



HitGen Inc.

# 2024 Sustainability Report



# CONTENTS

About This Report	01
Message from the Chairman and CEO	02
About HitGen	03

## Appendix

Appendix 1 ESG Performance	56
Appendix 2 Index to Guidelines of SSE	61
Appendix 3 Index to PSCI Principles	62

### Sustainable Corporate Governance

Corporate Governance	08
ESG Governance	10
Business Ethics	14
Internal Control and Risk Management	16



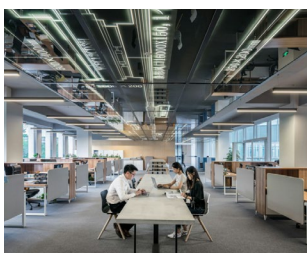
### Responsible Value Chain

Responsible Supply Chain	19
Innovation-Driven Development	24
Product Quality and Client Service	29
Data Security and Privacy Protection	32



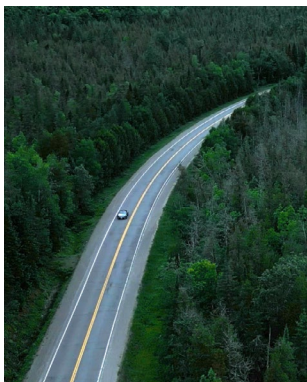
### Harmonious Internal and External Ecosystem

Employee Rights	35
Employee Well -being and Benefits	38
Diversity, Equity & Inclusion	41
Training and Development	42
Occupational Health and Safety	44
Community Engagement	46



### Eco-Conscious Environmental Management

Environmental Management	49
Climate Change	50
Waste Control	51
Enhancing Resource Utilization Efficiency	53



# About This Report

This Report is HitGen Inc.'s inaugural sustainability report, aiming to present the Company's philosophies and policies in environmental, social, and governance ("ESG") areas, as well as its 2024 sustainability practices and performance, systematically addressing stakeholders' concerns.

## Reporting Period

This Report covers the period from January 1, 2024 to December 31, 2024. To ensure continuity of information, some sections include appropriately referenced historical data.

## Reporting Scope

This Report covers HitGen Inc. and its subsidiaries. All information and data cited herein are consistent with HitGen's official documents, statistical reports, financial statements, as well as corporate social responsibility information that has been collected, compiled and verified by the Company.

## Appellation Note

For clarity and conciseness, HitGen Inc. is referred to as "HitGen", "we", or "the Company" throughout this report.

## Reporting Methodology

This Report has been prepared in accordance with the *Guidelines No. 14 of the Shanghai Stock Exchange for Self-regulation of Listed Companies - Sustainability Report (Trial)*, with reference to the *IFRS Sustainability Disclosure Standards* (IFRS S1 and IFRS S2) by the International Sustainability Standards Board, the *Corporate Sustainability Disclosure Standards - Basic Standards (Trial)* issued by Ministry of Finance of the People's Republic of China, the *PSCI Principles for Responsible Supply Chain Management* published by the Pharmaceutical Supply Chain Initiative (PSCI), and the requirements of the Global Reporting Initiative (GRI).

## Report Language

This Report is presented in Chinese and English. In case of discrepancies between the two versions, the Chinese version shall prevail.

## Access to the Report

This Report is published in Chinese and English, and release to stakeholders and the public in PDF format. The PDF version can be downloaded and accessed from the Company's official website.



# Message from the Chairman and CEO



Dr. Jin Li

Dear Readers,

It is my great pleasure to share with you HitGen's inaugural Sustainability Report. As an enterprise at the forefront of drug research, HitGen aspires to advance innovative drug discovery for the healthcare industry. We are committed to original innovation of drug discovery, continuously delivering new molecular entities to the industry, and contributing to improved human health. In 2024, while continuing to enhance our competitiveness in biopharmaceutical R&D services, we systematically integrated sustainability concepts throughout our operational processes, striving to achieve synergistic development in governance efficiency, low-carbon transmission, talent development, and community well-being.

**Building a Sustainable Corporate Governance Model.** HitGen adheres to ethical and compliant operations while continuously improving its governance framework to drive long-term, steady corporate development. In 2024, we revised and improved various corporate policies including the *Articles of Association*, *Related Party Transaction Management System*, and *Independent Director Work System* to strengthen compliance controls. We conducted multiple training sessions on business ethics, anti-corruption, and risk compliance to foster an ethical and prudent corporate culture that ensures steady business growth. Through stakeholder engagement surveys covering 8 distinct groups, we identified 20 material issues, gained in-depth understanding of stakeholder expectations, and established long-term, trust-based partnerships.

**Consolidating Innovation-Driven New Drugs Discovery and Enhancing Core Competitiveness in the Market.** HitGen maintains steadfast commitment to R&D innovation investment, regarding innovation capability as the cornerstone for sustainable, long-term corporate development. In 2024, we focused on the automation, digitalization, and intelligent upgrading of our technology platforms. We completed the infrastructure development for our DEL+AI+ Automated "Design-Make-Test-Analyze" (DMTA) lead optimization capability, while continuously exploring deeper "DEL+AI" integration. To date, we have secured 138 international and domestic invention patent grants and established four core technology platforms (DEL, FBDD/SBDD, OBT, TPD). While providing drug discovery

and optimization services for global pharmaceutical companies, we are also consistently advancing our proprietary drug development pipeline.

**Building a Harmonious and Progressive Ecosystem.** HitGen remains committed to a people-oriented approach, safeguarding employee rights and providing diversified career development pathways. Simultaneously, we actively leverage our business strengths to give back to society and enhance accessibility to innovative, high-quality medicines. In 2024, we organized corporate culture events including "Corporate Culture Day" and "HitGen Science Day" to energize our internal innovation ecosystem. We conducted 202 internal leisure club activities and 10 external engagement events to enrich employees' sparetime lives while strengthening their sense of identity with and belonging to the Company. We supported employee development through our comprehensive, tiered training system. In 2024, we continued leadership training programs including the "Lighthouse Program" and "Quenching Program", while conducting 5 onboarding sessions for new employees to facilitate their smoother integration into the Company. In social responsibility initiatives, we partnered with the Structural Genomics Consortium to advance open science, while maintaining our strategic collaboration with the Bill & Melinda Gates Foundation to promote equitable healthcare access – actively contributing to global health and well-being.

**Strengthening Environmental Management to Drive Green Development.** Guided by our "Eco-Friendly, Environmentally Responsible" philosophy, HitGen actively implements measures to minimize adverse environmental impacts throughout our R&D and operational processes. We have established a comprehensive management system to ensure strict environmental compliance through rigorous standards and governance. In 2024, we obtained ISO 9001 certification, received CNAS accreditation for our analytical testing platform, and maintained a clean environmental record with zero administrative penalties. We are committed to green operations by implementing multiple measures to improve resource efficiency and actively address climate change, while rigorously applying green construction principles throughout the development of our Global Pharmaceutical R&D and Production Base (Phase I) project to substantially reduce resource waste.

Guided by our value-creation-driven sustainability vision, we firmly believe our fundamental mission is to create value for society, value for development, and value for the future – thereby propelling technological innovation and business expansion. On this journey, we will persistently leverage market needs as our compass and technological breakthroughs as our engine, continuously optimizing our innovative drug R&D service system to build an ecosystem of positive reciprocity where patients benefit, the industry advances, employees grow, and all stakeholders achieve shared success.



# About HitGen

## Company Overview

HitGen Inc. (SSE: 688222.SH), is a drug discovery research company headquartered in Chengdu, China, with subsidiaries in Cambridge, UK and Houston, USA. HitGen has established leading technology platforms to enable the discovery and optimization of small molecules and nucleic acid-based drugs. Our key technology platforms include world-leading DNA-encoded library technology (DEL), fragment-based drug discovery and structure-based drug design technologies (FBDD/SBDD), as well as the emerging technology platforms for oligonucleotide-based therapeutics (OBT), and targeted protein degradation technology (TPD). Meanwhile, we are developing a DEL+AI+ Automated DMTA (Design-Make-Test-Analyze) lead optimization platform to accelerate the discovery and optimization process of preclinical candidate compounds. Through our diverse and flexible business models, we have built up collaboration partnerships with several hundred biopharmaceutical research organizations worldwide. HitGen has multiple programmes from early discovery to clinical trial stage.

## History

**2018**

「DNA Encoded Library Size  
300 Billion」

HitGen's novel small molecule HG146 received approval by National Medical Products Administration (NMPA) to begin Phase I clinical trials.

**2016**

「DNA Encoded Library Size  
8 Billion」

HitGen established the subsidiary in Houston, USA.

**2012**

Establishment of HitGen, headquartered in Chengdu, China

**2020**

「DNA Encoded Library Size  
> 1 Trillion」

HitGen's New Generation of NTRK/ROS1 Inhibitor HG030 received approval by NMPA for clinical trials.

HitGen received approval to be listed on the Shanghai Stock Exchange.

HitGen completed acquisition of UK's Vernalis (R&D) Limited

HitGen achieved first self-developed drug transfer (HG030)

**2021**

「DNA Encoded Library Size  
> 1 Trillion」

HitGen co-published *White Paper: DNA Encoded Library Platform Empowering Drug Discovery* with Fierce Biotech.

NMPA approved clinical trial application for injectable HG381.

**2024**

「DNA Encoded Library Size  
> 1.2 Trillion」

Rongchuang HitGen M&A Fund was officially established.

Multiple global pharma companies joined hands with HitGen to establish the world's first DEL Consortium.

**2023**

「DNA Encoded Library Size  
> 1.2 Trillion」

Hitston, HitGen's holding subsidiary, was officially put into production.

**2022**

「DNA Encoded Library Size  
> 1.2 Trillion」

The IND application of innovative anti-tumor drug HG030 was approved by FDA.

## Technology Platforms & Business Model

### DNA Encoded Library Technology (DEL)



HitGen is a global leader in DNA-encoded library technology. The Company possesses the world's largest known DNA-encoded small molecule compound library, with over 1.2 trillion molecular entities.

- **DEL For:** Precision alignment between DEL capabilities and industry needs. Addressing key pain points across the drug discovery pipeline
- **DEL Design & Synthesis:** Pioneering the future of drug discovery with cutting-edge DEL technology – we build world-class molecular libraries through innovative approaches. Our digital-powered DEL ecosystem connects all elements of the discovery process accelerating breakthroughs in biopharmaceutical innovation.
- **DEL Screening (also known as DEL selection)** is an affinity selection process. DEL screening can easily access trillions of physically existing compounds, saving in protein/target consumption, short duration in hit identification and validation and be more cost effective.
- **OpenDEL™:** OpenDEL™ is an open-access small molecule screening platform that enables fully autonomous DEL exploration. With complete data transparency and open architecture, we empower researchers to validate every innovative idea, starting your journey to access the vast DEL space.

### Fragment-Based Drug Discovery and Structure-Based Drug Design Technologies (FBDD/SBDD)



Vernalis integrates fragment-based approaches, protein science, structural biology, biophysics, assay technology and molecular modelling with extensive organic synthesis and medicinal chemistry expertise to enable drug discovery on both established and novel targets. This requires a deep understanding of the techniques involved and a cautious interpretation of data; an approach grounded on two decades of developing and applying fragment-based lead discovery to challenging targets.

We have pioneered the use of off-rate screening (ORS) to kinetically sample hit-to-lead chemical space, combining our expertise in cheminformatics, compound library synthesis and use of surface plasmon resonance (SPR), to enable screening of unpurified reaction products. This has been applied to the rapid generation of lead compounds from fragment hits without purification of compound libraries or the use of protein structure (Murray, J. B. et al., J. Med. Chem. 2014).

By combining structural, thermodynamic and kinetic information from the wide range of ligand hits, we are able to design novel potent drug-like molecules. Our successes include generation of lead compounds that inhibit protein-protein interactions, ATPases and kinases, leading to clinical candidates for Mcl-1, Bcl-2, Hsp90 and Chk1. Published examples of our novel technologies and approach include use of our ORS technology in the identification of novel inhibitors of PDHK, and using our expertise in protein engineering, expression and crystallography to generate Chk1-derived surrogates of LRRK2.





### Oligonucleotide-Based Therapeutics Platform (OBT)



HitGen offers comprehensive solutions for the development of oligonucleotide therapeutics, covering the entire process from research and development to production: spanning sequence design, nucleoside monomer synthesis, nucleic acid sequence synthesis, in vitro/in vivo biological evaluation, process development, and GMP production. Simultaneously, leveraging our DEL technology platform, HitGen develops ligand-based nucleic acid delivery molecules, offering integrated services spanning from target identification to clinical application submission.

### Core Technologies and R&D Capabilities of Drug Optimization Platform



Building upon our drug discovery platform powered by four core technologies, the Company has established an integrated drug optimization system spanning from target genes to IND (Investigational New Drug) application. This system enables de novo molecular discovery and subsequent development across diverse biological mechanisms and target classes, advancing candidates through preclinical stages to clinical trials.

### Targeted Protein Degradation Technology (TPD)



HitGen's Targeted Protein Degradation Platform integrates DEL, PROTAC synthesis technologies, and biological validation to address historically undruggable targets. Covering the entire workflow from target identification to in vivo efficacy evaluation, we leverage DEL technology to enhance PROTAC molecule discovery efficiency. Modular technology synergies form systematic solutions, providing efficient technical support for innovative drug development.

### Drug Pipeline



HitGen focuses on novel drug development in oncology and inflammation/immunology, and has established multiple small-molecule drug pipelines. Some projects have been out-licensed, with over 20 in-house drug discovery programs currently in progress, predominantly targeting challenging biological targets.



## Corporate Honors



HitGen was honored as one of "2024 Top 100 Brands of Chinese Life Science Service Enterprises" by Healthcare Executive



HitGen was honored as one of "2024 Top 100 Chinese Pharmaceutical Innovative Enterprises"

## Core ESG Performance

Dimension	Metric	2024	Unit
Economic value	Revenue	4.27	RMB 100 million
	Total GHG emissions (Scope 1 & 2)	3,741.84	Tonne of standard coal(tce)
	GHG emission intensity (Scope 1 & 2)	0.0876	tce/ Revenue of RMB 10,000
Environmental	Number of employees	483	Number
	Percentage of employees trained	100	%
	Training sessions conducted	175	Times
Social	Number of corruption-related litigations filed/ concluded	0	Number
	Fines for unfair competition practices	0	RMB 10,000
	R&D expenses	6,732.81	RMB 10,000
Governance	Percentage of R&D expenses in revenue	15.77	%
	Total R&D personnel	406	Number
	Percentage of R&D personnel in total employees	84.06	%



A person wearing a red and blue plaid shirt is gesturing with their hands while sitting at a desk. In the background, a laptop displays a dashboard with various charts and graphs. The scene is set in a professional office environment.

# 01 Sustainable Corporate Governance

A robust governance framework and capabilities form the solid foundation for sustainable corporate development. HitGen continuously enhances its governance structure to ensure transparent and scientific decision-making. Adhering to compliance and ethical standards as the baseline, we operate with integrity to establish industry benchmarks. We are committed to building a comprehensive risk management system, driving long-term and stable corporate growth, and creating sustainable value for all stakeholders.



# Corporate Governance

HitGen, focused on innovative drug R&D services, upholds shareholder interest protection and high-quality corporate development as its core governance principles. By optimizing resource allocation and enhancing capital efficiency, the Company has established a governance system characterized by clear accountability, scientificity and transparency. The Company continuously strengthens the standardization of its internal governance structure. Through a multi-tier decision-making system encompassing the General Meeting of Shareholders, the Board of Directors and its specialized committees, the Board of Supervisors, and management meetings, it implements hierarchical management for major matters to ensure rigorous and compliant decision-making processes. Meanwhile, in response to market dynamics and external environmental changes, the Company proactively optimizes its decision-making framework. By deeply integrating the technical expertise of innovative drug R&D services with market demands, it enhances the scientific validity and rationality of its decisions. Furthermore, the Company has proactively responded to the Shanghai Stock Exchange's initiatives by formulating and implementing annual Action Plans for Enhancing Quality, Increasing Efficiency and Emphasizing Returns for two consecutive years. Through concrete measures including business structure optimization, service quality improvement, and strengthened investor returns, it has effectively translated governance principles into endogenous drivers for sustainable corporate development.

## Operation of the Board

The Company has established a corporate governance structure comprising the Board of Directors, Board of Supervisors, and senior management in compliance with relevant laws and regulations including the *Company Law of the People's Republic of China* and the *Securities Law of the People's Republic of China*. The Board of Directors consists of 9 members with extensive professional backgrounds spanning biopharmaceuticals, investment, accounting, and legal fields. Nearly half of the directors hold doctoral degrees. The Board has established four specialized committees: the Strategy Committee, Audit Committee, Nomination Committee, and Remuneration and Appraisal Committee. The Company employs a multi-tier governance structure - including the General Meeting of Shareholders, the Board of Directors and its specialized committees, the Board of Supervisors, and management meetings - to implement hierarchical decision-making for major matters, ensuring effective corporate governance and value creation for investors.

To enhance compliance standards, the Company proactively organizes regulatory training on securities laws and regulations for Board members and regularly publishes the *Monthly Bulletin for Directors, Supervisors and Senior Management* to share updates on corporate developments, market trends, regulatory policies, and case studies with key personnel.





## ► Governance Frameworks & Priority Initiatives

### Articles of Association & Governance Policies

In addition to the *Articles of Association*, the Company has established governance policies including the Procedural Rules for Shareholders' General Meetings and Procedural Rules for Meetings of the Board to enhance its governance framework and improve decision-making transparency and scientificity. Furthermore, the Company has implemented specialized regulatory policies such as the *External Guarantee Management Policy*, *External Investment Management Policy*, *Related-Party Transaction Policy*, and *Regulations on Fund Transactions with Related Parties* to standardize major and sensitive transactions or fund flows.

### Information Disclosure

The Company has established a series of policies including the *Information Disclosure Management Policy*, *Material Information Internal Reporting Policy*, *Annual Report Disclosure Error Accountability Policy*, *Insider Information Management Standards*, and *Disclosure Deferral and Exemption Policy*, strictly adhering to the principles of truthfulness, accuracy, completeness, timeliness, and fairness to promptly communicate corporate updates to investors through multiple channels such as periodic reports, extraordinary announcements, the official website, and Official WeChat Account. In investor relations management, the Company has established a multi-dimensional communication system: an Investor Relations section on its official website with a dedicated email (investors@hitgen.com), overseen by the Board Secretary, with designated personnel handling investor calls, continuously enhancing investors' understanding and trust in the Company and strengthening long-term development confidence. In 2024, the Company disclosed a total of 39 announcements, 4 periodic reports, and 12 investor relations activity records, while responding to 17 investor inquiries through the SSE E-Interaction platform.



Number of directors

9

Number of female directors

1

Number of independent directors

3

Number of non-independent directors

6

Number of female executives<sup>1</sup>

2



Number of meetings of the Board

4 times

Number of General Meetings of Shareholders held

4 times



Dr. Jin Li, Chairman and CEO of HitGen, was honored as the "2024 Pioneer" at the 16<sup>th</sup> China Healthcare Summit of Entrepreneurs, Scientists, and Investors (CHSESI).

<sup>1</sup> Executives in the report include legal executives and department heads.

# ESG Governance

The Company has established an ESG Steering Group and plans to implement a three-tier governance structure in 2025, comprising the Board of Directors, the Strategy and Sustainability Committee (proposed), and the ESG Steering Group. ESG initiatives are overseen by the Board of Directors, with the Board Secretary and ESG Principal regularly reporting to the Board and the Strategy and Sustainability Committee (proposed) through processes such as ESG report reviews and ESG strategic plan presentations.



01

## The Board

The Board of Directors(the Board) is responsible for the top-level design of the Company's ESG initiatives, monitoring and evaluating ESG goal attainment, ensuring ESG integration into overall development strategies, and creating sustained value for shareholders and stakeholders.

02

## Strategy and Sustainability Committee

(to be established in 2025, currently the Strategy Committee)

Upon its establishment, the Company's Strategy and Sustainability Committee (proposed) will be responsible for developing corporate ESG strategies, promoting and overseeing ESG initiatives - including but not limited to materiality identification, ESG initiatives implementation and guidance, and cross-departmental coordination - and reporting related progress to the Board.

03








## ESG Steering Group

The Company has established an ESG Steering Group, led by CEO and composed of department heads and ESG specialists, which is responsible for the specific implementation of ESG initiatives, collection and analysis of ESG data, stakeholder communication, and preparation of the annual ESG report.



## Stakeholder Communication

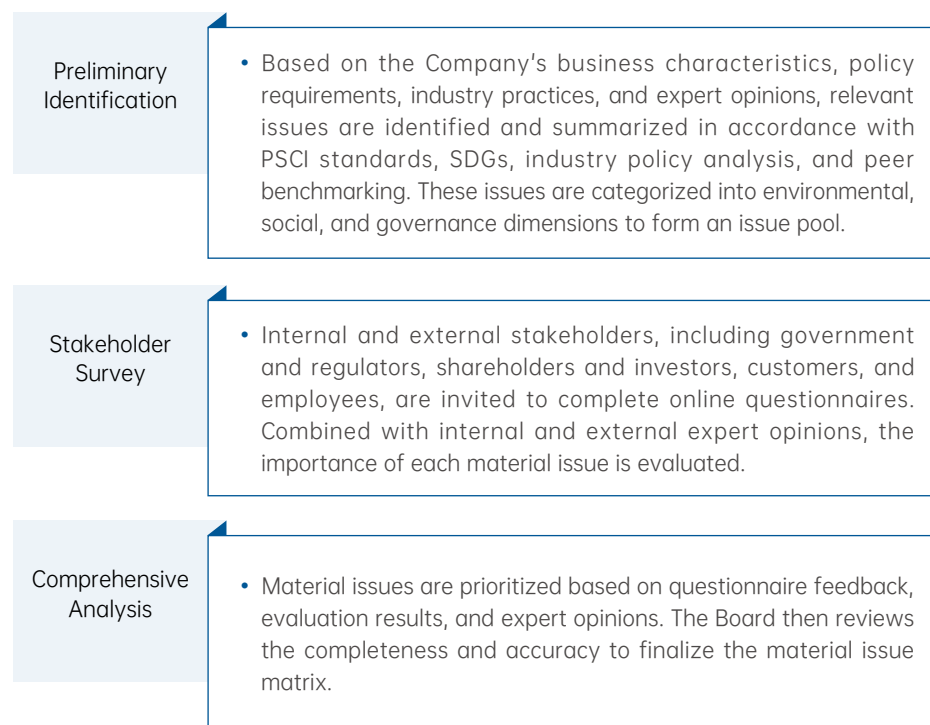
HitGen has established regular stakeholder communication channels to accurately identify their needs, expectations, and core concerns. Through two-way interaction, we promptly address key focus areas, maintain in-depth dialogue and value alignment, continuously strengthen the long-term mechanism for stakeholder relationship management, and are committed to building mutually trusted long-term partnerships with all stakeholders.

Stakeholder Identification	 Government and regulatory authorities	 Clients (Pharma/ research institutions/ hospitals)	 Shareholders and investors	 Employees (R&D/technical/ management)	 Suppliers (reagents/ equipment/services)	 Community and the public	 Natural environment (R&D context)
Main Stakeholders	NMPA, local drug administrations, environmental bureaus, science & technology departments, market supervision bureaus, customs, etc.	Domestic/foreign pharmaceutical companies, universities/research institutes, medical institutions, CROs/ CDMOs	Biopharma investors, industry funds, strategic investors	Medicinal chemistry/ biology researchers, DEL engineers, quality control specialists, IP/ project managers	Biological reagent suppliers, high-end lab equipment manufacturers, IP service providers, environmental service providers	Local residents, biopharma education organizations, media (industry coverage), environmental NGOs	Corporate R&D park ecosystem
Communication Channels and Mechanisms	Policy briefings, regulatory inspection feedback, research project applications; Drug R&D compliance filings, environmental standard implementation, and science policy coordination	Technical seminars, project meetings, customer satisfaction surveys; Online platforms	Annual general meetings of shareholders, R&D progress disclosures, roadshows, investor surveys	R&D technology forums, employee training, online communication platforms; Career development planning, innovation incentives	Supplier evaluations, technical meetings, regular supply agreement discussions; Environmental standard coordination	Community open days, online science columns, environmental meetings; Media interviews	Environmental monitoring reports, public R&D environmental optimization proposals
Major Issues of Concern	Environmental management, occupational health & safety, product safety & quality, data security & privacy protection, business ethics & compliance, intellectual property protection, risk management, corporate governance	R&D & innovation, product safety & quality, data security & privacy, supply chain management, business ethics & compliance, intellectual property protection, risk management	R&D & innovation, talent attraction & retention, corporate governance, risk management, business ethics & compliance, product safety & quality, supply chain management, intellectual property protection	Occupational health & safety, employee training & development, talent attraction & retention, R&D & innovation, social contribution, scientific and technological ethics, diversity & inclusion	Supply chain management, business ethics & compliance, product safety & quality, intellectual property protection, risk management	Environmental management, occupational health & safety, social contribution, product safety & quality, data security & privacy protection, diversity & inclusion, scientific and technological ethics	Waste management, water resource utilization, energy utilization, environmental management, climate change response

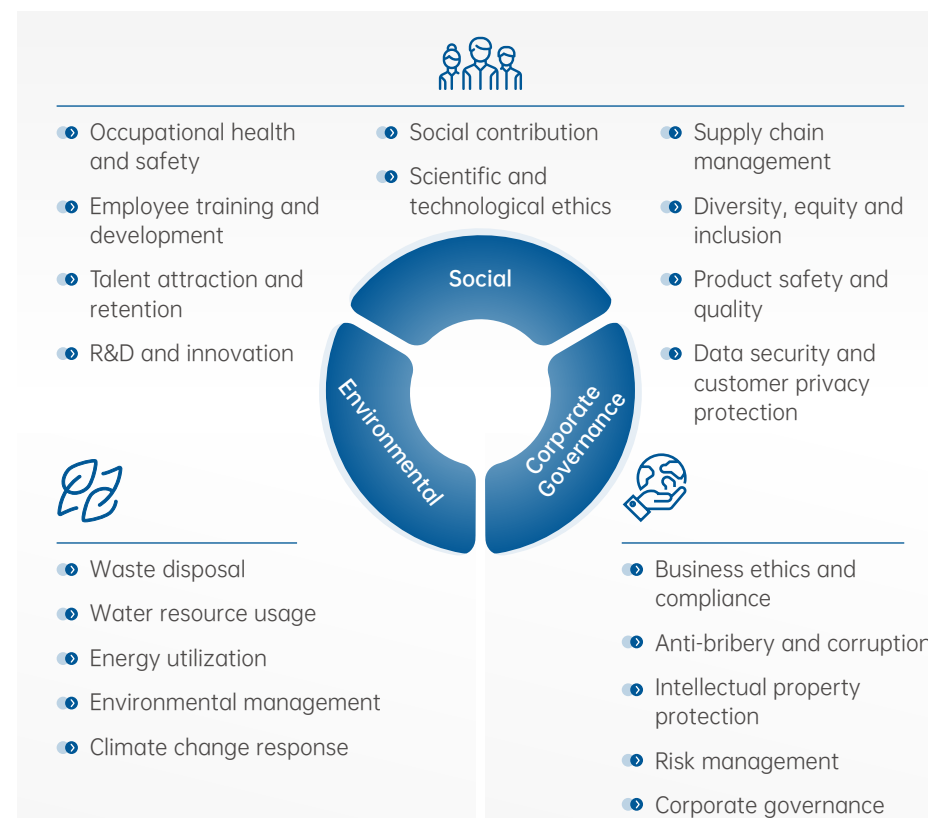
## Material Issues

In accordance with the *Guidelines No. 14 of the Shanghai Stock Exchange for Self-regulation of Listed Companies - Sustainability Report (Trial)* and the *Pharmaceutical Supply Chain Initiative (PSCI)*, we established an issue pool and conducted materiality assessments. The annual review results were approved by management and submitted to the Board of Directors for deliberation. Through comprehensive industry benchmarking and expert consultations, we have identified HitGen's material ESG issues, which now serve as the focal points for corporate management and reporting disclosures.

### Identification Process

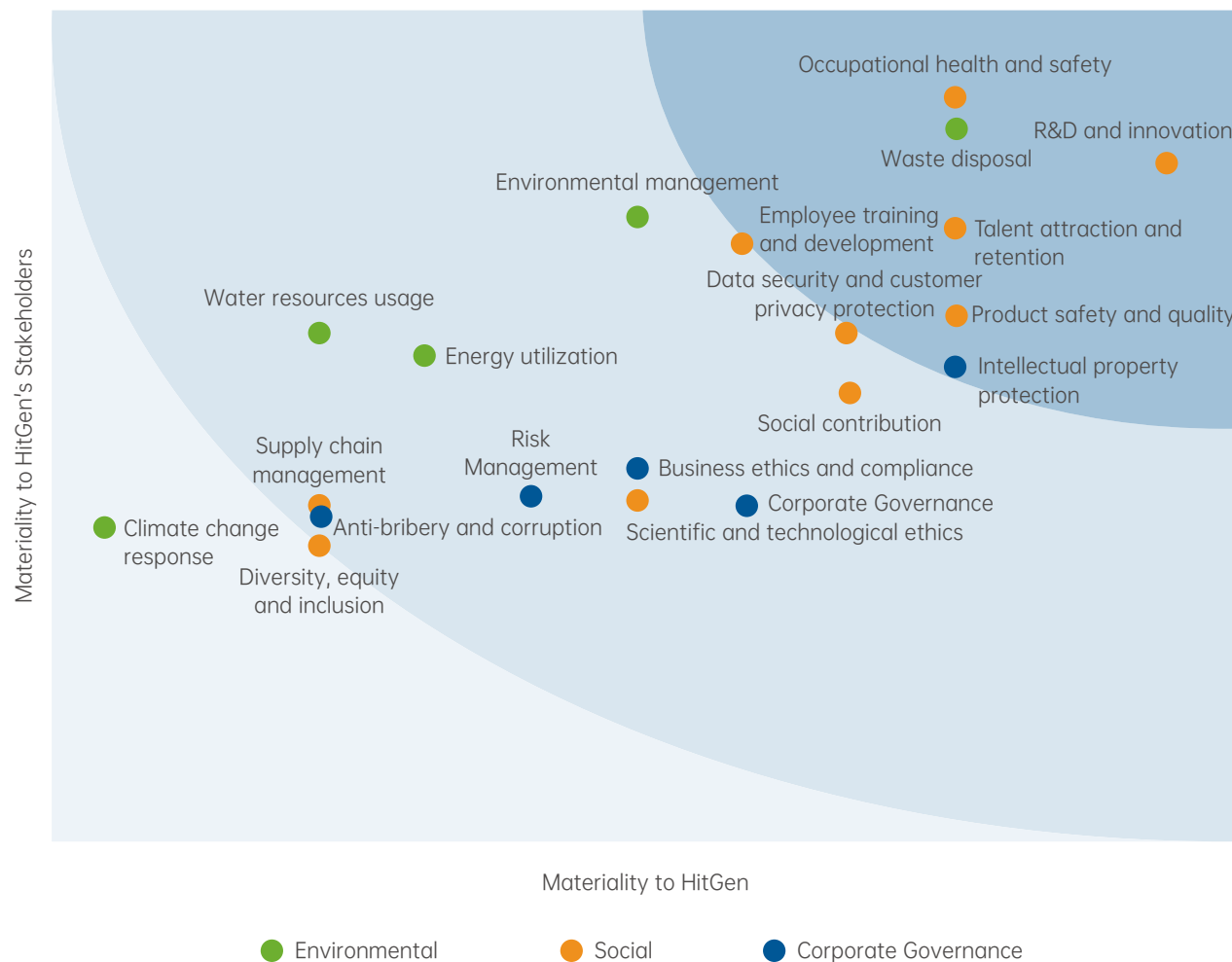


Through benchmarking international standards, industry policies, and peer practices against corporate strategy, combined with survey feedback from 8 stakeholder groups (including government regulators, clients, and employees, etc.), we identified and prioritized 20 key material issues such as R&D and innovation, scientific and technological ethics. This process established a material issues pool tailored to HitGen's biopharmaceutical R&D characteristics, ensuring alignment with our technology platform features, compliance requirements, and stakeholder concerns.





## Material Issues Matrix



### High materiality

Occupational health and safety, waste disposal, R&D and innovation, talent attraction and retention, product safety and quality, intellectual property protection

### Medium materiality

Environmental management, employee training and development, data security and customer privacy protection, social contribution, water resource usage, energy utilization, risk management, business ethics and compliance, scientific and technological ethics, supply chain management, anti-bribery and corruption, corporate governance, diversity, equity and inclusion

### General materiality

Climate change response

# Business Ethics

HitGen consistently upholds responsible business ethics, ensuring all operations comply with ethical standards and regulatory requirements. Through fair competition mechanisms and transparent supply chain practices, we strengthen our compliance foundation and create value across the value chain.

## Anti-bribery and corruption

The Company adheres to anti-corruption principles, prohibiting commercial bribery, conflicts of interest, and other misconduct. We are committed to ensuring all employees implement these principles in daily operations through policy enforcement. In 2024, all three independent directors completed the "Key Anti-Fraud Responsibilities and Recommendations for Independent Directors of Listed Companies" training program organized by the Shanghai Stock Exchange. We continuously strengthen anti-corruption management and foster an integrity culture through the following measures.

### 01

#### Procurement Management System

To further standardize procurement processes, the Company has implemented a professional OA procurement management system. This digital solution enables supplier screening, evaluation, and review, monitors and documents procurement procedures, prevents improper transactions due to subjective factors, enhances procurement transparency, and ensures all operations are fully traceable.

### 02

#### Internal Auditing and Monitoring

The Company has established a dedicated internal audit department to conduct regular reviews and unannounced inspections of internal operations and procurement processes, promptly identifying and correcting potential issues to ensure compliance and transparency in company operations and procurement activities.

### 03

#### Whistleblowing Mechanism

To encourage active participation in anti-corruption efforts from employees and suppliers, the Company has published contact email and phone number on its official website for reporting any suspicious corrupt activities. We simultaneously commit to protecting whistleblowers' legitimate rights and interests, and ensuring no retaliation or discrimination of any form against reporters.

### 04

#### Data Analysis and AI Applications

The Company actively embraces the era of AI and big data, employing technical tools to conduct comprehensive analysis of procurement data, identify abnormal transactions and price fluctuations, promptly detect potential improper transactions, and take measures to intervene.

### 05

#### Strengthening Business Ethics Management for Partners

The Company establishes ethical standards with partners, clarifying the legal requirements and ethical principles both parties must adhere to in business activities. This ensures the entire collaboration process complies with fair competition principles and compliance management standards, jointly fostering a healthy and transparent business environment.



### Case ||| Signing Integrity Commitment Letters with Partners

HitGen places great importance on its partnerships with partners. In 2024, the Company signed integrity commitment letters with certain suppliers to ensure both parties adhere to the highest ethical standards and compliance requirements in business activities. This aims to clarify mutual responsibilities and obligations regarding anti-corruption, anti-bribery, and fair competition.



Number of corruption-related litigations filed/concluded

0

## Fair Competition

HitGen consistently upholds the principle of fair competition. Through clear contractual terms, the Company is committed to avoiding any form of unfair competition in business activities.

We incorporate anti-unfair competition clauses into business contracts with partners to ensure fairness in commercial activities.

We strictly monitor related-party transactions, regularly update the list of related parties, and have integrated an automatic related-party identification function into the online contract approval process to strengthen oversight of such transactions.

### Case ||| Preventing Anti-unfair Competitive Practices Through the *Anti-unfair Competition Commitment Letter*

When evaluating new business ventures or partners, HitGen employs standardized assessment checklists and tools, incorporating multi-departmental reviews from legal, risk control, and business teams to ensure compliance and fairness in collaborations. For example, during an engagement with a potential partner, the Company identified undisclosed related-party transactions and questionable market strategies. Through due diligence and on-site audits, the partner was ultimately classified as a medium-risk partner and required to sign an *Anti-unfair Competition Commitment Letter*.



Amount in controversy for unfair competition practices

0 RMB 10,000

# Internal Control and Risk Management

HitGen regards internal control and compliance as the lifeline for safeguarding public health and the industry ecosystem. The Company has established comprehensive risk control measures to strengthen governance foundations, ensuring R&D safety, data reliability, and operational transparency. Additionally, it integrates risk management into corporate operations through institutionalized accountability mechanisms.

## Internal Control Management

The Company has established institutional foundations by formulating documents such as the *Articles of Association of HitGen Inc.* and the *Internal Audit System*, which define compliance review and risk response procedures to ensure business activities comply with laws and regulations. Through regular compliance training, risk assessments, and internal audits, the Company enhances employees' compliance awareness, optimizes business processes, and ensures the effective implementation of internal control measures.

### Case ||| HitGen Actively Conducts Risk & Compliance Training

In 2024, the Company organized two legal training sessions. Given the potential direct impact of certain U.S. regulations on HitGen's overseas business, these sessions focused on analyzing business risks and developing mitigation measures. HitGen proactively conducts compliance training to assess risks and formulate avoidance strategies.

## Risk Management

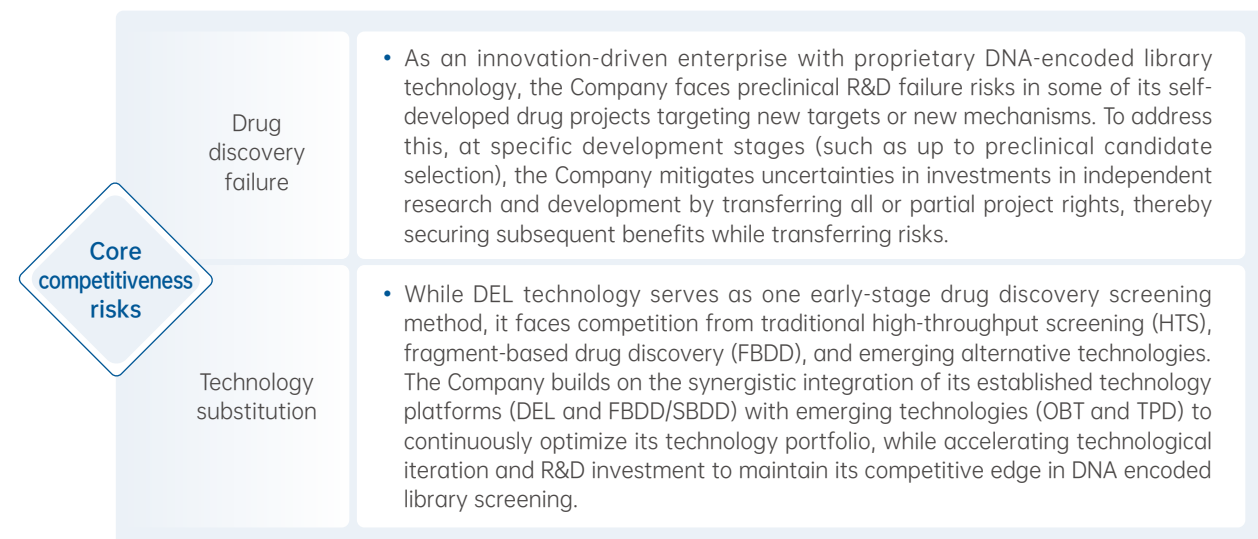
Focusing on potential risks in drug discovery, HitGen has established a systematic management framework covering technical, operational, financial and compliance aspects. Through institutional development, process control and dynamic response mechanisms, the Company ensures business stability aligns with sustainable development goals.

### ◆ Key Risk Management Measures

The Company conducts regular compliance training to strengthen employees' risk awareness and foster a risk management culture with company-wide participation. It implements qualification reviews and dynamic evaluations for suppliers to ensure compliant and reliable supply chains, while conducting risk assessments for cell and animal laboratories to control hazards and guarantee experimental safety. A public opinion management and risk incident response plan has been established, clarifying emergency handling procedures and responsibility allocation to ensure rapid response and minimize risk impact.

### ◆ Core Risk Identification and Management Mechanism

Based on business characteristics, the Company focuses on the following key risks and has established corresponding control measures:







### Operational risks

Key talent loss and technology leakage

- The Company enhances the stability of its core team by improving talent development programs, implementing equity incentive mechanisms, and providing international research environments, while establishing strict confidentiality agreements and non-compete policies with a tiered management system for technical documentation to prevent technology leakage risks.

Management integration risks

- The Company addresses regional synergy challenges following its acquisition of UK-based Vernalis by aligning management systems and fostering cultural integration, leveraging the industrial collaboration of both parties in products, technologies and markets. To manage post-IPO organizational expansion, it enhances management capabilities in talent development, financial operations and capital deployment through optimized corporate governance structures and strengthened executive training programs.

### Financial risks

Exchange rate and accounts receivable risks

- Given its substantial overseas revenue exposure, the Company actively monitors exchange rate fluctuations between RMB and settlement currencies (USD/GBP). It mitigates foreign exchange losses and collection risks through prudent customer credit evaluations and appropriate bad debt provisions.

Tax policy and fair value fluctuation risks

- The Company continuously monitors changes in national tax incentive policies and conducts dynamic evaluations of financial assets measured at fair value (including equity investments and private fund interests) to mitigate the impact of market volatility on financial performance.

Risks of market competition

- Amid increasing DEL technology adoption by domestic and international competitors, the Company establishes technological barriers through its ultra-large compound library (featuring 6,000 scaffolds) and high-efficiency screening capabilities. By deepening collaborations with global pharmaceutical companies and research institutions, it continues to expand market share.

Overseas compliance & geopolitical risks

- The Company strictly complies with all applicable laws and regulations in its operating jurisdictions. In response to regulations like the *Biosecure Act*, we have clearly disclosed our business scope (focusing exclusively on small molecule and nucleic acid drug discovery, with no involvement in human genomic sequence analysis) to ensure compliant operations. Concurrently, we monitor international developments and maintain contingency plans to mitigate geopolitical impacts on overseas business.



# 02 Responsible Value Chain

HitGen advances sustainable development across its entire value chain from supply, operations to client engagement by establishing sustainable supply chain system, industry-academia-research collaborative innovation networks, full-cycle quality control mechanisms, and robust data security safeguards, for the purpose of continuously building a resilient and responsible value ecosystem to fulfill its long-term commitment to human health.



# Responsible Supply Chain

The Company upholds compliance, sustainability, and innovation principles by establishing *Procurement Policies and Approval Procedures* to standardize supply chain management processes, implementing strict qualification mechanisms, regular evaluations, on-site audits, risk response measures, and digital management systems to ensure supply chain stability and transparency.

Category	Content	Description
Supplier selection and evaluation	1. Market research: Conduct at least semi-annually to collect potential supplier data and assess market supply conditions and price trends.	Ensure timeliness and comprehensiveness of market information to support supplier selection.
	2. Quotation & price comparison: Obtain and compare quotes from at least three new suppliers, and document offered prices, product specifications, and delivery timelines.	Ensure selection of best-value suppliers and avoid single-source risks.
Supplier qualification review & records management	1. Qualification review: New suppliers must complete the <i>Supplier Audit Form</i> and submit supporting documents including business licenses, production permits, and authorized agency certificates.	Ensure suppliers' legal compliance and qualification conformity.
	2. Legal qualification documents of the metrological verification/calibration institution for testing instruments and equipment: including the scope of metrological capabilities and proof of traceability to national measurement standards.	Ensure the metrological accuracy and legal compliance of testing equipment.
	3. Archive management: Establish a supplier archive management system to document suppliers' basic information, qualification documents, evaluation results, and cooperation history.	Ensure the completeness and traceability of supplier information for subsequent management.

## Supply Chain Management System

The Company implements comprehensive end-to-end management covering supplier selection, qualification review, records management, as well as the signing and execution of cooperation agreements.

Category	Content	Description
Special supplier management	1. Trusted suppliers: For suppliers rated with higher credibility, the audit process may be appropriately simplified while maintaining basic qualification reviews.	Enhance audit efficiency while ensuring compliance.
	2. Long-term cooperative suppliers: Conduct periodic in-depth evaluations, including on-site inspections and quality management system audits.	Ensure long-term cooperative suppliers continuously meet quality and service requirements.
Qualified supplier list management	1. List maintenance: Regularly update the qualified supplier list by including qualified suppliers and promptly removing disqualified ones.	Ensure dynamic updating and accuracy of the supplier list.
	2. Dynamic adjustment: The qualified supplier list is dynamically adjusted based on supplier performance and market changes, increasing collaboration opportunities with high-performing suppliers while rectifying or terminating underperforming ones.	Enhance supply chain stability and flexibility.
Supplier cooperation agreement	1. Agreement signing: Execute long-term supply cooperation agreements with selected suppliers, explicitly defining the rights and obligations of both parties, quality standards, delivery schedules, and liabilities for breach of contract.	Ensure clear delineation of both parties' rights and responsibilities, thereby mitigating cooperation risks.
	2. Agreement implementation: Conduct regular inspections of agreement compliance and take prompt corrective actions for any violations.	Ensure suppliers fulfill contractual obligations and safeguard the Company's legitimate rights and interests.

## Supply Chain Management

HitGen has established a comprehensive supply chain management mechanism to ensure transparent and compliant supplier selection. The Company regularly maintains a qualified supplier list, makes dynamic adjustments based on supplier performance and market changes, and conducts in-depth evaluations of long-term cooperative suppliers through on-site inspections and quality management system audits.

### Supplier Admission Mechanism

The Company implements stringent qualification standards for suppliers, including qualification reviews, market research, and probationary evaluations:

Qualification reviews	New suppliers must submit supporting documents including business licenses, production permits, and authorized agency certificates, and complete the <i>Supplier Audit Form</i> .
Market research	The Procurement Department conducts regular market research to evaluate suppliers' market position, production capacity, and service quality.
Probationary evaluations	New suppliers undergo a 3-month probation period assessing product quality, on-time delivery rate, and after-sales service.

### Supplier Elimination Mechanism

For underperforming suppliers, the Company implements strict elimination measures:



Failed evaluations

Suppliers failing two consecutive evaluations will be eliminated.

Elimination process

Suppliers receive 30-day advance notice to negotiate transitional arrangements, ensuring seamless supply chain continuity.

HitGen's on-site assessments of critical suppliers comprehensively evaluate the production site, quality control, and safety management, conducted at minimum annually.

#### Case ||| On-Site Assessment of Hazardous Waste Disposal Supplier (Gongxian Huajie) by HitGen

In 2024, HitGen conducted an on-site inspection of Gongxian Huajie Hazardous Waste Treatment Co., Ltd., which included a facility tour focusing on waste liquid storage facilities, fire emergency equipment, and zoned management of hazardous waste; in-depth review of the treatment processes covering waste liquid storage, pre-sintering solid-liquid mixing, incinerator feeding, heat utilization, exhaust treatment, and residue landfilling, with emphasis on environmental compliance and technical safety; and a discussion meeting to reinforce the importance of safe, compliant, and environmentally sound waste disposal, address past cooperation issues, and analyze the hazardous waste treatment market. This comprehensive assessment enhanced supply chain compliance management.



Supplier Evaluation Management

The Company conducts annual comprehensive evaluations of suppliers, assessing quality metrics, delivery metrics, pricing metrics, and cooperation metrics. For key suppliers, regular on-site inspections are performed, focusing on production facilities, quality control, and safety management.

Evaluation Coverage

The Company includes all active suppliers in its evaluation scope, ensuring comprehensive assessment coverage of all business partners.

Evaluation Method

Evaluation Type	Frequency	Trigger Conditions
Regular evaluation	Annually	Annual supply chain compliance review
Ad hoc evaluation	As needed	Special project requirements or supplier performance abnormalities

Evaluation Metrics

Category	Specific Assessment Items
Quality metrics	Product qualification rate, defect rate
Delivery metrics	On-time delivery rate, order fulfillment rate
Pricing metrics	Price reasonableness, cost control capability
Cooperation metrics	Communication efficiency, issue resolution capability

Evaluation Results & Application

Tiered management

- **Excellent suppliers (scoring 80 points or above):** Priority order allocation, contract term extensions, and inclusion in the list of strategic partners;
- **Unqualified suppliers (scoring below 60 points):** First violation: Issuance of a "Yellow Card" warning with mandatory corrective actions within a specified period; Two consecutive violations: Issuance of a "Red Card" resulting in removal from the list of qualified suppliers.

Scoring criteria

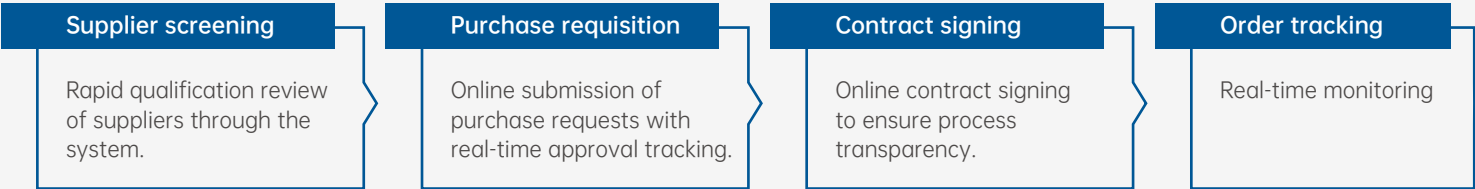
- A 100-point quantitative evaluation system is implemented, with scores above 80 classified as Excellent, 60-79 as Qualified, and below 60 as Unqualified.

Elimination Mechanism

- A "Red/Yellow Card" dynamic elimination system is implemented, enforcing mandatory removal of suppliers failing two consecutive evaluations to ensure continuous supply chain optimization.

Digital Procurement

HitGen has implemented comprehensive digital management of the entire procurement process – from supplier screening, purchase requisitions, contract signing to order tracking – through the deployment of an OA system.



## Supply Chain Risk Management

The Company places high importance on supply chain risk management and implements multiple measures to ensure supply chain stability.

### ➤ Risk Identification and Assessment

The Company conducts regular risk assessments of suppliers' financial status, market position, and production capacity to identify potential risks such as supply disruptions, quality fluctuations, and price volatility.

### ➤ Risk Response Measures



Backup suppliers

Maintain a backup supplier list and establish standby supply agreements.



Inventory management

Adjust inventory levels appropriately based on risk assessment results.



Contingency plan

Develop contingency plans for overseas supply chain disruptions to ensure timely provision of critical materials.

#### Logistics strategy

Implement differentiated transportation modes (road, air, and sea freight) based on material characteristics. Air freight is prioritized for high-value/urgent shipments due to speed, while sea freight is utilized for bulk shipments given its cost efficiency.

#### Categorized procurement

For raw materials, the core focus is securing critical material supplies; for equipment, purchases are scheduled based on production plans; for services, emphasis is placed on selecting high-quality suppliers.

### Case III Strict Cold Chain Logistics Supplier Selection Standards

HitGen rigorously controls cold chain logistics, adhering to temperature control, certification, equipment compliance and emergency response requirements: transport temperatures must be maintained at -20°C to -5°C throughout using professional refrigerated vehicles with temperature control systems and real-time monitoring for data traceability; suppliers must possess cold chain logistics qualifications, with vehicles meeting national standards and undergoing regular maintenance; comprehensive emergency plans and regular drills are implemented to ensure transport safety and compliance.



### Supply Chain Compliance Management

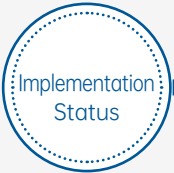
HitGen has established a comprehensive anti-corruption and compliance management system for its supply chain to ensure transparency and fairness.



#### Supplier Performance Goals and Implementation Status



- Quality target: Product quality qualification rate meets standards
- Delivery target: On-time delivery rate meets standards
- Cost target: Reduce procurement costs through negotiation and bulk purchasing.



- In 2024, HitGen successfully completed procurement tasks for reagents, consumables, fixed assets, and services without major supplier disputes.
- Optimized procurement strategies by benchmarking competitor brand data.



- Supplier performance: Evaluate supplier performance from multiple dimensions such as delivery timeliness, product quality, and service level to ensure sustained alignment with procurement standards and business needs.
- Supplier risk: Proactively identify supply chain risks (e.g., supply continuity, compliance) through key dimensions such as financial stability, market competitiveness, and production capacity reliability.

### Sustainable Procurement

HitGen rigorously screens and evaluates customized reagent suppliers and hazardous waste disposal vendors to ensure compliance with environmental and labor standards. The Company allocates a certain proportion of procurement quotas to prioritize small and medium-sized enterprises (SMEs), such as purchasing agricultural support products to support and facilitate SME participation in procurement activities.



Number of Suppliers

990

Chinese Mainland

560

Chinese Hong Kong, Macao & Taiwan

2

Overseas

428



# Innovation-Driven Development

HitGen pursues innovation-driven growth by establishing a comprehensive institutional framework spanning R&D management and intellectual property protection. We deepen industry-academia-research-application collaboration and international technology cooperation, consistently increase R&D investment, and strengthen talent cultivation and incentive mechanisms. Through technological innovation, we empower business growth, industry advancement, and create shared value for all stakeholders.

## Intellectual Property Protection

With over a decade of dedicated R&D and innovation, HitGen has established profound technical expertise and accumulated extensive experience in DEL technology. The Company has obtained multiple patents and software copyrights covering the design, synthesis, and screening technologies of DEL. To standardize and institutionalize IP management, HitGen has formulated the *Intellectual Property Management Regulations* and implemented an IP incentive mechanism alongside a confidentiality protection system. These measures provide fundamental safeguards for the Company's IP management practices. We implement comprehensive intellectual property protection throughout the entire life cycle of projects, including project initiation, process management, legal protection of R&D achievements, as well as commercialization and industrialization, with full support and institutional safeguards. The Company's R&D teams conduct thorough patent searches during the preliminary project evaluation phase, promptly file patent applications to protect research outcomes during implementation, and maintain dynamic monitoring of both internal and industry-wide patent developments.

### Patent Application

HitGen has strengthened the management of its patent application process by standardizing the initiation and review procedures, thereby effectively improving the success rate of patent applications and enhancing the protection of the Company's intellectual property.

- The Strategic Planning Department is responsible for identifying and protecting patentable innovations in ongoing research projects.
- Project leaders bear primary responsibility for proposing intellectual property protection measures.
- The preparation and submission of patent application documents are subject to rigorous review and approval procedures.

### Patent Classification and Value Assessment

HitGen has classified its patents based on their importance and application value, while establishing the *Nomination, Reward and Remuneration Management Procedures for Patent Inventors and Designers*. According to the patent value classification (Levels I-IV), the Company provides corresponding rewards and remuneration allocations to patent inventors and designers.

- **High-Value Patents:** Include pioneering technology patents, core technology patents of the Company's key technology platforms, patents entering clinical pipelines, and core technology patents in research pipelines.
- **Standard Patents:** All other patent applications not classified as high-value patents.

### Case ||| Nucleic Acid Modification Technology Drives Breakthrough in OBT Platform Revenue

HitGen has strategically established a core patent portfolio covering nucleic acid modification technologies, encompassing the entire workflow of siRNA design, hit sequence development, and small nucleic acid drug synthesis. These proprietary innovations have created strong technological barriers for the Company's independently developed OBT Platform, directly enabling the platform's successful commercialization and revenue generation.



» Academic Output

In 2024, HitGen published 8 scientific papers in leading academic journals including *Nature Communications*, along with 5 peer-reviewed articles, demonstrating its research innovations in cutting-edge fields such as drug discovery and chemical biology.

Journal	Paper Title
<i>Nature Communications</i>	Palladium-catalyzed Suzuki-Miyaura cross-couplings of stable glycal boronates for robust synthesis of C-1 glycals
<i>Journal of Medicinal Chemistry</i>	Re-evaluating PIN1 as a Therapeutic Target in Oncology Using Neutral Inhibitors and PROTACs
<i>ACS Chemical Biology</i>	Discovery, Characterization, and Structure of a Cell Active PAD2 Inhibitor Acting through a Novel Allosteric Mechanism

As of the reporting period, the Company has been granted 138 invention patents cumulatively, with over 300 domestic and international patent applications pending. Notably, no intellectual property disputes have occurred. In 2024 alone, HitGen secured 32 granted invention patents and filed 27 new patent applications, underscoring our strength in technological innovation and academic contributions.

Metric		2024	Unit
R&D Expenditure		6,732.81	RMB 10,000
Percentage of R&D expenditure in revenue		15.77	%
R&D Team	Total count	406	Number
	Percentage in overall workforce	84.06	%
Domestic Invention Patents	Cumulative granted	99	Number
	Applications pending	188	Number
International Invention Patents	Cumulative granted	39	Number
	Applications pending	122	Number
Accumulated Software Copyright Registrations		13	Number
Trademark Rights Held		54	Number
IPR Compliance Training		4	Times

## Translation of Innovation Achievements

HitGen prioritizes the translation of R&D achievements into practical applications, driving the commercialization of innovations through strategic patent portfolios and intellectual property protection.

### Commercial Applications of Core Technology Platforms

Leveraging its four core technology platforms – DEL, FBDD/SBDD, OBT, and TPD – HitGen provides comprehensive drug discovery and optimization services to global pharmaceutical companies.



#### DEL

The number of encoded molecules has exceeded 1.2 trillion, covering over 6,000 scaffolds and nearly 40,000 building blocks. The number of chemical reactions applicable to DEL library synthesis has increased to more than 170. The Company has established macrocyclic libraries containing 40 billion molecules and linear peptide libraries containing 150 billion molecules. During the reporting period, the screening success rate of the DEL library reached 79%<sup>1</sup>. During the same period, the Company completed compound intellectual property (IP) transfers for 24 projects, bringing the total to 110 projects, covering more than 1,100 active compound entities. The Company has jointly established the world's first DNA-Encoded Library (DEL) consortium with international pharmaceutical companies such as AstraZeneca, Bristol Myers Squibb, Johnson & Johnson, Merck, Pfizer and Roche.

#### OBT

Hitston, HitGen's holding subsidiary, offers GMP-compliant oligonucleotide active pharmaceutical ingredient (API) CDMO services at pre-commercial scale, meeting clinical phase I-III requirements at the hectogram level and early commercial demands ranging from hectogram to kilogram quantities, with the additional flexibility to establish full commercial production lines at the multi-ten-kilogram scale according to customers' projects' development progress. During the reporting period, the CMC (Chemistry, Manufacturing and Control) of oligonucleotide nucleic acid CDMO delivery capabilities gained client recognition, by the completion of the entire process from project initiation to receipt of clinical trial approval within eight months, fully demonstrating the efficiency and quality of the nucleic acid CDMO services.

#### FBDD/ SBDD

HitGen's DEL technology has broken through the efficiency limitations of FBDD technology, increasing the number of molecular modules available for drug discovery screening to tens of thousands. The platform connects SBDD technology with DEL technology, enabling faster and more reliable optimization of hits identified through DEL screening into lead compounds. The FBDD/SBDD platform (Vernalis, UK) has received milestone payments from early-stage research contracts and signed multiple new research collaboration agreements, demonstrating the effectiveness of its technology, the value of its professional expertise, and its commercial potential.

#### TPD

As of the end of the reporting period, HitGen has successfully developed over 50 novel E3 ligases and constructed more than 100 related protein constructs for the discovery and validation of protein degraders using in vitro methods. Leveraging its DEL technology, HitGen has provided multiple clients with verifiable E3 ligase ligands, enabling clients to independently develop or collaborate with HitGen on degrader development targeting these E3 ligase ligands. During the reporting period, the TPD platform successfully incorporated screening projects based on molecular glue technology, further expanding the application scope of its drug screening technologies. Additionally, the Company has out-licensed two commercial projects in terms of the self-developed E3 ligands.

<sup>1</sup> Proportion of targets obtaining functional molecules after resynthesis to total screened targets in the current period



## ◆ Application of Artificial Intelligence (AI) in Drug Discovery

HitGen has completed the infrastructure development for its DEL+AI+ Automated "Design-Make-Test-Analyze" (DMTA) lead optimization capability and implemented two rounds of AI-driven drug design (AIDD)-facilitated DMTA cycles in a target project of clients. By leveraging AI and automation to rapidly explore vast chemical spaces, the platform efficiently identifies structure-activity relationship (SAR) optimization pathways, thereby accelerating compound optimization. The integration of DEL technology's massive data generation capacity with AI's high-throughput information processing capability significantly expands accessible chemical spaces for molecular screening and diversifies lead compound discovery approaches.

## ◆ Drug Pipeline and Long-term Strategy

During the report period, HitGen's self-developed small molecule HG146 for solid tumors has successfully completed Phase I clinical trial, the Phase II clinical trial has enrolled its first participant. To date, we have successfully completed Phase I clinical trial, confirming its safety, tolerability, preliminary efficacy, and pharmacokinetic profile in humans. The Phase IIa clinical trial is currently underway with patient enrollment completion. Besides actively pursuing technology collaborations and project partnerships, HitGen remains dedicated to advancing its proprietary pipeline of novel therapeutics. The Company plans to commercialize its innovative drugs through Marketing Authorization Holder (MAH) system, and deliver new treatment solutions to address global unmet clinical needs.

## Industry Exchanges

HitGen actively engages in industry exchanges to foster an open, collaborative, and innovative pharmaceutical ecosystem. The Company shares its technological achievements and expertise in drug discovery through participation in domestic and international academic conferences, industry forums, and webinars.

### Categories

### Events



#### Academic Conferences & Industry Forums

##### ○ The 12th International Symposium on DNA-encoded Chemical Libraries

As both the initial founder and organizer of the DEL International Symposium, HitGen has committed itself to promoting the development and application of the DEL technology. In this symposium, Dr. Dengfeng Dou presented "Discovery and Exploration of Novel E3 Ligands Using DEL Technology";

##### ○ The 22nd Discovery on Target Conference

The conference adopted a hybrid online-offline format to facilitate technological collaboration and commercialization between global research institutions and pharmaceutical companies. At this event, HitGen showcased successful DEL case studies.

##### ○ The First Chinese Biopharmaceutical Association CBA-China Annual Conference in 2024

At this conference, HitGen facilitated knowledge exchange and experience sharing to break down information barriers, promote collaboration and intellectual exchange, and drive innovation in the industry. Additionally, the Company's technical lead delivered a keynote on "DEL Technology for Novel Small Molecule Drug Development".

## Categories

## Events



## Industry Exhibitions



## Webinar

## ○ 2024 J.P. Morgan Healthcare Conference

The conference focused on global leading innovators and the latest innovative achievements, aiming to address current global health challenges. It explored how to apply cutting-edge advancements, leading research, and best practices to develop and promote digital health solutions.

## ○ 2024 BIO International Convention

The convention brought together the world's most advanced biotechnological achievements, cutting-edge research concepts, and innovative business models to collectively advance innovation in biopharmaceutical development.

## ○ SAPA-China 2024

The conference comprehensively covered key industry topics including large/small molecules, cell and gene therapy, AI-based drug development, nucleic acid therapeutics, GLP-1 and metabolic drugs, clinical research, radiopharmaceutical conjugates, global partnerships, and investment/financing, connecting the entire pharmaceutical industry chain from basic innovation and applied research through clinical development, regulatory affairs, manufacturing, and commercialization.

## ○ Xtalks: Evolving DEL and Its Application for Drug Discovery

HitGen hosted this webinar, which focused on discussing the latest advancements and applications of DNA-encoded library (DEL) technology in the field of drug discovery.

# Product Quality and Client Service

HitGen has established a comprehensive quality management system spanning the entire product life cycle and implemented robust client rights protection mechanisms to systematically fulfill compliance operation responsibilities. The Company continuously optimizes end-to-end product control processes and enhances client value creation capabilities in strict accordance with domestic and international regulatory frameworks. This unwavering commitment ensures absolute adherence to quality safety standards and complete preservation of client trust, thereby providing a solid foundation for sustainable development in the life sciences sector.

## Product Quality Management

HitGen has established a comprehensive quality management system to ensure the safety, reliability, and client satisfaction of its products and services. The Company strictly complies with domestic and international regulations and technical guidelines including those from the National Medical Products Administration (NMPA), International Council for Harmonisation of Technical Requirements for Pharmaceuticals for Human Use (ICH), ISO 9001, and ISO/IEC 17025, having implemented a full life-cycle quality management system for pharmaceuticals that encompasses quality manuals, procedure documents, standard management procedures, standard operating procedures (SOPs), and record forms to ensure all employees at every level strictly adhere to documented requirements. The closed-loop management is achieved through the following mechanisms:



### R&D Quality System

- Covering all stages from project initiation to IND submission at the R&D centers



### Clinical Quality System

- Covering the complete clinical trial process



### GMP Production System

- Covering the production of both investigational medicinal products for clinical trials and commercial marketed products

## Professional organizational safeguards

HitGen has established a dedicated quality control department with clearly defined quality oversight responsibilities. The department ensures compliance with national standards through regular sampling inspections, quality audits, and risk assessments. Furthermore, the Company implements strict qualification requirements for personnel performing production, testing, storage, and distribution operations, complemented by ongoing quality awareness training programs to continuously enhance talents competency.

## Dynamic risk prevention and control

The Company has implemented a real-time early warning system where the quality team proactively screens for potential risks through internal laboratory testing. Upon identifying issues, the team immediately coordinates with the legal department to initiate contingency plan review and collaborates with the PR team to formulate external communications. For major incidents, HitGen establishes cross-functional response teams comprising quality assurance, R&D, legal, and after-sales departments to ensure prompt development and implementation of solutions.



### End-to-end process control

The Company strictly implements GMP compliance throughout the production process, operating under a Qualified Person (QP) system where designated quality authorizers conduct final product review and release to ensure full regulatory compliance across the entire supply chain from raw materials to finished products. Concurrently, quality testing encompasses all materials including starting/excipient materials, packaging materials, intermediate products, and final products, with thorough root cause investigations and corrective actions implemented for any non-conforming items.

### Precision product management

For R&D-use products, the Company rigorously verifies compliance with "For Research Use Only" labeling requirements and fully discloses critical specifications including transport temperature conditions and storage parameters. Furthermore, HitGen implements environmentally conscious logistics policies, mandating that partner suppliers utilize reusable padding materials, while ensuring transportation safety and sustainability through real-time logistics tracking systems.

### Iterative upgrade of quality management

The Company focuses on iterative upgrades to its quality management system, conducting systematic reviews and resource optimization to identify potential risk gaps, thereby driving continuous evolution of quality control capabilities. Regular internal audits are performed to verify proper implementation of the quality management system, while management reviews evaluate the system's appropriateness and effectiveness to identify improvement opportunities and promote ongoing optimization. The Company has established a document control procedure under which it conducts periodic reviews of current documents, with GMP system documents and other management system documents reviewed at least once every five years. We regularly provide employees with quality management training to ensure they possess the required competencies and skills, and continuously optimize production processes for existing products to enhance both quality and manufacturing efficiency.

# Client Service and Marketing Management

HitGen places paramount importance on client service, implementing compliant marketing strategies and efficient client feedback mechanisms to ensure optimal client satisfaction.

## Compliance Marketing and Responsible Product Promotion

The Company emphasizes responsible marketing practices and has established a rigorous marketing compliance system to ensure the integrity and regulatory adherence of all external product communications, thereby safeguarding client rights:

- Marketing content review mechanism:** A three-tier review process ("Business Department Preliminary Review → Legal Secondary Review → Compliance Department Final Approval") is implemented to guarantee all marketing materials meet regulatory requirements, preventing false advertising and misleading information.
- Client rights protection policy:** Anonymization technologies (e.g., data desensitization, encrypted storage) are employed to protect clients' personal information and ensure privacy security.
- Transparent and truthful product claims:** All product efficacy statements undergo strict verification to ensure claims are scientifically substantiated and fact-based, prohibiting exaggerated or deceptive promotions.

## Client Complaint Management and Satisfaction Enhancement

HitGen has established a multi-channel client feedback system with tiered response mechanisms to ensure prompt resolution of client needs and continuous improvement of client satisfaction.

- Multi-channel access:** Client feedback is collected through various channels including surveys, corporate email, BD department email, website messages, official wechat accounts, and the company switchboard.
- Tiered response mechanism:** Complaints are addressed through a tiered response mechanism, requiring formal resolution reports within 5 business days followed by client follow-ups to verify solution effectiveness.
- Client satisfaction survey:** Regularly conducted surveys evaluate both service experience and product quality, employing scientifically designed questionnaires with full sample coverage to ensure every client's voice is heard.

<sup>1</sup> Mainland China coverage only.

Metric <sup>1</sup>	2024	Unit
Percentage of products recalled due to quality issues out of total products sold/shipped	0.10	%
Total number of complaints received regarding products and services	6	Number
Resolution rate for complaints regarding products and services	100	%
Client satisfaction rate	91.75	%

## Improvement Measures for Complaint Hotspots and Satisfaction Gaps

HitGen prioritizes collecting client feedback on products and services, establishing internal mechanisms to enhance client experience.

- Frequently complained issues database:** A dedicated repository tracks recurring complaints, enabling targeted improvement plans for prevalent issues.
- Service process upgrade:** Implementation of rapid-response services and streamlined workflows to enhance client experience.
- User-driven product optimization:** Invite high-value clients to participate in beta testing, with their feedback directly informing product iterations to increase repurchase rates.

## Target and Compound Exclusivity

Intellectual property safeguards embedded within our business model ensure the absence of conflicts of interest between the company's internal drug R&D projects and client screening projects, as well as between projects for different clients.

- Target Exclusivity Protection:** The Company accepts client commissions for screening projects on a target-specific basis. Upon client selection of a specific target, the client is granted a defined exclusivity period (as specified in the contract). During this period, HitGen will neither accept screening request from other clients for the same target nor initiate internal drug discovery screening activities against that target;
- Compound Exclusivity Protection:** Through execution of compound assignment agreements, HitGen permanently and exclusively assigns all intellectual property rights pertaining to the compound structures to clients. Even if these compounds subsequently demonstrate promising drug-like properties against other targets during further development, they remain non-transferable and undevelopable due to the exclusivity mechanism.

# Data Security and Privacy Protection

HitGen has established a systematic protection framework covering the entire data life cycle, ensuring data security and privacy rights in global business operations through the integrated implementation of certification management systems, multi-layered technical defenses, and privacy compliance mechanisms.

## Data Security Management

HitGen has established a comprehensive information security governance framework in accordance with the requirements of ISO 27001. We continuously refine the three core regulations – the Information Security Management Policy, IT Asset Management Policy, and Security Vulnerability and Risk Assessment Management Policy – with annual third-party audits to verify ongoing compliance. At the organizational level, the Company has formed a dedicated team responsible for system operations and maintenance, implementing technical measures such as vulnerability scanning and penetration testing to strengthen multi-layered defenses, thereby systematically ensuring the confidentiality, integrity, and availability of both company and client data.



## Incident Response Process (IRP)

The Company has established a standardized five-stage emergency response mechanism to ensure closed-loop handling of information security incidents:

### Incident Detection

The system implements real-time monitoring through firewall log analysis and bastion host logs to build a proactive anomaly identification network

### Incident Reporting

Upon detecting an incident, the system immediately reports to the information security team while simultaneously activating the emergency response plan

### Incident Containment

Based on the severity and type of incident, the team executes tactical responses including system isolation, traffic scrubbing, or hot patch deployment

### Incident Recovery

The team restores system operations as quickly as possible while ensuring security, followed by comprehensive data integrity verification

### Incident Summary

The team conducts thorough root cause analysis and implements improvement measures to prevent recurrence of similar incidents

## Data Transmission Protection Measures

HitGen employs encryption protocols to secure data transmission channels, with additional deployment of advanced encryption algorithms for critical business systems to address potential threats. For privacy protection, the Company implements multiple coordinated technical safeguards: network micro-segmentation technology isolates R&D, production, and management zones; an AI algorithm-based DLP system actively blocks unauthorized transmission of sensitive data in real time; and core databases utilize dynamic data masking coupled with field-level encryption storage.

To fulfill international contractual obligations, HitGen has established a dual-layer cross-border data transmission safeguard system that strictly adheres to the "data localization priority" principle for global data storage. At the legal foundation level, the Company prioritizes data transmission routes through countries included in the EU adequacy decisions whitelist, while at the technical level, all outbound data undergoes end-to-end encryption with encryption keys retained locally. For instance, Vernalis (R&D) Limited, as HitGen's UK entity, strictly complies with both the *UK General Data Protection Regulation* (UK GDPR) and the *Data Protection Act 2018* in respect of personal data. The public privacy policy explicitly specifies the procedures for data subjects to ensure personal data is processed correctly, securely stored and deleted in accordance with applicable law.



## Privacy Protection

HitGen has established a transparent privacy protection decision-making mechanism, embedding privacy safeguards throughout the entire business process life cycle.

### ▶ Data authorization and privacy decision-making mechanism

HitGen strictly complies with mandatory regulations including the *Data Security Law of the PRC* and the *Personal Information Protection Law of the PRC* to explicitly define the usage scope of authorized client data through legally binding contractual terms. Furthermore, the Company implements dual safeguards for data disclosure: issuing standardized usage notices to data subjects to ensure their right to informed consent, and establishing a privacy impact assessment mechanism that exercises veto authority when business needs conflict with privacy protection requirements, thereby guaranteeing full compliance of all data processing activities with regulatory standards.

### ▶ Privacy enhancement measures across entire processes

The Company implements data anonymization for all important data and enforces triple protection measures for sensitive data processing: clinical trial data collection strictly follows the written informed consent principle; data classification and grading systems ensure minimum necessary collection standards are met; and special management mechanisms are applied to third-party collaborators to reduce privacy leakage risks to acceptable levels.







# 03 Harmonious Internal and External Ecosystem

HitGen takes social responsibility as its fundamental duty, demonstrating support through safeguarding employee rights and interests, creating an inclusive atmosphere with diversity and equality, empowering personal growth through training and development programs, protecting employee health and safety, and actively engaging in community contributions – all these actions exemplify the Company's commitment to society.

## Employee Rights

The Company has established a comprehensive employee support system covering career development, rights protection, and cultural identity, continuously standardizing employee conduct to prevent improper benefit transfers and fully safeguard employee rights.

### Prohibition of Forced Labor and Child Labor



The Company strictly complies with all applicable laws and regulations in its operating locations, prohibiting the use of forced labor and child labor.

### Employee Code of Conduct



The Company requires all employees to strictly adhere to local laws and regulations, company policies, rules, and related interpretations, explicitly prohibiting employees from soliciting, promising, or accepting bribes or obtaining any other improper benefits through their work.

### Freedom of Association and Collective Bargaining Rights



The Company respects employees' freedom of association and collective bargaining rights, having established a congress of workers and staff and implemented multiple communication channels such as regular face-to-face meetings with CEO to listen to and address employee feedback and suggestions.

## Employee Communication

The Company maintains open employee feedback channels and conducts regular (annual) activities including employee satisfaction surveys, New Year Celebration Gala, club events, and Working Women's Day celebrations, all aimed at fostering a positive ecosystem of employee engagement, feedback-driven improvement, and team empowerment.

### Employee Feedback and Suggestions

We have established multiple employee feedback channels to encourage open and candid communication from all staff members. Employees who believe their suggestions were not properly adopted or received unreasonable responses may escalate the matter to the Human Resources Department, which will provide an official reply within three business days.



The Company holds face-to-face meetings with CEO quarterly, facilitating direct communication between the CEO and three employee groups (new hires, veteran employees, and R&D staff). All employee suggestions and feedback raised during the meetings will be documented in meeting minutes and systematically tracked for implementation. Additionally, the CEO's email remains accessible to all staff for direct communication. In 2024, responding to employee needs, the Company developed the "OA Online Equipment Booking System", enabling staff to conveniently reserve shared instruments and devices;



The Company has established a dedicated "Brainwave" project to collect employee opinions, thoughts, and suggestions regarding business, products, technology, and any other aspects. An incentive fund has been set up to reward employees who submit suggestions, with higher rewards granted for adopted proposals;



The Company's operations center has established dedicated feedback channels, enabling employees to directly submit administrative-related issues and suggestions through methods such as scanning QR codes or sending emails;

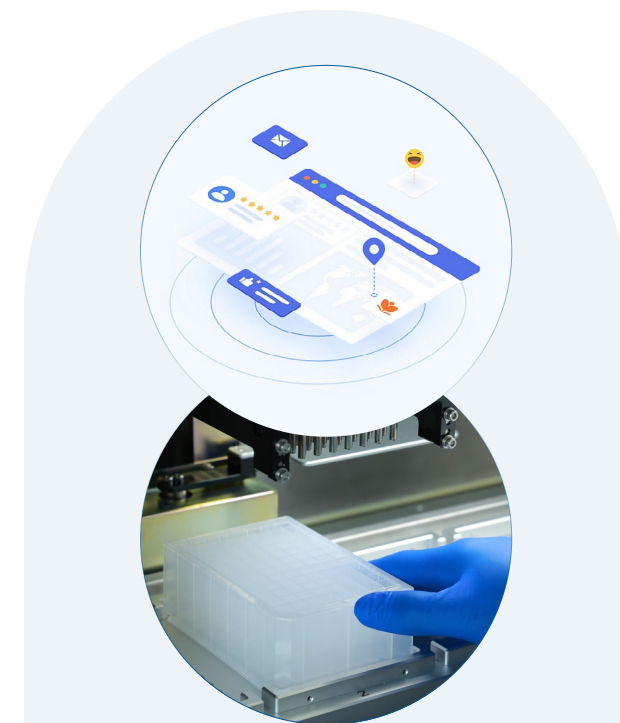


The Company has set up public suggestion boxes, allowing employees to directly submit questions and suggestions. Upon receipt, the Company will promptly address all submissions and provide feedback on the handling status.



### Case ||| Hosting the 3rd HitGen Science Day

In November 2024, HitGen successfully organized the 3rd "HitGen Science Day" event, centered on interdisciplinary exchange. The program featured keynote speeches, poster exhibitions, and interactive Q&A sessions, focusing on cutting-edge developments in small molecule and nucleic acid-based drug discovery. This included advancements in DEL-based cellular screening, nucleic acid chemical modifications, PROTAC optimization, and CNS delivery of oligonucleotides. The event incorporated a "Best Lecture/Poster" awards program. The activities not only demonstrated the Company's technological expertise in DNA-encoded libraries and automated synthesis platforms, but also activated internal innovation ecosystems through progress-sharing on projects like Menin inhibitors and TRIM21 molecular glues, which continues to accumulate momentum for global biopharmaceutical innovation breakthroughs.



### Employee Satisfaction Survey

The Company conducts annual employee satisfaction surveys. The 2024 survey achieved an average score of 4.15 points (out of a maximum 5 points). All identified issues were systematically categorized and assigned to relevant departments, with mandatory requirements for proposing solutions within specified timeframes. For instance, in response to suggestions regarding team-building, the Company promptly organized company-wide outdoor development training activities.

## Equitable Compensation

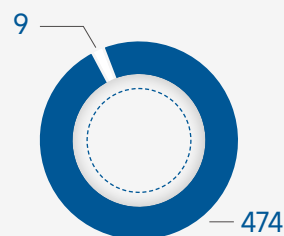
The Company has established a compensation management system grounded in position value, anchored by market dynamics, and driven by talent competency. Through continuous optimization of the compensation structure, HitGen ensures internal equity while enhancing its competitiveness in attracting and motivating industry talent. This approach creates a virtuous cycle where employee value and compensation reciprocity mutually reinforce the Company's innovative development.

The Company develops the employee compensation framework based on position value, market benchmarking, and employee skills/experience. Each January, comprehensive salary adjustments (including promotional and non-promotional raises) are implemented according to annual performance evaluations and internal pay equity analyses, ensuring compensation accurately reflects employee contributions and meets living wage requirements. The Company's average compensation exceeds the average wage in Chengdu published by the labor authority.

Number of employees

483

Employees by employment type

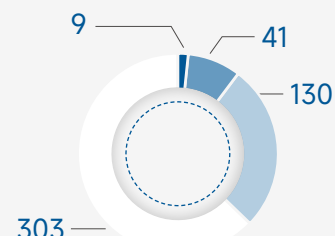


■ Full-time □ Part-time

Percentage of female employees in senior management

22.22%

Employees by level

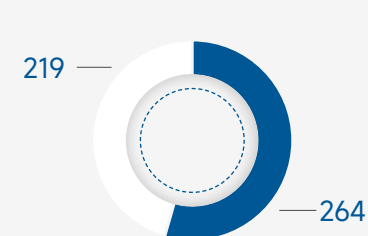


■ Senior management ■ Middle management  
■ Primary management □ General staff

New employees

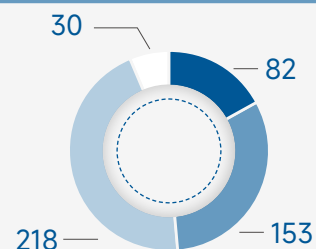
75

Employees by gender



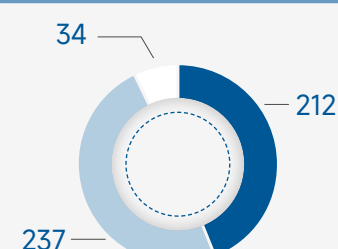
■ Male □ Female

Employees by education degree



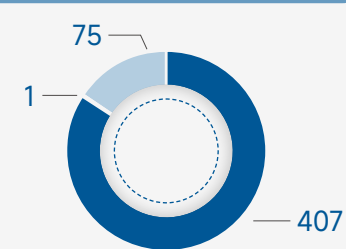
■ Ph.D. ■ Master  
■ Bachelor □ Other

Employees by age



■ < 30 ■ 31-50 □ > 51

Employees by region



■ Chinese Mainland ■ Chinese Hong Kong, Macao & Taiwan □ Overseas

## Employee Well-being and Benefits

HitGen has established a comprehensive well-being ecosystem encompassing professional growth, physical and mental health, and cultural belonging. By building full-cycle empowerment systems, enhancing health protection mechanisms, and fostering an inclusive workplace culture, the Company is dedicated to helping every employee gain both a sense of belonging and fulfillment while achieving personal value.

### Benefits System

The Company has established a comprehensive employee well-being ecosystem featuring full-cycle health management, flexible work mechanisms, and diversified protection systems, achieving synergistic development between employee well-being and organizational resilience.



#### Health Examinations

Providing pre-employment and annual health check-ups to safeguard employee physical health.



#### Festival Benefits

Distributing holiday gifts during major festivals to enhance employee belongingness.



#### Employee Well-being

Providing care packages to ill or hospitalized employees and extending support to family members.

### Health Protection Mechanism

We prioritize employees' physical and mental health. By implementing targeted health check programs, incentive measures, and privacy protection protocols to continuously improve health screening participation rates. For R&D staff, the Company has added specialized tests for blood lead levels and liver/kidney functions. Data analysts and logistics personnel are offered optional cervical MRI scans to proactively prevent occupational diseases. During extreme weather or special circumstances, the Company activates flexible work arrangements to ensure both employee safety and business continuity for stable operations.





## Employee Benefits

The Company regularly organizes diverse team-building activities, including various cultural and sports events, New Year Celebration Gala, International Working Women's Day activities, Lantern Festival Celebration, and Healthcare Industry Art Performance. These initiatives aim to strengthen cohesion among employees and foster a positive corporate culture.

### Women Support Initiatives

The Company prioritizes comprehensive well-being support for female employees, addressing both physical health and psychological needs. We consistently organize International Working Women's Day activities, conducting various team-building events and mental health seminars. We fully implement all legally-mandated leave policies including maternity leave, nursing breaks, and paternity leave, while additionally providing newborn subsidies to first-time parents and maintaining dedicated mother-and-child rooms for employee use.

In 2024, 11 employees utilized maternity leave, 4 employees took nursing breaks, and 18 employees claimed paternity leave benefits.

### Diverse Team-Building Activities

In 2024, the Company conducted 202 internal club activities and 10 external engagement events, covering basketball, badminton, table tennis, yoga, and gym sessions. These activities not only enriched employees' leisure time but also fostered cross-company and interdepartmental communication and collaboration.



2024 New Year Celebration Gala



International Working Women's Day



2024 Lantern Festival Celebration



2024 Healthcare Industry Art Performance



2024 "TownBA"



2024 Annual Badminton Competition



2024 Table Tennis Competition



HitGen & Chengdu Bio-town Group Football Friendly Match



HitGen 2024 Team-Building Event

Case ||| HitGen Organizes Staff and Family Tour to International Horticultural Exhibition 2024 Chengdu

In 2024, HitGen organized immersive tours to the International Horticultural Exhibition 2024 Chengdu for over 400 employees and their families. This initiative deepened engagement with ecological conservation concepts through firsthand experiences, while also fostering family recognition of the company's core values and sustainability commitments.

Case ||| Employer Brand Building

HitGen has successfully built an attractive employer brand through multi-channel, multi-level recruitment and promotion efforts. In 2024, the Company actively participated in 10 government-organized talent recruitment events in the High-Tech Zone, attracting over 550 resumes and building a strong talent pool for the Company. Meanwhile, HitGen posted recruitment information on our official wechat account and government platforms including "Chengdu Release", "Chengdu High-Tech" and "Chengdu Tianfu International Bio-Town", with cumulative views exceeding 80,000. The Company was also interviewed by *Sichuan Economic Daily*, further expanding the recruitment influence.

Furthermore, HitGen places strong emphasis on collaboration with universities and research institutes. It has established partnerships with Tsinghua University, Wuhan University, Sichuan University and other leading institutions through various activities including corporate visits, symposiums and academic exchanges, while implementing the "Enterprise Visits and Job Creation" initiative to deepen university-industry cooperation. These events have not only attracted top-tier talents to the Company but also significantly enhanced HitGen's industry reputation and appeal.



Metric	2024	Unit
Total employee turnover	9.32	%
Employee turnover rate by gender		
Male	10.61	%
Female	7.76	%
Employee turnover rate by age		
< 30	8.49	%
31-50	10.13	%
> 51	8.82	%
Employee turnover rate by region		
Chinese Mainland	9.83	%
Chinese Hong Kong, Macao & Taiwan	0.00	%
Overseas	6.67	%

# Diversity, Equity & Inclusion

HitGen proactively establishes an end-to-end equal employment governance system encompassing compliance policies, diversified recruitment mechanisms, anonymous reporting channels, and freedom of association protections. This institutional framework solidifies the foundation of an inclusive culture while driving synergistic development between innovation vitality and rights protection.



Total number of employees with disabilities

6



Total number of veteran employees

7

The data covers China region only

## Diversity Policy

HitGen strictly complies with all applicable laws and regulations in its operating jurisdictions, prohibiting discrimination against race, color, gender, age, pregnancy, ethnicity, disability, religion, political affiliation, trade union membership, or marital status. The Company is committed to fostering an inclusive, respectful, and equitable work environment that welcomes employees from diverse backgrounds and experiences, thereby promoting innovation and cultivating a culture of diversity.

## Anti-Discrimination and Inclusion

The Company adheres to the principles of voluntariness, fairness, and non-discrimination throughout the recruitment process, emphasizing diversity and equity while avoiding discriminatory language. HitGen has established diverse recruitment teams to ensure multi-perspective candidate evaluations during interviews, with all job postings explicitly stating the Company's commitment to diversity. Through partnerships with universities and research institutes, the Company implements its "Enterprise Visits and Job Creation" initiative to deepen university-industry collaboration and attract top-tier talent.

## Occupational Safety and Anti-harassment

The Company is committed to upholding civilized and courteous values by establishing and maintaining a positive, healthy, and professional work environment. We strictly prohibit all forms of harassment, including any physical or verbal violence against individuals. Should any incidents of discrimination or harassment occur, individuals may report them to the Company. The Company will conduct necessary internal and external investigations while protecting the whistleblowers, take appropriate disciplinary actions based on the investigation findings, and provide assistance to victims.



# Training and Development

The Company has established a tiered and categorized training system and promoted a fair, transparent career development mechanism. Through a dual-track promotion system and personalized career mentorship, employees are provided with a dual-track growth pathway of "management + professional".

## Employee Training

### ▶ Training Category

The Company has established a comprehensive training system encompassing leadership enhancement, project management training, professional knowledge training, as well as core soft skills and professional workplace competencies training. These programs not only enhance employees' professional capabilities but also pave the way for dual-track growth pathway of "management + professional", fostering mutual development for individuals and the company.

#### ▶ Project management training



Through case studies and hands-on exercises, employees acquire core project management skills.

#### ▶ Discipline-Specific Technical Training



It covers specialized fields such as chemistry, biology, analysis and quality control, and safety, ensuring employees maintain leading-edge technical and research capabilities.

#### ▶ Core competencies and professionalism training



It includes onboarding programs for new hires, communication skills, time management, and other courses to help employees adapt quickly to the workplace. In 2024, five onboarding sessions were conducted for new employees, covering corporate culture, company introduction, HR policies, IT systems and working principles, safety and occupational health. A total of 53 new employees participated, with an average satisfaction rating of 4.95 out of 5.

### Case ||| Three Major Leadership Training Programs – Spark Program/Quenching Program / Lighthouse Program

HitGen actively invests in human capital development through three leadership enhancement programs, the "Spark Program", "Quenching Program", and "Lighthouse Program", providing targeted training for employees at different levels to enhance their competencies.

**Spark Program:** It is designed for general employees, focusing on foundational management awareness and skills to build a pipeline of future management talent.

**Quenching Program:** It targets middle and potential management personnel, enhancing their skills and collaboration abilities to support the Company's strategic goals.

**Lighthouse Program:** Senior management personnel and department heads are sent to top-tier domestic universities for specialized training courses, aiming to elevate strategic planning, leadership, innovation, global vision, and execution capabilities of the management.

### ▶ Learning Resources

The Company offers abundant learning resources, including internal trainer programs, management books, professional course videos, and online learning platforms. Additionally, HitGen collaborates with leading domestic universities to provide tailored courses and training opportunities for employees.

### Case ||| HitGen Forum and HitGen Lecture Hall

HitGen regularly hosts the "HitGen Forum" and "HitGen Lecture Hall". The Forum invites industry experts to share cutting-edge technologies and practical experience, while the Lecture Hall features internal technical experts discussing R&D cases and success stories. In 2024, five Forum sessions were held, covering topics such as preclinical toxicology evaluation of small nucleic acid drugs and drug discovery based on microbial dysbiosis, each attracting over 150 researchers.

### Case ||| HitGen Science Column

Through the "HitGen Science Column" on its official WeChat account, the Company organizes multiple science outreach activities focused on drug R&D, featuring topics like mitochondrial toxicity assays, cyclic peptide applications, and bioconjugation technologies.

## Employee Career Development Pathways

The Company offers dual promotion pathways for employees – management and professional – and supports their career growth and personal fulfillment through initiatives such as internal job rotation and career mentorship.

### ► Dual-Track Promotion System

#### ● Management track

Employees can advance to middle and senior management positions by enhancing their leadership and management competencies.

#### ● Professional track

Employees can progress to senior technical roles or expert positions through continuous profession skill development.

### ► Internal Job Posting Program

Based on business needs, the Company irregularly launches internal job postings. All employees are notified and encouraged to apply if they meet the eligibility criteria and express interest.

### ► Personalized Career Mentorship

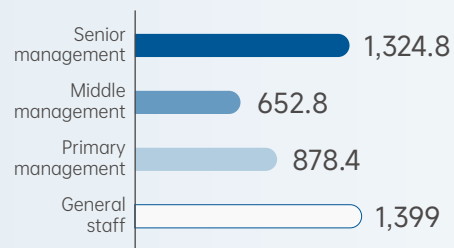
Potential employees are paired with career mentors who assist them in formulating career development plans and provide one-on-one guidance, ensuring clear support and resources for their professional growth.

### Employee Training Metrics<sup>1</sup>

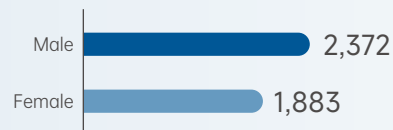
Percentage of employees trained	100%
Training sessions conducted	175 times
Total employee training hours	4,255 hours
Average number of training hours per employee	10.37 hours
Total investment in training	221 RMB 10,000



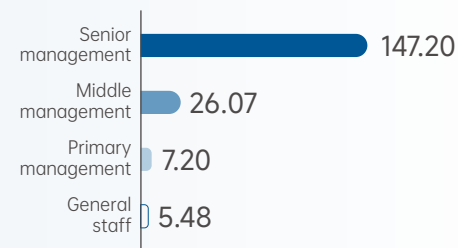
#### Total training hours by employee type (Hour)



#### Total training hours by gender (Hour)



#### Average number of training hours per employee by employee type (Hour)



#### Average number of training hours per employee by gender (Hour)



<sup>1</sup> The data covers China region only

# Occupational Health and Safety

The Company actively builds a comprehensive EHS management system covering "prevention - control - improvement", strictly implements occupational health systems, and establishes a linkage mechanism for risk assessment, potential risks identification, and emergency response. Through a closed loop of customized safety training, hands-on drills, and performance appraisal, the Company ensures controllable risks and efficient responses.

## Occupational Health and Safety Policies

The Company rigorously enforces occupational health systems, including the *Three Simultaneities*" Occupational Health Management System, the Occupational Health Records Management System, and the Occupational Health Management System, ensuring that occupational health management requirements are met across all operational processes.

## Occupational Hazard Protection

The Company implements equipment safety checks and hazardous substance control measures in both laboratory and office environment. Laboratories are equipped with fume hoods, protective gear, and strict management protocols for the use of hazardous chemicals.

## Risk Assessment and Emergency Plan

The Company has established risk assessment and potential risks identification mechanisms, conducting regular safety inspection and potential risks identification. The *Laboratory Safety Operating Procedures*, which include operational manuals and emergency response plans, mandate that laboratory personnel must undergo safety training and strictly adhere to the operating procedures.

## Employee Health Protection

The Company provides employees with appropriate personal protective equipment (PPE), such as masks, gloves, and work uniforms, and conducts regular health examinations. Rest areas and sanitation facilities are also provided to support employee safety, health, and well-being.



PPE Provided for Employees





OHS Training

The Company provides Occupational Health and Safety (OHS) training to employees, ensuring both actionable applicability and validated effectiveness. For instance, mandatory occupational health modules and safety operating procedures (SOPs) are integrated into the new hire onboarding program. Furthermore, regular OHS performance reviews are conducted to drive continuous improvement of management protocols.

Metric	2024	Unit
Employment contract execution rate	100	%
Social insurance coverage rate	100	%
Occupational health surveillance coverage	100	%
Work-related fatalities	0	Number
Lost days due to work injury	0	Day
Occupational disease prevalence rate	0	%
Cumulative safety training hours	12	Hour
Work injury insurance expenditure	118.72	RMB 10,000
Work injury insurance coverage rate	100	%
Number of safety training sessions	6	Times
Number of participants in safety training	400	Number
Percentage of employees covered by OHS training	95	%
Safety drills	6	Times

# Community Engagement

HitGen actively collaborates with non-governmental organizations (NGOs) and charitable institutions to promote the equitable sharing of "Global Health Licensing" outcomes in economically underdeveloped regions, leveraging innovative technologies and resource linkages to foster a harmonious society. In 2024, HitGen participated in the "Healthy Growth, Charity Builds Dreams – Sports Equipment Donation Initiative" organized by Chengdu Charity Federation and Sichuan Haodadang Charity Foundation, donating sports equipment kits for children.

## Case || HitGen's Strategic Partnership with the Bill & Melinda Gates Foundation to Advance Social Good

The Company's strategic collaboration with the Bill & Melinda Gates<sup>1</sup> Foundation drives positive social development.

### 1 Purpose and Objectives

HitGen is committed to becoming a world-leading drug discovery company, working closely not only with industry partners but also with top-tier philanthropic organizations and research institutions to co-develop novel therapeutics addressing unmet medical needs. The strategic partnership with the Gates Foundation focuses on combating global health inequities, supporting and developing products and technologies available and accessible at an affordable price to people most in need in developing countries.

### 4 Key Target Disease Areas

**Infectious diseases:** HIV, tuberculosis, malaria, Ebola, Zika, etc.

**Neglected tropical diseases:** Onchocerciasis, leishmaniasis, soil-transmitted helminthiases, etc.

**Emerging public health threats:** MERS, SARS, etc.

**Other health priorities:** Contraceptives, gut function, neuroprotection, etc.

### 2 Technology-Driven Innovation

HitGen employs its DNA-encoded library (DEL) technology alongside the Gates Foundation's target nominations and resource support to accelerate drug discovery and optimization. This synergy expedites the R&D pipeline for innovative therapeutics.

### 5 Collaboration Model & Support Mechanisms

The Gates Foundation nominates targets and funds screening activities. HitGen utilizes DEL screening technology to identify accepted ligand hits. After joint validation of biological activity, the Foundation or any Foundation-supported Entity facilitates further development and deploys outcomes via "Global Health License" in developing countries.

### 3 Advancing Equitable Healthcare

Through the "Global Health License", the partnership ensures drug affordability in economically underdeveloped regions. This approach licenses research outcomes to pharmaceutical manufacturers worldwide, especially in developing countries, to reduce costs and enhance accessibility.

### 6 Positive Impact on Company and Society

- **Accelerating drug launch:** The collaboration can contribute to accelerating the launch of drugs targeting diseases prevalent among economically disadvantaged groups, thereby reducing disease burden.
- **Enhancing technological competitiveness:** Through this partnership, HitGen continually optimizes its DEL screening technology, strengthening its competitiveness in drug discovery.
- **Expanding market influence:** Leveraging the Gates Foundation's global network, HitGen further expands its market influence.
- **Global health governance:** The collaboration between HitGen and the Gates Foundation addresses public health challenges through technological complementarity and resource sharing, using commercial means. Its success not only enhances the strategic value of both parties but also provides a replicable model for global health governance.



Gates Foundation Delegation Visiting HitGen in Chengdu

<sup>1</sup> The Bill & Melinda Gates Foundation has been renamed the Gates Foundation.

## Case ||| Sustained Collaboration with the Structural Genomics Consortium (SGC) to Advance Open Science

HitGen will utilize its DNA-encoded library (DEL) technology platform, specifically OpenDEL™, to screen under-represented targets chosen by SGC. The screening datasets, curated in a ML-ready format, will be posted to a publicly accessible portal to facilitate drug discovery and ML experts from around the world to model the data and make predictions about new active molecules that would be experimentally tested at SGC as part of the Target 2035 initiative. This collaboration reflects HitGen's commitment and contribution to the global open science movement. Target 2035 aims to unite academia and industry in developing chemical probes for all human proteins by 2035, revolutionizing drug discovery.



**NEW RESEARCH  
COLLABORATION**



**TARGET  
2035**

Towards Medicines For All



TARGET  
2035

**TARGET 2035 - A PHARMACOLOGICAL TOOL FOR EVERY PROTEIN**

Share



Social investment

**20** RMB 10,000





# 04 Eco-Conscious Environmental Management

Adhering to the "Eco-Conscious, Planet-Responsible" philosophy, HitGen is dedicated in minimizing adverse impacts on the environment during R&D and operations, conserving natural resources, reducing greenhouse gas emissions, and protecting biodiversity and clean water sources.





# Environmental Management

The Company places high importance on environmental management, committing to reducing environmental impact, preserving natural resources, and advancing sustainable development through rigorous management systems and innovative practices.

## Relevant Certifications

The Company has established a comprehensive management system to ensure that laboratory testing and management capabilities meet international standards, thereby enhancing environmental compliance. In 2024, HitGen and its holding subsidiary Hitston are certificated to ISO 9001 Quality Management Systems, while the Company's innovative drug research and development analytical testing platform is accredited by CNAS.



ISO 9001 Certificate



CNAS Accreditation for Analytical Testing Platform

## Environmental Compliance Management and Risk Control

The Company has implemented a robust environmental compliance management system, including an environmental risk management system, to ensure strict adherence to relevant laws and regulations in daily operations. For potential environmental risks associated with biotechnology, the Company enforces stringent control measures, such as risk assessments, emergency response protocols, and regular reviews, to ensure effective risk control. When selecting drug material suppliers, the Company rigorously evaluates their compliance records and excludes those with a history of major safety or environmental incidents. Additionally, the Company conducts regular environmental risk assessments and develops contingency plans to ensure swift and effective responses to sudden environmental incidents.



## Laboratory Environmental Risk Disclosure and Management

The Company has established relevant systems to clarify responsibilities for disclosing and managing laboratory environmental risks. If potential environmental risks are identified during drug R&D, the Company is obligated to disclose such risks, promptly report them to relevant authorities, and take measures to mitigate them. The Company has also developed risk assessment and prevention management measures for environmental incidents and contingency plans for sudden environmental events to ensure rapid and effective handling of sudden environmental incidents.

# Climate Change

HitGen recognizes the critical importance of addressing climate change for sustainable human development. We are committed to green development principles and taking concrete steps toward carbon reduction to combat global climate change.

## Sustainable Construction Practices

The Company actively complies with sustainable construction requirements. In the Global Pharmaceutical R&D and Production Base (Phase I) project, HitGen enhances resource efficiency and minimizes environmental impact through systematic management and technological advancements. Examples include deploying reusable modular prefabricated buildings in office and living areas, installing energy-efficient appliances such as air-source water heaters, motion-sensor water-saving devices, and solar-powered lighting to reduce energy consumption and carbon emissions.



Reusable Modular Prefabricated Buildings



Solar-powered Lighting

# Energy Consumption Management

HitGen systematically reduces its carbon footprint by optimizing energy structure, improving equipment efficiency, and promoting renewable energy. Key initiatives include energy-saving retrofits for high-energy-consuming laboratory equipment (see Chapter IV "Energy Conservation and Consumption Reduction" for details). Vernalis has established multiple measures to reduce environment impact, including shutting down boilers during summer to conserve energy and replacing all lighting with PIR (passive infrared) sensors to minimize unnecessary energy use. An annual energy supplier review mechanism has been established for regular reminders for employees to power off unused electric appliances, especially during weekends/holidays. Additionally, The dual-action initiatives "Think Smarter" (small-scale experiments/efficient reactions) and "Waste Less" (reduce/reuse/recycle) are implemented to enhance operational sustainability.

Metric	2024	Unit
Total GHG emissions (Scope 1 & 2)	3,741.84	Tonne of standard coal equivalent (tce)
- Scope 1 GHG emissions	284.20	tce
- Scope 2 GHG emissions	3,457.63	tce
GHG emission intensity (Scope 1 & 2)	0.0876	tce/ Revenue of RMB 10,000
- Scope 1 GHG emission intensity	0.0067	tce/ Revenue of RMB 10,000
- Scope 2 GHG emission intensity	0.0809	tce/ Revenue of RMB 10,000
Total energy consumption	965.72	tce
Energy consumption intensity	0.0226	tce/ Revenue of RMB 10,000



# Waste Control

Our EHS department is responsible for the daily oversight of waste gas, wastewater, and hazardous waste. Advanced technologies and equipment are employed in treatment to ensure pollutant emissions comply with national standards.

## Waste gas management

The Company has installed high-efficiency particulate air (HEPA) filters and utilizes a centralized collection system with two-stage activated carbon adsorption technology to ensure compliant emissions. Regular maintenance and inspections are conducted on waste gas treatment facilities to ensure proper operation and further reduce harmful gas emissions.

## Laboratory Waste Management

The Company has implemented multiple measures to reduce the environmental impact of waste, including optimizing experimental design and processes, minimizing the use of hazardous substances, and subjecting waste containing active pharmaceutical ingredients to high-temperature sterilization or chemical treatment. Additionally, the Company has established a waste classification, collection, and disposal system to ensure proper handling of all types of waste. During the reporting period, approximately 1.5 tonnes of non-hazardous waste, primarily recyclable resources such as cardboard and paper from office activities, were properly treated and recycled.

## Hazardous waste management

Strict classification and real-time inbound and outbound tracking are implemented for hazardous waste. Disposal is entrusted to licensed providers, with data reported to the "Zero-Waste Sichuan" online system for compliance. All hazardous wastes must be stored in dedicated containers labeled with clear identifiers to prevent mishandling. Transportation adheres to national and local regulations. Specific measures include:

### Containers

Compliant dedicated containers are used to ensure sealing and safety.

### Vehicles

Dedicated hazardous waste transportation vehicles are used and regular safety inspection and maintenance are conducted to ensure compliance with safety standards.

### Personnel

Drivers must undergo professional training and hold relevant qualification certificates.

### Records

Each transportation must be recorded in detail to ensure traceability.

### Emergency measures

Developing detailed contingency plans to ensure rapid response and effective handling in case of accidents.

## Hazardous Materials Management

The Company implements strict controls over hazardous raw materials and chemicals used in the R&D process. It has established the *Hazardous Chemicals Management Standards*, *Precursor Chemicals for Explosives Management System*, and *Precursor Chemicals for Drugs Management System* to ensure the safe purchase, storage, use, and disposal of hazardous chemicals. Among these, precursor chemicals for drugs and explosives are managed under a dual-person, dual-lock system, requiring two personnel to operate during retrieval to ensure compliance with safety precautions as outlined in the MSDS. Every three years, the Company commissions a qualified agency to conduct a safety evaluation of its production conditions, with the results submitted to the local emergency management department for record-keeping to ensure compliance. Additionally, the Company minimizes the environmental impact of R&D activities by optimizing reagent usage and reducing harmful substance emissions.

## Compliance and Administrative Penalties

The Company strictly adheres to environmental laws and regulations, conducting regular environmental inspections and risk assessments to ensure all environmental protection measures are effectively implemented. In 2024, the Company did not incur any major administrative penalties or criminal liabilities due to pollutant emissions.

Metric	2024	Unit
Hazardous waste disposal method and quantity	394	tonnes
- Incineration (with energy recovery)	3.60	tonnes
- Incineration (without energy recovery)	382.33	tonnes
- Landfill	1.39	tonnes
- Handled by specialized companies	0.52	tonnes
- Storage	6.41	tonnes



Metric	2024	Unit
Total hazardous waste	394	tonnes
- Waste toner cartridges	0.004	tonnes
- Waste electrical and electronic equipment	0.26	tonnes
- Waste ink cartridges	0.02	tonnes
- Clinical waste	4.99	tonnes
- Waste drugs	0.52	tonnes
- Waste organic solvents	57.31	tonnes
- Waste filter media	0.98	tonnes
- Contaminated packaging waste	16.13	tonnes
- Laboratory waste liquid	307.42	tonnes
- Waste filter residues	6.44	tonnes
- General chemical waste	0.18	tonnes
Hazardous waste intensity	0.009	tonnes/ revenue of RMB 10,000

## Enhancing Resource Utilization Efficiency

The Company places great importance on resource efficiency management. By optimizing experimental processes, adopting eco-friendly alternatives, improving equipment energy-saving performance, and strengthening daily management, we reduce resource waste and minimize environmental impact.

### Reducing Single-Use Lab Consumables

The Company actively promotes the replacement of single-use lab consumables with environmentally friendly alternatives to reduce plastic waste. Laboratories prioritize repeatedly sterilizable glassware over disposable plastic consumables and minimize resource waste through digital record-keeping and shared equipment. Additionally, the Company advocates for the use of 384-well plates instead of 96-well plates to reduce plastic consumption and liquid usage. For hazardous waste disposal, waste containing active pharmaceutical ingredients or antibiotic residues is safely discharged after high-temperature sterilization or chemical treatment.

### Energy Conservation and Consumption Reduction

The Company has implemented multiple energy-saving measures targeting high-energy-consuming equipment in laboratories (such as fume hoods and ultra-low temperature refrigerators):

#### Three-color label system for fume hoods

Fume hoods are categorized into three settings - green (low speed), yellow (medium speed), and red (high speed). During experiments, the sash height must not exceed the red label position. When manual operation is unnecessary, the setting should be adjusted to the green label position to reduce energy consumption.

#### Temperature control management

Laboratories adopt differentiated temperature control standards based on functional zones, assigning lower priority to non-critical areas while ensuring precise temperature control in experimental zones.

#### Equipment maintenance

Regular inspection and maintenance of high-energy-consuming equipment are conducted to ensure optimal performance and minimize energy waste.

Metric	2024	Unit
Power consumption	6,443,596	kWh
- Purchased electricity	6,443,596	kWh
- Self-generated and self-consumed electricity	0	kWh
Electricity intensity	150.90	kWh/ revenue of RMB 10,000



## Water Conservation Management

The Company continues to enhance laboratory water management, advancing water conservation through both equipment optimization and management improvements. For equipment optimization, regular inspection and maintenance of water-using equipment are conducted to prevent leaks. Water-saving faucets and laboratory instruments are prioritized, and flow control devices (e.g., sensor-activated faucets) are installed to automatically reduce water waste by limiting single-use volume. For management improvements, experimental wastewater is categorized for treatment, promoting recycling and reuse, and direct discharge into drains is prohibited. This further reduces fresh water consumption and minimizes water waste. Laboratory pure water machines are used for preparing water for experiment. Standard operating procedures (SOPs) for operation and maintenance are established, including regular replacement of filter cartridges and purification columns, membrane cleaning, and biweekly testing of water conductivity to ensure proper functioning. Post-use laboratory glassware is centrally cleaned to reduce water usage. A three-rinse method is enforced, with the liquid from first three rinses collected and categorized by chemical properties into waste liquid containers. Direct discharge into drains is strictly prohibited. The Company has set a rainwater collection system on the construction site, utilizing rainwater for greening and cleaning to reduce reliance on fresh water.

### Quantitative Index

Metric	2024	Unit
Total water withdrawal	13,332	tonnes
- Municipal supply	13,332	tonnes
Water intensity	0.3122	tonnes/ revenue of RMB 10,000
Wastewater discharged	1,932	tonnes
- Industrial wastewater	1,932	tonnes
- Domestic wastewater	0	tonnes

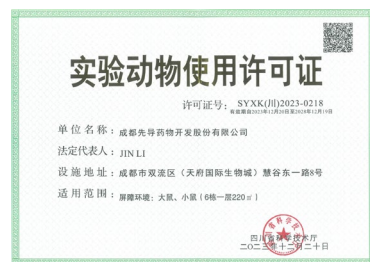
## Biodiversity Conservation

HitGen places great importance on biodiversity conservation. Through pollution prevention, bioethical risk management, and ecological protection measures, the Company ensures that its R&D and operations do not negatively impact biodiversity or the natural environment. The Company's cell laboratory is classified as a Biosafety Level 2 (ABSL-2) facility for human pathogenic microorganisms in Sichuan Province, and its animal laboratory has completed registrations for Biosafety Level 2 animal pathogenic microorganism laboratory.



## ◀ Bioethical Risk Management ▶ Participation in Biosafety Initiatives

The Company has established an Institutional Animal Care and Use Committee (IACUC) to conduct ethical reviews for projects involving animal experiments. Biosafety is integrated into departmental management systems, with department heads designated as primary responsible persons for ethical oversight. Additionally, all test protocols involving bioethical risks (e.g., animal test) must undergo evaluation by the Ethics Review Committee. HitGen holds an *Experimental Animal Use License* and has implemented an animal ethics management system, strictly adhering to the "3R principles" (Replacement, Reduction, Refinement) and the "Five Freedoms" to ensure standardized animal welfare practices. Key control points, such as cell line traceability and inactivation of genetic vectors, are clearly defined to ensure compliance with ethical requirements.



*Experimental Animal Use License*

The Company actively collaborates with local government and Chengdu Tianfu Bio-Town initiatives to enhance employees' biosafety awareness. Twenty employees completed the Shuangliu District Health Bureau's ABSL-2 biosafety training and assessment, all achieving passing scores. Regular biosafety training sessions are also conducted to improve staff knowledge and operational skills.

### Case III Innovation and Resource Conservation

In the Global Pharmaceutical R&D and Production Base (Phase I) project, HitGen implemented resource-saving measures such as rainwater collection tanks, three-stage sedimentation tanks, and prefabricated septic tanks to maximize resource efficiency and minimize environmental impact. Moving forward, the Company plans to further optimize resource management by adopting clean energy and smart control technologies to reduce energy consumption.



Prefabricated Septic Tank and Air-Source Water Heater



Three-stage Sedimentation Tank

# Appendix

## Appendix 1 ESG Performance

Dimension	Metric	2024	Unit
Environmental	Total GHG emissions (Scope 1 & 2)	3,741.84	tonnes of standard coal equivalent (tce)
	- Scope 1 GHG emissions	284.20	tce
	- Scope 2 GHG emissions	3,457.63	tce
	GHG emission intensity (Scope 1 & 2)	0.0876	tce/ Revenue of RMB 10,000
	- Scope 1 GHG emission intensity	0.0067	tce/ Revenue of RMB 10,000
	- Scope 2 GHG emission intensity	0.0809	tce/ Revenue of RMB 10,000
	Total energy consumption	965.72	tce
	Energy consumption intensity	0.0226	tce/ Revenue of RMB 10,000
	Total hazardous waste	394	tonnes
	- Waste toner cartridges	0.004	tonnes
	- Waste electrical and electronic equipment	0.26	tonnes
	- Waste ink cartridges	0.02	tonnes
	- Clinical waste	4.99	tonnes
	- Waste drugs	0.52	tonnes
	- Waste organic solvents	57.31	tonnes
	- Waste filter media	0.98	tonnes
	- Contaminated packaging waste	16.13	tonnes
	- Laboratory waste liquid	307.42	tonnes
	- Waste filter residues	6.44	tonnes
	- General chemical waste	0.18	tonnes



Dimension	Metric		2024	Unit
Environmental	Hazardous waste intensity		0.009	tonnes/ revenue of RMB 10,000
	Hazardous waste disposal method and quantity		394	tonnes
	- Incineration (with energy recovery)		3.60	tonnes
	- Incineration (without energy recovery)		382.33	tonnes
	- Landfill		1.39	tonnes
	- Handled by specialized companies		0.52	tonnes
	- Storage		6.41	tonnes
	Power consumption		6,443,596	kWh
	- Purchased electricity		6,443,596	kWh
	- Self-generated and self-consumed electricity		0	kWh
	Electricity intensity		150.90	kWh/ revenue of RMB 10,000
	Total water withdrawal		13,332	tonnes
	- Municipal supply		13,332	tonnes
	Water intensity		0.3122	tonnes/ revenue of RMB 10,000
	Wastewater discharged		1,932	tonnes
	- Industrial wastewater		1,932	tonnes
	- Domestic wastewater		0	tonnes
Social	Total Number of Suppliers		990	Number
	Number of Suppliers by Region	Chinese Mainland	560	Number
		Chinese Hong Kong, Macao & Taiwan	2	Number
		Overseas	428	Number
	R&D investment (science & innovation)		6,732.81	RMB 10,000
	Percentage of R&D expenses in revenue		15.77	%
	R&D Team	Total Count	406	Number
		Percentage in overall Workforce	84.06	%

Dimension	Metric		2024	Unit
Social	Domestic Invention Patents	Cumulative granted	99	Number
		Applications Pending	188	Number
	International Invention Patents	Cumulative granted	39	Number
		Applications Pending	122	Number
	IPR Compliance Training		4	Times
	Accumulated Software Copyright Registrations		13	Number
	Trademark Rights Held		54	Number
	Percentage of products recalled due to quality issues out of total products sold/shipped		0.10	%
	Total number of complaints received regarding products and services		6	Number
	Resolution rate for complaints regarding products and services		100	%
	Client satisfaction rate		91.75	%
	Number of Information Security Training Sessions Conducted		17	Times
	Participant Count for Information Security Training		405	Number
	Number of Client Privacy and Information Security Breach Incidents		0	Number
	Number of employees		483	Number
	Employees by employment type	Full-time employees	474	Number
		Part-time employees	9	Number
	Employees by level	Senior management	9	Number
		Middle management	41	Number
		Primary management	130	Number
		General staff	303	Number
	Employees by gender	Male employees	264	Number
		Female employees	219	Number
	Percentage of female employees in senior management		22.22	%
	Employees by education degree	Ph.D	82	Number
		Master	153	Number
		Bachelor	218	Number
		Other	30	Number
	Employees by age	< 30	212	Number
		31-50	237	Number

Dimension	Metric		2024	Unit
Social	Employees by age	> 51	34	Number
	Employees by region	Chinese Mainland	407	Number
		Chinese Hong Kong, Macao & Taiwan	1	Number
		Overseas	75	Number
	New employees		75	Number
	Total employee turnover		9.32	%
	Employee turnover rate by gender	Male	10.61	%
		Female	7.76	%
	Employee turnover rate by age	< 30	8.49	%
		31-50	10.13	%
		> 51	8.82	%
	Employee turnover rate by region	Chinese Mainland	9.83	%
		Chinese Hong Kong, Macao & Taiwan	0	%
		Overseas	6.67	%
	Total number of employees with disabilities		6	Number
	Total number of veteran employees		7	Number
	Percentage of employees trained		100	%
	Training sessions conducted		175	Times
	Total training hours by employee type	Senior management	1,324.8	Hour
		Middle management	652.8	Hour
		Primary management	878.4	Hour
		General staff	1,399	Hour
	Total training hours by gender	Male	2,372	Hour
		Female	1,883	Hour
	Total employee training hours		4,255	Hour
	Per capita training duration for employees		10.37	Hour
	Per capita training duration by employee type	Senior management	147.20	Hour
		Middle management	26.07	Hour



Dimension	Metric		2024	Unit
Social	Per capita training duration by employee type	Primary management	7.20	Hour
		General staff	5.48	Hour
	Per capita training duration by gender	Male	10.63	Hour
		Female	10.06	Hour
	Total investment in training		221	RMB 10,000
	Employment contract execution rate		100	%
	Social insurance coverage rate		100	%
	Occupational health surveillance coverage		100	%
	Work-related fatalities		0	Number
	Lost days due to work injury		0	Day
	Occupational disease prevalence rate		0	%
	Cumulative safety training hours		12	Hour
	Work injury insurance expenditure		118.72	RMB 10,000
	Work injury insurance coverage rate		100	%
	Number of safety training sessions		6	Times
	Number of participants in safety training		400	Number
	Percentage of employees covered by OHS training		95	%
	Safety drills		6	Times
	Social investment		20	RMB 10,000
Governance	Number of female directors		1	Number
	Number of independent directors		3	Number
	Number of non-independent directors		6	Number
	Number of female executives <sup>1</sup>		2	Number
	Number of meetings of the Board		4	Times
	Number of General Meetings of Shareholders held		4	Times
	Number of corruption-related litigations filed/concluded		0	Number
	Fines for unfair competition practices		0	RMB 10,000

<sup>1</sup> Executives in the report include legal executives and department heads.

## Appendix 2 Index to *Guidelines No. 14 of Shanghai Stock Exchange for Self-regulation of Listed Companies - Sustainability Report (Trial)*

Dimension	No.	Issue	Article	Chapter/Section
Environmental	1	Climate change response	Article 21-28	Climate change
	2	Pollutant discharge	Article 30	Waste control
	3	Waste disposal	Article 31	Waste control
	4	Ecosystem and biodiversity protection	Article 32	Biodiversity conservation
	5	Environmental compliance management	Article 33	Environmental management
	6	Energy utilization	Article 35	Energy consumption management
	7	Water resources utilization	Article 36	Water conservation management
	8	Circular economy	Article 37	Enhancing resource utilization efficiency
Social	9	Rural revitalization	Article 39	/
	10	Social contribution	Article 40	Community engagement
	11	Innovation-driven development	Article 42	Innovation-driven development
	12	Scientific and technological ethics	Article 43	Bioethical risk management
	13	Supply chain security	Article 45	Responsible supply chain
	14	Equal treatment to small and medium-sized enterprises	Article 46	Sustainable procurement
	15	Safety and quality of products and services	Article 47	Product quality and customer service
	16	Data security and customer privacy protection	Article 48	Data security and privacy protection
	17	Employees	Article 50	Harmonious internal and external ecosystem
Sustainability-related governance	18	Due diligence	Article 52	Fair competition
	19	Communication with stakeholders	Article 53	Business ethics
	20	Anti-bribery and corruption	Article 55	Business ethics
	21	Anti-unfair competition	Article 56	Business ethics

## Appendix 3 Index to *PSCI Principles for Responsible Supply Chain Management*

Dimension	No.	Issue	Chapter/Section
Governance & management systems	1.1	Culture, commitment, and accountability	Sustainable corporate governance
	1.2	Legal and customer requirements	Business ethics
	1.3	Risk management	Internal control and risk management
	1.4	Traceability and control	Responsible supply chain
	1.5	Training and competency	Training and development
	1.6	Documentation	Product quality and customer service
	1.7	Continual improvement	Continuous improvement
	1.8	Emergency preparedness and response	Occupational health and safety
	1.9	Grievance mechanisms	Business ethics
	1.10	Response and remediation	Internal control and risk management
	1.11	Effective communication	Community engagement
Ethics	2.1	Patient safety and access to information	Product quality and customer service
	2.2	Anti-bribery and corruption	Business ethics
	2.3	Fair competition	Fair competition
	2.4	Animal welfare	Bioethical risk management
	2.5	Data privacy and security	Data security and privacy protection
	2.6	Avoidance and management of conflicts of interest	/
	2.7	Product protection and quality	Product quality and customer service



Dimension	No.	Issue	Chapter/Section
Human rights	3.1	Freely chosen employment	Employee rights
	3.2	Child labor and young workers	Employee rights
	3.3	Non-discrimination	Employee rights
	3.4	Fair treatment	Employee rights
	3.5	Wages, benefits and working hours	Equitable compensation
	3.6	Freedom of association and right to collective bargaining	Freedom of association and collective bargaining rights
	3.7	Local communities	Community engagement
Health & safety	4.1	Safety of the work environment	Occupational health and safety
	4.2	Worker protection, health, and wellbeing	Occupational health and safety
	4.3	Process safety	Occupational health and safety
Environment	5.1	Environmental authorizations and reporting	Environmental management
	5.2	Management of waste and emissions	Waste control
	5.3	Climate change	Climate change
	5.4	Resource efficiency	Enhancing resource utilization efficiency
	5.5	Biodiversity conservation	Biodiversity conservation
	5.6	Spills and releases prevention	Eco-conscious environmental management