



ABOUT THIS REPORT

The Group adheres determinedly to the fundamental mission and values of engaging and aligning all stakeholders towards the same goals and creating mutual values for better lives, and providing innovative, quality and reliable medical devices. The Group longs for the pursuit of sustainability, continuously incorporating environmental and social initiatives in our business. In view of the importance of corporate environmental and social responsibilities, the Board is pleased to launch its eighth ESG Report. This report aims to disclose our commitments, practices and performance in all ESG aspects, and takes response to stakeholders' expectations in regards to sustainable development of the Group.

Reporting Period

This report illustrates the overall performance of the Group regarding the ESG aspects from 1 January 2023 to 31 December 2023.

Reporting Scope and Boundary

The relevant environmental key performance indicators ("KPI(s)") mainly cover the manufacture of medical devices in office and operating sites in the PRC (located at Dongguan and Shenzhen) and Japan, and the head office in Hong Kong, on the ground that these areas are financially significant and operationally important to the Group and its stakeholders. The reporting scope has covered 100% of the Group's total revenue in the Reporting Period. There was no material change compared with the reporting scope in 2022. If the scope and boundaries of specific contents vary, they are noted in the relevant section of this report.

Reporting Basis and Principles

This report complies with the requirements as set out in the "Environmental, Social and Governance Reporting Guide" (the "Guide") in Appendix C2 to the Listing Rules. The Company has complied with all "comply or explain" provisions as set out in the Guide and followed the below reporting principles in the preparation of this report: materiality, quantitative, balance and consistency.

- **"Materiality" Principle:**
The Group determines material ESG issues by stakeholders engagement and materiality assessment. Details are explained in the section headed "Materiality Assessment" in this report.
- **"Quantitative" Principle:**
Information is presented with quantitative measure, whenever feasible, including information on the standards, methodologies, assumptions used and provision of comparative data.
- **"Balance" Principle:**
This report identifies the achievements and challenges faced by the Group.
- **"Consistency" Principle:**
This report uses consistent methodologies for meaningful comparisons throughout the years unless improvements in methodologies are identified.

This report has complied with all "comply or explain" provisions and reported on selected recommended disclosures required in the Guide.

The information contained herein is sourced from internal documents and statistics of the Group, as well as the combined control, management and operations information provided by the subsidiaries in accordance with the Group's internal management systems. A complete ESG reporting content index is appended to the last section hereof for quick reference. This report is prepared and published in both English and Chinese at the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.vincentmedical.com). In the event of contradiction or inconsistency between the English version and the Chinese version, the English version shall prevail.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Review and Approval

This report was approved by the Board on 20 March 2024, after review by the ESG Committee.

Feedback

The Group values the opinions and suggestions of stakeholders on this report. We welcome you to share your feedback with the Group by sending email: investors@vincentmedical.com, fax: (852) 2155 8298, or mail: Units 1604-07A, 16/F, Two Harbourfront, 22 Tak Fung Street, Hung Hom, Kowloon, Hong Kong (for the attention to the Company Secretary).

BOARD STATEMENT

On behalf of the Group, the Board is pleased to present the 2023 ESG Report to all of our stakeholders and the general community. Primarily engaging in the development, manufacture and sales of a wide range of medical devices to our customers around the globe, we became a trusted partner of some of the world's leading medical and healthcare technology companies. Throughout this journey, the Group has also transformed from a humble medical devices manufacturer, to one of the leading providers of respiratory care solutions with extensive know-how and proprietary technologies, along with brands and products that enjoyed numerous clinical and commercial success.

We continued to face a fast-changing market landscape. The rising geopolitical risks and the macro uncertainties have created challenges on our business operation and hence pose negative impact on market penetration. We are prepared to overcome these challenges through our new production facility in Kaiping City, Jiangmen City, Guangdong Province, the PRC. During the Reporting Period, we have planned comprehensively regarding the location section and facilities adaption, and considered on ESG initiatives, especially in climate change. Looking ahead, we believe our new project is going to execute positive long-term influence on our business expansion as of the new opening of operation site in forthcoming years.

Despite all the obstacles, we remain committed to operating our business in an environmentally and socially responsible manners, so that we can create values for our stakeholders. Throughout the years, the Group endeavours to undertake more social responsibilities, and incorporates sustainable development into its operations and business planning, while balancing its business and financial performance. To ensure sustainability, we believe an effective governance structure, as well as comprehensive ESG reporting, are fundamental. Therefore, we have established the ESG Committee and working group (the "**Working Group**"), responsible for assisting and advising the Board on ESG matters. We have also integrated climate-related issues and other important ESG elements into our long-term strategic planning.

It is the Group's belief that collective efforts across all stakeholders will together create a brighter future. Before marching forward hand-in-hand, it is important for us to engage with our stakeholders. Through our ESG materiality assessment exercise, we identify and understand the needs and concerns of our stakeholders. We also conduct regular evaluations on our direction and metrics, so that our actions can be more effective and relevant as market changes. During the Reporting Period, we continued our dedication to community investment through charity and volunteer services, and we are proud to serve our customers and patients to the best of our effort, by putting the Group's values of 'Patient First' and 'Create Values for Better Lives'.

The Group has identified the climate-related risks and opportunities relevant to our business. In the Reporting Period, our operation has been recovered and settled from the pandemic. We have set clear short-term emission and long-term sustainable development targets to achieve ongoing emission reduction progress according to the government requirements. We also periodically review our progress and metrics as we continue to evaluate the effectiveness of our approach and measures. These actions would not only enhance our corporate image, promote sustainable practices, but also improve our market competitiveness.

Looking ahead, the Group will continue to take our responsibilities towards ESG seriously, to review and monitor its ESG performance and looking at ways to improve the way we operate our business, especially around issues that affect society as a whole, so that we can together, build an inclusive and sustainable society.



ESG GOVERNANCE STRUCTURE

ESG Committee and Working Group

The Board has delegated a comprehensive ESG governance structure by overseeing the ESG responsibility of the implementation to the ESG Committee. The purpose of the ESG Committee is to advise and assist the Board in managing matters relating to ESG matters, governance, policies, initiatives, performance and reporting. The ESG Committee, comprises an Executive Director and members of senior management, will have meetings quarterly and directly report to the Board.

Working under the ESG Committee, the Group has established the Working Group. The Working Group is composed of members of senior management and core members from different departments and business units of the Group, and responsible for exercising ESG plans and collecting data regularly to review performance. The Working Group reports to the ESG Committee on a timely basis. The Group's ESG structural framework is summarised below:

Board	<ul style="list-style-type: none">• Reviews the Group's ESG performance regularly• Examines and approves the Group's annual ESG report
ESG Committee	<ul style="list-style-type: none">• Oversees the ESG strategies, policies, objective and targets• Allocates ESG matters through review and assessment of internal operations
Senior Management	<ul style="list-style-type: none">• Advises and supports the ESG Committee and Board on ESG matters, strategies and policies• Executes ESG management, monitors ESG performance and sets targets
Core Members of Departments and Business Units and Employees	<ul style="list-style-type: none">• Implements ESG policies and relates initiatives• Collects data and takes records for regular review on ESG performance



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STAKEHOLDERS ENGAGEMENT

Stakeholders' opinions are the solid foundation for the Group's sustainable development and success. Stakeholders engagement helps the Group to develop business strategies that meet the needs and expectations of stakeholders, by doing so, it helps us in identifying risks and weaknesses that the Group is currently facing. The Group communicates with its stakeholders through various channels on a regular basis, shown as below.

Stakeholder	Communication Channel
Government and regulatory agencies	<ul style="list-style-type: none"> • Annual reports, interim reports, ESG reports and other public information • Supervision and inspection • Notices and circulars • Newsletters and releases
Shareholders and investors	<ul style="list-style-type: none"> • Annual general meetings and other general meetings of shareholders • Disclosure of corporate information in the websites of the Company and the Stock Exchange • Press releases/announcements • Regular dialogue with institutional investors • Annual reports, interim reports, ESG reports and other public information
Employees	<ul style="list-style-type: none"> • Regular trainings • Regular meetings • Internal circulars (notices and intranet) • Performance evaluation • Surveys and opinions collection platforms • Reporting platforms pursuant to the Whistleblowing Policy • Leisure activities
Customers	<ul style="list-style-type: none"> • Emails, faxes and telephones • Customer satisfaction surveys • Customer service hotlines • Regular meetings • Representative offices • Exhibitions
Suppliers	<ul style="list-style-type: none"> • Meetings • Onsite visits • Surveys • Annual audits and performance review • Hotlines and Emails
Community	<ul style="list-style-type: none"> • Participation in community programmes • Annual reports, interim reports, ESG reports and other public information

MATERIALITY ASSESSMENT

The Group emphasises the participation of its stakeholders as they have a substantial impact on the success of its business or activities. The Group believes that stakeholders engagement has a significant level of influence in developing sustainable development strategies and fulfilling social responsibilities which is the basis for the Group's strategy formulation and decision-making. A list of sustainability issues, which were potentially material to the Group, was decomposed in the context of its business and daily operation.



Materiality Assessment Process

In preparing this report, the Group directly engaged with external and internal stakeholders through an online survey. The following materiality assessment process has applied to identify and prioritise the material issues to be included in this report.

Stage 1 – Identification

A selection of ESG issues that may reasonably be considered important for the Group and its stakeholders from various sources, including the Listing Rules requirement, industry trends and internal policies. 28 issues were identified and grouped into 4 categories: Environment, Employment and Labour Practices, Operating Practices and Community.

Stage 2 – Prioritisation

Conducted online surveys to rate the importance of each issue from the perspective of a stakeholder and the Group using a scale of 1 to 5.

Developed the materiality matrix based on the scores of the surveys, set the threshold for materiality (i.e. at a score of average) and prioritised a list of sustainability issues.

Stage 3 – Validation

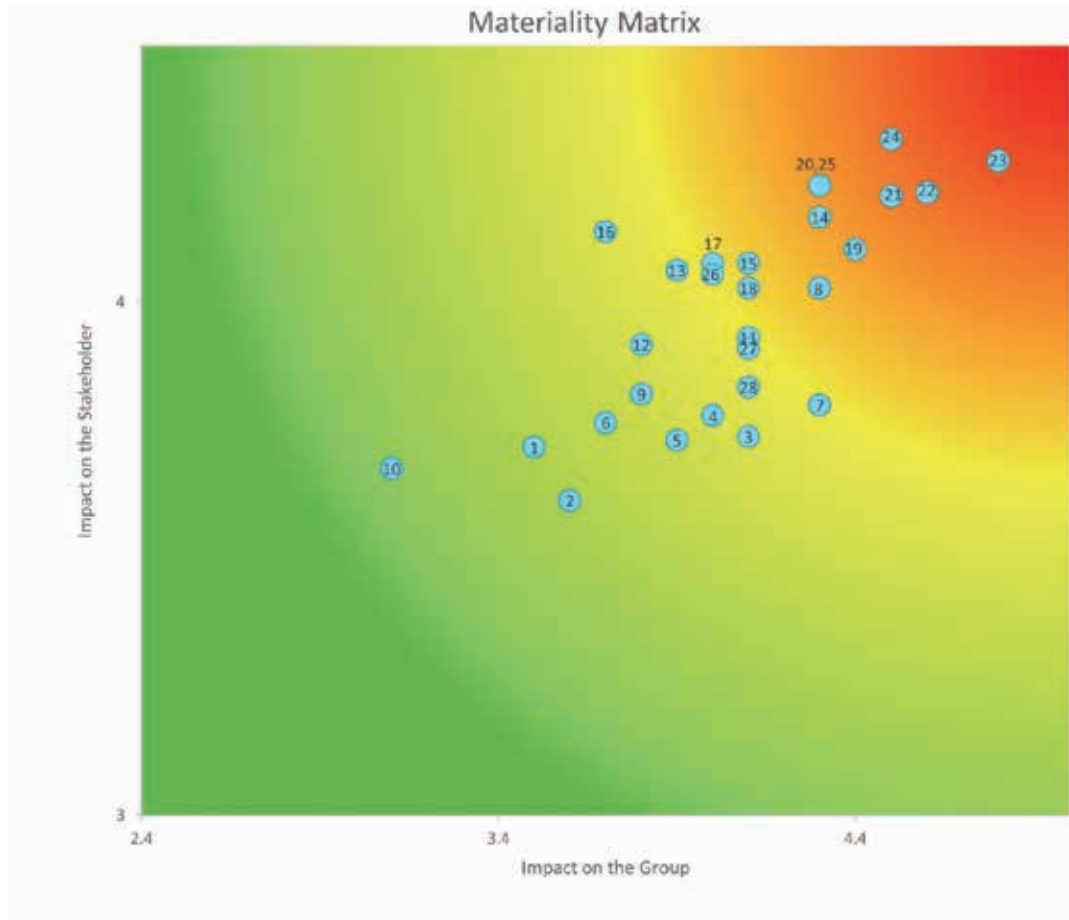
Management reviewed the materiality matrix and the threshold for materiality. ESG issues with a score of average or above from the perspective of a stakeholder and the Group, were prioritised as the most important sustainability issues for the Group to address and report on.

Materiality Matrix

Our materiality matrix took two dimensions into account and included the importance of issues to stakeholders and the Group. For the issues that fall within the top right-hand corner of the matrix, have relatively high importance to both stakeholders and the Group's business.

Based on the materiality matrix, we believe the six most pertinent ESG issues include the following:

- Safety of products;
- Quality of products;
- Intellectual property;
- Customer satisfaction;
- Business ethics; and
- Customers' privacy and confidentiality.



1	Air Emissions	11	Employment practices	21	Customer satisfaction
2	Greenhouse gas ("GHG") Emissions	12	Diversity and equal opportunities	22	Intellectual property
3	Effluents management	13	Anti-discrimination	23	Safety of products
4	Waste management	14	Occupational health and safety	24	Quality of products
5	Energy efficiency	15	Development and training	25	Business ethics
6	Water efficiency	16	Child labour and forced labour	26	Anti-corruption training for management and employees
7	Use of materials	17	Responsible supply chain management	27	Contributions to the society
8	Environmental compliance	18	Environmental friendliness on products or service purchased	28	Communication and connection with local community
9	Land use, pollution and restoration	19	Compliance with regulations on marketing, product and service labelling		
10	Climate change	20	Customers' privacy and confidentiality		



ENVIRONMENTAL ASPECTS

The Group is committed to the long-term sustainability of its businesses and the communities in which it conducts business, and attaches great importance on reducing energy consumption and carbon footprint. With the passion of protecting our planet and conserving its natural resources for future generations, the Group is continually improving its business practices and enhancing employee training as such the best practices.

In terms of environmental, the Group is continuously making positive gains through internal control, innovative technology and alignment with global standards and certifications. The Group is classified as a low emission industry by the Dongguan Tangxia Environmental Protection Department (東莞塘廈環保分局) and has upheld the principle of sustainability in operation. The Group's production plant substantially complied with all applicable local and international environmental regulations, including but not limited to:

- Environmental Protection Law of the PRC 《中華人民共和國環境保護法》;
- Environmental Impact Assessment Law of the PRC 《中華人民共和國環境影響評價法》;
- Environmental Protection Tax Law of the PRC 《中華人民共和國環境保護稅法》; and
- Laws and regulations of the National Development and Reform Commission (NDRC).

The Group has established an environmental management system and adopted proactive approach of ESG initiatives and activities to enhance the effort in ESG performance.

The Group strives to follow its environmental objectives:

- Compliance with national environmental laws and regulations;
- Pollution prevention;
- Promotion of clean production; and
- Creation of a harmonious environment for sustainable development.

The Group strives in its environmental objectives and following the pathway in achieving the target setting. In line with the national policies on energy conservation and emission reduction, we have established our green targets in short-term and utilised action plans to actively manage our environmental footprint and achieve a low-carbon economy. In terms of the medium-term to long-term goals, the Group will gradually review and revise its policy, adopt renewable energy sources and use low-power products. Also, the Group will continue our commitment to governmental and national requirements. In the upcoming 2024, we will proactively set specific, measurable and quantifiable targets based on our ongoing emission reduction goal.

Nonetheless, the Group considered that Hong Kong head office, and Shenzhen and Japan administrative offices are insignificant and non-material, the following disclosures on environmental aspect only include the major operation sites in Dongguan.

Looking ahead, the Group will continuously enhance and review the data collection system and consider in expanding the disclosure coverage in environmental aspects. In addition, the Group will continue in reviewing and revising its policy regularly, maintaining a steady pace of progress, and promoting green development.



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Emissions

Air Emissions

Due to the nature of our business, the Group does not emit a significant amount of exhaust gas from its operation. In our daily operations, the main source of exhaust gas emitted are mainly from vehicle fleets. The petrol and diesel oil combustion of vehicle fleets generates pollutant including Nitrogen Oxides, Sulphur Oxides and Particulate Matters. During the Reporting Period, the air emissions were as follows:

Air Emissions ¹	Unit	Total Air Emissions		
		2023	2022	Change
Nitrogen Oxides (NO _x)	Kilograms	140.46	51.30	+174%
Sulphur Oxides (SO _x)	Kilograms	4.32	2.63	+64%
Particulate Matters (PM)	Kilograms	1.78	0.36	+394%
Total	Kilograms	146.56	54.29	+170%

For the year ended 31 December 2023, the total air emissions accounted for 146.56 kg (2022: 54.29 kg), representing an increase of approximately 170% over last year. The significant increase was mainly attributable to (i) the purchase of new vehicle fleets; and (ii) the increase in usage of vehicle fleets for employee commuting and products delivery between operation sites upon recovery of operations from the pandemic.

Looking ahead, the Group is striving to control the emissions by monitoring the air pollutant emissions and implementing mitigation measures. The Group will conduct proper engine repair and maintenance in regular basis for vehicle fleets and encourage eco-driving in daily operation.

¹ The inorganic air pollutant emission is estimated by making reference to "First National Survey of Pollution Sources — Industrial Pollutants Emission Factors Handbook 《第一次全國污染源普查工業污染源產排污係數手冊》" and "Technical Guidelines for the Compilation of Emission Inventories of Air Pollutants from Road Vehicles (Trial) 《道路機動車大氣污染物排放清單編制技術指南（試行）》" by Ministry of Ecology and Environment of the PRC.



GHG Emissions

The Group is aware of potential physical and financial consequences of climate change on its business. These could include higher energy costs and more frequent extreme weather events that disrupt product supply chains. To minimise the contribution of GHG emissions, the Group strives to reduce energy use in our operations, and the related energy-saving measures are illustrated in the section headed "Use of Resources" of this report. During the Reporting Period, the Group's GHG emissions were as follows:

GHG Emissions ²	Unit	Total GHG Emissions		
		2023	2022	Change
Scope 1 ³	CO ₂ e tonnes	50	32	+56%
Scope 2 ⁴	CO ₂ e tonnes	12,526	12,265	+2%
Scope 3 ⁵	CO ₂ e tonnes	52	18	+189%
Total	CO ₂ e tonnes	12,628	12,315	+3%
Intensity (per building area) ⁶	CO ₂ e tonnes/m ²	0.352	0.343	+3%

For the year ended 31 December 2023, the total GHG emissions were 12,628 CO₂ e tonnes (2022: 12,315 CO₂ e tonnes) and its intensity was 0.352 CO₂ e tonnes/m² (2022: 0.343 CO₂ e tonnes/m²) per building area, presented a respective increase of 3% on both total GHG emissions and intensity as compared to previous year.

The increase on total GHG emissions were mainly attributable to (i) the increase of Scope 1 emission by 56% due to the purchase of new vehicle fleets and the increase in usage of vehicle fleets for employee commuting and products delivery between operation sites upon recovery of operations from the pandemic; (ii) the increase of Scope 2 emission by 2% due to the higher purchased electricity consumption for the greater production during the Reporting Period; and (iii) the significant increase of Scope 3 emission by 189% due to the increase in participation of international exhibitions and overseas customer visits upon recovery of operations from the pandemic.

Looking ahead, the Group will encourage the use of digital communication with overseas stakeholders to minimise the needs of business travelling. Besides, the Group will continue in tracing the amount of GHG emissions and implementing relevant measures to mitigate the impacts from its operation activities.

² The data covers direct and indirect GHG emissions from the Group's business units in Dongguan only. The calculation of the corresponding air emission assessment figures and the emission factors used for the calculation are based on the "How to Prepare ESG Report" and its Annex "Appendix 2: Reporting guidance on Environmental KPIs" issued by the Stock Exchange, "Methodology for Accounting and Reporting of Greenhouse Gas Emissions from Enterprises in Other Industries (Trial) 《工業其他行業企業溫室氣體排放核算方法與報告指南（試行）》" jointly issued by National Development and Reform Commission and National Center for Climate Change Strategy and International Cooperation, "Emission Reduction Project China Regional Grid Baseline Emission Factor 《減排項目中國區域電網基準線排放因子》" and "IPCC Fifth Assessment Report on Climate Change 《IPCC氣候變遷第五次評估報告》" issued by the Ministry of Ecology and Environment of the PRC.

³ Scope 1: The direct emissions from the business operations owned or controlled by the Group, including the emission from the Group's vehicle fleet, hydrofluorocarbons (HFC) and perfluorocarbons (PFC) equipment.

⁴ Scope 2: The indirect energy emissions from the internal purchased electricity consumption by the Group.

⁵ Scope 3: Other indirect emissions from business travel by the Group.

⁶ During the Reporting Period and 2022, the Group had a total building area of 35,865.6m².



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Wastewater

Although the Group does not contribute and generate significant wastewater from its operation activities, the Group is aware that potential wastewater could be generated during certain operation activities. In this regard, the Group has installed a system to segregate rainwater and sewage. The Group complied with all applicable local and international environmental regulations, and strictly abides by the “Water Pollution Prevention and Control Law of the PRC 《中華人民共和國水污染防治法》”. The Group properly treats all wastewater and manages the treatment plant in accordance with the local regulations namely “Guangdong Local Standards – Emission Limits of Water Pollutants DB44/26-2001 《廣東省地方標準 – 水污染物排放限值DB44/26-2001》”. The Group conducts regular monitoring and inspections to ensure that the concentration of wastewater discharge is within the discharge limits set out by the local authority.

Looking ahead, the Group will enhance data collection system in tracing the amount of wastewater, ensure the transparency of disclosure and implement relevant measures to mitigate the impacts from its operation activities.

Wastes

The operation nature of the Group entails the use of resources in wide range of medical devices in development and manufacturing. The Group complied with all applicable local and international environmental regulations, and strictly abides by “Solid Waste Pollution Prevention and Control Law of the PRC 《中華人民共和國固體廢物污染環境防治法》”. Hazardous waste includes clinical waste and office stationery. Non-hazardous waste includes domestic wastes, kitchen waste and household waste. The Group strictly follows the applicable guidelines and regulations to handle, manage and discharge hazardous and non-hazardous wastes. The Group has implemented comprehensive emergency procedure protocol to contain and limit its damage to the environment.

Hazardous wastes are collected and handled by the licensed contractors, which are under the National Hazardous Waste List. To minimise the environmental impacts of hazardous wastes, all bins are covered and must be protected against leakage to prevent pollution to the environment. Non-hazardous wastes are collected daily and disposed to landfill.



During the Reporting Period, the hazardous wastes and non-hazardous wastes produced were as follows:

Hazardous Wastes	Unit	Total Hazardous Wastes		
		2023	2022	Change
Clinical Waste ⁷	Tonnes	0.10	0.09	+11%
Other Hazardous Waste ⁸	Tonnes	0.64	1.00	-36%
Total	Tonnes	0.74	1.09	-32%
Intensity of Hazardous Wastes (per building area) ⁶	Kg/m ²	0.0206	0.0303	-32%

Non-hazardous Wastes	Unit	Total Non-hazardous Wastes		
		2023	2022	Change
Domestic Wastes ⁹	Tonnes	144	180	-20%
Total Non-hazardous Wastes	Tonnes	144	180	-20%
Intensity of Non-hazardous Wastes (per building area) ⁶	Kg/m ²	4.01	5.01	-20%

For the year ended 31 December 2023, the total amount of hazardous wastes was approximately 0.74 tonnes (2022: 1.09 tonnes), representing a decrease of approximately 32% as compared to last year. The total amount of clinical waste was approximately 0.10 tonnes (2022: 0.09 tonnes), representing an increase of approximately 11% over last year. The increase in total amount of clinical waste was mainly due to the increase in medical products production volume during the Reporting Period.

For the year ended 31 December 2023, the total amount of non-hazardous wastes was 144 tonnes (2022: 180 tonnes), representing a decrease of 20% over last year. The Group has continuously encouraging employees to reduce, reuse and recycling, to lower our daily waste in the operation sites.

Looking ahead, the Group will continuously enhance the R&D development and consider implementing relevant waste reduction measures to mitigate the impacts from its operation activities.

⁷ Clinical waste includes the Limulus Amoebocyte Lysate (LAL) and their test kit.

⁸ Other hazardous waste includes chemicals waste such as acetone, silicone oil, mercury and etc.

⁹ Non-hazardous waste represents domestic wastes generated in office and household, kitchen waste and household waste.



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Use of Resources

Energy Consumption

The Group is committed to conserving resources for the purposes of environmental and operating efficiency. To pursue the Group's environmental commitment, it implements multiple measures in enhancing energy efficiency. The Group has formulated energy-saving plan annually and installed energy monitoring system, including:

- Establishment of an energy management centre to analyse and monitor energy usage regularly;
- Installation of a solar-powered water heating system in office and dormitory;
- Installation of solar street lights;
- Replacement of conventional lightings with Light Emitting Diode (LED) lights or T5 fluorescent tube;
- Purchase of two environmental-friendly electric forklifts;
- Limiting unnecessary use of company vehicles;
- Switching off idling engines, including lighting, personal computer, air-conditioners and other electronic equipment;
- Using video conferencing or phone calls for meeting;
- Maintaining indoor room temperature at 24 to 26 degrees Celsius at the office;
- Placing energy-saving reminders at pantry, office and dormitory; and
- Turning off the electricity supply to appliances to reduce their standby power consumption.

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The Group's energy consumption is from vehicle fuels (direct energy consumption), purchased electricity and solar energy consumption (indirect energy consumption). During the Reporting Period, the energy consumption of the Group was as follows:

Energy Consumption Types ¹⁰	Units	Total Energy Consumption		
		2023	2022	Change
Direct energy consumption				
Diesel oil	kWh	70,821	42,919	+65%
Unleaded petrol	kWh	125,415	83,804	+50%
Total direct energy consumption	kWh	196,236	126,723	+55%
Total intensity of direct energy consumption (per building area) ⁶	kWh/m ²	5.471	3.533	+55%
Indirect energy consumption				
Purchased electricity	kWh	15,575,367	15,250,839	+2%
Solar energy	kWh	3,726	3,600	+4%
Total indirect energy consumption	kWh	15,579,093	15,254,439	+2%
Total intensity of indirect energy consumption (per building area) ⁶	kWh/m ²	434.4	425.3	+2%

For the year ended 31 December 2023, the total direct energy consumption was 196,236 kWh (2022: 126,723 kWh), and its intensity was 5.471 kWh/m² (2022: 3.533 kWh/m²) per building area. Compared with the previous year, the increase of 55% on both the total direct energy consumption and its intensity was mainly attributable to (i) the purchase of new vehicle fleets; and (ii) the increase in usage of vehicle fleets for employee commuting and products delivery between operation sites upon recovery of operations from the pandemic.

For the year ended 31 December 2023, the total indirect energy consumption was 15,579,093 kWh (2022: 15,254,439 kWh), and its intensity was 434.4 kWh/m² (2022: 425.3 kWh/m²) per building area, it presented an increase of 2% on both the total indirect energy consumption and its intensity. The Group has expanded its operations and increase its production volume during the Reporting Period, which lead to an increase in the electricity consumption in our operation sites.

Looking ahead, the Group will continue in tracing the Group's energy consumption and implementing relevant energy conversation measures.

Water Consumption

The Group is devoted to reducing the use of water and has established a water consumption reduction pathway with a long-term perspective as a directional target. The Group has formulated water-saving measures, including:

- Installation of water flow controllers and water-efficient taps; and
- Placing water-saving reminders at pantries and toilets.

¹⁰ It includes the business units in Dongguan only.



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The Group's operation activities are mainly in production of medical devices, which do not consume a material amount of water. Water consumption of the Group is mainly from office and household use and the Group had no difficulty in sourcing water. During the Reporting Period, the water consumption was as follows:

Water Consumption	Unit	Total Water Consumption		
		2023	2022	Change
Total	m ³	120,870	134,002	-10%
Intensity (per building area) ⁶	m ³ /m ²	3.37	3.74	-10%

For the year ended 31 December 2023, the total water consumption was 120,870 m³ (2022: 134,002 m³), and its intensity was 3.37 m³/m² (2022: 3.74 m³/m²) per building area. Both total water consumption and intensity have decreased by approximately 10% as compared to last year. The reason of decrease in water consumption was attributed to the effective adoption of water-saving measures and regulatory facilities maintenance during the Reporting Period. Looking ahead, the Group will continue in monitoring water usage, reviewing and implementing further water saving practices.

Paper Consumption

Paper consumption was mainly utilised for report publication and offices administrative use from office in Dongguan. During the Reporting Period, the paper consumption was as follows:

Paper Consumption	Unit	Total Paper Consumption		
		2023	2022	Change
Office Paper and Publication	Tonnes	5.7	7.2	-21%

For the year ended 31 December 2023, the paper consumption was decreased by approximately 21% to 5.7 tonnes (2022: 7.2 tonnes). The Group has been implementing policies in cutting down paper usage, including:

- Encourage digital report publication;
- Implement 3R policy (i.e. reduce, reuse and recycle);
- Implement Office Automation (OA) System and the SAP system;
- Set up default duplex-printing system; and
- Encourage employee's communication via electronic means.

Looking ahead, the Group will continue to strive in cutting down the paper consumption and increasing the recycling rate to reduce the generation of waste paper.



Packaging Materials Management

To ensure the quality of products, the Group has applied packaging materials, including carton box, plastic and paper in delivery and transportation process. The Group has optimised the use of packaging materials by reusing all the packaging materials. Any materials that cannot be reused will be disposed to landfill. During the Reporting Period, the consumption of packaging materials was as follows:

Packaging Materials Consumption	Unit	Total Packaging Materials Consumption		
		2023	2022	Change
Carton box	Tonnes	569	510	+12%
Plastic	Tonnes	101	88	+15%
Total	Tonnes	670	598	+12%
Intensity of packaging materials (per production volume in million) ¹¹	Tonnes/production volume (in million)	10.47	10.14	+3%

For the year ended 31 December 2023, the total packaging materials consumption was 670 tonnes (2022: 598 tonnes), and the intensity of the total packaging material consumption per production volume in million was 10.47 tonnes (2022: 10.14 tonnes). The total packaging materials consumption has increased by 12% and its intensity has increased by 3%, which was mainly due to increase in production volume during the Reporting Period.

Looking ahead, the Group will strive to manage the inventory control on packaging materials and the monitoring system on packaging materials purchase so as to minimise the consumption amount. Also, the Group plans to eliminate plastics packaging and adopt alternative packaging materials in phases as plastic materials contributed a detrimental effect on the environment.

Also, the Group is proactive in reducing the use of raw materials in terms of product design, modification and presentation, in which it reduces the amount of material waste and saves cost of material. Looking ahead, the Group will continuously commit to sourcing environmental friendly materials in its business operation.

The Environment and Natural Resources

The Group is well aware of its impacts on the environment, and it evaluates the impact of environmental risks based on the possibilities of the events as well as the degree of severity. The environmental and natural resources are potentially influential to the Group's operations, in this regard, the Group strives to promote sustainable use, management of natural resources and adaptation to climate change.

The Group has established related procedures, referring to the various measures mentioned in the sections "Emission" and "Use of resources" of this report, to mitigate the risks of pollution and commit to reducing the environmental impacts from manufacturing process in daily operation.

¹¹ During the Reporting Period, the Group has produced approximately 64,000,000 (2022: 59,000,000) units of products.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental Education

The Group believes employees’ dominance is crucial to environmental protection. To reinforce employee’s understanding and awareness on conserving the environment, the Group provides support to employees, including ESG education and training under regular basis during the Reporting Period. The purpose of environmental education is to enhance employee’s knowledge on the environmental standards and encourage them to be proactive and respectful to environmental protection.

During the Reporting Period, there was no incident with significant impacts on the environment and natural resources.

Climate Change

Climate change poses a common challenge globally, and the PRC, as the greatest developing country, recognises the importance of responding to climate change. The PRC government has implemented decisive policies, actions and measures by making two significant decisions in 2020, which is striving to achieve carbon peaking by 2030 and carbon neutrality by 2060. In alignment with the national policies, enterprises have gradually responded to climate change, and the Group is deeply acknowledged that climate change is driving operational risks and impacts. The Group is committed to improving energy efficiency through expertise, in order to enhance production efficiency and maintain an efficient management support that safeguard the Group’s reputation. As of this Reporting Period, the Group has responded to the initiative of the PRC government and has complied with the national goals.

Our response towards climate change

The Group has to adapt and mitigate the impact from climate change on our operations and be prepared in responding to climate-related risks and opportunities in order to achieve sustainable development. The Group understands the potential climate-related risks and opportunities in the short-term, medium-term and long-term and their potential impacts on business strategy, operational and financial performance. We have adhered to the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We have identified a series of climate-related risk and opportunities relevant to our assets and services which are significant to us. The physical and transition risks and opportunities are discussed in the sections below.

Time period	Risks	Opportunities
Short-term (0 – 1 year)	<ul style="list-style-type: none"> Physical risks – Our operation is facing risk from extreme weather events Physical risks – Securing the skills and capability required to implement climate strategy 	<ul style="list-style-type: none"> Technologies to enhance the performance of operations and energy efficiency
Medium-term (5 years)	<ul style="list-style-type: none"> Transition risks – Implementation of low-carbon policies for the operation Transition risks – Supply and demand for certain commodities, products and services may change as climate related risks and opportunities are increasingly taken into account 	<ul style="list-style-type: none"> Transitioning to low carbon economy market to meet government decarbonisation targets



Time period	Risks	Opportunities
Medium to long-term (5+ years)	<ul style="list-style-type: none"> • Transition risks – Potential new regulation and policies • Transition risks – Development and use of emerging technologies may increase the operational costs, and reduce the Groups’ competitiveness • Transition risks – The Group’s reputation may be impacted due to changing customer or community perceptions of said the Group’s contribution to or detraction from the transition to a lower carbon economy 	<ul style="list-style-type: none"> • Transitioning to low carbon economy market to meet government decarbonisation targets

Physical climate risks have the potential to damage the integrity of the Group’s assets or interrupt and delay our product delivery to customers directly, which may bring negative impact on the Group’s income. The priority of the Group in considering the physical risks is flooding, followed by the increase in frequency and severity of extreme weather. The Group has already set up a range of measures in place to enhance the reliance of its operations and avoid any physical damage to property. We implement contingency plan for extreme weather or emergency conditions. When there are extreme weather and emergency events, we continuously monitor the meteorological information and implement corresponding contingency plans, as well as following the Government announcement in a timely manner. We would rearrange manpower, take precautionary measures to ensure staff safety in the event of adverse weather conditions such as typhoon, rainstorm and heatwave. The Group recognises the potential impact towards the building premises, we ensure our insurance covers fire incidents, third party injuries within our building premises, staff injury during the course of business, and transit loss or damage of shipment of finished goods. The mitigation measures will be reviewed timely to prevent major loss.

Considering the pace of change in countering climate change has expedited around the world, transition risks have the potential to increase the operational cost and market risk. The priority of the Group in considering transition risks is policy and legal risk, and reputation risk. As climate change has increasingly become a global concern, the potential change in governmental policies and regulations, and failure in meeting market needs as well as stakeholders’ expectations about the contribution to climate change may create additional challenges to the Group. As such, investment decision might be affected, resulting in financial loss. The Group has already identified the relevant risks and keep monitoring the market and policy updates. Following national regulation on vehicle fleets, we decide to replace traditional fuel vehicle by electric vehicles (EVs) accordingly and planned to invest according to the market needs and take this as an opportunity for long term development. Despite the fact that the Group is facing challenges from climate-related risks, we are willing to find opportunities in them. We have reinforced the management on energy targets, promoted resources saving measures and implemented renewable energy. etc. These measures promote energy efficiency and operation cost saving. Moreover, the Group has invested in green building research on new manufacturing site and promoted green office management.

Our ESG Committee and Working Group will regularly review and monitor our business practices and processes to ensure the compliance of related law and regulations. External consultancy service will be pursued when necessary. Looking ahead, the Group will continue reviewing the impact of climate change on business and incorporate climate-related risks and opportunities into operational considerations, such as changes in environmental-related regulations, in order to increase resilience.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Green Targets

Our ESG Committee acknowledges the imminence of the climate-related action should be applied on the Group’s operation. The Group supports the global climate action and aligns with the local governments’ emission reduction requirements. The Group is targeted to continuously reducing GHG emissions and enhancing our resources management, the details are illustrated in the following:

Aspects	Our Targets	Actions
Air emissions and GHG emissions	Reduce air emissions and GHG emissions	<ul style="list-style-type: none"> Reasonable travelling. Private use of vehicles is prohibited and encourage reducing unnecessary travelling Minimising long-distance and oversea business travelling by encouraging communication via electronic means Adopting electric vehicles (EVs) as alternative to vehicle fleets
Waste	Reduce waste generation	<ul style="list-style-type: none"> Minimising packaging materials required in our products Sourcing environmental friendly materials and adopting alternative packaging materials Recycling and reusing carton boxes and office paper
Water	Reduce water consumption	<ul style="list-style-type: none"> Using water efficient devices in new plumbing works
Energy	Reduce energy consumption	<ul style="list-style-type: none"> Replacing traditional lighting with LED lamps Utilising renewable energy (e.g. solar energy) instead of electricity generated from fossil fuels Adopting EVs as alternative to fuel vehicles Reducing unnecessary power consumption of lighting equipment and non-operating equipment Promoting facilities optimisation with proper maintenance of equipment

The Group was fully recovered from the Covid-19 outbreak and resumed to normal operation. The Group is targeted to continuously reducing GHG emissions and improving our use of resources, through applying professional knowledge to improve on-site efficiency and maintaining efficient management support. Relevant action plans and corresponding strategies are also established, with such details also being openly shared with our business partners to encourage industry participation. We also periodically review our progress and metrics as we continue to evaluate the effectiveness of our approach and measures.

To achieve ongoing emission and resources consumption reduction progress according to the Group’s performance after implementing the action plan, the Group will proactively set the specific and quantifiable (i) short-term targets to ensure the Group’s greenhouse gas emissions will comply with the local requirements by or before 2030; and (ii) long-term sustainable development targets to respond to the local government’s initiatives and follow local governments’ emission reduction requirements by or before 2030, as well as to achieve carbon neutrality by 2050 in Hong Kong region and by 2060 in the PRC.

Looking ahead, the Group is continuously in taking effort on action plans to actively manage our environmental footprint and achieve a low-carbon economy.



SOCIAL ASPECTS

The Group is committed to maintaining a high level of corporate social governance as it is important for the Group in constructing a safe and healthy work environment as well as establishing product quality and social credibility. In the meantime, the Group devotes itself to preserving the sustainable development of its business and community. To promote this business model, the Group exhibits prudence in managing its operations and is cautious in executing decisions made by the management team.

Employment and Labour Practices

Employees are considered as the Group's valuable assets towards continuous success. The Group strives to provide its employees with a decent working environment while providing opportunities for them to develop alongside the Group's growth. The Group has developed a comprehensive human resource management system, 'Employee Handbook' has been introduced as the management approach on compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.

The Group is eager to build and maintain a harmonious, fair and safe working environment to employees, and endlessly strives to enhance corporate social responsibility. The Group adopts employment policies that comply with the relevant laws and regulations in the PRC, Hong Kong and Japan, including but not limited to:

- Employment Ordinance (Chapter 57 of the Laws of Hong Kong);
- Employees' Compensation Ordinance (Chapter 282 of the Laws of Hong Kong);
- Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong);
- Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong);
- Labour Law of the PRC 《中華人民共和國勞動法》;
- Labour Contract Law of the PRC 《中華人民共和國勞動合同法》;
- Social Insurance Law of the PRC 《中華人民共和國社會保險法》;
- Administrative Regulations on Housing Provident Funds 《住房公積金管理條例》; and
- Labour Standards Act of Japan.

During the Reporting Period, there were no cases of non-compliance regarding compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunities, diversity, anti-discrimination, and other benefits and welfare.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Employee Profile and Turnover

As at the end of the Reporting Period, the number of employees by gender, age group, employee type, employee category and geographical region are illustrated in the table below.

Employee	2023	2022
By gender		
– Male	550	522
– Female	714	704
By age group		
– Below 30	234	191
– 31 – 40	418	394
– 41 – 50	447	489
– 51 and above	165	152
By employee type		
– Full Time	1,264	1,226
– Part Time	0	0
By employee category		
– Senior Management	11	13
– Middle Management	41	38
– Supervisor	68	61
– General Staff	1,144	1,114
By geographical region		
– Hong Kong	43	45
– Dongguan	1,190	1,152
– Shenzhen	22	20
– Japan	9	9
Total	1,264	1,226

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In the Reporting Period, the employee turnover rate based on gender, age group, employee category and geographical region are illustrated in monthly basis are shown in the table below.

Employee Turnover Rate ¹²	2023	2022	Change ¹³
By gender			
– Male	3.5%	5.0%	↓1.5ppts
– Female	3.3%	3.6%	↓0.3ppts
By age group			
– Below 30	5.8%	8.6%	↓2.8ppts
– 31 – 40	3.7%	5.2%	↓1.5ppts
– 41 – 50	2.6%	2.6%	–
– 51 and above	1.0%	1.2%	↓0.2ppts
By employee category			
– Senior Management	1.5%	1.3%	↑0.2ppts
– Middle Management	0.8%	0.7%	↑0.1ppts
– Supervisor	1.2%	0.8%	↑0.4ppts
– General Staff	3.6%	4.5%	↓0.9ppts
By geographical region			
– Hong Kong	1.6%	1.7%	↓0.1ppts
– Dongguan	3.5%	4.4%	↓0.9ppts
– Shenzhen	1.9%	1.7%	↑0.2ppts
– Japan	0.9%	0%	↑0.9ppts
Overall	3.4%	4.2%	↓0.8ppts

As at the end of Reporting Period, the overall turnover rate was 3.4% (2022: 4.2%), which presented a reduce of 0.8 ppts. The Group values employee satisfaction and provides competitive remuneration package in order to retain talents. To understand employees and enhance the Group's resources management, the Group conducted exit-interview with employees to collect feedbacks for improvements on our operation and resources management system.

¹² Employee turnover rate = (Total number of employees turnover per year/12 months)/ Total number of employees at the end of Reporting Period.

¹³ The employee turnover rate change is presented by the differences in ppts.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Recruitment and Remuneration

The recruitment process has strictly followed and abided by local laws and regulations, all illegal means such as retention of identity cards or passports, intimidation, coercion and undue pressure are strictly prohibited. To ensure no child labour are recruited, identity check is requisite during the recruitment process and child labour check is performed annually. If child labour is found, employment will be terminated immediately. If necessary, the Group will seek assistance from relevant institutions. The Group's dismissal process complied with all relevant laws and regulations.

In the Reporting Period, the Group was in compliance with relevant laws and regulations relating to preventing child and forced labour, and as such no rectification was required.

Equal opportunities

The Group is committed to providing equal opportunities in the process of recruitment, hiring and employment. The fair and equal employment practice during recruitment procedures is applied to hire new employees. The Group appreciates the cultural diversity in the workplace, as such our recruitment is based on candidates' experiences, education backgrounds, abilities and business needs, regardless of race, gender, age, marital status, pregnancy, family status, sexual orientation, religion and nationality.

Promotion

All talented employees have the potential to be promoted, evaluation is based on their capabilities, work performance, job-related training and personal career development. Along with work performance, the continuous education, qualification and professional certificates are given priority during the consideration of promotion. The Group adopts semi-annual and annual appraisals to review employees' performance and discussion on employees' needs and expectations. During the appraisals, the Group highlights outstanding performers and offers employee promotion package and retain talents.

Remuneration and Dismissal

The Group strives to attract and train to retain qualified, enthusiastic and committed employees by offering fair and reasonable remuneration package and benefits. The Group respects the right of employees and provides fair remuneration that are linked to the employee performance. The Group benchmarks the employees' salary against industry standards and offers the competitive remuneration package to recruit talented employees.

For dismissal procedures, the "Termination Policy" specifies the conditions for employee resignation and company dismissal, as well as the procedure for employee dismissal. In order to improve the human resources management system, exit interviews are conducted with employees to understand the reasons for resignation.

Working Hours and Rest Period

The Group agrees and values in the importance of work-life balance as it links to employee's productivity and well-being. To avoid employee from working overtime, the Group is operated under meticulous production schedule and arranged reasonable production workflow. A multi-shift system is used in our production line to ensure employees have adequate time to rest. The Group's statutory holidays are implemented in accordance with national regulations, including marriage leave, bereavement leave, maternity leave, paternity leave, lactation leave, work-related injury leave and etc.

Benefits and Welfares

According to the applicable laws, the Group contributes in "Five Social Insurances and One Housing Fund" to employees in the PRC; Mandatory Provident Fund (MPF) scheme is offered to employees in Hong Kong; and the retirement allowance is offered to employees in Japan.

The Group values employees' opinion, and the in-house labour union was formed. Monthly meetings through emails, hotlines and WeChat with the Group's representatives were held as the platform for all employees to join and express opinions.



To cultivate employees' sense of belonging, the Group promotes workplace friendship and cultivates team spirit by organising various recreational activities regularly. During the Reporting Period, the Group has arranged various activities for all employees, including sports competitions, staff birthday parties, festive celebration events and team building activities. The Group values employees' well-being, facilities including basketball courts, badminton courts, table tennis and library are provided for all employees.



2023 badminton competition



2023 basketball competition



Vincent Medical 2023 team building activities



Employees' birthday celebration events



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Flower bouquet workshop



Mid-Autumn Festival celebration activities



Christmas celebration activities



Women's festival gifting activities

The Group continued to contribute to the employees' welfare fund during the Reporting Period to help employees who were in need. The fund provides a wide variety of support to all employees who have passed the probationary period. The welfare fund including medical aid, disability assistance, wedding gifts and condolence money. During the Reporting Period, employees were received food and beverages for sharing with their families on a monthly basis.



Training and Development

The Group has been cultivating a continuous professional development culture. To improve the overall quality of employees, the Group encourages employees to replenish their knowledge and acquire new skills to perform jobs and overcome challenges under the modern competitive market environment. The Human Resources Department stipulates training schedules to employees. During the Reporting Period, training topics including but not limited to:

- Technical knowledge training;
- Product knowledge training;
- Information security training;
- Soft skill development training;
- Occupational health and safety training;
- Environmental protection training; and
- ESG training.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In order to enhance the convenience and flexibility in training, the Group tends to provide more online trainings to employees. During the Reporting Period, the overall of 86% of employees have been trained and the trained employees have received a total of 27,342 training hours with an average of approximately 15 training hours.

During the Reporting Period, the percentage of trained employees was presented by gender and employee category were shown below:

Percentage of trained employees ¹⁴		2023
By gender		
Male		85%
Female		87%
By employee category		
Senior Management		92%
Middle Management		82%
Supervisor		88%
General Staff		86%
Overall		86%

During the Reporting Period, the average of training hours was presented by gender and employee category are shown below:

Average training hours ¹⁵		2023
By gender		
Male		14 hours
Female		16 hours
By employee category		
Senior Management		23 hours
Middle Management		22 hours
Supervisor		21 hours
General Staff		15 hours
Overall		15 hours

¹⁴ Percentage of trained employee = Employees received training in each category during the Reporting Period / (Total number of employees at the end of Reporting Period + Total number of employees turnover during the Reporting Period).

¹⁵ Average Training Hours = Total training hours during the Reporting Period / (Total number of employees at the end of Reporting Period + Total number of employees turnover during the Reporting Period).



Occupational Health and Safety

The Group strives to create a safe and healthy working environment to employees as the occupational health and safety are one of the Group's core values. The Group has complied with all relevant laws and regulations, including but not limited to the "Work Safety Law of the PRC 《中華人民共和國安全生產法》" and the "Regulations on Work-Related Injury Insurance 《工傷保險條例》". In regard to the needs in identifying and mitigating potential hazards and dangers at the workplace, the safety committee and safety managers were established and took responsibility in conducting and monitoring workplace safety strategies and procedures.

The Group provided regular health and body check for employees to ensure they are physically fit and are well equipped for work. Special job arrangement is available for workers who are under health concerns. In workplace, warning signs and notices are placed at the prominent area to raise awareness in occupational health and safety. Personal protective equipment (PPE), medical check-up, regular safety checks and fire drills practice, and machinery inspections are provided for workers.

Health and safety education and training are conducted as it is the effective way of preventing accidents. All newcomers must attend the occupational health and safety training, contents including emergency handling, cardiopulmonary resuscitation (CPR) training, and disease prevention trainings. These measures are proposed to ensure all employees are fully aware of on health and safety matters in workplace.

In-house communication platform and an anonymous system, including email and hotline are available for employees to lodge complaints and express their concerns. By implementing measures as mentioned the Group can fully take up the advices on employees' health and safety concerns.

During the Reporting Period, there were no work-related fatalities in the Group over the past three years.

Number of Work-related Fatality		
2023	2022	2021
0	0	0

During the Reporting Period, the Group had minor injuries occurred in the operating sites, which accounted for a total of 129 lost days (2022: 133.5 lost days) of lost. The Group has complied with all relevant laws and regulations, provided prompt and appropriate assistance to the injured employees, and the Group has carried out an intensive investigation to examine the root cause of the accidents. Looking ahead, the Group will continuously enhance the health and safety measures and enforced workers' safety awareness in workplace.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Operating Practices

Supply Chain Management

The Group believes its success is largely driven by reliable and honest supply chain, and the source of high-quality medical material from reputable suppliers are attributed to providing extensive products for customers. The Group has established the supply chain management policy, including the “Evaluation & Approval of Supplier Procedure”, “Incoming Inspection Procedure or Monitoring” and “Measuring for Product Procedure” to manage the supply chain. As the quality of the medical products will have significant impact on patients’ safety and experience, suppliers are selected in accordance with quality control requirements. In the supplier selection procedures, price, quality, on-time delivery and flexibility are the key performance indicators. Suppliers are required to submit quality management system certificates, and certification documents for qualified products are required for verification when necessary. Priority is given to the suppliers with quality management system certification. The supplier evaluation team from the Quality and Engineering Department conducts an onsite audit to assess the potential suppliers’ quality standards.

The Group believes that positive influence throughout the supply chain is also the components in social responsibility. Aligned with the Group’s value, the Supplier Corporate Social Responsibility Code of Conduct is established in supplier selection. In terms of social responsibility, all of our suppliers and contractors are governed by the Code of Conducts. In which, it is formed by five primary social responsibilities, including:

- Environmental Protection;
- Health and Safety;
- Intellectual Property;
- Conflict of Interest; and
- Human Rights.

The Group sources materials and services globally, and qualified suppliers are registered in “Approved Vendor List” once approved. To ensure the stability and safeguarding of suppliers, an annual supplier evaluation is conducted to ensure that their performance is consistent in fulfilling tender requirements. For those unqualified in the annual evaluation, they will be removed from the vendor list. As at 31 December 2023, the distribution of suppliers by geographical region was illustrated below:

Region	Number of suppliers
The PRC	599
Hong Kong	55
The US	81
Other Countries	60
Total	795



Product Responsibility

The Group has complied with the “Product Quality Law of the PRC 《中華人民共和國產品質量法》” and is committed to emerging and advancing innovative development and manufacturing in medical technology, including ventilator humidification control, high-flow nasal cannula therapy and post-stroke EMG biofeedback rehabilitation. Meanwhile, with the rapid development of medical industry, Vincent Medical continues to uphold its value proposition of putting “Patients First” by developing and providing its device and disposables to those in need. Our collaborations with global medical technology groups continues to gain steady progress.

The Group focuses on product localisation through revising all aspects of the devices in order to meet the cultural, regulatory and usage standards, which supports our products, fulfill the market needs as well as comply with the standards and requirements.

Looking ahead, the Group will continuously support the production process that provides technological excellence as well as high-quality products and solutions, and generate sustainable product demand, allowing the Group to capture greater market share through co-developed solutions with our partners.

Customer Health and Safety

Medical devices form an essential part of the treatment procedure for almost all health conditions and it is essential to ensure products are effective and safe to handle. All products are sold under non-defected and complied conditions and complied with specifications. The Group takes comprehensive Quality System Procedure and inspection in each production process to ensure customers health and safety.

Quality Assurance and Management

Quality is highly important in medical products as the defective products obtained may cause irreversible and detrimental consequences to patients. The Group has fully complied with the related laws and regulations, and successfully attained Certifications on ISO 13485:2016 Medical Device Quality Management System. The Group is committed to adopting a proactive and structural approach in quality risk management from the conceptual stage to after-sales services. Production staff and Quality control staff is responsible in performing self-quality checking and aligning with the Group’s stringent quality standards.

Quality assurance of the medical devices is required, and the Group was meticulous in raw materials selection, manufacturing, and exporting. Quality System Procedure is adopted to guide employees to properly perform quality assurance.

Products must be manufactured under a high sanitary environment. The Group maintains a standard level of hygiene, the Production Environmental Control Procedure follows the guide under the National Medical Products Administration of the PRC and ISO 14644 standard requirement. Medical devices, including the heated humidifier and heated humidifier respiratory unit were granted an Emergency Use Authorisation from the FDA of the US. Following the new European Union regulation on the medical device industry (EU MDR), the Group is committed and completed the transition of the class I products in the MDR. For the class IIa and class IIb products, completion in the MDR transition is working in progress.



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Product Recall and Complaint Handling

The Group strives to provide quality products and exceptional customer service and has stipulated a procedure to standardise the handling of customer complaint. During the Reporting Period, the Group manufactured more than 64,000,000 units of products. The Group is pleased to note that there were no significant product recalls and reportable events on safety or malfunction of devices issues during the Reporting Period.

Feedbacks from the customers on products supplied by the Group help us improve our services and product quality. The Group has established guidelines on handling customer complaints and opinions with care. During the Reporting Period, there were 120 complaints, among those, 116 complaints have been addressed according to internal complaint handling procedures, whilst the remaining 4 cases were related defected product and technical issues on internet connection and software system. Looking ahead, the Group will take efforts continuously in improving its product quality, as well as enhancing professional service, in order to provide satisfactory medical device and customer's service.

Advertising and Product Labelling

To maintain ethical standards in product labelling, the Group has established Products Labelling Policy. Warning or caution and information of medical devices products are affixed to Vincent Medicals' products or packaging.

Intellectual Property Rights

The Group is innovative in developing and manufacturing wide range of electronic medical devices, therefore, intellectual properties are crucial to the Group's business expansion and commercial success. As at 31 December 2023, the Group owned 109 intellectual property rights, and registered 141 trademarks. We have established an "Intellectual Property Management System" to ensure that the interests of the Group and its customers are protected. The Group strives to protect its intellectual property rights and respect third party intellectual property rights, and has strictly abided by relevant laws and regulations, including the Patent Law, the Copyright Law, the Trademark Law and the Anti-Unfair Competition Law. We engaged intellectual property counsels and consultants to review on timely basis to ensure new and existing rights are adequately preserved.

Customer Data Protection and Privacy

The Group attaches great significance and importance to the confidential information of the customers. Employees are required to sign the "Non-Competition Restriction Agreement", which stipulates that the trade secrets and technologies obtained by the employees shall not be disclosed to the third party and must not be used to make profits for themselves or others.

For cybersecurity, IT department encrypts the data under regular basis, and has adopted the updated and authorised software system to prevent leakage of customers and personal information. To enhance employees' privacy awareness, the Information Security Training and Cybersecurity Training was provided on a timely basis.

In order to protect the interests of customers as well as the Group and to satisfy with the customers' requirements, without customers' consent, it is strictly prohibited to disclosure any personal data and confidential information to the third parties and public.



Anti-corruption Policy

The Group is committed to maintaining the highest ethical standards and vigorously enforces the integrity of its business practices. We adopted a zero-tolerance approach to bribery and formulated the Anti-corruption Policy. The Group strictly abides by the local laws and regulations, including but not limited to the “Criminal Law of the PRC 《中華人民共和國刑法》”, the “Anti-Money Laundering Law of the PRC 《中華人民共和國反洗錢法》”, the Prevention of Bribery Ordinance (Cap. 201) in Hong Kong and Unfair Competition Prevention Action in Japan. Any form of bribery, extortion, fraud, and money laundering are prohibited, and anti-corruption policies are applicable to all employees with no exception. During the Reporting Period, the Group has no case of non-compliance regarding corruption against the Group and our employees.

The Group has implemented Anti-corruption Policy. Under the Anti-corruption Policy, the Group and its employees are:

- Prohibited from commercial offering, soliciting, accepting or receiving a bribe of any kind, including kickbacks, directly or indirectly;
- Prohibited from taking advantage and seeking personal advantages from personal conflict of interest;
- Prohibited from unauthorised or illegal use or occupation of company resources for improper benefit;
- Prohibited from making facilitation payments, records and statements; and
- Prohibited from fraud that may jeopardise the interests of the Group and Shareholders.

The Group has arranged anti-corruption training for directors and employees to remind them to maintain a high level of ethical conduct and enhance their business integrity. During the Reporting Period, 498 anti-corruption training hours, including Anti-Fraud training on laws, regulations, compliance and ethics of integrity. The Group continuously organises anti-corruption trainings to all levels of staff, including the Board, management level and general staff, in order to raise their awareness of anti-corruption.



Anti-corruption training



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Whistleblowing Policy

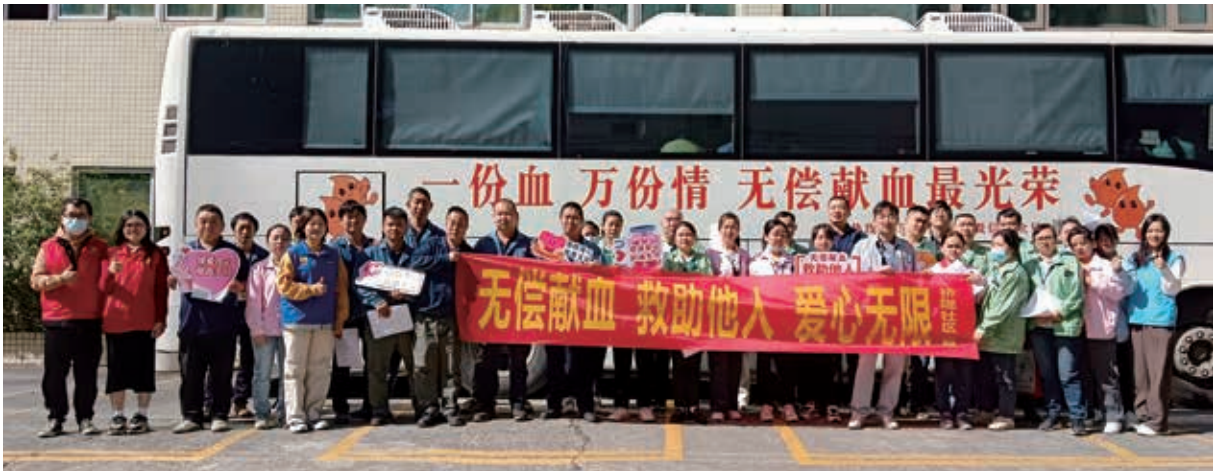
The Group has established the Whistleblowing Policy to ensure that all cases of suspected wrongdoing are reported and managed in a timely and appropriate manner. The Whistleblowing Policy outlines the reporting process for employees to report any concerns including but not limited to criminal offence, fraud, breach of local laws and regulations or the Group's policies and any other improper, unethical or inappropriate behaviour. Employees can raise their concerns on an anonymous basis by email. Once the cases are accepted, investigation will be conducted by the CEO or an appropriate senior manager as appointed by the CEO as the alternative investigating officer (as the case may be) in accordance with all relevant laws and regulations. The Whistleblowing Policy ensures the whistleblowers are reported in good faith and would be protected from being victimised or subjected to any detriment, all matters will be kept in high confidentiality and sensitivity manner.

The Board will review the Whistleblowing Policy to ensure its effectiveness on a timely basis (not less than once per year).

Community Investment

The Group believes that community contribution is important for sustainable development as it helps to establish a harmonious society. The Group strives to make contributions to various non-governmental organisations and encourage its employees to participate in volunteering services organised by local charities. During the Reporting Period, the Group's corporate volunteer team contributed 296 volunteer hours in delivering volunteer services to the local communities, especially during Qingming Festival and Mid-Autumn Festival.

During the Reporting Period, the Group also encouraged employees to participate in blood donation campaign.



Employees participate in blood donation campaign



The Group continuously contributed to supporting the underprivileged communities. During Mid-Autumn Festival, our team has visited elderly's home, shared festival delight and provided sincerely support especially to solitary elderly.



Visiting solitary elderly

The Group has carried out greening and afforestation activities during the Reporting Period, is committed to protecting the environment and biodiversity, and widely publicised the importance of forests conservation.



Environmental protection – Greening activities

The Group is justifiably proud of the continuous achievement to our core value of 'Patient First' and 'Create Values for Better Lives', and making contribution to the society through supporting qualified healthcare. During the Reporting Period, the Group had donated medical equipment and respiratory devices (approximately valued at RMB1,080,000) to Kaiping Red Cross.



Respiratory devices donation to Kaiping Red Cross

Looking ahead, the Group aims to develop long-term relations with stakeholders based on mutual trust, respect and integrity, and hence to make continuous contribution to the community.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX C2 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
A: Environmental		
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 air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data	Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions - Wastes
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – Wastes
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Climate Change – Green Targets
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Emissions – Wastes
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Climate Change – Green Targets
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Packaging Materials Management



Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer's significant impacts on the environment and natural resources.	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.	The Environment and Natural Resources – Environmental Education
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.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Our response towards climate change
B: Social		
Employment and Labour Practices		
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, anti-discrimination, and other benefits and welfare.	Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Employment and Labour Practices – Employee Profile and Turnover
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment and Labour Practices – Employee Profile and Turnover
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.	Occupational Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Occupational Health and Safety
KPI B2.2	Lost days due to work injury.	Occupational Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	Occupational Health and Safety



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Training and Development
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Training and Development
KPI B3.2	The average training hours completed per employee by gender and employee category.	Training and Development
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 or forced labour.	Employment and Labour Practices
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment and Labour Practices – Recruitment and Remuneration
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Employment and Labour Practices – Recruitment and Remuneration
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of supply chain.	Operating Practices – Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Operating Practices – Supply Chain Management



Subject Areas, Aspects, General Disclosures and KPIs		Reference Section
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.	Operating Practices – Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Operating Practices – Product Recall and Complaint Handling
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Product Recall and Complaint Handling
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Intellectual Property Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Quality Assurance and Management
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Customer Data Protection and Privacy
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.	Anti-corruption Policy
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption Policy
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption Policy and Whistleblowing Policy
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption Policy
Community		
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.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment