



MEDIWELCOME HEALTHCARE MANAGEMENT & TECHNOLOGY INC.

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2159



2020

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, Social and Governance Report

For the year ended 31 December 2020

INTRODUCTION

Mediwelcome Healthcare Management & Technology Inc. (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**” or “**we**”, “**us**”, “**our**”) is pleased to present this Environmental, Social and Governance Report (“**ESG Report**”) in accordance with the applicable requirements as set forth in the Environmental, Social and Governance Reporting Guide (the “**ESG Guide**”) in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), and the Group has complied with the “comply or explain” provisions contained in the ESG Guide.

The Group will keep exploring to develop internet hospital business and healthcare management services based on digital healthcare platforms to create an innovative digital healthcare business model.

Based on the real-world data and its experience covering the entire journey of patients, the Group will further explore the unmet needs of stakeholders in the healthcare industry to define and establish a comprehensive healthcare service system covering disease prevention and screening, diagnosis and treatment, rehabilitation and healthcare management. It will contain multiple innovative healthcare management tools, products and customized services for patients before admission to the hospital, receiving in-ward treatment, and after discharged from the hospital, including but not limited to genetic testing, disease screening, auxiliary diagnosis and treatment, digital medical treatment, healthcare education prescription, disease rehabilitation, doctor assistant, insurance service, enterprise customer health management, etc. It is also critical for the Group to introduce talents that are specialized in healthcare technology, as well as managing and marketing professionals. With joint efforts of the Group’s internal and external stakeholders, the Group expects to establish an innovative healthcare ecosystem by leveraging its inherent advantages. With the continuous growth of the Group, it has realized the importance of environmental, social and governance (“**ESG**”) issues and is committed to promote corporate social responsibility to meet the needs of social progress.

SCOPE OF REPORT

The information stated in this ESG Report covers the period from 1 January 2020 to 31 December 2020 (the “**Reporting Period**”) in alignment with the financial year in the 2020 annual report of the Group. This ESG Report covers the Company and all its subsidiaries. The information in this ESG Report was gathered and organized through various channels, including but not limited to the internal control policies of the Group, the factual evidence of the implementation of ESG-related initiatives, the key performance indicators (“**KPIs**”) set out in the ESG Guide, and the annual performance quantitative data of the Group in its business operations and ESG management.

This ESG Report is organized into two subject areas, i.e. environmental and social. Each area will be discussed in different aspects with the relevant policies and laws as addressed by the ESG Guide.

ASSURANCE FOR THIS ESG REPORT

The board of directors of the Company is responsible for our ESG strategy and reporting, as well as for the assessment and identification of ESG risks, and for ensuring that appropriate and effective ESG risk management and internal control systems are in place, while the Group’s management focuses on monitoring and managing the Group’s ESG risk and management effectiveness. We engage management and employees across all functions to understand our stakeholders’ concerns, and identify relevant ESG issues in our business operations.

Environmental, Social and Governance Report

For the year ended 31 December 2020

STAKEHOLDERS ENGAGEMENT

In order to define our current and future sustainability strategies, it is important to understand our stakeholders' perspectives and expectations on the development and success of the Group and help us assess the potential impacts of our future business activities.

The Group will continue to establish effective communication with our major stakeholders in various ways in order to deal with their concerns and feedback in a timely manner. We believe that it is necessary to consider the needs of all stakeholders, which is conducive to maintaining a long-term friendly relationship with our shareholders and investors, employees, customers, suppliers, government authorities and public bodies. The areas of concern considered by the stakeholders are listed below:

Major Stakeholder Engaged		Major Communication Channels	Major Concerns
Internal stakeholders	Shareholders and investors	<ul style="list-style-type: none"> Regular reports Announcements, press release and circulars Annual general meetings Corporate website Investor briefings 	<ul style="list-style-type: none"> Return on investments Profitability and financial stability Information disclosure and transparency Corporate governance Business compliance
	Employees	<ul style="list-style-type: none"> Performance appraisals Regular meetings and training Focus groups Emails, notices, circulars, hotline and team building activities with management 	<ul style="list-style-type: none"> Employees' remuneration and benefits Health and safety working environment Career development and training opportunities
External stakeholders	Customers	<ul style="list-style-type: none"> Customers' satisfaction surveys Face-to-face meetings and onsite visits Customer service hotline and emails 	<ul style="list-style-type: none"> Quality products and services Protection of customers' privacy and rights Continuous promotion of reliable products/services to customers Customer satisfaction
	Suppliers	<ul style="list-style-type: none"> Open tender Contracts and agreements Telephone discussions Face-to-face meetings and onsite visits Industry seminars 	<ul style="list-style-type: none"> Fair and open procurement Win-win cooperation Environmental protection Protection of intellectual property

Environmental, Social and Governance Report

For the year ended 31 December 2020

STAKEHOLDERS ENGAGEMENT (Continued)

Major Stakeholder Engaged	Major Communication Channels	Major Concerns
Professional organisations	<ul style="list-style-type: none"> • Telephone discussion • Regular meetings and onsite visits • Questionnaires and online engagement 	<ul style="list-style-type: none"> • Policy formulation regulating the practice of employees and business operations • Environmental protection and social responsibility
General public	<ul style="list-style-type: none"> • Media conferences and responses to enquiries • Public welfare activities • Corporate website • Email 	<ul style="list-style-type: none"> • Involvement in communities • Business ethics • Setting out targets and formulating policies in energy conservation and emission control
Government and regulatory authorities	<ul style="list-style-type: none"> • Supervision on the compliance with local laws and regulations • Routine reports and tax payments 	<ul style="list-style-type: none"> • Compliance with laws and regulations • Anti-corruption policies • Occupational health and safety

During the Reporting Period, through various communication channels, we have learned the important concerns of the major stakeholders, including environmental and energy saving measures, compliance operation, information disclosure, privacy protection and community involvement.

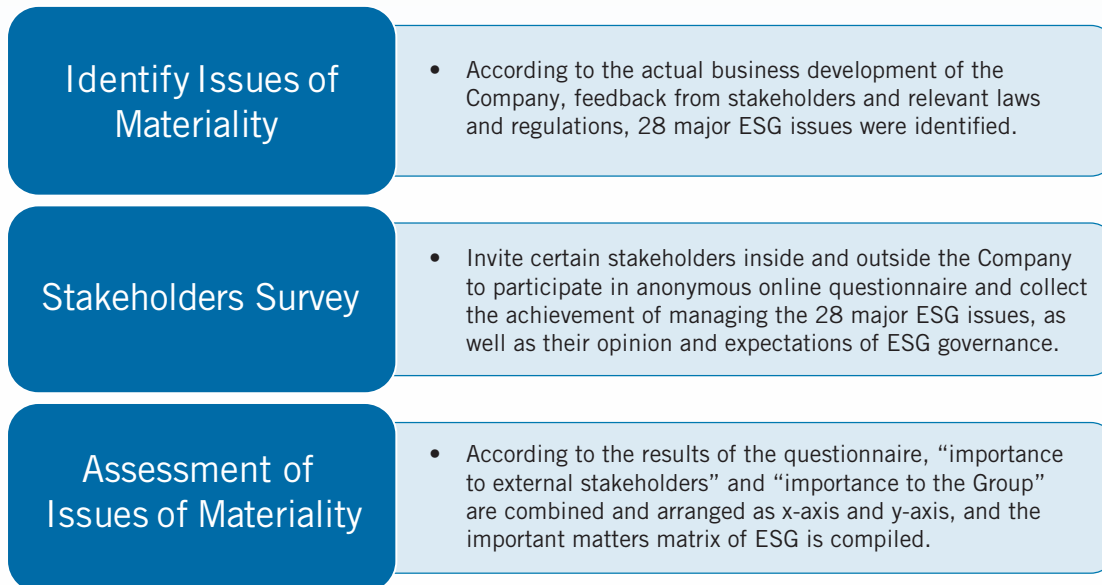
Environmental, Social and Governance Report

For the year ended 31 December 2020

MATERIALITY ASSESSMENT

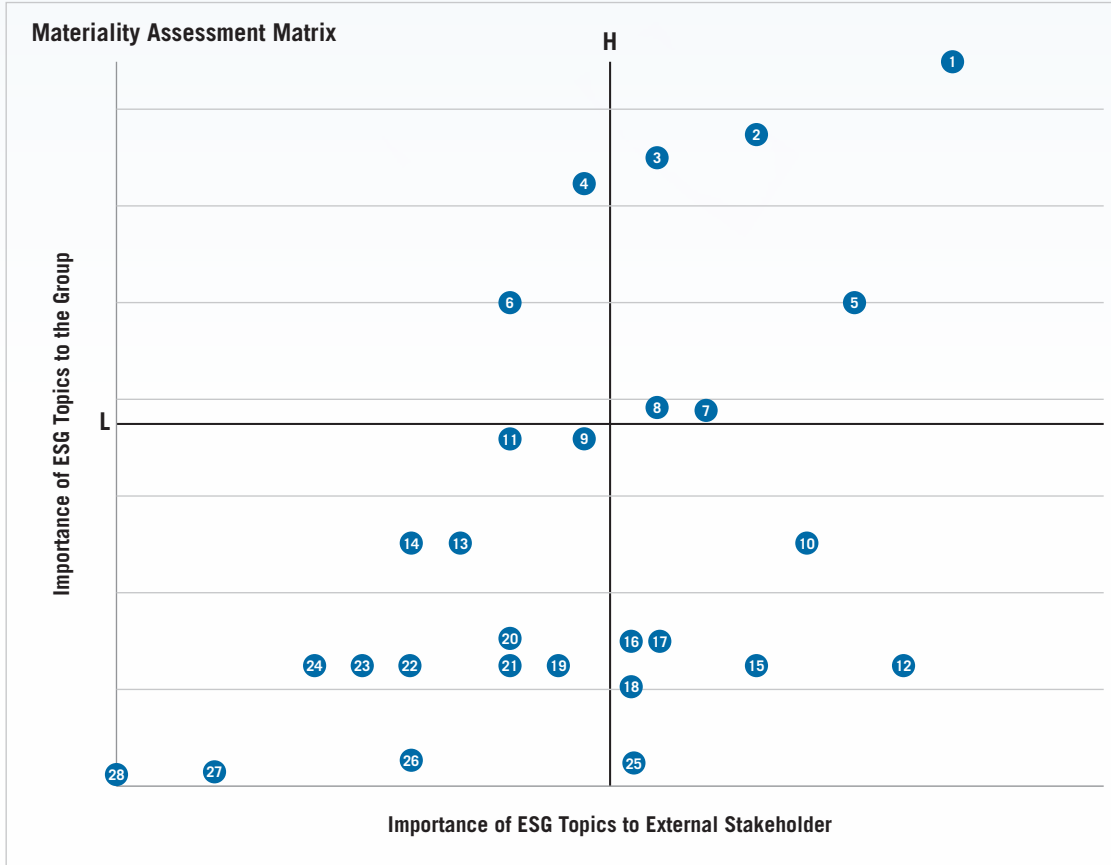
In 2020, the Group has conducted an annual review to identify the main concerns and major interests of stakeholders on ESG issues by inviting stakeholders to participate in the substantive assessment survey. According to the influence and dependence of internal and external stakeholders on the Group, certain internal and external stakeholders (including senior management, employees and suppliers) had participated in the Group's materiality assessment which was conducted for the purpose of this ESG Report. Selected stakeholders were invited to complete an electronic survey to comment on the ESG question list. The purpose of the survey is to determine stakeholders' perceptions of the Group's ESG practice and to make a substantive assessment of the Group.

The following chart shows the process of the assessment:



MATERIALITY ASSESSMENT (Continued)

The following table briefly shows the results of the assessment:



Environmental, Social and Governance Report

For the year ended 31 December 2020

MATERIALITY ASSESSMENT (Continued)

The breakdown of topics is listed in the following table:

Item	ESG Topic	Item	ESG Topic
1.	Customer information and privacy	12.	Mitigation measures to protect environment and natural resources
2.	Number of concluded legal cases regarding corrupt practices, e.g. bribery, extortion, fraud and money laundering	13.	Community support (e.g. donation, volunteering)
3.	Customer satisfaction	14.	Cultivation of local employment
4.	Anti-corruption policies and whistleblowing procedure	15.	Employee development and training
5.	Product and service labelling	16.	Diversity and equal opportunity of employees
6.	Anti-corruption training provided to directors and staff	17.	Use of materials (e.g. paper, packaging, raw materials)
7.	Observing and protecting intellectual property rights	18.	Water use
8.	Selection and monitoring of suppliers	19.	Preventing child and forced labour
9.	Environmentally preferable products and services	20.	Occupational health and safety
10.	Employee remuneration, benefits and rights (e.g. working hours, rest periods, working conditions)	21.	Hazardous waste production
11.	Environmental risks (e.g. pollution) and social risks (e.g. monopoly) of the suppliers	22.	Product health and safety
		23.	Marketing communications (e.g. advertisement)
		24.	Climate change
		25.	Non-hazardous waste production
		26.	Energy use (e.g. electricity, gas, fuel)
		27.	Air emissions
		28.	Greenhouse gas emissions

Through the materiality analysis, the Group identified customer information and privacy, number of concluded legal cases regarding corrupt practices, and customer satisfaction as issues of high importance. Given the high degree of concerns on the material issues mentioned above, the Group has elaborated feedback and countermeasures on these major issues in detail under the sections headed “B.6. Product Responsibility” and “B.7. Anti-Corruption” in this ESG Report.

Stakeholders’ Feedback

The Group welcomes stakeholders’ feedback on its ESG approach and performance. You are welcomed to provide your suggestions or share your views with the Group through any channel below:

Email: IR@mediwelcome.com
Website: <http://www.mediwelcome.com/EN/index.html>
Address: 10-12th Floor, Parkview Place, 6 North Road of East 6th Ring, Chaoyang District, Beijing
Phone: (86) 010-56831999

Environmental, Social and Governance Report

For the year ended 31 December 2020

The following sections provide more information about the Group's practices in the areas of the environment, employees' engagement and development, good operating practices and our contribution to the community.

A. ENVIRONMENTAL

The Group is involved in daily office operations and its business activities do not have significant impact on the environment or natural resources. Nonetheless, the Group has established a set of environmental protection management policies, mechanisms and measures to ensure the sustainable development and operations of the Group. The Group is committed to improving the efficiency of use of energy and resource utilization and complying with relevant environmental regulations in Hong Kong and Mainland China.

In order to pursue the sustainable development of environment and community, the Group is becoming more and more cautious in controlling its emissions and resource consumption, and strictly abides by the relevant environmental laws and regulations of Hong Kong and the People's Republic of China (the "PRC") in its daily operations, including but not limited to:

- Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法);
- Law of the People's Republic of China on Conserving Energy (中華人民共和國節約能源法); and
- Work Plan for Sorting and Collection of Household Waste (生活垃圾強制分類實施工作方案).

During the Reporting Period, the Group had strictly complied with relevant environmental laws and regulations, including but not limited to, air and greenhouse gas emissions, hazardous and non-hazardous waste generation and treatment, and we are not aware of any non-compliance with the relevant environmental laws and regulations that had significant impact on the Group relating to air and greenhouse gas emissions, hazardous and non-hazardous waste generation and treatment.

The following section primarily discloses the Group's policies, practices, and quantitative data on emissions, use of resources, the environment and natural resources in the Reporting Period.

A.1. Emissions

Air Emissions

The Group took the initiative to review its emissions in its business activities. Due to the nature of business, the Group is not involved in any combustion or industrial production, which will directly pollute the atmosphere. Therefore, the Group's business activities have no substantial impact in respect of air pollution. In view of the nature of the Group's business, air emissions mainly come from fuel combustion during the daily use of private cars. The Group currently has two commercial vehicles and one sedan. During the Reporting Period, the air pollutant emissions of sulphur oxides ("SOx"), nitrogen oxides ("NOx") and particulate matter ("PM") were 0.16kg, 6.41kg and 0.47kg, respectively, such amounts were considered insignificant and thus the harm to the environment is relatively small.

The Group aims to minimize the negative impact on the environment, encourages low-carbon travel, and is committed to contributing to environmental protection. In addition, the Group also actively encourages employees to use green travel, taking public transportation or carpooling when going out, so as to reduce the emission of pollutants caused by office travel.

Environmental, Social and Governance Report

For the year ended 31 December 2020

A. ENVIRONMENTAL (Continued)

A.1. Emissions (Continued)

Greenhouse Gas Emissions

As we know, climate change driven by greenhouse gas emissions is affecting our health, economy and ecosystem. During the Reporting Period, the Group emitted a total of 324.55 tonnes of carbon dioxide equivalent (“CO₂e”) (carbon intensity: 0.83 tonnes of CO₂e/employee). Scope 1 emissions accounted for approximately 9.11%, Scope 2 emissions accounted for 32.21%, and other indirect emissions (Scope 3) accounted for 58.68%. It can be seen that the other indirect emissions were the main source of the Group’s greenhouse gas generation in this ESG Report. Specifically, 97.39% of the total other indirect emissions were emitted by employees traveling on business trips, which is due to the nature of the Company’s operations as the Group often needs employees to travel to complete their task.

Detailed indicators are set out in the table below:

Emission Category	Key Performance Indicator (KPI)	Unit	2020	
			Amount	Intensity ⁽¹⁾ (Per Employee)
Air Emissions ⁽²⁾	SOx	Kg	0.16	0.0004
	NOx	Kg	6.41	0.0164
	PM	Kg	0.47	0.0012
Greenhouse Gas Emissions ⁽⁴⁾	Scope 1 (Direct Emissions)	tCO ₂ e	29.57	0.0754
	Scope 2 (Energy Indirect Emissions)	tCO ₂ e	104.54	0.2667
	Scope 3 (Other Indirect Emissions) ⁽³⁾	tCO ₂ e	190.44	0.4858
	Total (Scope 1 & 2 & 3)	tCO ₂ e	324.55	0.8279

Notes:

- (1) The intensity calculation method is to divide the air, greenhouse gas and other emissions during the Reporting Period by the Group’s total labour force of 392.
- (2) Air emission is the waste gas pollution caused by the use of private cars.
- (3) Scope 3 (other indirect emissions) includes paper waste disposed of in landfills and exhaust emissions from employees flying out on business.
- (4) The methodology adopted for reporting on greenhouse gas emissions set out above was based on “How to Prepare an ESG Report? – Appendix 2: Reporting Guidance on Environmental KPIs” issued by The Stock Exchange of Hong Kong Limited.

A. ENVIRONMENTAL (Continued)

A.1. Emissions (Continued)

Waste Control

As we are a service-oriented company that mainly provides healthcare marketing solutions, no significant environmental issue was noted and no hazardous waste was generated in our business activities within the Reporting Period, and we have not produced a notable level of air or water pollutants. Our waste is mainly attributed to our daily activities such as regular trash and paper used for job management and office documents, which are non-hazardous. General waste data was not available since the trash were handled by the property management company directly, while the paper waste disposed at landfills was 1,037.25kg (2.65kg/employee) during the Reporting Period. We are committed to promoting waste reduction at source, therefore the Group has always strived to reduce and handle the land waste. Our non-hazardous waste is dealt with appropriately and is disposed of in a proper manner by qualified waste disposal company in each business region. We will continue to improve the efficiency of resource utilization and reduce non-hazardous waste generation at source.

A.2. Use of Resources

During the Reporting Period, the main resources consumed by the Group were electricity, water, petrol, and paper. As the Group is engaged in internet hospital business and healthcare management services based on digital healthcare platforms, therefore, no packaging material for finished products was used during the Reporting Period.

Electricity and Water

As we all know, water is the source of entire life, and electricity is the lever of development. Saving resources is the common responsibility of the entire society, the Group is also committed to participating in water and electricity conservation and contributing to the society.

The Group actively seeks to improve operational efficiency while reducing the use of resources. This will help protect the earth and the sustainability of the environment. During the Reporting Period, we have minimized the use of resources in our daily business activities.

Owing to the Group's business nature, we do not consume significant amounts of water and electricity through our business activities, and the majority of our water and electricity consumption are consumed by employees at the office. The Group has adopted a green office approach to minimize the consumption of natural resources and the impact on the environment. During the Reporting Period, the electricity consumption of the Group was 108,000.00kWh (carbon intensity: 0.27 tonnes of CO₂e/employee), mainly in daily office, and the water consumption is mainly generated from the basic clean and sanitary water used in the office, and we did not experience any issue in sourcing water. Water usage data was not available since the total water consumption is considered minimal and was covered in the property management fee. In order to reduce electricity consumption, thereby reducing greenhouse gas emissions and saving water consumption, the Group has embedded the concept of "saving water and electricity" into our corporate culture.

Environmental, Social and Governance Report

For the year ended 31 December 2020

A. ENVIRONMENTAL (Continued)

A.2. Use of Resources (Continued)

Electricity and Water (Continued)

In order to achieve higher energy efficiency, the Group has implemented key measures during the Reporting Period including but not limited to the following:

- Raise the consciousness of saving electricity. Actively learn and master the knowledge of power saving, consciously develop good habits of power consumption, establish the awareness of power saving, and timely stop the behaviour of wasting electricity;
- Use lighting reasonably. When there are fewer people, switch off unnecessary lightings or use overhead lights only. The last person in the office needs to turn off the lights before leaving. Public lighting is activated on demand to avoid waste;
- Reduce standby energy consumption of power-consuming equipment. Computers, printers, copiers, water dispensers, laboratory equipment and other equipment should be turned off and the plug-in boards should be removed when not in use; and
- Promote the full and repeated use of water resources, avoid waste of water, and urge employees to develop a good habit of turning off the tap at will.

Paper Usage

Paper was mainly consumed by the Group for administrative purposes in its offices, and large consumption is always accompanied by heavy environmental side effects. During the Reporting Period, the Group consumed a total of 1037.25kg of paper. During the Reporting Period, the Group has vigorously advocated the recycling of waste paper. In addition, the Group will adopt the following measures to further reduce the generation of waste paper:

- Reasonable layout to reduce the number of pages;
- Use paper on both sides as much as possible to make good use of paper and save resources;
- Actively recycle waste paper and use recycled paper as much as possible.

Petrol consumption

The Group's gasoline consumption was mainly used for two commercial vehicles and one sedan, which has been discussed above in air emissions. During the Reporting Period, gasoline energy consumption was 10,920 Liter (L) (carbon intensity: 0.08 tonnes of CO₂e/employee). The Group will further strengthen the control of gasoline use. We also suggest that employees reduce the frequency of driving, and try to choose walking, cycling or bus travel, so as to reduce the emission of automobile exhaust and make a contribution to environmental protection.

A. ENVIRONMENTAL (Continued)

A.3. Environmental Protection and Natural Resources

The Group attaches great importance to the impact of its business on the environment and natural resources, and is committed to keeping the adverse environmental impacts to a minimum. The Group also integrates the concept of environmental protection into its daily operations to enhance employees' awareness of environmental protection and encourage them to promote environmental protection in their work and daily life, such as green travel, saving electricity and water, reducing the use of plastics, and so on.

As we understand that there will be more concerns from government, companies and public over carbon emissions, we will act in accordance with the ESG provisions as set forth by the Stock Exchange. We will continue to report our environmental KPIs and information as well as our social information in accordance with the provisions.

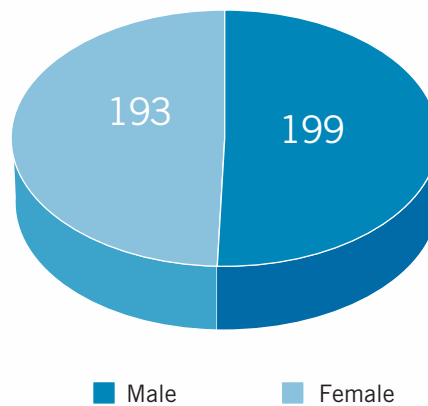
B. SOCIAL COMMITMENT

B.1. Employment and Labour Practices

The Group believes that employees play vital roles in its business growth and enhancing customer experience. To maintain a happy, healthy, safe and productive working environment, we have implemented procedures and policies in all aspects of the Group's business operations and integrated into our employee handbook.

In our employee handbook, we have outlined the general procedures and practices of the Group related to employment, compensation and benefits. To ensure diversity and equality, our selection process is non-discriminatory and is solely based on the employee's performance, experience and skills. As at 31 December 2020, the Group has 392 employees with an overall gender ratio between male and female at 1:1.03.

Workforce by Gender



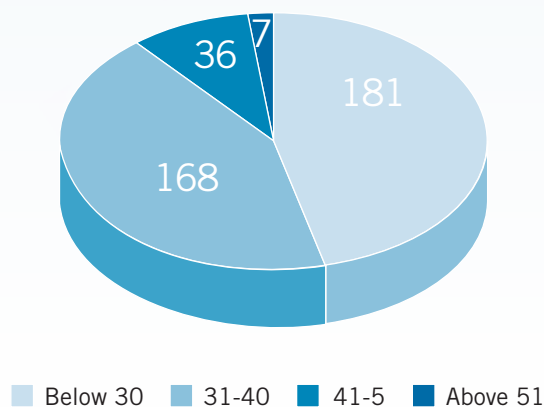
Environmental, Social and Governance Report

For the year ended 31 December 2020

B. SOCIAL COMMITMENT (Continued)

B.1. Employment and Labour Practices (Continued)

Workforce by Age Group



The Group conducts assessment twice a year with objective assessment method to comprehensively evaluate employees' working ability and performance, and provide basis for employees' promotion, post transfer, salary increase or award. We are committed to providing competitive salary and other benefits in order to retain and motivate our talents. Our remuneration scheme is reviewed annually with reference to the market practices as well as experience and performance of our staff. The working hours, leaves and other statutory requirements such as social insurance are all in compliance with the applicable laws and regulations.

The Group has established a complete appeal system. Any employee who is dissatisfied with the company's affairs or the treatment he/she receives can complain through the appeal channel. The Group also welcomes employees to discuss their targets and expectations in job advancement and career development with the senior management if they have any ideas or difficulties regarding their job.

There were no non-compliance cases noted in relation to employment laws and regulations during the Reporting Period.

B.2. Health and Safety

As employees are the most important asset and resource of the Company, it is of utmost importance to provide a healthy and safe working environment for the employees in a reasonable and practicable situation. The employee handbook provides detailed instructions on keeping a safe and healthy workplace, including the following requirements:

- Smoking is strictly prohibited in the office area. If unsafe phenomena or situations are found in the office, they should be brought to the attention of superiors immediately.
- Employees should carefully check the electric switches, door and window locks, etc. before going off duty to eliminate the hidden dangers.

B. SOCIAL COMMITMENT (Continued)

B.2. Health and Safety (Continued)

- No one is allowed to repair electrical appliances or other dangerous office equipment without training or special knowledge.
- Employees who continue to act in an unsafe manner can lead to disciplinary action.
- Employees must strive to improve the sanitary environment in the workplace and follow with health care and sanitation measures.

During the Reporting Period, the Group did not violate any health and safety laws and regulations and no work-related fatal or injury was noted.

B.3. Development and Training

The Group recognizes that human capital always plays a large part in its business operation. We understand that training is always an important way to improve the overall performance and facilitate comprehensive development of the employees.

Internally, the Group has established comprehensive training programs. Induction program is offered to new joiners for learning the culture and the practices of the Group. Customized training programs are arranged for staff members at different levels and across its divisions on an ongoing basis. Special trainings are provided to relevant personnel when business development requires. The results and effects of all training will be considered as one of the factors for future promotion. In addition, the Group has arranged for its directors and senior management to attend a training program on the Listing Rules prior to the application for the Listing.

The Group also encourages employees to take part in external training to acquire necessary technical skills and enhance team spirit.

B.4. Labour Standards

The Group strictly complies with the Labor Contract Law of the PRC 《中華人民共和國勞動合同法》, the Labor Law of the PRC 《中華人民共和國勞動法》 and other applicable laws and regulations relating to employment.

Proper internal controls, such as reference check and background search, are in place to ensure that only legitimate employees who possess valid identity documents are employed. Labor contract must be signed by both employees and the Group to guarantee no child or forced labor are employed.

During the Reporting Period, we were not aware of (1) any non-compliance case regarding the age of employment, and (2) any labour dispute between the Group and its employees.

B.5. Supply Chain Management

Supply chain management directly affects the reliability and smoothness of our operations as well as the quality of our services. A comprehensive procurement guideline has been established to govern the procurement processes and maintain long-term partnering relationship with strategic suppliers.



Environmental, Social and Governance Report

For the year ended 31 December 2020

B. SOCIAL COMMITMENT (Continued)

B.5. Supply Chain Management (Continued)

Supplier Identification, Evaluation and Selection

The primary selection for suppliers is conducted by the purchasing department based on the supplier's background information and the relevant information of the supplier market. The purchasing department sends out the invitation tender or inquiry form to the shortlisted suppliers. In general, the purchasing department clearly sets the selection criteria of suppliers before receiving the tender or quotation. The selection criteria should be objective and quantifiable, so as to ensure that the process of supplier selection is fair and equitable. All tenders or quotations must comply with the principles of sustainable development. The factors to be considered in the purchase decision include price, quality, location (logistics and storage cost), delivery reliability, anti-corruption, after-sales service, etc. These processes help to identify the most suitable supplier and maximize the economic benefits. If the above factors cannot be met at the same time, the price factor should be considered first. The purchasing department continues to conduct international and domestic market surveys to provide solutions with price advantages and technical service advantages.

Supplier Monitoring

The supplier list has been created and maintained in procurement system to manage all the suppliers that the Group has been cooperating with, including the name of the supplier and the information of the contact person.

The Group conducts annual and comprehensive evaluation on annual cooperative suppliers, and conducts on-site inspection on the quality of suppliers from time to time. All supplier evaluation results have been recorded. Suppliers which are unable to pass the evaluation will be removed from the supplier list. Meanwhile, in case of significant quality incidents in relation to products and services, cooperation relationship with the concerned suppliers will be terminated immediately and the suppliers will be removed from the authorized supplier list as well.

Supplier Relationship Management

To establish stable and reliable supply of products and services, the Group cooperates with multiple suppliers to avoid over reliance on a single source. As at 31 December 2020, the Group has three types of suppliers, namely, annual cooperative supplier, common supplier and one-time cooperative supplier. When neither annual cooperative suppliers nor common suppliers can meet the demand, the purchasing department will look for one-time cooperative suppliers.

We typically enter into one-time purchase agreements with suppliers, which set out the price, work scope and quality requirements. We also enter into framework agreements with the annual cooperative, which set out key terms including term, quality, pricing, intellectual property, termination, confidentiality, payment and credit term. The purchasing department analyzes and determines the renewal based on the evaluation of the cooperative project and other data.

B. SOCIAL COMMITMENT (Continued)

B.6. Product Responsibility

Intellectual Property

As at 31 December 2020, the Group owned 16 trademarks, 51 copyrights and 29 domain names in China and one trademark in Hong Kong.

The Group relies on a combination of intellectual property laws, trade secrets, confidentiality procedures and contractual provisions to protect its intellectual property including know-how. We require our employees and customers in respect of marketing strategy and consulting services to enter into written confidentiality agreements upon the commencement of business relationships with us. These agreements generally require that any confidential or proprietary information disclosed or otherwise made available by us be kept confidential.

Quality Assurance

The Group has a well-established quality control system to identify, assess and manage the quality issues of the services it provides.

For internet hospital services, the Group has established policies and internal procedures for screening the registered physicians and pharmacists' records from the national electronic registration system on an annual basis to ensure the registered physicians and pharmacists are qualified. The Group has also set up internal prescription review system and dual-pharmacist verification system to ensure that registered physicians' prescriptions comply with the relevant rules and regulations in the PRC.

For medical conference services and patient education and screening services, quality controls are mainly conducted by personnel designated on each project. Project managers have been assigned to each project to specifically oversee the project implementation process.

For our marketing strategy and consulting services, standard operating procedures for our project implementation are in place to ensure that the quality of our services meets customers' expectations. In addition, we have a professional medical team whose members possess a bachelor's degree or above in medical-related fields to ensure that we can provide high-quality services to customers.

Data Privacy

Protecting data privacy of customers is one of the Group's priorities. The Group strictly complies with applicable standards, laws and regulations as well as internal policies relating to data privacy. In order to protect personal information of patients and information leakage, the Group has implemented a number of measures in regard to data privacy.

Environmental, Social and Governance Report

For the year ended 31 December 2020

B. SOCIAL COMMITMENT (Continued)

B.6. Product Responsibility (Continued)

Data Privacy (Continued)

We strictly limit the number of employees who can access patient data and only grant such access on a “need-to-know” basis. Our internal policy requires employees not to disclose these data to any third party without consent of physicians or patients, except as required by applicable law. We have also engaged an independent third party cloud service provider to store patient data in its data centers in Beijing, Guangzhou and Shanghai. These data are backed up regularly to minimize the risk of loss. The cloud service provider adopts a multiple-layer firewall to protect against attacks or unauthorized access of our data. We require the cloud service provider to monitor the visits of the data regularly and report any suspicious or unauthorized access or attacks to us. In accordance with our agreement with the cloud service provider, it is prohibited from accessing the content of our data to ensure data confidentiality. In addition, the data is encrypted to protect privacy of physicians and patients.

During the Reporting Period, the Group was not aware of (1) any non-compliance with laws and regulations having a significant impact on the Group relating to product responsibility, and (2) any case of customer’s complaints related to the products and services.

B.7. Anti-Corruption

A system with good moral integrity and anti-corruption mechanism is the cornerstone for a sustainable and healthy development of the Group. To maintain a workplace free from corruption and bribery, the Group has formulated and implemented an anti-corruption and anti-bribery management system with reference to PRC Criminal Law 《中華人民共和國刑法》, PRC Anti-Unfair Competition Law 《中華人民共和國反不正當競爭法》, Interim Provisions on the Prohibition of Commercial Bribery 《關於禁止商業賄賂的暫行規定》 and Opinions on Several Issues concerning the Application of Laws in Criminal Commercial Bribery Cases 《關於辦理商業賄賂犯罪適用法律若干問題的意見》.

The Group has implemented specific measures to prevent corrupt, bribery and fraudulent activities of employees, including:

- establish an employee handbook and a code of conduct, which are distributed to all employees, containing our internal rules and guidelines regarding work ethics, fraud prevention, negligence and corruption;
- require all account managers to sign a commitment to avoid any form of bribery in performing their work;
- provide regular training to all employees to explain the guidelines contained in the employee handbook and inform them updates on the relevant laws and regulations;
- establish project budgets and expenses claim policies and procedures, which require our operation team to prepare budgets for all projects and identify the relevant expenses. Such budgets and expense claims will be submitted to account department for review and the accounting managers will identify and follow up with any unusual fund flow, expense or reimbursement; and
- set up a platform to receive complaints and whistleblowing in relation to bribery and other illegal activities of employees.

B. SOCIAL COMMITMENT (Continued)

B.7. Anti-Corruption (Continued)

The Group also considered possible corruption, bribery and fraud activities of third parties, including customers, speakers, suppliers, sponsoring enterprises and known attendees. Thus, we (1) have adopted a series of internal regulations which requires the inclusion in our business contracts with these counterparties of: (i) anti-corruption and anti-bribery clauses, (ii) terms prohibiting our employees receiving bribes and kickbacks from counterparties, and (iii) terms requiring counterparties to comply with relevant laws and regulations; (2) perform desktop search to identify whether these third parties have committed any kind of bribery incidents or breach of other applicable laws and regulations; and (3) make an inspection tour of the venues of different booth setup for pharmaceutical enterprises and monitor the onsite situation of conventions and seminars to identify abnormal behaviors and activities among the attendees. We also review the pharmaceutical enterprises' advertising materials to be distributed to the attendees at the venue in advance to ensure they do not breach any PRC anti-corruption laws and regulations. On top of the above, we have also set up a platform to receive complaints and whistleblowing in relation to bribery and other illegal activities of employees.

During the Reporting Period, the Group was not aware of any case of bribery, extortion, fraud and money laundering.

B.8. Community Investment

The Group has been actively committed to promoting the development of medical communication and wholeheartedly improving China's medical and health construction. In addition to ensuring high standards of compliance, abiding by corporate ethics and fulfilling our responsibilities, we also focus on public welfare in rural children's education. What's more, we pay attention to the balance between employees and their families, providing valuable opportunities for employees and their parents to travel together and enhance mutual understanding.

In the future, the Group will:

- seek opportunities to work with charitable organizations to get involved in various community programs and contribute to society; and
- promote the health of our employees and relationship with customers by organizing and taking part in sports and fitness activities.