Lifetech SCIENTIFIC

LifeTech Scientific Corporation
先 健 科 技 公 司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 01302

2023
Environmental, Social and Governance Report

CONTENTS

CHAIRMAN'S STATEMENT

Dear stakeholders,

On behalf of the board (the "Board") of directors (collectively, the "Directors", and each a "Director") of LifeTech Scientific Corporation (the "Company" or "LifeTech"), I am pleased to present the Environmental, Social and Governance ("ESG") report of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2023.

SUSTAINED BUSINESS GROWTH, NUMEROUS RESEARCH & DEVELOPMENT BREAKTHROUGHS

The sales of the Group have been continuously increasing due to our constant marketing efforts and our enhanced brand image. In the field of research and development, we have also made significant progress, with numerous products obtaining registration approval and being successfully launched in the market, and several innovative products have completed pre-market clinical trials. Furthermore, we have continuously increased investment in research and development and actively recruited talents in this field, leading to a further enhancement of our research and development capabilities and laying a solid foundation for product innovation and technological upgrading. The Group also received various awards in 2023, such as the product industrial design of the "DiAcu™ Single Use Endoscopic Ultrasound Aspiration Needle" which won the German Red Dot Award; the "Innovation and Promotion of Key Technology System for Interventional Diagnosis and Treatment of Structural Heart Disease" which won the first prize of Beijing Technological Invention Award, and the "Construction and Application of the Whole Aortic Luminal Diagnosis and Treatment System" which won the second prize of Beijing Science and Technology Progress Award. In addition, LAmbre™ Left Atrial Appendage Closure System won the 2023 Top Ten Independent Innovative Medical Device Product Award. These awards were recognitions of the Group's past diligent efforts and contributions, as well as consolidating the Group's core values and promoting its strategic development.

IMPROVING PRODUCT QUALITY, SEEKING GLOBAL OPPORTUNITIES

We have always adhered to the strategy of innovation and internationalization, continuously expanding our overseas sales territory while deeply cultivating the Chinese market. After years of development, China has become the second-largest medical device market globally. Driven by multiple factors such as GDP growth, rising social consumption levels, accelerating population aging, urbanization, and upgrading of consumption structure, the Chinese medical device industry is expected to continue to maintain steady growth. Meanwhile, the gradual recovery of the global economy after the COVID-19 pandemic, coupled with humanity's relentless pursuit of health and well-being, will continue to drive the expansion of the global medical device industry's market space. The opportunities facing the medical device industry in the future will far outweigh the challenges, and the prospects are promising.

We will firmly grasp the development opportunities and aim to maintain a global leading position in terms of product quality and technological innovation; continue to improve and strengthen our quality management and gain customers' trust in our products; gain the market's trust in technology through continuous investment in research and development and the cultivation of innovative talents; gain the trust of shareholders and employees by building a business platform for common development and shared success; and spare no effort to enhance the competitiveness and brand awareness of our products, bringing healthy lives to more patients from more countries around the world.

APPRECIATION

On behalf of the Board, I would like to express my sincere gratitude for the continued support from our stakeholders and their valuable feedback, pushing forward the Group's sustainability journey. Also, I thank our employees' dedicated efforts for excellence and success, driving the Group to provide quality products, attain accomplishment in research, development and innovation, as well as maintain the Group's sustained growth. Their unwavering support and dedication have enabled the Group to forge ahead and grow stronger in this challenging period. After years of development, China has become the second largest medical device market in the world. In terms of development space, the total industrial output value and sales of the medical device industry in China are expected to maintain a steady growth. Based on our solid foundation and our efforts in sustainable development, we will strive to explore new opportunities to achieve sustainable business development and create value for various stakeholders.

XIE Yuehui
Chairman

LifeTech Scientific Corporation

ABOUT THE REPORT

This report is the eighth ESG Report issued by LifeTech (the "Report") since 2016. The Report presents the policies, measures and performance of the Group in environmental, social and governance aspects, to enable stakeholders to understand the Group's direction, strategy and progress in sustainable development issues. The Report is compiled in both Chinese and English, and has been uploaded to the website of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (www.hkexnews.hk) and the Group's website (www.lifetechmed.com).

The Group values the opinions of our stakeholders. If you have any questions or suggestions about this Report, please feel free to contact the Group by email (ir@lifetechmed.com) or through the following means:

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REPORTING STANDARD

This Report is prepared by the Group in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide") as set out in Appendix C2 to the Rules Governing the Listing of Securities on the Stock Exchange.

REPORTING PRINCIPLES

We have taken four major reporting principles - materiality, quantitative, balance and consistency, as the basis for preparing the Report.

- Materiality: LifeTech frequently communicates with stakeholders to understand and identify whether or how the Group's basic business and sustainable development strategies have been affected. This year, we also paid attention to the performance and challenges of ESG issues significant to the Group and its stakeholders, and authorised third-party professional consultants to help the Company to organise a one-off stakeholder survey on ESG issues to understand the importance of sustainability to our operations and stakeholders.
- Quantitative: The Group follows guidelines in the "How to prepare an ESG Report", "Appendix II: Reporting Guide for Environmental KPIs" and "Appendix III: Reporting Guide for Social KPIs" of the Stock Exchange to compile data for all specific key performance indicators ("KPIs") and reference calculation methods, and discloses the sources of conversion factors used in such calculation.
- Balance: The Group complies with this reporting principle in the preparation of the Report, and impartially discloses the Company's performance during the reporting period. Where necessary, appropriate presentation, pictures and charts are used in the Report to present the performance of the Group to avoid misleading or affecting the readers' decision or judgment.
- Consistency: The Group confirms that the Report is prepared in the same way as in previous years. The Group uses consistent methodologies to summarise the environmental and social performance of 2023 from its official documents, statistics, as well as management and operation data collected in accordance with its policy.

ABOUT THE REPORT

REPORTING SCOPE AND PERIOD

The Report discloses the Group's sustainability performance for the year from 1 January 2023 to 31 December 2023 (the "Reporting Period"), and covers the Group's main business, namely the development, manufacturing and trading of medical devices. The Company has production facilities in China during the year, the current scope of the Report focuses on the Group's principal place of business and headquarters located in High-tech Industrial Park, Nanshan District, Shenzhen as well as the principal place of business in Songshan Lake Park, Dongguan, which commenced its operation during the year. As the production capacity of LifeTech in Shenzhen and Dongguan accounts for the majority of the Group's total capacity currently, it has significant influence on the financial and operating position of the Group. The reporting scope of businesses is consistent with the reporting scope of the previous three years with the scope of entities extending to a principal place of business in Songshan Lake Park, Dongguan.

BOARD STATEMENT

The Board is the highest responsible and decision-making institution for ESG matters. It bears the ultimate responsibility for ESG strategies and reporting of the Group, and monitors the ESG matters that may affect the Group's business or operation, shareholders and other stakeholders. During the annual Board meeting, the Board reviews the sustainability performance and reporting results during the year, and ensures that ESG (including climate-related) matters are incorporated into key governance processes. The Board will identify risks through the annual reporting process and improve ESG oversight at the Board level. The environmental and social risks identified and managed include the Group's environmental policies and performance, the Group's legal compliance and the impact of climate-related risks on the business.

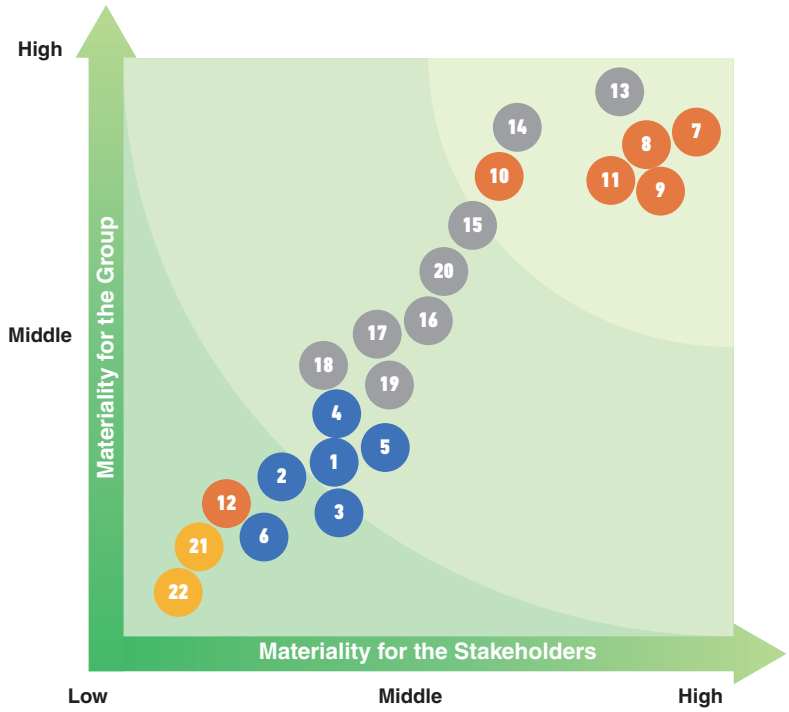
The Board and the Directors hereby warrant that there are no false records, misleading statements or material omissions contained in this Report and they will bear liabilities for the authenticity, accuracy and completeness of the contents herein. This Report provides detailed information on the progress and effectiveness of the Group's ESG work in 2023 and was approved by the Board on 28 March 2024.

MATERIALITY ASSESSMENT

Stakeholders' voices and opinions are crucial for the Group's sustainable development strategies and priorities. The Group therefore engages professional advisors to conduct materiality assessments through the following steps, so as to identify the Group's material issues.

1. Identify sustainable development issues	2. Communicate with key stakeholders	3. Analyse and verify
According to the requirements of the Listing Rules, international reporting standards and the industry's latest trends in sustainable development, we have established a list that contains 22 material issues.	A total of 115 internal and external stakeholders from various groups were invited to conduct opinion surveys in the form of questionnaires to score on various material issues.	According to the online opinion surveys of stakeholders and interviews with management, the scores of various important issues are synthesised, and analysis and verification are made.

The materiality assessment results of the 2023 ESG issues for the Group are illustrated as follows:



Environment

1. Exhaust gas emissions
2. GHG emissions
3. Hazardous waste management
4. Energy use
5. Use of non-renewable resources
6. Climate change

Employee

7. Employee benefits
8. Employee training and occupation development
9. Occupational health and safety
10. Attract and retain talents
11. Workplace equality and diversity
12. Child and forced labour

Product

13. Product quality and safety
14. Governance and risk management
15. Intellectual property protection
16. Customer service and customer complaint handling
17. Supply chain management
18. Evaluation of suppliers
19. Anti-corruption and anti-competition
20. Information security and trade secret protection

Social

21. Social contribution
22. Social welfare investment

MATERIALITY ASSESSMENT

The top 10 key ESG issues for the Group and their relevant sections are as follows:

Issues		Relevant sections
1.	Product Quality and Safety	PRODUCT QUALITY AND SAFETY
2.	Employee Benefits	EMPLOYEE BENEFITS AND WELFARE
3.	Employee Training and Occupation Development	TALENT MANAGEMENT AND DEVELOPMENT
4.	Occupational Health and Safety	HEALTH AND SAFETY
5.	Governance and Risk Management	CORPORATE GOVERNANCE
6.	Workplace Equality and Diversity	EQUAL OPPORTUNITIES
7.	Talent Outflow	EMPLOYEE BENEFITS AND WELFARE
8.	Intellectual Property Protection	PROTECTION OF INTELLECTUAL PROPERTY RIGHTS
9.	Information Security and Trade Secret Protection	INFORMATION SECURITY
10.	Customer Service and Customer Complaint Handling	CUSTOMER SERVICE

REVIEW

The Group established sustainable development targets in early 2023, and all of them were achieved during the Reporting Period.

SUBJECT	SUBJECT MATTER	STATUS
Energy efficiency	Add night shifts in clean rooms to improve the energy utilisation rate of clean rooms; carry out regular maintenance of equipment and facilities to enhance the stability of the equipment; and promote publicity for saving electricity, and encourage staff to turn off the electricity when they leave. The temperature setting of the air conditioners should not be lower than 26 degrees. Night shift security guards should strengthen inspections to reduce water and electricity waste.	100% achieved
Use of water resource	Inspect the use of water and electricity in the public area by the security guard on duty to prevent waste; install touchless bathroom faucet to reduce waste of water resources; and collect general cleaning wastewater and reuse it for cleaning, landscaping watering, and air conditioning and cooling tower water supply.	100% achieved
Sewage discharge	The oil-removing cleaning wastewater in the Shenzhen plant is outsourced for handling but not discharged; and the cleaning wastewater in the Songshan Lake plant is treated by a self-built sewage treatment station and discharged after meeting the standards.	100% achieved
Disposal of non-hazardous waste	Sort and collect general solid waste, and deliver the recyclable part of the waste to the renewable resources company for recycling, and the non-recycled part is treated harmlessly.	100% achieved
Disposal of hazardous waste	Collect by segregation and deliver to qualified treatment institutions for processing to prevent harmful waste from polluting the environment.	100% achieved
Exhaust emission	Collect waste gas that pollutes the environment through pipelines, deliver it to the waste treatment facility and discharge it after meeting the standards. The workplace where harmful waste gas is generated adopts a micro-negative pressure design to avoid the discharge of harmful waste gas through unorganised forms.	100% achieved

SUSTAINABLE DEVELOPMENT GOVERNANCE

The Committee (defined below) under the Board is responsible for identifying and assessing ESG risks related to the Group, ensuring that the Group has an appropriate and effective ESG risk management and internal control system in place, and reporting to and reviewing the progress of the relevant ESG objectives to the Board.

ESG COMMITTEE STRUCTURE

The Chairmen of our Environmental, Social and Governance Committee (the "Committee") are Mr. XIE Yuehui (Chairman and Chief Executive Officer) and Mr. LIU Jianxiong (Executive Director, Executive Vice President, Chief Financial Officer and Company Secretary) and they oversee the ESG-related matters of the Group on behalf of the Board. The Board has overall responsibility for assessing the key ESG risks to which the Group is exposed, assessing and determining the nature and extent of risks, that the Group is willing to accept in achieving its strategic objectives, including ESG risks, and establishing and maintaining appropriate and effective risk management and internal control systems. The ESG Committee, overseen by the Board, is composed of senior management and is responsible for the determination of goals for emissions control, resource and waste utilisation, negotiating senior management compensation and benefits related to sustainability performance, identifying key ESG issues, and reviewing the results of stakeholder engagement. The Committee cooperates with relevant professional departments to establish sustainable production lines and develop environmentally friendly products. The Board oversees the approval process of these ESG-related policies and strategies. The Group has established an ESG governance system, which is coordinated by the Board, the ESG Committee and relevant professional departments, to manage the Group's ESG related matters from top to bottom, comprehensively control the ESG risks faced by the Group, and disclose the ESG situation to stakeholders in this report.

To align the expectations and requirements of regulators, the Directors also discuss the effectiveness of the ESG program with the Committee after regularly reviewing performance indicators. Directors encourage the Group's staff to participate in stakeholder surveys and review materiality assessment results. We hope to continue promoting a top-down organisational culture and facilitate the integration of sustainability considerations into business processes in the upcoming year.

STRATEGIC DIRECTIONS

China is the main market for the Group's business. The Group clearly implemented and cooperated with the Outline of the Plan for Healthy China 2030 in the following four directions:

- Switching focus from "disease treatment" to "people's health": to implement social health prevention through charity activities in response to sudden health problems (stroke risk) caused by ageing population and extreme temperature differences;
- Providing customers with the first guarantee of health: to ensure that employees who provide customer service or are responsible for the sales process make "customer health and product safety" as their top consideration and guarantee;
- Improving the competitiveness of the medical device industry: to cooperate with university research laboratories and young people to cultivate talents in the area of medical equipment development and industry innovation; and
- Improving grassroots service capabilities: to step up cooperation with grassroots medicine and medical centres, and continue to expand our reach in the grassroots markets.

KEY SUSTAINABLE DEVELOPMENT AWARDS

Awarding institution	Name of award or charter
Shenzhen Municipal Development and Reform Commission	Companies Headquartered in Shenzhen
Shenzhen Promotion Association for Small and Medium Enterprises Shenzhen Special Zone Press Office (深圳特區報社)	7th Top 100 Innovative SME in Shenzhen
The People's Government of Beijing Municipality	First Prize of Beijing Technology Invention Award
Shenzhen Advance Medical Device Industry Alliance	Shenzhen Advance Medical Device Industry Alliance Permanent Executive Member
China Association for Medical Devices Industry (中國醫療器械行業協會)	"Left Atrial Appendage Occluder System" product won the Top Ten Independent Innovation Medical Device Product Award in 2023
The People's Government of Beijing Municipality	Second Prize of the Beijing Science and Technology Progress Award
National Intellectual Property Administration of the People's Republic of China	National Intellectual Property Demonstration Enterprise
Shenzhen Ecological Environment Bureau Nanshan Administration (深圳市生態環境局南山管理局)	Shenzhen Nanshan District Air Emission Reduction Pioneer Enterprise

ABIDING BY THE CODE OF INTEGRITY AND ANTI-CORRUPTION

CORPORATE GOVERNANCE

The Board is the highest governance body of LifeTech, which commits to achieving a high standard of corporate governance in a responsible and effective manner to safeguard the interests of shareholders and enhance corporate value. The Group has adopted the principles of Corporate Governance Code as set out in Appendix C1 to the Listing Rules as the Group's Corporate Governance Code. The committee that is involved most in matters of sustainable growth is the ESG Committee.

ANTI-CORRUPTION AND ANTI-COMPETITION

LifeTech manages its businesses in a fair manner and prohibits all practices that hinder, restrict or distort competition. LifeTech adheres to the core principles of honesty and integrity, and strives to conduct its business activities in accordance with the laws of all countries in which it operates, including compliance with all applicable domestic and international laws and regulations, and prohibits the granting of improper business benefits to others. The Legal Department is mainly responsible for ensuring that the Group complies with anti-corruption-related laws and regulations, including the Anti-Unfair Competition Law of the People's Republic of China, the Law of the People's Republic of China on Anti-Money Laundering etc., and provides relevant trainings to employees. LifeTech prohibits any corruption related to bribery, extortion, fraud, blackmail and money laundering in daily operations.

Specific requirements are made for prevention of employees' bribery, fraud, extortion and money laundering in the Group's documents such as relevant policies and Employee Manual. The Legal Department, the Human Resources Department and relevant administrative departments of the Group maintain the actions of anti-corruption and anti-competition together. LifeTech's Anti-Corruption Policy provides that employees of the Group are not allowed to provide any articles of value to customers, government officials or other third parties. The red lines of conduct managed by the Human Resources Department are as follows:

Damage to interests	Abuse of power, impure thinking, deliberate damage to the interests of the Group and the community.
Breach of integrity	False public welfare, taking advantage of one's position, soliciting or accepting improper benefits.
Information disclosure	Theft, disclosure or sale of confidential information such as the Group's intellectual products and technology, and not inquiring into salary information.
Disregard for safety	Disregarding production and quality requirements, maliciously creating safety hazards
Spreading rumours	Spreading statements that affect the Group's goodwill and spreading false and negative information.
Fraud	Lying at work, cheating the Group or its employees, concealing or harbouring malpractice.

Employees in violation of this policy and associated interpretations and procedures issued by LifeTech will be subject to penalty, which may ultimately result in the relevant employee being dismissed. In addition, individuals may be subject to civil or criminal penalties for violating relevant anti-corruption laws. As part of the Group's whistle-blowing policy, any employee or partner can report any such violations to the relevant departments of the Group by phone call or email anonymously. The Group prohibits retaliation against informers.

The Directors have signed a commitment of compliance. The Group conducts anti-corruption training for all employees every quarter. New employees are required to participate in the Group's anti-corruption training and learn relevant policies when they join the Group. Mentors of the employees are their respective superiors. They supervise and monitor each other at work, aiming to raise the anti-corruption awareness of all employees of the Group.

During the Reporting Period, the Group did not find any illegal or irregular cases related to corruption and there were no lawsuits of corruption related to the Group and its employees.

WHISTLE-BLOWING PROCEDURES

When finding actual or possible violating behaviours of anti-corruption compliance policies, any employees or commercial partners of LifeTech shall, in good faith, timely report such behaviours to the head or business contact of affiliated department through calling 0086-0755-86026250-8008 or sending an e-mail to compliance@lifetechmed.com. All reports will be submitted anonymously.

INFORMATION SECURITY

Maintenance of Customers Information

Contracts with customers stipulate that the Group undertakes to protect customer information, including but not limited to:

Technical information	designs , drawings , specifications and moulds , etc .;
Commercial information	sales information , customer list , product price , purchase channels and product features ; and
Other information	new product concepts or future development plans , etc .

Company's Trade Secrets and Personal Data Privacy Protection

It is unavoidable that the Group obtains personal data and customer information during the course of its operation, and some products sold to the EU and the United States (the "U.S.") are subject to the applicable regulatory requirements of EU General Data Protection Regulation or the relevant U.S. data protection regulations. Therefore, the Group has formulated a data confidentiality agreement in accordance with relevant laws and regulations like the Contract Law of the People's Republic of China and the Regulations on the Protection of Technical Secrets of Enterprises in Shenzhen Special Economic Zone (《深圳經濟特區企業技術秘密保護條例》), in order to guide employees on processing personal data and standardise the use, collection and disclosure of data, strict compliance with the related regulations on the personal data protection and leaks, and to prudently handle the sensitive and personal data. All employees of the Group are required to sign a confidentiality agreement upon joining the Group. This document outlines the confidentiality obligations for all positions and ranks within the Group. According to its definition in such confidentiality agreement, confidential information includes, but is not limited to, patent technology, design, process flow, technical report, personnel file, etc. Data must be collected in a lawful way and directly for recruitment purpose or purpose stated in collection of personal data only. The Group is equipped with the latest anti-virus software for protection and encryption of its data with dedicated personnel responsible for maintaining the system and updating related equipment.

ABIDING BY THE CODE OF INTEGRITY AND ANTI-CORRUPTION

During the Reporting Period, the Group did not identify any instances of employees violating the confidentiality agreement.

The Group does not allow its employees to disclose, announce, issue, publish, transfer and assign any confidential data to any third party or in other ways without authorisation or by accident. All suspected and confirmed cases of non-compliance with the relevant laws and regulations must be submitted to law enforcement authorities unless the management of the Group determines otherwise. The Group will not tolerate any illegal and improper behaviour of any individual. The Group will dismiss the employee concerned after he/she has been adjudicated to have committed any misconduct in relation to the above requirements in accordance with the Group's internal policies. Meanwhile, if any customer information has been disclosed, collected or used without authorisation resulting in a loss to the Group, the Group reserves the right to pursue legal action in connection with the situation.

During the Reporting Period, there were no confirmed violations and complaints about data privacy matters.

FOCUSING ON RESEARCH AND INNOVATION TO BOLSTER OUR BRAND

PRODUCT DIVERSITY AND INNOVATION

Our Group has always adopted an internationalised strategy, continued to expand in overseas markets, and aspired to remain as a global leader in product quality and technological innovation. The Group will continue to improve and strengthen quality management and be trusted by customers in our products, technically trusted by the market through continuous research and development investment and innovative talent trainings, and trusted by shareholders and employees through building a business platform for joint development and sharing results. We will bring better health to more patients by continuing to enhance the Group's product competitiveness and brand awareness. We will continue to evaluate and explore acquisitions, partnerships, alliances and licensing opportunities identified in the Reporting Period, so as to enhance our competitiveness and market position in current key markets as well as selective new markets, and ultimately to realise the Company's strategic target in the global health industry.

RESEARCH & DEVELOPMENT OF BRANDED PRODUCT

Independently developed innovative domestic medical device products maintain the competitive strengths of the Company, and also provide more effective treatments to patients around the world. In 2023, the Company continuously strengthened its innovation capabilities and accelerated the development of products, to maintain its leading position in the industry.

During the year ended 31 December 2023, we have made the following main progress in the R&D field:

- AcuMark™ Sizing Balloon, Peripheral Thrombus Aspiration Catheter and Epione™ Surgical Navigation System obtained the National Medical Products Administration ("NMPA") certification;
- Aegisy™ Vena Cava Filter, AcuMark™ Sizing Balloon, ZoeTrack™ Super Stiff Guidewire, SeQure™ Snare System and Cera™ Vascular Plug System obtained the CE MDR (Medical Device Regulation) certification. Such products have previously obtained the CE MDD (Medical Device Directive) certification;
- Ankura™ Chimney Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System), Futhrough™ Endovascular Needle System, FemFlow™ Drug-Eluting Peripheral Balloon Catheter, CeraFlex™ ASD Closure System, Distal Access Catheter Kits, Disposable Vacuum Aspiration Pump, Intracranial Aspiration Catheter and DiAcu™ Single Use Endoscopic Ultrasound Aspiration Needle are pending registration approval in China;
- Ankura™ IIc Stent Graft System and Ankura™ Chimney Aortic Stent Graft System (consists of the Ankura™ Pro Aortic Stent Graft System and Longuette™ Aortic Branch Stent Graft System) are pending registration approval of CE certification;
- Thoracoabdominal Artery Stent Graft System (consists of the G-Branch™ Thoracoabdominal Aortic Stent Graft System, SilverFlow™ PV Peripheral Vascular Street Graft System and Aortic Extension Stent Graft System) and Aortic Arch Stent Graft System (consists of the Ankura™ Plus Aortic Arch Stent Graft System and CSkirt™ Aortic Arch Branch Stent Graft System) have completed pre-marketing clinical enrollment and are currently under clinical follow-up in China;

- Concave Supra-arch branched stent-graft system, X-Clip™ Mitral Valve Clip System and X-Clip™ Steerable Guide System have fully completed the clinical study on the first in man ("FIM") in China;
- Cera™ PFO Occluder and Cinenses™ Lung Volume Reduction Reverser System are currently at the stage of the pre-registration clinical enrollment in China;
- IBS Angel™ Iron Bioresorbable Scaffold System (the only absorbable stent product suitable for children globally) obtained CE MDR certification;
- IBS Titan™ Sirolimus-Eluting Iron Bioresorbable Peripheral Scaffold System has successfully completed the first clinical enrollment in Europe, its CE registration application has been submitted; and
- IBS™ Sirolimus-Eluting Iron Bioresorbable Coronary Scaffold System has completed the clinical enrollment in the China Prospective Multicenter Single-arm Target Study (the "Phase III"). Currently, the five-year follow-up of the FIM clinical study has been successfully completed, the Phase II and Phase III are also at the stage of clinical follow-up, and its CE registration application has been submitted.

PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

As a medical device manufacturer that owns independent intellectual property rights, the Group not only protects our intellectual property rights from infringement, but also undertakes to respect the intellectual property rights of its business partners. Confidentiality agreements signed with different business partners stipulate that both parties shall respect the intellectual property rights of the counterparty. In case of any violation, the corresponding result shall be borne by the violating party, including: claims, business losses, legal arbitration and other penalties, etc.

In accordance with the Patent Law of the People's Republic of China, the Trademark Law of the People's Republic of China, the Copyright Law of the People's Republic of China, the Anti-Unfair Competition Law of the People's Republic of China, the Measures for the Patent Work of Guangdong Enterprises and relevant regulations, the Group formulated the Intellectual Property Work Management Measures based on the specific conditions of the Group, compiled the Intellectual Property Management Manual in accordance with GB/T29490-2013 Enterprise Intellectual Property Management Standards, and actively implemented the Enterprise Intellectual Property Management Standards to establish a management system that adapts to the Company's development and improve the level of corporate intellectual property management. The Group has set up an Intellectual Property Department to take full responsibility for relevant matters concerning intellectual property rights, protect the intellectual property rights of the Group and ensure that no infringement occurs in the Group. The Group is excited to be rated as a National Intellectual Property Demonstration Enterprise.

The Group's Intellectual Property Department provides detailed statistics on the Group's own intellectual property rights. It adopts structured design and development control procedures to control the entire design and development process of all products, and regularly communicates with the Research and Development Department to ensure that all design and development stages of products meet the requirements of laws and regulations of the target registered country or region, thus ensuring the quality of design and development and ensuring the safety and effectiveness of products. Meanwhile, the Intellectual Property Department provides intellectual property-related training to relevant departments such as the Research and Development Department and Production Department that are exposed to the Company's core technologies, so as to strengthen the intellectual property awareness of technical employees and protect the information security in all aspects of product production and research and development. The Intellectual Property Department keeps abreast of the situation of peer companies and similar products. If the intellectual property rights of the Group are at risk of infringement, the Intellectual Property Department adopts various methods to protect different types of intellectual property rights, such as invention patent protection, new patent protection and appearance patent protection, to ensure that the intellectual property rights of the Group are fully protected.

The Group's Intellectual Property Department conducts strict supervision and control over whether its products constitute infringement, so as to prevent infringement. In all aspects of the research and development cycle, including preparation, initiation and clinical animal experiments, the Intellectual Property Department communicates closely with the Research and Development Department department to promptly synchronise product development status and compare the appearance, features, technology, and usage of similar products globally to ensure that the products under development are free from infringement, thereby ensuring the smooth advancement of the Group's research and development projects.

During the Reporting Period, the Group was not involved in any confirmed violations and complaints concerning intellectual property matters.

The Group filed a total of **2,147** valid patent applications, of which **942** patents were registered and valid, with **204** new patents during the Reporting Period.

The Group filed a total of **211** valid trademark registrations, of which **179** trademarks were approved and valid, with **32** new trademarks during the Reporting Period. The Group has been granted **22** authorised trademarks.

MONITORING QUALITY SYSTEM TO SAFEGUARD PRODUCTS QUALITY

PRODUCT QUALITY AND SAFETY

Quality Management System

The Group has established a quality management system with a set of complete and sound product quality control process in effective operation. To ensure control over various steps of product production, the Group has developed the Material Specification Template, Design and Development Control Procedure, Production Process Control Procedure, Inspection and Test Control Procedure, Sterilisation Confirmation Procedure, and Finished Product Release Procedure, dedicated to ensuring that our products meet the Group's requirements on health and safety. The Group has established a Quality Management Department, wherein engineers with professional qualifications and relevant experience conduct spot checks on product quality regularly and then deliver them to the laboratory recognised by the China National Accreditation Service for Conformity Assessment ("CNAS") for testing.

The Group has conducted the Medical Device Single Audit Programme ("MDSAP[1]"), which complies with the standards and regulatory requirements of up to five different countries' medical device markets, as the Group's products are available in different countries. The audit is conducted by a qualified third party audit organisation. In addition, the Company also obtained the Certificate of the Quality Management System Authentication for Medical Devices under ISO 13485:2016 issued by the third-party audit organisation.

Inspection on production lines of the plant

1 MDSAP: Medical Single Audit Program, which audits an organisation's quality systems for compliance with the standards and regulatory requirements of the medical device market in five countries: Australia, Brazil, Canada, Japan and the U.S..

STANDARDISED PROCEDURE

Various systems developed by the Group specify the requirements on quality control of products and clinical trial samples, in which the procedures for inspecting supplied materials and finished products, and releasing the finished products are specified, to ensure that the products meet the technical requirements set by different countries and industries. The products are released strictly according to the provision of Finished Products Release Procedure. Finished product inspection includes destructive testing, sterility testing, etc., ensuring the instruments' performance meets standards.

The Clinical Department conducts clinical trials in accordance with regulations and guidelines of respective countries and complies with the World Medical Association Declaration of Helsinki to ensure compliance with the ethical principles for human-based biomedical research. The Clinical Department has also established the following key operational procedures to actively track and report all kinds of events incurred in clinical trials so as to ensure the identification of risks arising from human-based research and standardised operation:

- Clinical Evaluation Control Procedure
- EU Clinical Evaluation Requirements
- Standard Operating Procedure of Medical Devices for Clinical Trials
- Procedures for Reporting Adverse Events in Clinical Trials
- Standard Operating Procedure of Inspection of Medical Devices for Clinical Trials

The Group has established a clinical inspection team mainly responsible for the comprehensive inspection of the marketed clinical projects and outsourced clinical programs operated by the Company to ensure the supervision of trial quality over the clinical trial process. In addition, third-party experts are also invited to conduct external inspection for some programs and centres. The Group expects to ensure the safety and effectiveness of the marketed products through the complete inspection process so as to meet the requirements of the tightening regulations at home and abroad.

The products of the Group are sterile or sterile implanted medical devices, with extremely stringent requirements for aseptic performance. In order to ensure the aseptic performance of the products, the Group monitors the sterilisation process of the products strictly in accordance with the requirements of Sterilisation Confirmation Procedure and the Development, Validation and Routine Control Procedures for Ethylene Oxide Asepsis Processe adopted by the Group. The requirements for accuracy and reliability of the loading used for monitoring the sterilisation process are detailed in the Monitoring and Measurement Device Control Procedure.

The Group strictly controls product quality and safety. Any non-conforming or substandard materials found in any stage of production will be dealt with in accordance with the Control Procedures for Non-Conforming Products to ensure that they can be properly identified, recorded, assessed, separated and disposed. If it is necessary to use a non-conforming product or part, the Group shall confirm that such use will not affect the safety, effectiveness or performance of the finished product.

MONITORING QUALITY SYSTEM TO SAFEGUARD PRODUCTS QUALITY

Contamination prevention and control management

To ensure no contamination in our raw materials, production process and finished products, and show our responsibility for product quality and safety, the Group implements the following control measures for contamination prevention and control:

Set up contamination prevention and control areas 	Divide the transportation area into the incoming cargo area and the delivering area, and establish clear signs and isolation measures between the two areas. Ensure that transportation vehicles, pallets and personnel can only move within the designated area.
Sealed storage of raw materials and products 	All raw materials and products are wrapped and covered in sealed plastic bags to prevent contamination during transportation.
Strengthen worker health management 	All relevant employees are required to undergo health checks before joining the Group, and the Group provides annual physical health checks for employees. Employees are required to wear protective equipment such as gloves, masks and goggles at work.
Regularly inspect and evaluate contamination prevention and control measures 	Regularly evaluate and inspect contamination prevention and control measures to ensure that all measures are effectively implemented and adjusted and improved according to the actual situation.
Establish an emergency plan 	Develop an emergency plan for possible contamination situations, so that in the event of contamination, measures can be taken quickly to reduce the impact of contamination.
Train and educate employees 	Train and educate employees on contamination prevention and control to enhance their awareness and ability to operate as required.

PROCUREMENT AND SUPPLY CHAIN MANAGEMENT

Procurement Management

The Group is fully aware of the importance of supply chain management to its own operation. Through internal management systems like the Purchasing Practice Guide and Purchase Control Procedures, the Group devotes itself to managing all kinds of risks in procurement.

To ensure that the suppliers meet the requirements, the Purchasing, Quality Management and Research and Development Departments of the Group have jointly participated in the comprehensive evaluation and selection of suppliers based on commercial terms, costs, quality assurance, research and development capabilities, manufacturing capabilities, after-sales services. For major raw materials, the Group has alternative suppliers and continues to develop new suppliers to ensure adequate supply of such raw materials for the Group's operations at times of shortage in supply.

Composition of the supplier management teams and their major responsibilities are:

- Purchasing Department: responsible for the procurement of materials and equipment required by the Company during its process of production and research and development and supplier management, including supplier development and evaluation, business negotiation, order management and supplier performance management, etc. Meanwhile, the Purchasing Department is also responsible for adjusting the procurement guidelines and supplier codes in response to the market demand in due course.
- Quality Management Department: responsible for verification, inspection of materials provided by suppliers and product test.
- Research and Development Department: responsible for quality risk evaluation on suppliers and supplier selection.

The Group has a developed procurement control procedure, a supplier management mechanism (such as a sound supplier access evaluation system, supplier operation evaluation system), and effective control methods, including supplier selection and evaluation, quality system audits, and supplier annual review or surprise on-site audits. The Group has developed the Supplier Evaluation Guidelines and established the supplier selection criteria and procedures. The main processes are as follows:

Set up a supplier selection team;

Potential supplier surveys;

Supplier risk rating;

Supplier evaluation: including file review, supplier self-assessment, and on-site audit; and

Evaluation decision, if qualified, they will be included in the Qualified Supplier List.

Suppliers are required to conduct an annual review. According to different supplier classifications, annual on-site audits are carried out for Class A suppliers and annual file audits for Classes B, C and D suppliers. If the quality of Class A suppliers is abnormal, the Group will immediately conduct on-site audits. For on-site audits, a comprehensive evaluation is carried out in four aspects: supplier quality data, delivery information, service capabilities and price levels. Inspection covers all seven aspects, including file control system, material control,

production process control, quality control, packaging/transportation, measuring and testing equipment control and environment. Based on the assessment findings and potential risks, the Group formulates an annual supplier audit plan and conducts audits. If suppliers cannot meet relevant requirements, they will be required to complete the rectification within the time limit. If the requirements are still not met, the cooperation with the supplier will be terminated.

The Group has detailed technical requirements for the required raw materials and corresponding incoming inspection operation requirements. After the raw materials provided by the supplier arrive at the Group, checksum has to be performed or the raw materials have to be tested. Qualified raw materials will be registered for storage and use, and unqualified materials will be returned to the supplier.

During the Reporting Period, the Group had a total of 169 major suppliers, of which 147 are from Mainland China and 22 are from other regions such as the U.S. and Singapore.

Sustainable Procurement

With the increasing awareness of sustainable procurement in recent years, more customers are demanding products and raw materials to meet relevant environmental and social standards. As a result, the Group has changed and adjusted its procurement behaviour accordingly. For example, the Group requires suppliers in the industry of polymer materials and nickel-titanium wire material to provide a declaration that their products conform to the Regulation Concerning the Registration, Evaluation, Authorization and Restriction of Chemicals ("REACH[2]") so as to ensure the Group's products can successfully access the European market. The Group will consider integrating the green procurement into the procurement process by selecting certified green products in preference to other products and appointment of suppliers which have performed well in corporate social responsibility or obtained the Certificate of Environmental Management System. Moreover, the Group will require relevant suppliers to provide corresponding test reports on heavy metal content, ethylene oxide residue and sterility testing.

		2023	2022
SUPPLIERS AND DISTRIBUTORS WITH ENVIRONMENTAL CERTIFICATIONS/QUALIFICATIONS *(ISO 14001, ISO 50001, ISO 22000)*	Number	90	85
MATERIALS PURCHASED PASSING ENVIRONMENTAL TEST *(ROHS, REACH)*	Percentage of total procurement (%)	80	76
MATERIALS OBTAINED AN ENVIRONMENTAL PROTECTION CERTIFICATION/ QUALIFICATION *(FSC)*	Percentage of total procurement (%)	63	61
PREFERENTIAL TARGET TO PURCHASE FROM LOCAL SUPPLIERS	Percentage of all suppliers (%)	70	55

2 REACH aims to protect the health of human beings and the safety of environment, maintain and enhance the position of competitive advantages of EU chemical industry, improve the innovation capability of enterprises and achieve the goal of social sustainable development.

PRODUCT RESPONSIBILITY

The Group values the management of product responsibility, for the purpose of regulating the management of product labels, the Group has enacted the "Language, Label Control Procedures". The Group's Registration Department is responsible for reviewing the regulatory compliance of labels and updating the changes and examinations to relevant departments in due course. Meanwhile, our Product Development Department is responsible for providing details of products, guaranteeing the customers' right to know. Before publishing each set of labels, it will be checked repeatedly to ensure that the information is accurate.

The Group complies with product liability and product liability insurance requirements in different countries, such as the EU MDR[3] regulations. If the products cause accidents or casualties, the Group will resolutely cooperate with the proceedings and bear the corresponding compensation. The Group actively identifies potential risks in the design and development stages of products to fundamentally prevent accidents and casualties. The Group labels its products with potential risks, provides training to customers and doctors on the use of the products, and listens to feedback to actively optimise the products.

During the Reporting Period, there were no accidents involving the use of the Group's products that resulted in injuries or fatalities.

The Group has not formulated relevant policies yet as it currently has no product advertisements marketed to the public, but will do so in the future so that such policies will be ready and in place when there is such need. The Group spares no effort in making true and accurate descriptions of the introductions and functions of its products and carefully reviews such materials to ensure the accuracy of relevant contents. The Group is regulated by the laws and regulations such as the Law of the People's Republic of China on Products Quality and Advertising Law.

During the Reporting Period, there were no relevant violations of laws or regulations relating to improper product label and advertising management of the Group.

3 Medical Device REGULATION (EU) 2017/745, EU Medical Device Regulation, abbreviated as "MDR".

MONITORING QUALITY SYSTEM TO SAFEGUARD PRODUCTS QUALITY

CUSTOMER SERVICE

Customer Satisfaction

Customers' opinions and feedback on the Group are very important to the Group's all-around sustainable improvement. The Group conducts customer satisfaction surveys every year. The surveys are conducted with questionnaires, and analysis of different problems in response to the feedback from questionnaires. The problems are classified into product types (e.g. stents, occluders), packaging problems and geographical location of customers. The Group identifies problems that need to be improved for different types, and implements corresponding solutions and optimisation measures.

Customer Complaints Management

The Group values the opinions from customers on the products, and the "Processing Procedure for Customer Complaints" is formulated to specify the channels through which the Group receives and addresses customer complaints. When the Group receives customer complaints, an initial response should be made to customers within 24 hours. If the relevant complaint is valid, the Group will appoint a commissioner to conduct an investigation, analyse the event, raise corrective and preventative measures, and manage and file relevant documents. Furthermore, the Group will conduct complaint trend analysis at least once a year to prevent complaints more effectively.

During the Reporting Period, the Company received a total of 117 product quality complaints about occluders, delivery sheaths, large stents, vena cava filter, vascular plug system and delivery cables, and 7 product labelling complaints about large stents and delivery sheaths. All were handled in time according to the "Processing Procedure for Customer Complaints".

Product Recall

In the event that any product quality problems or adverse events arise when the customers use the Group's products, the Group will investigate, analyse and deal with incidents in accordance with the "Processing Procedure for Customer Complaints, Adverse Event Reporting Procedures" and the relevant laws and regulations. If remedial measures are required after delivery of the products, the Group will issue a notice of advice for the purpose of supplementing the information or proposing appropriate measures in accordance with the "Notice of Advice and Recall" as set out in the "Adverse Event Reporting Procedures", and recall the products if necessary. Our Group will report any product quality problems and recalls to the regulatory authorities in a timely manner.

During the Reporting Period, the Group had no major incidents in which the Group was punished by regulatory departments, and none of the Group's products were recalled due to major quality problems or health and safety reasons.

3 Medical Device REGULATION (EU) 2017/745, European Union Medical Device Regulation, referred to as "MDR".

CULTIVATING AND DEVELOPING TALENTS, FOSTERING SUSTAINABLE DEVELOPMENT

TALENT MANAGEMENT & DEVELOPMENT

Training System

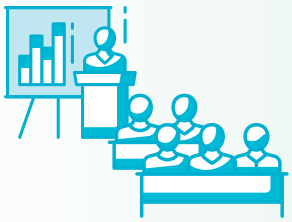
LifeTech actively develops the professional skills of its employees and devotes itself to helping employees improve skills required for career progression. LifeTech built a new talent training system, including management training, on-the-job training, new joiner training and internal lecturer system. The Group provides employees with internal training and external training in accordance with the formulated Training Management System.

Training form	Training arrangement
Internal training	Internal trainings are provided by the Group's internal lecturers, and the content of which involves training on company system, training for new employees, induction training for operation employees and professional skills training.
External training	External training consists of two forms: expatriate assignment training and inviting external lecturers. After the external training, the trained employees communicate with other colleagues through sharing sessions and other methods.
Self-education	Learning from the "Online Lecture on Peripheral Artery Disease"（《外周線上大講堂》） series of training courses organised by the Group, or gaining professional and general knowledge via the Internet, external institutions and other channels in the employees' spare time. LifeTech encourages employees to achieve professional improvement by self-learning.

In order to improve the Group's training management, the Group established the "External Training Management System". External training consists of two forms: expatriate training and inviting external lecturers. Expatriate training means that due to the needs of the Group's development or work tasks, the Group sends employees to external institutions to participate in trainings and learning. Inviting external lecturers means that the Group hires external lecturers to conduct training in the Group. If the external training involves special circumstances such as professional techniques and academic research, the relevant departments will apply on their own and the training will be conducted after the approval of the Human Resources Department. Through the "External Training Management System", the application process of the entire external training can be standardised and the sharing of training results can be promoted.

CULTIVATING AND DEVELOPING TALENTS, FOSTERING SUSTAINABLE DEVELOPMENT

During the Reporting Period, in order to improve the professional ability of employees, the Group has actively organised over 200 offline trainings for internal employees and distributors. The training content includes existing product changes, new product research and development, and clinical application of existing products, etc. The number of training attendees reached more than 3,000, covering the Group's internal employees, clinical employees and new product distributors, of which more than 100 trainings were delivered to distributors. The Group also encourages departmental internal trainings and course learning, over 1,000 such research and learning activities were successfully organised during the Reporting Period.



200+

trainings for internal employees and distributors

Praise and Incentive

LifeTech encourages employees to actively innovate and pursue the spirit of pioneering and dedication. Therefore, we set up annual awards, special awards and other awards, and reward employees in praises, cash or other forms according to the actual situation. Recipients of such awards also include outstanding employees, annual sales stars, special awards, awards related to patent approvals etc. Among them, a reasonable suggestion award is set up to encourage employees to put forward reasonable suggestions on daily production operations, management, quality and technology, and to reward employees whose suggestions are adopted within the year and result in good outcome.

EQUAL OPPORTUNITIES

The Group has always pursued employee diversity. The Group complied with relevant laws and rules, including the Labour Law of the People's Republic of China, the Labour Contract Law of the People's Republic of China, etc. No cases that violate laws or regulations were found relating to employment of the Group of the Year. Moreover, the Group will continue to abide by the policies concerning equal opportunities and anti-discrimination. The Group provides employees with equal employment opportunities and fair professional treatment, and has hired 106 ethnic minorities and 1 foreigner in total, representing 8.1% of the total employees. There is also a balanced proportion of male and female employees in the Group.

EMPLOYEE BENEFITS AND WELFARE

Employment System

The Group values employees and strives to establish an improved employment system. Currently, the Group has formulated policies and systems such as the Employee Manual, the Attendance and Leave Management System, the Recruitment Management System and the Promotion Management System to regulate and manage employees' salary and dismissal, recruitment and promotion, working hours, vacation and other welfare and benefits.

The Group is well aware that the performance of employees has a great impact on the development of the Group. Therefore, the Group has introduced external professional assessment agencies in the recruitment assessment to conduct systematic assessments on employees, including personality assessments, psychological risk factor assessments, and comprehensive assessments of technology research and development, in order to improve recruitment efficiency. Assessments can be broken down into a number of different traits, covering thought patterns, interpersonal interactions, emotional stability, self-confidence, learning acuity, etc.

The Group has established a dual-channel promotion regime for employees' development, and different assessment mechanisms for non-managerial employees, operational employees and managerial employees. Our Human Resources Department and senior management are responsible for the relevant work in relation to promotion of employees, and have adopted assessment management methods as outlined in the table below:

Evaluation item	Evaluation content	Evaluation method
Comprehensive quality	Work attitude, professional ethics and company identity	Questionnaire and staff interview
Business ability	Position knowledge, professional techniques, English and software operation, etc.	Written exam, interview, actual operation and debriefing
Management capacity	Leadership, communication, cooperation and management abilities	Case study, overall assessment and debriefing

For non-managerial employees, we have set up five classification levels: Beginner, Intermediate, Advanced, Senior and Expert. Employees' job rank may be adjusted with reference to their annual performance appraisal in the rank certification activities that start regularly every year. New recruits are also initially ranked according to this standard before becoming a permanent employee. The rank certification for operational employees comprehensively considers the depth, quantity and scarcity of their mastery of skills, and the corresponding product qualification ratio. For managerial employees, a multi-level promotion ladder has been set up: Supervisor, Manager, Director and Vice President. The Company also actively provides management skills training for managers to help them gain more by creating more value for the Company.

The Group also encourages diversified development of employees and jointly organises a series of activities to enhance effective communication and cooperation among employees. The Group's factories are also equipped with recreational facilities such as basketball courts, table tennis tables, staff recreational room, book house, etc.. It also continues to cooperate with sports venues near the Group to establish basketball, badminton, fitness, table tennis and swimming clubs and regularly organise basketball, badminton, table tennis, football, swimming, fitness and other training activities, and internal competitions are also organised every year, thus to promote work-life balance. At the same time, the Group has team building holiday, and will also organise staff team building activities and domestic and foreign travel. During the year, the Group held many trips and various types of employee team

building activities, such as New Year's Day activities, Spring Festival red envelope activities, Lantern Festival activities, Women's Day, Dragon Boat Festival and Mid-Autumn Festival activities, to celebrate our traditional culture and festivals. In addition, the Group also recognises employees by giving out long-term service awards and annual outstanding employees awards.

Welfare and Benefits

In addition to the basic salary, the Group offers additional benefits to its employees. The Company provides free dinner or meal allowance when employees are required to work overtime. In addition, in order to resolve the housing issue of fresh graduates, the Group provides staff dormitories for them and other employees in need, and employees who do not benefit from staff dormitories, receive transportation reimbursement according to the nature of their positions. The Group also advocates for family-friendly policies, taking care of working parents, for example, male employees who meet the relevant requirements of the National Family Planning Policy are entitled to 15 calendar days of paternity leave and female employees are not only entitled to maternity leave and breast-feeding leave, but also antenatal checkup leave. The Group established a labour union to protect its employees' legitimate rights and secure opportunities on better benefits for employees. Meanwhile, the labour union and the Company have also jointly organised a variety of activities with the aim of enhancing the effective communication and cooperation between employees and the Company. The Group will also provide a certain amount of team building expenses to help strengthen the team spirit.

The Group will implement a Stock Incentive Scheme for its core team and employees including directors and senior management of the Company, with an aim to increase our employees' sense of belonging to the Group and also incentivise their performance.

Labour Standards

During the Reporting Period, the Group was in compliance with the relevant labour laws and rules, including the Labour Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of the Minors etc., and prohibits behaviours including hiring child labour or forced labour in the workplace, which is stated in the Employee Manual. The original identification documents of successful candidates are checked at the time of employment to ensure compliance with the national labour law requirements. If someone working in the Group is under the age of 18 or has provided false information with regards to his/her age, the Group would terminate his/her employment at once and contact such employee's parents and/or the local government to take them back and bear all the costs.

The Group respects employees' right to resign. If an employee resigns for personal reasons, he/she shall complete the resignation application in advance and submit it to our Human Resources Department for approval. The Group must also comply with the national employment laws and pay the wages to employees who leave the Group. Furthermore, the Group has developed relevant rules of preventing from forced labour with reference to market practices and does not force employees to work. The Group prepares production schedules periodically to avoid employees from working overtime and reviews its workflow from time to time. In the event that working overtime is necessary, application shall be made to his/her direct supervisor. Employees who worked overtime may take time off afterwards according to relevant arrangements.

During the Reporting Period, there were no cases against the Group for violations of laws or regulations relating to hiring child labour or forced labour of the Group.

HEALTH AND SAFETY

Health and Safety

As a firm focusing on medical device production, LifeTech believes that the health and safety of employees in the workplace are very important. The Group established the corresponding Environment, Occupational Health and Safety Department, and has formulated relevant regulations such as the Occupational Health Management System, the Industrial Accident Management, and the Labour Insurance Supplies Management System in accordance with national laws and regulations and the strategic target of the enterprise, which aim to protect employees' physical and mental health and minimise the occurrence of dangerous accidents, as well as strive for zero accidents. The Group arranges physical examination for its employees every year. In particular, for the positions with occupational hazards, pre-post, on-the-job, and off-post physical examinations for employees will be conducted according to the corresponding occupational hazard factors to ensure the health of employees. In addition, the Group has purchased medical insurance for employees since they have joined the Group, covering in-patient, out-patient and Chinese medicine treatment. The Group also provides employees with additional insurance by purchasing supplementary commercial medical insurance and overseas travel insurance.

Working Environment Maintenance

The Group keeps its workplace ventilated by the combination of natural and mechanical ventilation. Air-conditioning facilities are installed to maintain proper ventilation and humidity in the workplace and to provide a comfortable and safe working environment for employees. Laboratories, production workshops, inspection workshops and storage warehouses are linked by automated systems, kept ventilated and equipped with pollutant treatment systems to closely monitor the pollutants involved by the Group. Meanwhile, cleaning staff clean the area near the plant, public areas, green belts and corners, and remove ponding water, daily in order to maintain a clean and tidy environment. For common mosquito-breeding sites, pest control services are provided periodically by the Engineering Department.

During the Reporting Period, the Group's Songshan Lake Park, which passed an environmental impact assessment, was put into operation. The Group has established an Environmental, Occupational Health and Safety Management Committee at the Songshan Lake Park to maintain its working environment and safe operating environment. The Environmental, Occupational Health and Safety Department coordinates the environmental, occupational health and safety work in Songshan Lake Park through the Environmental, Occupational Health and Safety Management Committee.

To ensure the safety and hygiene of the laboratory testing environment, the personal safety and health of inspectors, the safety of test data, the normal operation of instruments and equipment, and the good management of glass instruments and consumables, the Group has formulated a Laboratory Management System for related work involving the use of laboratories for research and development, testing, etc., which strictly regulates laboratory working procedures and precautions for the use of laboratory equipment.

Occupational Disease Management and Prevention

The Group highly values employees' occupational disease management and prevention, and formulated relevant regulations such as the "Occupational Health Management System" and "Warning Signs for Occupational Hazards in Workplaces", etc.

According to the provisions under the "Occupational Health Management System" of LifeTech, the General Manager is fully responsible for the occupational health management of the Group in order to protect employees from occupational hazards. Besides, a safety officer is designated, mainly responsible for the following: (1) establishing safe production management systems, emergency response schemes and organising emergency drills; (2) identifying, evaluating, controlling by class, inspecting and recording the Group's safe production condition regularly; (3) facilitating the construction of each safe and occupational disease protective facilities and implementing prevention and control measures against occupational disease; and (4) arranging the promotion and training on safe production and investigating safety incidents related to production to prevent and rectify works in violation of rules.

The safety officers of the Group are responsible for providing training to employees in high-risk positions and inspecting whether the employees wear protective equipment. The Group provides protective equipment that meets the national standards, to employees who hold positions with potential occupational hazards (e.g. sterilising, polishing and spot welding) and ensures that such employees fully aware of the correct method of wearing and using them. In the dangerous part of equipment and at the workplace with potential occupational hazards, conspicuous warning marks and notices stating such potential hazards are posted with corresponding emergency supplies. The emergency stop switches are installed on all equipment in case of any emergency. The residual current devices are also installed on each of the equipment in order to shut off electric power in the event of electrical leakage.

The Group's Environment, Occupational Health and Safety Department will hire an independent third party to identify, analyse and test (test items include relevant chemical substances and various production procedures and equipment) the occupational hazard factors of all posts every year. From the test results, it can be determined whether there is an occupational hazard in each post. In addition, the Company will provide pre-post, on-the-job and off-post physical examinations and adequate training to employees working in posts with occupational hazards, and will provide qualified labour protection supplies.

The Group's occupational health evaluation is as follows:

Position	Existing Occupational Hazard Factors	Protective Facilities	Protective Equipment	Compliance Evaluation
Sterilising	Ethylene oxide	Sealing	Full mask Gas mask	Pass
Laser welding	Laser radiation	Equipment with mask, fully ventilated workshop	Anti-laser goggles	Pass
Argon arc welding	Ultraviolet radiation, welding smoke	Equipment with mask, fully ventilated workshop	Welding goggles	Pass
Ultrasonic cleaning	Noise	Individually arranged, low noise equipment	Protective earmuffs/ earplugs	Pass
Sandblasting	Noise, dust	Individually arranged, equipment closed	Dust masks, earplugs	Pass
Chemical polishing	Methyl alcohol, acid fog, hydrogen fluoride	Fume hood, fully ventilated workshop	Half mask Gas mask, protective gloves	Pass
Heat setting	High temperature	Fully ventilated workshop, equipment enclosure with thermal insulation material	Anti-burn gloves	Pass

Work Injury

If an employee is injured at work, the employee will be sent to hospital for treatment immediately, and all upfront medical expenses will be borne by the Group. The department where the injured employee works shall submit the Accident Investigation Report to the Safety Management Department in a timely manner. Meanwhile, the safety officer shall submit an application for identification of work-related injury to the Social Security Department during the required period. Subsequent to the recovery of the relevant injured employees, the Group will arrange appropriate positions in accordance with the health situation of such employees, provided that they are required to receive safety training before they return to work.

During the Reporting Period, the Group had no cases of work-related injury and death.

Safety Production Education Training

Safe production training is an important part of the Group for the implementation of the policy of "Safety First, Prevention Oriented, Comprehensive Governance". As such, the Group has formulated the Safety Education Training System to regulate the safety training of the relevant work of the Group. The Group has strictly complied with relevant laws and regulations, including the Law of the People's Republic of China on Safety Production, the Law of the People's Republic of China on Prevention and Control of Occupational Diseases and the Fire Protection Law of the People's Republic of China.

Safety training of the Group includes three parts as follows:

Employee type	Training requirement
Safety officer	Relevant employees may take positions only after acquiring the safety qualification certificates certified by the supervision and administration department of safety production.
Practitioner	o New employees shall take their positions after accepting three-level safety education training and passing the examination. Three-level safety education includes: Company: safety officer is responsible for training including courses of fire safety, occupational health safety and safety regulations of the Group; Department: the head of department is responsible for training about on-site evacuation, use of safety equipment and safety production status of departments, etc.; and Team: team leader introduces production characteristics of posts, use of personal protective equipment and other protective measures. o Special operation staff shall take their positions after accepting specific safety operation training, and obtaining the corresponding qualification certificates.
Other staff	o In case of transferring or leaving posts over six months, staff concerned shall take part in safety training organised by the department and the team, and qualified ones can work in the new positions; o When the new processes or new devices come into use, safety training shall be arranged for the relevant staff based on the characteristics of new processes and devices; o When carrying out a risky overhaul project, requirements on construction workers' safety shall be raised and the implementation of all safety measures shall be checked.

Safety Training

The Group organised a total of two emergency evacuation drills during the year. The Group regularly conducts on-site emergency treatment drills according to the operational risks of each position, and department representatives are also regularly trained in first aid knowledge.

During the Reporting Period, there was no violation of laws and regulations by the Group in relation to health and safety, and no cases resulting in fines or prosecutions on the Group.

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

LifeTech's basic principle is to fully comply with applicable environmental laws and regulations in the jurisdictions where it operates. The Group has established procedures for reviewing environmental requirements related to new developments. When an incident occurs in an asset over which the Group has operational control, the Group will classify and record it in a timely manner in accordance with the relevant internal processes. Incidents managed through this process include notifications of fines or prosecutions by local authorities.

During the Reporting Period, there was no violation of laws and regulations by the Group in relation to emissions and environment, and no cases resulting in fines or prosecutions on the Group.

During the Reporting Period, the Group's Songshan Lake Park was put into operation, equipped with working areas such as office areas and factory buildings, as well as living facilities and logistics support areas such as kitchens, restaurants, staff dormitories and infrastructure construction. The Group has not used fixed source fuels in previous years. The kitchen at Songshan Lake Park uses natural gas equipment. As a result, 663,638m^3 of natural gas was produced during the Reporting Period, which had a greater impact on both waste gas emissions and greenhouse gas ("GHG") emissions. Songshan Lake Park produces 70,943m^3 of water, which is mainly used for product production, environmental clean-up and employees' living. There are two employee dormitories in Songshan Lake Park, which are under the unified management of the Group's administration department. Therefore, the domestic water generated by employees in the dormitories in Songshan Lake Park has a partial impact on the usage of the Group's water resources.

ENERGY EFFICIENCY AND CARBON EMISSIONS MANAGEMENT

We monitor, measure and report on our emissions of carbon dioxide, including direct and indirect carbon emissions from our physical operations. LifeTech understands that it is inevitable for the Group to generate emissions causing air pollution during the course of production. For the purpose of emission reduction, the Group has formulated the Environmental Management System setting out relevant policies in order to minimise the effect of its operation on the environment.

The Group's GHG emissions (or referred to as "carbon emissions") from its operations are quantified according to the guidelines issued by the National Development and Reform Commission of China. The Group's carbon emissions mainly come from purchased electricity (energy indirect emissions), followed by direct emissions of a mobile GHG and combustion source emitted from equipment and system.

In terms of the main business and production process of electricity consumption in the plants, we have considered upgrading or eliminating some of the old high energy consuming equipment. In the office areas, we have also adjusted the opening hours and temperature range of the air conditioning to limit their electricity consumption.

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

LifeTech values the reduction of resource waste during production and strives to build a working environment that preserves natural resources and reduces energy consumption. With the development of multiple measures in the Energy Management Control Process of LifeTech Shenzhen, the following treatment methods are adopted for different resource types:

Resource Types	Treatment Methods
Oil	o Each department reasonably uses oil products according to the requirements of equipment lubricating oil and waste oil recovery; o All the replaced waste oil is uniformly reclaimed and handled by the user department and administrative department respectively; and o Vehicles of the Group are maintained regularly so that the oil consumption will be kept within a normal range.
Electricity	In the ordinary course of business, the Group has been gradually replacing its lights with LED lights in its offices which are brighter and more energy-efficient. The entire lighting system at our Shenzhen Headquarters relies on LED lights, while approximately 10% of our factory sites, including workshops, have switched to energy efficient lighting while the factory site is about to move to Songshan Lake and then will be furnished with LED lights. Meanwhile, the Group has also strengthened the repair and maintenance of electrical equipment and reduced the energy consumption of the energy-intensive air-conditioning systems in our clean rooms by using recycled water for cooling. In addition, the Group has purchased an electric vehicle for the maintenance staff of our Engineering Department in case of any emergency repair tasks.

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

GAS EMISSIONS MANAGEMENT

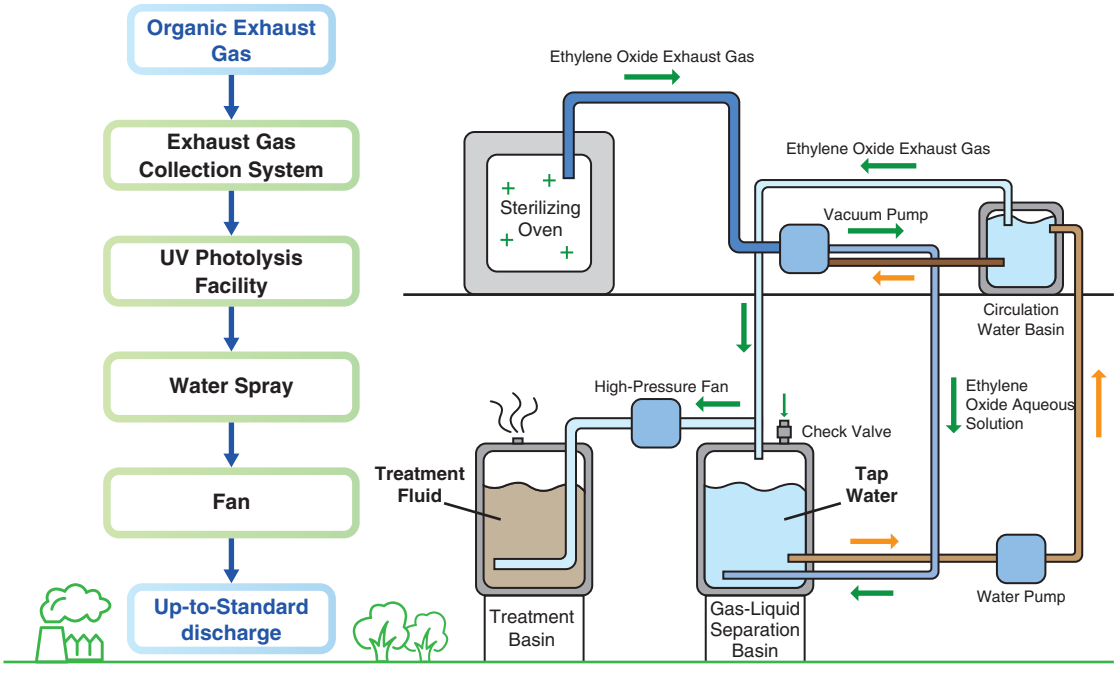
For the exhaust gas generated during the production, the Group will conduct integrated processing according to the Environmental Management System.

The exhaust gases produced by the Group refer to the volatile organic compounds ("VOCs") produced during the course of operation, with vehicles as a primary contributing source. As provided under the Environmental Management System, maintenance of vehicles of the Group shall be strengthened to ensure the emissions reach the standard. The exhaust gas emissions of the Group was mainly attributed to vehicles during the year.

The VOCs including benzene, cyclic aromatic hydrocarbons and aromatic hydrocarbons are generated during the Group's polishing process of producing filter and stent graft products. Such matters threaten the environment and health of the surrounding residents. Therefore, the Group has removed the VOCs and reduced pollution by absorption and dilute phosphoric acid catalysis. The Group has engaged a qualified third party manufacturer to provide solutions for the Group's production and laboratory-sourced exhaust gases. For instance, all exhaust gases generated on the laboratory floor of the LifeTech Shenzhen's building are collected for treatment through facilities upon segregation and discharged after the treatment meeting the standards:

- Laboratory: organic exhaust gas is collected through the pipeline and then adsorbed by activated carbon in the exhaust gas treatment facility;
- Laboratory: acid gas is collected through the pipeline and then neutralised by alkali water sprayed in the exhaust gas treatment facility; and
- Other plants: the production is collected through the pipeline and then treated by UV photolysis + water spraying process in the waste gas treatment facility.

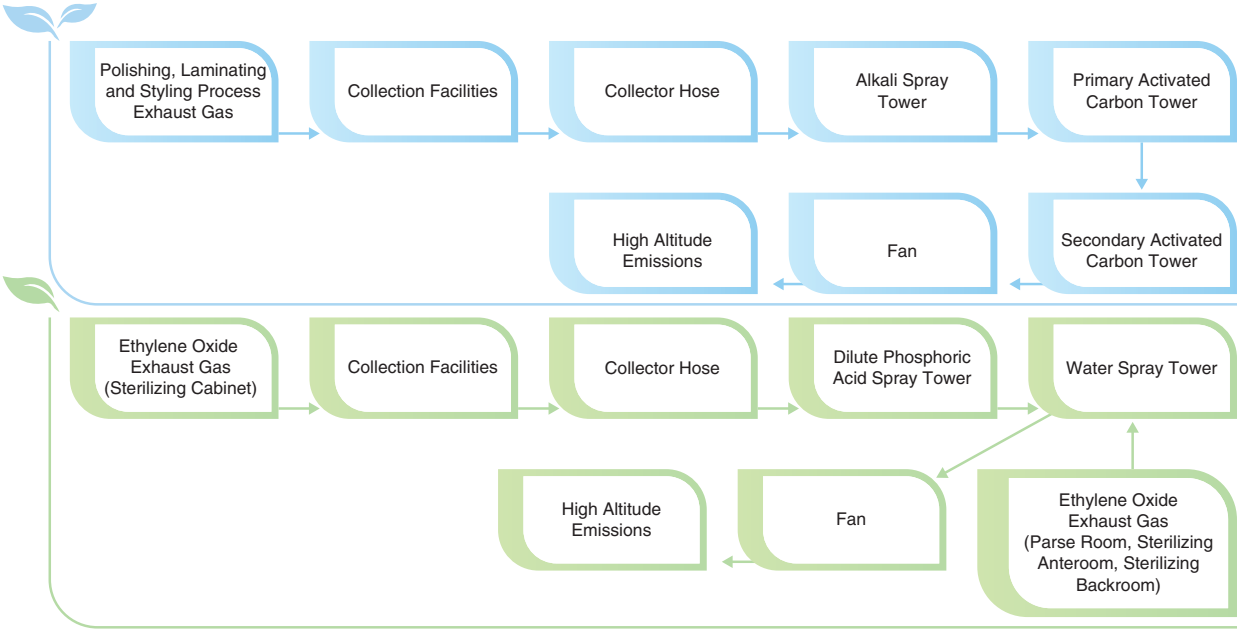
The Group's Shenzhen plant produces polishing exhaust gas, laminating heat treatment waste gas, sterilising exhaust gas, etc. during the process of product production, sterilising and packaging, which are collected through closed pipelines and led to the roof top exhaust gas treatment facilities, and then discharged at high altitude after reaching the standard through the UV photolysis + water spraying process, and the processing flow is as follows:



EO Sterilizing Facilities Supporting Exhaust Gas Treatment Facilities Process Flow Diagram

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

We adopt different treatment methods for different exhaust gases, such as polishing exhaust gas, coating heat treatment exhaust gas and sterilisation exhaust gas, which are generated during the process of product production, sterilisation and packaging at the Songshan Lake factory. Chemical polishing, coating heat treatment exhaust gas: after being collected through fume hoods and sealed pipelines, it is treated within an "alkali water spray + secondary activated carbon adsorption" treatment system to meet the standards before being discharged into the atmosphere at high altitude. The waste gas from the sterilisation process is introduced into a "Dilute phosphoric acid aqueous solution absorption + water spray scrubber" by a vacuum pump for treatment before being discharged at high altitude. The processing process is as follows:



The exhaust gas treatment facilities are linked to the waste production process equipment to ensure that the emissions generated are discharged after the treatment meets the standards. At the same time, in order to ensure the standardisation of the operation of the waste gas treatment equipment, the Group also invites third party companies to conduct operation training for employees to ensure that equipment failures can be handled in a timely and correct manner.

The Group also requires the administrative department to monitor exhaust gases generated from the process of all production and experiments in a regular manner and to make sure the emissions reach the relevant standards at all times. If any unusual emissions have been identified, the Group will shut down the source of such emissions temporarily and report the incident to the relevant departments and the environmental authorities.

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

WATER RESOURCE MANAGEMENT

The Group inevitably generates wastewater during production. According to the Environmental Management System, the Group conducts rain and sewage water diversion, and manages the industrial wastewater, domestic sewage and rain in a separate and systematic manner. There is no issue in sourcing water that is fit for purpose.

Wastewater type	Processing method
Industrial wastewater	• Common industrial wastewater, like general test wastewater and clean water, is processed directly by entering a sewage treatment plant through municipal pipes. • Chemical effluent and other wastewater containing hazardous substances are collected and deposited with the designated hazardous waste warehouse and then regularly delivered to the qualified processing unit for treatment.
Domestic sewage	• Domestic sewage mainly refers to wastewater discharged from toilets and tea rooms. All the domestic sewage is discharged to the municipal sewage pipes and enters a sewage treatment plant in Nanshan for treatment upon the completion of the pre-treatment through septic tank.
Rainwater	• Rainwater is directly discharged outside by independent pipes.

The Group also adopts different processing methods for industrial wastewater, domestic sewage and rainwater in its Shenzhen plant and Songshan Lake plant.

Industrial wastewater:

Wastewater treatment for ultrasonic degreasing cleaning rinse water is processed by Shenzhen plant by using a wastewater treatment system with a processing capacity of 0.5m^3/h. The Group also engages qualified units at a quarterly interval to monitor the outfall and exhaust gases pursuant to the technical specification requirements for the monitoring of surface water and wastewater by the determination of particulate matters in exhaust gas and the method of sampling for gaseous pollutants in a fixed source of pollution. The Group will conduct regular tests on industrial wastewater. The test items include suspended solids, chemical oxygen demand and cationic surfactants to ensure that the discharged industrial wastewater meets the requirements of a sewage discharge permit. Generally, the clean wastewater treated as clean sewage is discharged directly into the sewage treatment plant in Nanshan through the municipal sewage pipe in accordance with the inlet water quality standards of the sewage treatment plant in Nanshan, and then discharged after treatment.

The ultrasonic degreasing clean wastewater and experimental vessel clean wastewater from the Songshan Lake plant are discharged into the municipal sewage interception pipe after being processed by the self-built wastewater treatment station to meet the stricter value of the level III, period II standard set out in the Discharge Limits of Water Pollutants of Guangdong Province (DB44/26-2001) and the Class B standard as set out in the Water Quality Standards on Sewage Discharged to Urban Sewers (《污水排入城鎮下水道水質標準》) (GB/T 31962-2015), and then introduced into the Dalang Songshan Lake Southern Sewage Treatment Plant in Dongguan City for advanced treatment. The drainage of Dalang Songshan Lake Southern Sewage Treatment Plant in Dongguan City is subject to the stricter value of the Class 1A standard of the Emission Standards of Urban Sewage Water Treatment Plant Pollutants (《城鎮污水處理廠污染物排放標準》) (GB18918-2002) and the level I, period II standard set out in the Discharge Limits of Water Pollutants of Guangdong Province (DB44/26-2001).

Domestic sewage:

Domestic sewage from Songshan Lake Park is discharged into the municipal sewage interception pipe after being pre-treated to meet the stricter value of the level III, period II standard set out in the Discharge Limits of Water Pollutants of Guangdong Province (DB44/26-2001) and the Class B standard as set out in the Water Quality Standards on Sewage Discharged to Urban Sewers (GB/T 31962-2015), which are then introduced into the Dalang Songshan Lake South Sewage Treatment Plant in Dongguan City for advanced treatment.

Rainwater:

The Shenzhen factory has implemented a rainwater-sewage diversion system. Rainwater and sewage are separately collected and disposed of. Rainwater is collected through the factory rainwater pipes, which are then discharged into the municipal rainwater pipes, the Dasha River basin and Shenzhen Bay successively.

A rainwater-sewage diversion system has also been implemented in Songshan Lake Park. Rainwater and sewage are separately collected and disposed of. Rainwater is collected through the park rainwater pipes, which are then discharged into the municipal rainwater pipes and the Songmushan Reservoir successively.

In addition, the Group collects the tail water from pure water systems to cool the air-conditioning unit in the clean rooms, thus realising the goal of water resource recycling and reuse. Water meters are installed per production office area for water metering and water volume is counted monthly. In case of abnormalities, causes are investigated and measures are taken to resolve the abnormalities. The administrative department often checks the water use, and if faucets or valves are found to have any damage, they will be repaired and replaced in a timely manner.

WASTE AND RECYCLED MATERIALS MANAGEMENT

For the waste generated during the production, the Group will conduct integrated processing according to the Environmental Management System.

WASTE CLASSIFICATION	PROCESSING METHOD
Non-hazardous waste	• The administrative department is responsible for contacting qualified processing units to recycle and process recyclable wastes; and • Non-recyclable domestic waste is collected and transported by the environmental authorities.
Hazardous waste	• All hazardous wastes shall be collected upon classification pursuant to the List of Hazardous Waste; • Hazardous wastes generated by the production departments shall be stored in designated hazardous waste bins with lids and the Hazardous Waste Handover Form shall be completed; and • Hazardous wastes shall be regularly delivered to qualified organisations for treatment.

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

The Group endeavours to reduce both the hazardous and non-hazardous waste it produces, and works with qualified parties and partners to reuse or recycle whenever possible. All wastes are managed according to the waste management hierarchy (i.e. prevent, reduce, reuse, recycle, replace, treat and dispose). LifeTech seeks to avoid the use of hazardous materials and replace them with alternatives wherever possible. All hazardous and non-hazardous wastes are managed in accordance with local regulations, collected by licensed collectors, or sold for recycling.

The Group operates a smart office, adopting an electronic approval process, swiping card for printing in order to control the number of printouts, and advocating the use of shared files and soft copies in order to minimise paper documents and waste. The office automation system fully arranges and effectively transmits the information through the information system, so that the enterprise's resources can be reasonably allocated and utilised in purchase, storage, production, sales, manpower, financial, material and other aspects. The production site manufacturing system takes the traceability of the production and manufacturing process, paperless production process and realisation of electronisation as the basic objectives, covering the informationisation of business management such as production plan, basic information of personnel, basic information of equipment and tooling, product process route, materials and semi-finished products, and traceability of finished products in manufacturing status.

MANAGEMENT OF PACKAGING MATERIALS

Regarding the use of packaging materials, except for the specific cleanliness requirements for products in certain production stages, the Group reuses the packaging materials as much as possible in of warehouse, workshop circulation, semi-products, and material circulation links.

THE ENVIRONMENT AND NATURAL RESOURCES

Protection of Biodiversity

The Group understands that human beings heavily rely on the ecosystem, yet the construction and operation of plants may damage their surrounding environment. Therefore, an environmental impact assessment is performed before the design or planning of any new construction, renovation or expansion project and the requirements of the environmental impact assessment are strictly followed during the design and construction process of our projects. Upon the completion of construction, inspection in accordance to these environmental impact assessment requirements are also carried out before being validated for delivery. LifeTech Shenzhen's research and development laboratory has been in use since 2018 and was constructed based on the design and planning approved by the relevant environmental, water and other authorities of the local Shenzhen government in order to ensure the health of our employees is protected and to minimise the effect of construction on the surrounding environment.

CLIMATE CHANGE

The Group is active in combating climate change, supports the "China National Climate Change Program" and will continue to adopt all current energy-saving and emission-reduction measures, quantify carbon emissions, pay close attention to the latest emission reduction technologies, and minimise unnecessary transportation needs, thereby controlling GHG emissions.

The Company's success depends on the timely purchase of high-quality and low-cost materials, water and energy to meet the manufacturing operations mainly in Shenzhen, Guangdong Province of China. The Group identifies risks through the annual reporting process and assesses them in the short term (<2 years), medium term (3-5 years) and medium to long term (>5 years). The Company plans to continue to identify risks annually, incorporate sustainability indicators into its operational strategy, and report regularly to management, the Board, stakeholders and the public. The Group has initially identified a range of climate-related risks and opportunities in relation to its major assets or operations. While these risks do not currently impact business growth, we intend to explore further expertise, training and consultancy services on monitoring and assessment in the future to ensure that the necessary climate-related expertise is in place and to enhance the transparency and reliability of disclosure.

RISK TYPES		SPECIFIC CIRCUMSTANCES	CIRCUMSTANCES IN RELATION TO ASSETS OR OPERATIONS
PHYSICAL RISK			
ACUTE RISK	*medium to long term*	Potential related emergencies (disruption of supply chains) due to natural disasters/extreme weather (heat waves, floods, cold weather)	Does not involve any current assets/operations
		Potential damage to facilities due to natural disasters/ extreme weather (heat waves, floods, cold weather)	Does not involve any current assets/operations
CHRONIC RISK	*medium to long term*	The plant is in a water-stressed or water-scarce dry area, which poses a threat to the manufacturing process	Does not involve any current assets/operations
		Infrastructure in areas threatened by rising sea levels from climate change	Does not involve any current assets/operations

IMPLEMENTING GREEN OPERATION BY DECARBONISATION, EMISSIONS REDUCTION AND ENERGY CONSERVATION

RISK TYPES		SPECIFIC CIRCUMSTANCES	CIRCUMSTANCES IN RELATION TO ASSETS OR OPERATIONS
TRANSITION RISK			
REGULATORY RISK	*medium to long term*	National and provincial environmental policies and laws have been changed and tightened; the medical device industry and manufacturing industry have fully implemented low-carbon policies	Increased plant emission costs Spending more time, talent skills and resources on compliance requirements
TECHNOLOGY RISK	*Not involved*	The Group will continuously evaluate relevant risks	–
MARKET CHANGE RISK	*Not involved*	The Group will continuously evaluate relevant risks	–
REPUTATION RISK	*Not involved*	The Group will continuously evaluate relevant risks	–

The responses of LifeTech to risks are as follows:

- Increased plant emission costs: During the Reporting Period, in terms of our plant business, we purchased new equipment that can improve energy efficiency (i.e. reduce consumption and GHG emissions) and enhance our equipment maintenance. At the same time, we also upgraded some of our equipment, strengthened the maintenance of air extraction and exhaust facilities, and reduced the emission of pollutants. During the Reporting Period, Songshan Lake Park had two new sets of exhaust gas treatment facilities and a new set of sewage treatment facility.
- Relevant emergencies that may be caused by natural disasters/extreme weather: We may adopt off-peak production methods and arrangements in special weather when involving exhaust gas emission processes.

UNDERSTANDING THE NEEDS OF THE COMMUNITY AND PARTICIPATING IN COMMUNITY WORK

LifeTech, as a leading medical technology corporation in China, takes its social responsibility to deliver the latest medical technologies to rural areas and contribute to building a bond of close unity of all nationalities through joint efforts with medical institutions and doctors seriously.

TECHNICAL SUPPORT TO GRASSROOTS HOSPITALS

Aortic dissection is an extremely dangerous life-threatening complication that is prone to occur in winter, the Group believes AD patients should receive treatment promptly. Our Peripheral Marketing System is capable of working with vascular surgeons country-wide to overcome difficulties in promoting awareness among the grassroots in order to save lives. In 2023, in conjunction with the thoracic aortic group and the abdominal aortic group of the Vascular Surgeon Branch of the Chinese Medical Doctor Association, LifeTech continued to hold a series of online events, such as "Medical First, Healthy China (醫路先行, 健康中國)" and "Abdominal Diseases Study, Chinese Health Tour" (全例以腹, 健行中國) (4 sessions were held in 2023, with average click volume of 15000+, and 22 sessions were held accumulatively), further promoted and popularized the standardization of aortic disease treatment, and deeply cultivated the grassroots market to improve customer stickiness.

INTERNATIONAL AND DOMESTIC SEMINARS

In 2023, LifeTech actively promoted academic conferences on aortic and cardiovascular diseases in the domestic and international markets, facilitating the exchanges between domestic and international experts, the interpretations of difficult cases and actively promoting the development of medical businesses.

The International Marketing System held a total of 149 overseas doctor exchange conferences, sharing academic information with doctors from Argentina, Germany, India, Indonesia, Italy, Venezuela, Asia Pacific, Europe, Latin America and other countries/regions.

During the Reporting Period, the Structural Heart Marketing System held a total of 202 academic conferences, which include 18 national academic conferences (including 6 overseas linkage conferences), 128 regional conferences, 34 department meetings, 12 doctor and agent training classes and 4 clinical initiation communication conferences. Hundreds of doctors were benefited from these academic activities.

The Peripheral Marketing System actively hosted and took part in more than 150 online and offline academic events, and conducted marketing through more than 50 satellite conferences/special seminars and academic salons and more than 50 live and recorded surgeries, more than 100 department product presentations and workshops, and more than 10 academic exchanges and surgical teachings by overseas experts. The Group demonstrated LifeTech's full range of peripheral products to domestic and international vascular surgery experts in a series of content rich meetings, and also provided them with an efficient and cutting-edge academic exchange platform, which further improved the Company's brand image and influence.

UNDERSTANDING THE NEEDS OF THE COMMUNITY AND PARTICIPATING IN COMMUNITY WORK

Case 1

– The National Tour of Aortic Cavity Treatment Cases "China's Wisdom and Foresight"

The National Tour of Aortic Cavity Treatment Cases "China's Wisdom and Foresight" is centered on experts' real-world cases and in a hybrid form. As for offline, we creatively combine "doctor" and "art" by means of third-party academic conferences and self-organised academic activities in the form of art exhibitions, holding a number of case exhibitions throughout the country. As for online, we combine the Company's WeChat official account and other professional media (CEC APP, Vascular news, Hi Voice, etc.) to jointly hold an online case collection to explain the cases in the case exhibition. Meanwhile, it can also compensate for the space limitation of offline case exhibitions, so that expert cases that cannot be exhibited offline can be better exhibited online.

The National Tour of Aortic Cavity Treatment Cases "China's Wisdom and Foresight" provides our customers with a platform for case display, allowing more target customers to have a deeper understanding of our products, further enhancing customer stickiness, and promoting LifeTech Corporation's reputation in the industry. It has been the 21st session so far, covering over 600 case presentations.

Case 2

- Foresight · Leading & Healing E Physician - Case Analysis Academic Activities

LifeTech launched the Foresight · Leading & Healing E Physician - Case Analysis Academic Activities (先見·領愈E術家-病例精析學術活動) nationwide, centering on four dimensions of medical skills, technology, academics and art, aiming at telling the story behind each case from the first perspective, and interpreting the precise surgical strategies and standard surgical operations behind each perfect case, which is a brand-new academic activity that embodies multiple expressions of life art in all directions. So far, over 13 sessions have been held, covering more than 200 experts.

Case 3

– LINC Academic Conference

At the LINC peripheral conference in Leipzig, Germany, LifeTech showcased its outstanding peripheral vascular intervention innovative products, collaborating with numerous experts through organising European learning sessions, academic sharing by multiple renowned experts, setting up image booths, and presenting a collection of cases on thoracic endovascular aortic therapy to jointly promote the development and advancement of cutting-edge scientific technology in the global peripheral vascular field.

Case 4

- SOLACI - SBHCI Structural Heart Academic Conference

At the SOLACI - SBHCI Structural Heart Academic Conference held in Rio de Janeiro, Brazil, LifeTech, as one of the exhibitors, successfully organised a KONAR MFO-themed live case, which was performed by the renowned cardiologist Dr. Carlos Pedra with a perfect completion, receiving continuous praise from doctors at the conference for the excellent closure performance of the MFO. This once again demonstrates LifeTech's leading position in the closure field.

Case 5

- LV Congreso Internacional de Angiologia regional cardiovascular conference

At the LV Congreso Internacional de Angiologia regional cardiovascular conference held in Mazatlan, Mexico, LifeTech made its debut as a sponsor, flawlessly showcasing that LifeTech, as a leading brand in cardiovascular and peripheral diseases, owns a comprehensive set of mature solutions for aortic diseases. Stent Graft products represented by Ankura and G-branch have been widely welcomed by Mexican doctors, marking a successful start for LifeTech's peripheral products to enter the Mexican market.

ENVIRONMENTAL PERFORMANCE INDICATORS[1]

	Data			Unit
	2023	2022	2021	
Air emissions				
Nitrogen oxides	1,598.0	168.2	167.8	Kilograms
Sulphur oxides	365.4	0.3	0.3	Kilograms
Respiratory suspended particles	156.6	16.1	16.0	Kilograms
GHG emissions				
Scope 1	1,528.0	55.5	52.4	Tonnes of CO2-e
Scope 2	7,588.1	6,774.5	11,150.1	Tonnes of CO2-e
Total GHG emissions	9,116.0	6,830.0	11,203.1	Tonnes of CO2-e
GHG intensity (per floor area in square meters)	0.2	0.4	0.7	Tonnes of CO2-e/m^2
Hazardous waste				
Total amount of hazardous waste	39.0	26.0	20.5	Tonnes
Intensity of hazardous waste (per floor area in square meters)	0.001	0.002	0.001	Tonnes/m^2
Non-hazardous waste				
Total amount of non-hazardous waste	232.36	145.5	115.9	Tonnes
Intensity of non-hazardous waste (per floor area in square meters)	0.005	0.009	0.007	Tonnes/m^2
Energy consumption				
Gasoline	199.0	198.9	221.5	MWh
Diesel	35.4	3.7	2.3	MWh
Natural gas	6,941.0	0.0	0.0	MWh
Purchased electricity	14,395.9	11,103.8	13,865.6	MWh
Total energy consumption	21,571.3	11,306.4	14,089.4	MWh
Energy intensity (per floor area in square meters)	0.4	0.7	0.9	MWh/m^2
Water consumption				
Total water consumption	126,666.3	56,851.5	81,538.7	Tonnes
Water consumption intensity (per floor area in square meters)	2.6	3.6	5.1	Tonnes/m^2

	Data			Unit
	2023	2022	2021	
Packaging materials used for finished products				
Total amount of packaging materials	16.27	14.00	12.80	Tonnes
Intensity of packaging materials (per floor area in square meters)	0.3	0.8	0.8	Kilograms/m^2
Intensity of packaging materials (calculated by production volume)	0.04	0.04	0.05	Kilograms/number of products

Note:

1. Environmental figures are calculated with reference to How to prepare an ESG Report - Appendix 2: Reporting Guidance on Environmental KPIs published by the Stock Exchange.

SOCIAL PERFORMANCE INDICATORS

		2023		2022	
		Number	%	Number	%
Number of employees					
Total number of employees		1,322	N/A	1,217	N/A
Gender	Male	711	53.8%	666	54.7%
	Female	611	46.2%	551	45.3%
Grade	Chief executives	2	0.2%	2	0.2%
	Senior executives	22	1.6%	23	1.9%
	Middle management	85	6.4%	83	6.8%
	General staff	1,213	91.8%	1,109	91.1%
Age	Under 30	490	37.1%	467	38.4%
	30-40	695	52.6%	637	52.3%
	41-50	120	9.1%	98	8.1%
	Over 50	17	1.2%	15	1.2%
Area	Shenzhen	957	72.4%	1,217	100.0%
	Dongguan	365	27.6%	0	0.0%
Employment type	Full-time	1,291	97.7%	1,200	98.6%
	Part-time	0	0.0%	0	0.0%
	Contract	5	0.4%	8	0.7%
	Temporary	0	0.0%	0	0.0%
	Apprentices and interns	26	1.9%	9	0.7%

		2023		2022	
		Number	%	Number	%
Employee turnover					
Total number of turnovers		227	17.2%	203	16.7%
Gender	Male	108	15.2%	109	16.4%
	Female	119	19.5%	94	17.1%
Grade	Chief executives	0	0.0%	0	0.0%
	Senior executives	0	0.0%	2	8.7%
	Middle management	9	10.6%	7	8.4%
	General staff	218	18.0%	194	17.5%
Age	Under 30	109	22.2%	106	22.7%
	30-40	105	15.1%	86	13.5%
	41-50	12	10.0%	9	9.2%
	Over 50	1	5.9%	2	13.3%
Area	Mainland China	227	100%	203	100%
New employee					
Total number of new employees		376	28.4%	565	46.4%
Gender	Male	179	25.2%	309	46.4%
	Female	197	32.2%	256	46.5%
Grade	Chief executives	0	0.0%	0	0.0%
	Senior executives	1	4.5%	1	4.3%
	Middle management	8	9.4%	7	8.4%
	General staff	367	30.3%	557	50.2%
Age	Under 30	241	49.2%	343	73.4%
	30-40	131	18.8%	207	32.5%
	41-50	4	3.3%	15	15.3%
	Over 50	0	0.0%	0	0.0%
Area	Mainland China	376	100%	565	100%

		2023		2022	
		Number	%	Number	%
Performance in development and training					
Total number of trained employees		1,322	100.0%	1,217	100.0%
Total training hours of employees		50,647.0	N/A	45,212.3	N/A
Average training hours per employee		38.3	N/A	37.2	N/A
Number of trained employees					
Gender	Male	711	100.0%	666	100.0%
	Female	611	100.0%	551	100.0%
Grade	Chief executives	2	100.0%	2	100.0%
	Senior executives	22	100.0%	23	100.0%
	Middle management	85	100.0%	83	100.0%
	General staff	1,213	100.0%	1,109	100.0%
Average training hours					
Gender	Male	38.2	N/A	36.8	N/A
	Female	38.5	N/A	37.6	N/A
Grade	Chief executives	131.0	N/A	3.0	N/A
	Senior executives	108.3	N/A	5.6	N/A
	Middle management	43.6	N/A	138.3	N/A
	General staff	36.5	N/A	30.3	N/A

Supply chain management performance	Number of suppliers	Materials/Services provided
Mainland China	147	Polymer materials, metal materials, tooling, production auxiliary materials and outsourcing, etc.
Others, such as the U.S., Germany, Singapore, Switzerland	22	Polymer tubing and metal raw materials, etc.

Occupational health and safety performance	Total		
	2023	2022	2021
Number of work-related fatalities	0	0	0
Percentage of work-related fatalities	0%	0%	0%
Number of work-related injuries	0	0	0
Number of working days lost due to work injury	0	0	0
Number of absent days	0	0	0

Performance in product responsibility	2023	2022	2021
Number of products subject to recalls for health and safety reasons	0	0	0
Percentage of products subject to recalls for health and safety reasons	0%	0%	0%
Number of products and service-related complaints received	124	116	62
Percentage of timely addressed of products and service-related complaints received	96.8%	97.8%	100%

Performance in anti-corruption	2023	2022	2021
Number of concluded cases regarding corrupt practice brought against LifeTech or its employees	0	0	0
Total anti-corruption training hours provided for directors (hours)	2	3	7
Average anti-corruption training hours provided for employees (hours)	0.4	0.1	1.0

REPORT CONTENT INDEX

A. Environmental

Subject Areas	Content	Chapter index and remarks
A1 Emissions		
General Disclosure	Information on: (a) the environmental policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Energy Efficiency and Carbon Emissions Management Gas Emissions Management Waste and Recycled Materials Management
A1.1	The types of emissions and respective emissions data.	Gas Emissions Management KPI Overview
A1.2	Direct (Scope 1) and energy indirect (Scope 2) GHG emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Energy Efficiency and Carbon Emissions Management KPI Overview
A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste and Recycled Materials Management KPI Overview
A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Waste and Recycled Materials Management KPI Overview
A1.5	Description of emissions target(s); and Steps taken to achieve them.	Energy Efficiency and Carbon Emissions Management
A1.6	Description of how hazardous and non-hazardous wastes are handled; Description of reduction target(s) set; and Steps taken to achieve them.	Energy Efficiency and Carbon Emissions Management Waste and Recycled Materials Management

Subject Areas	Content	Chapter index and remarks
A2 Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Energy Efficiency and Carbon Emissions Management
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).	KPI Overview
A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	KPI Overview
A2.3	Description of energy use efficiency target(s) and steps taken to achieve them.	Energy Efficiency and Carbon Emissions Management
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.	Water Resource Management
A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Management of Packaging Materials KPI Overview
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
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
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
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

B. Social

Subject Areas	Content	Chapter index and remarks
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.	Employee Benefits and Welfare Equal Opportunities
B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	KPI Overview
B1.2	Employee turnover rate by gender, age group and geographical region.	KPI Overview
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.	Health and Safety
B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	KPI Overview
B2.2	Lost days due to work injury.	KPI Overview
B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety
B3 Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Talent Management and Development
B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	KPI Overview
B3.2	The average training hours completed per employee by gender and employee category.	KPI Overview

Subject Areas	Content	Chapter index and remarks
B4 Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employee Benefits and Welfare
B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employee Benefits and Welfare
B4.2	Description of steps taken to eliminate such practices when discovered.	Employee Benefits and Welfare
B5 Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Procurement and Supply Chain Management
B5.1	Number of suppliers by geographical region.	Procurement and Supply Chain Management
B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Procurement and Supply Chain Management
B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Procurement and Supply Chain Management
B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Procurement and Supply Chain Management

Subject Areas	Content	Chapter index and remarks
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.	Product Quality and Safety Product Diversification and Innovation Customer Service Information Security Protection of Intellectual Property Rights Development of Products under its Own Brands
B6.1	Percentage of total products sold or shipped subject to recalls for health and safety reasons.	KPI Overview
B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service
B6.3	Description of practices relating to observing and protecting intellectual property rights.	Protection of Intellectual Property Rights
B6.4	Description of quality assurance process and recall procedures.	Product Quality and Safety Customer Service
B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Information Security

Subject Areas	Content	Chapter index and remarks
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 prevention of bribery, extortion, fraud and money laundering.	Corporate Governance, Anti-corruption and Anti-competition
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.	KPI Overview
B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance, Anti-corruption and Anti-competition
B7.3	Description of anti-corruption training provided to directors and staff.	Corporate Governance, Anti-corruption and Anti-competition
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.	Understanding the needs of the community and participating in community work
B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Understanding the needs of the community and participating in community work
B8.2	Resources contributed (e.g. money or time) to the focus area.	Understanding the needs of the community and participating in community work