changing markets.

Risks/ Opportunities	Descriptions	Potential Impact	Strategies
Physical Risks	Extreme weather (e.g. cyclones, blizzards, floods, etc.)	Potential personnel injuries or casualties, damage to Group Hospitals' buildings and transportation vehicles, supply chain disruptions, and impacts on business stability.	We prioritise strengthening our emergency preparedness by formulating comprehensive emergency plans and regularly monitoring abnormal weather conditions.
	Rising temperatures	Increased power consumption leading to higher operating costs; potential hazards to employees' health and safety due to equipment overload or inefficient energy use.	We implement a regular equipment maintenance and replacement program to optimize energy efficiency.
Transition Risks	Regulation and legislation	Due to the tighter national policies and listing rules caused by climate change and low carbon, environment-related taxes are derived	We continuously monitor and assess legal and regulatory risks
	Technology	The need to deploy energy-efficient equipment, increase investment in renewable energy, or use other low-carbon operations brings technical difficulties and costs	We Increase relevant policy support and explore innovation in the field of technology
	Market	Climate-related weather events are frequent, and consumer interest in low-carbon products and demand is on the rise	We monitor market trends and track the expectations of consumer, investor and other stakeholder sentiment through digital media



Risks/ Opportunities	Descriptions	Potential Impact	Strategies
	Reputation	Climate-related policies and trends change rapidly and can be a reputational risk due to slow response	Policy monitoring will be integrated into operational and financial planning
Opportunities	Sustainable supply chains	Greater monitoring of supplier sustainability can improve the resilience of supply chains, such as local sourcing, and help cut costs	We continue to implement green procurement strategies, actively cooperate, and share information with supply chain participants
	Emerging new technologies	Group Hospitals can reduce their reliance on traditional energy sources by using solar and wind energy to cut operating costs, and renewable energy can also be used to innovate medical equipment, such as portable medical equipment and electric wheelchairs.	We implement energy management plans such as high-efficiency lighting systems, energy-efficient equipment, and smart energy management systems, and adopt green building designs in the future, such as improving building insulation and optimizing natural lighting

Metrics and Targets

In line with the Group's own development, we have established environmental goals for 2030. Through various green initiatives, we persistently strive to reduce energy consumption, water usage, waste generation, and greenhouse gas emissions. By doing so, we actively contribute to the achievement of national dual carbon goals. For detailed information, please refer to the relevant sections of this Report.

Low-carbon and Energy-saving

The Group adheres to the green business philosophy and actively responds to the call for low-carbon and sustainable development. We attach great importance to the impact of the operation and production of Group Hospitals on the environment. All are required to improve the environmental management system according to the actual situation and are committed to creating an eco-friendly management and development model.

The Group strictly complies with environmental laws and regulations such as the Environmental Protection Law of the People's Republic of China, continuously improving its environmental management system and actively responding to national energy-saving and emission-reduction initiatives. We deepen the construction of "ecology-first, green development" low-carbon hospitals to contribute to building a "Green China." The Board and the ESG Working Group formulate specific environmental goals and indicators, identify and assess relevant risks and opportunities. Responsible personnel regularly report environmental performance and issues to the Board, striving for sustainable improvements in environmental performance.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2030 Environmental Targets

The active participation and support of the whole society is a necessary condition for achieving carbon neutrality. Under the national objective of achieving a carbon peak by 2030 and carbon neutrality by 2060, we have established a range of environmental targets at the Group level. These targets, based on the 2022 baseline, aim to expedite our transition towards a green and low-carbon economy.

Areas	Targets ¹	Status	Future Measures
Greenhouse Gas Emissions Intensity	Using 2022 as the base year, the Group aims to achieve 3% reduction by 2030	The Group has continued to reduce its emission intensity and has achieved its emission reduction targets ahead of schedule. For details, refer to the GHG Emissions section.	<ul style="list-style-type: none"> Promote low-carbon transformation in hospitals by adopting more energy-efficient medical equipment and air conditioning systems. Increase the share of green energy by exploring the installation of renewable energy systems such as solar and wind power to gradually replace traditional energy sources.
Energy Consumption Intensity	Using 2022 as the base year, the Group aims to achieve 3% reduction by 2030	The Group has maintained a downward trend in energy consumption intensity and met its reduction targets ahead of schedule. For details, refer to the Energy Management section.	<ul style="list-style-type: none"> While ensuring the quality of medical services, promote the use of high-efficiency equipment and energy-saving technologies; phase out outdated equipment to improve overall energy efficiency. Conduct energy management training to enhance employees' awareness of energy conservation, and implement an incentive mechanism to ensure each department carries out energy-saving measures effectively.
Water Consumption Intensity	Using 2022 as the base year, the Group aims to achieve 5% reduction by 2030	Due to the expansion of the reporting boundary to include pharmaceutical supply chain companies, water use intensity has increased compared to the previous year. The Group will continue to enhance water resource management and closely monitor progress toward relevant targets.	<ul style="list-style-type: none"> Promote the installation of water-saving devices in hospital restrooms and sinks, including sensor-activated faucets and low-flow toilets. Explore water recycling systems for departments with high water usage, such as hospital laundries and central sterilization units. Treated wastewater will be reused for non-potable purposes like toilet flushing and road cleaning.
Non-hazardous Waste Intensity	Using 2022 as the base year, the Group aims to achieve 5% reduction by 2030	Due to the inclusion of pharmaceutical supply chain companies in the reporting scope, the intensity of non-hazardous waste generation has increased compared to the previous year. The Group will continue to strengthen waste management and monitor progress toward relevant targets.	<ul style="list-style-type: none"> In the procurement of medical consumables, give priority to products with minimal packaging, reusable materials, or biodegradable properties.

Notes:

- The baseline intensity is calculated based on the Group's revenue recorded in the fiscal year 2022, and the target intensity is also determined using the revenue for that same year.



Emissions Management

During the Reporting Period, the Group complied with relevant laws and regulations, including the Environmental Protection Law of the People's Republic of China, the Water Pollution Prevention and Control Law of the People's Republic of China, the Solid Waste Pollution Environment Prevention and Control Law of the People's Republic of China, the Atmospheric Pollution Prevention and Control Law of the People's Republic of China, and the Regulations on Medical Waste Management. No material violations with significant impacts on the Group were identified in relation to air and greenhouse gas emissions, wastewater and land discharges, or the generation of hazardous and non-hazardous waste.

Air Emissions

Exhaust emissions from the Group's operations primarily result from nitrogen oxides (NO_x), sulfur oxides (SO_x), and particulate matter (PM) generated by gasoline and diesel consumed by its vehicles. The Group continuously optimizes exhaust treatment measures and adheres strictly to vehicle maintenance schedules, conducting monthly regular inspections to reduce fuel consumption through meticulous management. In fuel procurement, we enforce strict quality controls to ensure purchased gasoline complies with national standards and undergoes annual testing, ensuring vehicle exhaust emissions meet environmental requirements from the source and minimizing environmental impacts.

Types of Air Emissions	Unit	Year 2024	Year 2023
Nitrogen Oxides			
NO _x	kg	672.65	591.60
Sulfur Oxides			
SO _x	kg	1.41	1.36
Particulate Matter			
PM	kg	52.17	46.66

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

GHG Emissions

The primary sources of GHG emissions are direct GHG emissions (Scope 1) from fuel and refrigerants used by company vehicles and hospital equipment and indirect GHG emissions (Scope 2) from purchased electricity. During the Reporting Period, the Group continued to strengthen management measures to reasonably control operational electricity consumption and deepened environmental awareness training for employees. Details of greenhouse gas emissions are as follows:

Indicators ²	Unit	Year 2024	Year 2023
Direct GHG Emissions	tCO ₂ e	2,462.38	2,251.36
Indirect GHG Emissions ³	tCO ₂ e	11,597.90	16,003.19
GHG Removed from Newly Planted Trees (Scope 1)	tCO ₂ e	16.24	16.24
Total GHG Emissions	tCO ₂ e	14,044.05	18,238.31
Total GHG Emissions Intensity⁴	tCO ₂ e/million revenue	9.74	12.77

Notes:

- GHG emission data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG Report – Appendix II: Reporting Guidance on Environmental KPIs" issued by the HKEX, the latest released emission factors of China's regional power grid basis. During the Reporting Period, the Group further enhanced its data collection system, expanding and refining data collection from Group Hospitals and supply chain companies, resulting in increases in certain indicators compared to the previous year. The Group conducts 100% accounting of greenhouse gas emissions over which it has operational control.
- For indirect greenhouse gas emissions, the calculation factor referenced the latest national grid average emission factor (0.5703 tCO₂/MWh) issued by China's Ministry of Ecology and Environment, representing a 28% decrease from the East China grid average factor (0.7921 tCO₂/MWh) used in the prior year. The reduction in indirect emissions and total greenhouse gas emissions is primarily attributed to the updated grid emission factor, rather than changes in the Group's own energy consumption intensity.
- To provide a more accurate assessment of the Group's ESG performance, the intensity data for the Reporting Period are calculated based on the total revenue in the Reporting Scope. According to the Annual Results Announcement, the Group's total revenue amounted to RMB1,442.29 million (2023: RMB1, 427.73 million). These data are used to calculate other intensity data.



Domestic sewage

Since the wastewater discharged by the Group is sent to local water purification plants for treatment through the municipal sewage pipe network, the water consumption of the Group is the sewage discharge. The Group's water consumption data will be explained in the Water Management section. Following the Administration on the Management of Medical Wastes and the Measures for Medical Waste Management of Medical and Health Institutions, the Group has undertaken intelligent upgrades of sewage treatment systems based on the specific requirements of each Group Hospital. Efforts have been made to explore and improve the infrastructure, including pipeline renovations, septic tank upgrades, and cellar well enhancements.

The Group strictly adheres to its established "2030 Environmental Targets" and will continue to review progress toward the set targets each year until 2030, remaining committed to achieving these goals.

Hazardous Waste – Medical Waste

The Group strictly complies with laws and regulations such as the Regulations on Medical Waste Management (《醫療廢物管理條例》) and the Law of the People's Republic of China on the Prevention and Control of Infectious Diseases. We actively promote efficient resource use to reduce waste generation at the source across Group Hospitals.

We have established medical waste management regulations, including the Medical Waste Management System (《醫療廢物管理制度》), Medical Waste Handover and Management System (《醫療廢物交接管理制度》), and Centralized Medical Waste Disposal System (《醫療廢物集中處置制度》). These policies strengthen the safe management of medical waste in line with sustainable development principles, ensuring standardized handling and disposal of all waste generated from our operations.

Considering the Group's business nature, the waste generated is divided into hazardous waste and non-hazardous waste. Hazardous waste primarily consists of medical waste, while non-hazardous waste mainly includes municipal waste and office paper generated through hospital operations. During the Reporting Period, the Group has enhanced the data collection system for non-hazardous waste. The collection scope of the Group Hospitals has been further expanded and improved, resulting in an increase in the generation of non-hazardous waste compared to the previous year.

Types of Waste	Unit	Year 2024	Year 2023
Hazardous Waste	tonnes	505.81	503.61
Hazardous Waste Intensity	tonnes/million revenue	0.35	0.35
Non-hazardous Waste	tonnes	1,538.92	1,376.61
Non-hazardous Waste Intensity	tonnes/million revenue	1.07	0.96



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Hazardous Waste – Medical Waste

Medical waste includes five categories generated during patient diagnosis, treatment, and care: infectious, pathological, traumatic, pharmaceutical, and chemical waste. The Group strictly follows relevant regulations to classify, manage, transfer, and dispose of medical waste.

The Group continuously strengthens its medical waste management responsibility system, revising regulations such as the Medical Waste Management Regulations (《醫療廢物管理》) to refine workflows for waste handover, transit, and centralized disposal across departments. We assign dedicated personnel to oversee hazardous waste management in affiliated hospitals, ensuring standardized handling of all medical waste generated. Through ongoing training and advocacy, we ensure employees and responsible parties are familiar with and adhere to the Group's hazardous waste procedures, minimizing unnecessary risks of contamination exposure while ensuring compliance with legal requirements.

Medical waste is classified and collected by the generating departments, stored in designated temporary storage areas with clear labeling, and regular declarations of waste volume are submitted. Hazardous medical waste is systematically transferred to qualified third-party disposal agencies at scheduled intervals. During handover, staff from the Logistics Support Department and the third-party agency conduct dual verification, classification, weighing, and computerized scanning of waste, ensuring proper sealing and timely, legal disposal in accordance with standardized protocols.

Non-hazardous Waste

Guided by principles of resource conservation and environmental friendliness, the Group actively promotes waste reduction and recycling for non-hazardous waste generated in its operations. We have established non-hazardous waste management guidelines that define classification standards, recycling processes, and disposal requirements to ensure systematic handling.

Group hospitals have set up designated recycling stations for recoverable non-hazardous waste such as paper, glass, metal, plastic, and cardboard, equipped with clear classification labels to facilitate proper disposal by employees. Special wet and dry waste sorting areas are designated for household waste, ensuring segregated storage and treatment at fixed locations. Non-recyclable waste is collected, classified, and regularly disposed of by qualified waste disposal service providers.

To further enhance management, the Group is advancing upgrades and expansions of waste storage facilities in some hospitals to optimize disposal processes and improve storage environments. We organize waste sorting training for employees to boost environmental awareness and promote eco-friendly practices among patients to encourage waste reduction.

In office operations, the Group strongly promotes paperless workflows, using online systems for administrative notices, data transmission, and other routine tasks to build an electronic workflow system. Employees are encouraged to use double-sided printing and photocopying, reduce reliance on disposable paper products, and minimize paper consumption.



Use of Resources

The Group upholds a green development philosophy, comprehensively building high-efficiency resource utilization systems and implementing meticulous management strategies for critical resources such as water, electricity, oil, and gas. We deeply analyze environmental impact factors in business operations while striving to integrate resource conservation and environmental protection principles into every aspect of our employees' daily work and lives. This ensures maximum resource efficiency and optimal environmental benefits.

Energy Management

In its daily operations, the Group's main energy consumption is the Group Hospitals' purchased electricity and the fuel consumption as well as the fuel consumption by company vehicles. During the Reporting Period, the Group consumed a total of 25,067.50 MWh of energy.

Types of Energy Consumption	Unit	Year 2024	Year 2023
Direct Energy Consumption			
Petrol	MWh	487.86	465.41
Diesel	MWh	448.88	437.81
Towngas	MWh	0.00	10.67
LPG	MWh	44.68	51.13
Natural Gas	MWh	3,749.58	3,660.62
Indirect Energy Consumption			
Purchased Electricity	MWh	20,336.49	20,203.50
Total Energy Consumption	MWh	25,067.50	24,829.13
Total Energy Consumption Intensity	MWh/million revenue	17.38	17.39

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

During the Reporting Period, Group Hospitals actively responded to national calls for energy conservation and consumption reduction, establishing a systematic energy-saving framework. The Group formulated the Energy Conservation and Consumption Reduction Management System and Assessment Measures (《節能降耗管理制度及考核辦法》), deeply integrating energy-saving principles into all aspects of hospital operations to advance the transition toward green and energy-efficient healthcare facilities.

- **Office Model Innovation:** Hospitals vigorously promoted paperless office initiatives, fully upgrading digital office systems to enable electronic circulation and storage of medical documents, medical records, and other materials, effectively reducing paper consumption.
- **Energy Management Optimization:** Professional inspection teams were established to conduct in-depth inspections and meticulous maintenance of key energy facilities such as boilers and natural gas pipelines, ensuring efficient and stable equipment operation. Monthly energy consumption data analysis was used to identify abnormal usage points, mitigating risks of energy waste.
- **Energy-Efficient Procurement Practices:** Strict energy-saving standards were enforced in equipment procurement, prioritizing the selection of high-efficiency lighting fixtures, elevators, and other energy-saving facilities to enhance energy utilization efficiency at the source.

Water Management

The Group primarily relies on the municipal water supply system to meet its operational and domestic water needs, with no issues regarding water source suitability. In response to growing global water scarcity, the Group places significant emphasis on water conservation and has implemented proactive measures. We have established a Water Management System (《用水管理制度》) to foster a water-saving mindset among all employees. Dedicated personnel conduct regular inspections of water supply facilities to ensure proper operation, promptly addressing leaks and equipment malfunctions.

The Group employs time-and-zone-based water supply management strategies, prioritizing the use of high-efficiency water-saving equipment (e.g., sensor-activated faucets) and strengthening management in key areas such as clinical departments and public zones. Through internal campaigns and training, we promote water-saving practices to ensure efficient water use and sustainable management.

Indicators	Unit	Year 2024	Year 2023
Water Consumption	m ³	443,789	417,535
Water Consumption Intensity	m ³ /million revenue	307.70	292.45

Use of Packaging Materials

Due to the nature of its business, the Group does not produce any finished products and does not have any industrial facilities, so it does not use a large amount of packaging materials in its daily operations. Therefore, the disclosure does not apply to the Group.



Protection of the Environment and Natural Resources

The Group is acutely aware of the potential impacts of its operations on the environment and natural resources and therefore implements multiple measures to minimize negative effects. Building on compliance with environmental laws and international standards for nature conservation, we deeply integrate environmental protection principles into internal management and daily operations—covering standardized medical waste disposal, efficient resource utilization, and reduced exhaust emissions—to pursue environmental sustainability. Additionally, we continuously optimize environmental early-warning mechanisms and construct a comprehensive emergency response system for sudden environmental incidents.

Environmental Protection Training

To strengthen employees' awareness of environmental protection and resource conservation and enhance the professional capabilities of employees and the ESG Working Group, the Group integrates environmental principles into its training programs. Through regular advocacy campaigns (e.g., posting environmental protection slogans), educating staff on waste sorting, energy conservation, and efficient resource use, and organizing occasional environmental-themed lectures, we gradually foster greater environmental awareness and voluntary resource-saving habits among employees.

Noise Management

The Group detects and manages noise in accordance with the requirements of the places where it operates. In the case of construction in the territory, we give priority to the use of low-noise equipment, and if high-noise equipment is required, we will adopt noise reduction measures such as installing construction fences. In addition, we configure effective noise pollution prevention and control facilities such as sound absorption, sound elimination, vibration isolation and vibration reduction according to regulations through reasonable layout of fixed equipment, adjustment of operation time, improvement of production technology, etc., to prevent environmental noise pollution.

Water and Soil Pollution Management

The Group places a strong emphasis on water and soil pollution management, recognizing it as a critical component in ensuring both the quality of healthcare services and environmental safety. In strict compliance with national and local regulations—such as the Law of the People’s Republic of China on the Prevention and Control of Water Pollution and the Regulations on the Administration of Medical Wastes—the Group has established comprehensive emergency response plans, including the Emergency Plan for Handling Loss, Leakage, Spread, and Accidents of Medical Waste (《醫療廢物流失、洩露、擴散及意外事故處置應急預案》). These plans clearly define emergency procedures, departmental responsibilities, and standardized accident handling protocols to ensure swift and orderly responses in the event of sudden pollution incidents.

The Group has equipped its facilities with advanced internal sewage treatment stations, supported by dedicated professional operation and maintenance teams. These teams conduct regular inspections on equipment performance, structural integrity of treatment facilities, and water quality, ensuring the efficacy of sewage treatment processes.

To ensure compliance and maintain high environmental standards, qualified third-party agencies are commissioned to conduct regular sampling and testing of wastewater. The Group also proactively cooperates with environmental authorities for random inspections.

In addition, Group Hospitals have independently established wastewater and waste management leadership teams, formulating specific plans such as Hospital Sewage Treatment Emergency Plan (《醫院污水處理應急預案》). These teams oversee wastewater management across all departments and organize regular emergency drills for scenarios like power outages, sewer blockages, grid malfunctions, and acid-base leaks—effectively mitigating the risk of wastewater leakage and contamination.



THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Subject Areas,
Aspects, General
Disclosures and
KPIs

Description

Section/Declaration

Aspect A1: Emissions

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to Exhaust Gas and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Sustainable Operation – Low-carbon and Energy-saving – Emissions Management
KPI A1.1	The types of emissions and respective emissions data.	Low-carbon and Energy-saving – Emissions Management
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity	Low-carbon and Energy-saving – Emissions Management – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and intensity	Low-carbon and Energy-saving – Emissions Management – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and intensity.	Low-carbon and Energy-saving – Emissions Management – Waste Management
KPI A1.5	Description of emission target(s) set and steps taken to achieve them.	Low-carbon and Energy-saving
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved.	Low-carbon and Energy-saving – Emissions Management – Waste Management

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Sustainable Operation – Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Sustainable Operation – Use of Resources – Energy Management
KPI A2.2	Water consumption in total and intensity	Sustainable Operation – Use of Resources – Water Management
KPI A2.3	Description of energy use efficiency initiatives and results achieved.	Sustainable Operation – Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Sustainable Operation – Use of Resources – Water Management
KPI A2.5	Total packaging material used for finished products (in tonnes) and with reference to per unit produced	Sustainable Operation – Use of Resources – Use of Packaging Materials
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimizing the issuer's significant impact on the environment and natural resources.	Sustainable Operation – Protection of the Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Protection of the Environment and Natural Resources – Noise Management, Water and Soil Pollution Management



**Subject Areas,
Aspects, General
Disclosures and
KPIs**

Description

Section/Declaration

Aspect A4: Climate Change

General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Sustainable Operation – Combating 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.	Combating Climate Change – Climate Risk Identification and Assessment

Aspect B1: Employment

General Disclosure	Information on: (a) the policies; and (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, antidiscrimination, and other benefits and welfare.	Diversity and Inclusion – Employee Care
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	Employee Care – Employee Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employee Care – Employee Employment

Aspect B2: Health and Safety

General Disclosure	Information on: (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.	Diversity and Inclusion – Health and Safety
KPI B2.1	Number and rate of work-related fatalities.	Diversity and Inclusion – Health and Safety
KPI B2.2	Lost days due to work injury.	Diversity and Inclusion – Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Diversity and Inclusion – Health and Safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs

	Description	Section/Declaration
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Diversity and Inclusion – Talent Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training – Talent Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training – Talent Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (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.	Diversity and Inclusion – Employee Care – Labour Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Care – Labour Standards
KPI B4.1	Description of steps taken to eliminate such practices when discovered.	Employee Care – Labour Standards
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Quality Service – Supply Chain Quality
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Quality – Supplier Management System
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Quality – Supplier Management System
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 Quality – Supplier Management System
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 Quality – Sustainable Supply Chain



**Subject Areas,
Aspects, General
Disclosures and
KPIs**

Description

Section/Declaration

Aspect B6: Product Responsibility

General Disclosure	Information on: (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.	Quality Service – Medical Service Quality, Innovative Development
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Medical Service Quality – Safety and Quality Management
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Medical Service Quality, Patient Care Experience
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovative Development – Protection of Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Quality Service – Medical Service Quality
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Quality Service – Patient Care Experience, Innovation Development

Aspect B7: Anti-corruption

General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Enhanced Governance – Probity and Compliance
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.	Enhanced Governance – Probity and Compliance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Enhanced Governance – Probity and Compliance
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Enhanced Governance – Anti-corruption Training

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas,
Aspects, General
Disclosures and
KPIs

Description

Section/Declaration

Aspect B8: Community Investment

General Disclosure	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.	Diversity and Inclusion – Social Responsibility
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Social Responsibility – Community Contributions, Charity Clinics, Healthcare Education, Voluntary Service
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Social Responsibility – Community Contributions, Charity Clinics, Healthcare Education, Voluntary Service