



2023

Environmental, Social and Governance (ESG) Report

MGI Tech Co., Ltd.

contents

Message From Chairman

01 About MGI Tech

- 03 Company Profile
- 05 Company Development Milestones
- 07 Company Awards

02 Sustainable Development Transform

- 11 Sustainable Development Management
- 15 Key ESG Risks and Opportunities
- 22 Tools for Measuring Sustainable Development
- 23 Sustainable Development Strategy

03 Leading Life Science Innovation

- 29 Enhancing the Accessibility of Genomics
- 31 Expanding Diverse Application Scenarios
- 33 Supporting the Advancement of Precision Medicine
- 35 Empowering Industry Ecosystem Development

04 Advancing Life Science Tools for Future Healthcare

- 43 Establishing the Systematic and Standardized System towards Intelligent Manufacturing
- 47 R&D Innovation
- 57 Lean Manufacturing
- 59 Quality Service
- 63 Sustainable Supply Chain

05 Leader in Compliance Governance

- 71 Strengthening Information Security for Fostering Healthy Development
- 76 Corporate Governance
- 78 Compliance Operations
- 79 Risk Management
- 81 Responsible Business Operations

06 Value Growth Partner

- 89 Nurturing the "Three Good" Culture for an Enriched Life
- 94 Talent Team Building
- 95 Employee Care Enhancement
- 100 Occupational Health and Safety
- 103 Fulfilling Social Responsibility

07 Guardian of Our Environment

- 111 Developing Low-Carbon, Eco-Friendly Products in Response to Climate Change
- 117 Environmental Management
- 118 Resource Utilization
- 120 Waste Management
- 122 Green Operations

125 Outlook for 2024

127 Appendices

- 127 Appendix I: About the Report
- 130 Appendix II: Sustainability Performance
- 135 Appendix III: Index of ESG Reporting Indicators
- 137 Appendix IV: List of Laws and Regulations
- 139 Appendix V: Key Annotations

140 Feedback

Message From Chairman



Wang Jian
Chairman of the Board
MGI Tech Co., Ltd



We have diligently worked on ecological conservation, carbon reduction, desert reclamation, and perennial crops among other aspects by providing advanced biotechnology, striving to answer the questions “What is life?” and “What is the meaning of life?” Driven by the mission to develop and promote advanced life science tools for future healthcare, we endeavor to contribute to the sustainable and healthy development of human life, ultimately meeting human beings’ demands for health, longevity, beauty, wisdom, and happiness.

In 2023, guided by the vision of “Leading Life Science Innovation”, we have achieved remarkable milestones in product innovation, social responsibility, and environmental protection. A particularly noteworthy accomplishment is the launch of our ultra-high-throughput gene sequencer, the DNBSEQ-T20x2, which reduces the cost of whole genome sequencing to sub \$100 per 30x human genome with up to 50,000 samples running per year. This breakthrough not only establishes a new global standard for gene sequencing, but also makes this cutting-edge technology accessible to a wider range of research institutions and individuals globally.

Furthermore, our dedication to excellence has also earned us prestigious awards such as the China Patent Gold Award and the Edison Award, underscoring our global influence in life sciences. Through initiatives like the DCS Lab Initiative, which sets to empower global research in frontier science, we’ve been actively engaged in cutting-edge life science research and contributing to areas like remote medical surgery and early breast cancer screening. These efforts have demonstrated the pivotal role played by MGI in driving innovation within medical technology and fostering enhancements in public healthcare practices.

In terms of sustainable development, we have actively supported the United Nations Sustainable Development Goals. We collaborated with Indonesia’s National Research and Innovation Agency (BRIN) to enhance the preservation of marine biodiversity. Furthermore, we also applied high-throughput gene sequencing technology to agricultural molecular breeding and disease prevention and treatment, accelerating to achieve the objective of sustainable development.

Looking into the future, we are committed to upholding our aspiration of confronting research challenges while remaining down-to-earth in addressing the intricate complexities of life sciences. We will continue to enhance our capabilities in supporting human health, agricultural breeding, and environmental protection, exploring the endless possibilities of life sciences.

01

About MGI Tech

2016

Founding of MGI

100+

Business presence in more than 100 countries and regions on six continents

2,800+

More than 2,800 users worldwide



Genetic Sequencers



Laboratory Automation



New Business

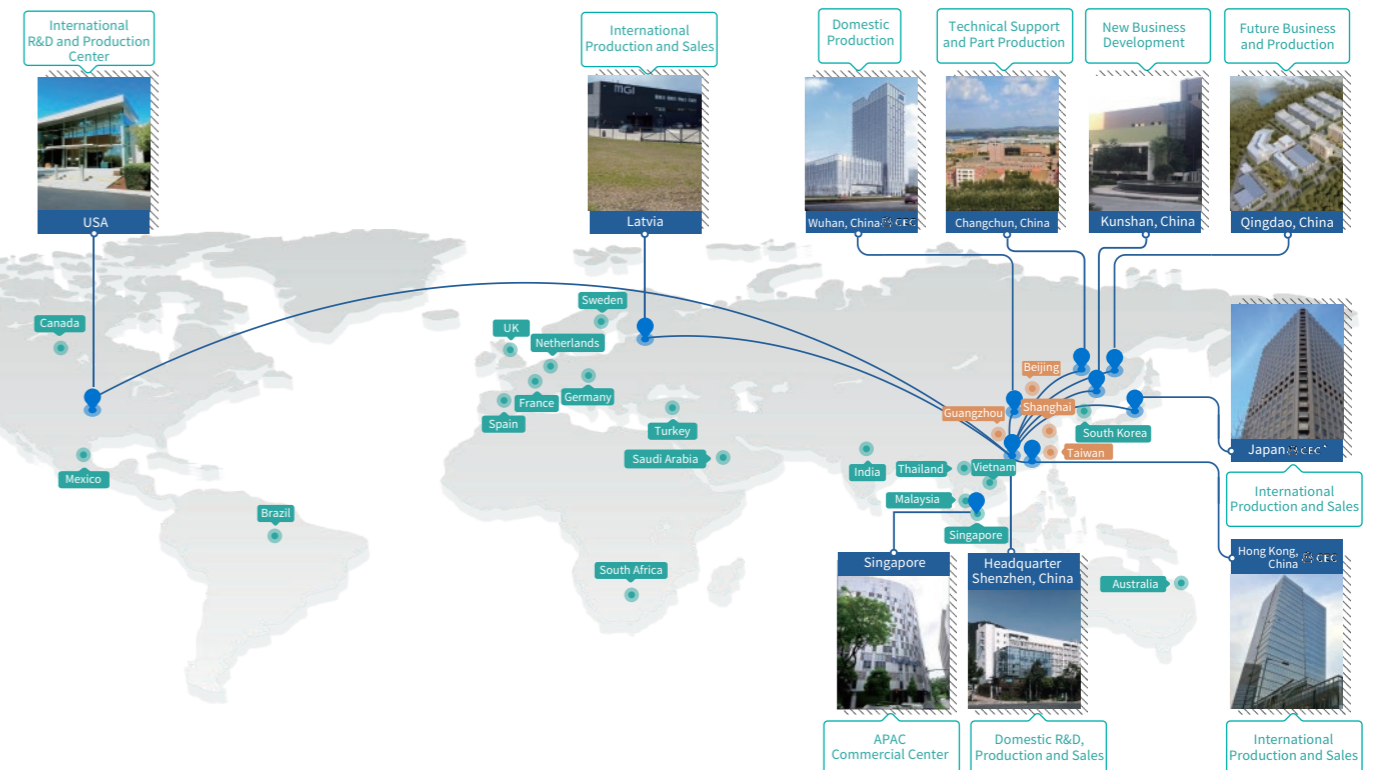
Company Profile

MGI Tech Co., Ltd. (referred to as “MGI”, stock code: 688114.SH) was established in 2016, with a vision to “Leading Life Science Innovation”. We are committed to developing and promoting advanced life science tools for future healthcare. Our primary focus lies in the R&D, production, and sale of instruments, reagents, and consumables in the sectors of life sciences and biotechnology. By offering real-time, whole picture, and life long digital equipment and systems, we provide invaluable support to industries such as precision medicine, precision agriculture, and precision healthcare.

The Company’s main business covers three major segments: genetic sequencers, laboratory automation, and new business. Leveraging core technology, we provide customers with core tools

for life science research and applications, committed to building an open, cooperative, and win-win industrial ecosystem. We advocate for collaborative innovation with partners to expand the industrial value of life science. The Company is headquartered in Shenzhen, China, with 23 branches and subsidiaries in Wuhan, Changchun, Qingdao, Kunshan, Hangzhou, etc. in China, as well as 24 overseas subsidiaries in Hong Kong (China), the United States, Japan, Latvia, Germany, Singapore, the Netherlands, Serbia, Australia, etc. To achieve business segment and industry synergy, market accessibility, and optimal resource allocation, we have established nine global R&D centers located in Shenzhen, Wuhan, Qingdao, Changchun and Kunshan, the United States and other countries and regions.

The Global Reach of MGI



Company Milestones

2013

- Acquisition of US-based Complete Genomics

2019

- Launch of the Global Sequencer User Program
- Release of DNBelab C Cellomics, digital sample preparation system DNBelab D series, portable sequencer DNBSEQ E series, and other products
- Official launch of the Latvia production base

2015

- Launch of the fully integrated “super sequencer” Revolocity
- Launch of the high-throughput “benchtop” genetic sequencer BGISEQ-500

2020

- The ultra-high-throughput genetic sequencer DNBSEQ-T7 passed the emergency approval procedure of China’s National Medical Products Administration (“NMPA”) and became one of the first medical devices officially approved to be marketed for public health prevention and control
- Genetic sequencers, the high-throughput automated virus nucleic acid extraction kit and robotic ultrasound systems all assisted the frontline of domestic and international public health prevention and control efforts.
- The automated sample transfer processing system MGISTP-7000 received the Medical Device Registration Certificate from NMPA.
- Launched the DNBSEQ-Tx large-scale genomics one-stop platform
- The MGI Wuhan “Intelligent Manufacturing and R&D Base” broke ground.

2016

- Official founding of MGI Tech
- Launch of genetic sequencer BGISEQ-50

2021

- DNBSEQ-T7 genetic sequencer, DNBelab D & DNBSEQ E “benchtop” sequencing laboratory, won the German iF Industrial Design Award
- Release of the high-throughput automated nucleic acid extraction system MGISP-NE384
- Release of the automated sample preparation system MGISP-Smart 8 and MGICLab-LT series of ultra-low temperature automated biobank
- Launch of the reagent production line at the Qingdao production base
- Launch of MGI CEC Australia

2017

- ISO13485 certification for medical device quality management system
- Launch of the high-throughput gene sequencers MGISEQ-2000 and MGISEQ-200
- Launch of the automated sample preparation system MGISP-100
- Launch of the robotic ultrasound system MGIUS-R3

2022

- Launch of HotMPS high-throughput sequencing reagents in the European market
- Launch of TQ01, our independently developed magnetic bead product that has successfully achieved mass production
- Release of the first digital sample preparation system DNBelab-D4 that adopts the innovative digital microfluidic technology
- Launch of the new generation miniaturized genetic sequencer DNBSEQ-E25
- Release of the medium-to-low throughput genetic sequencer DNBSEQ-G99
- Launch of genetic sequencers compatible with HotMPS sequencing reagents in the UK market
- A settlement with Illumina for all lawsuits in the United States, resulting in the subsidiary CG being awarded \$325 million in damages, and marking the official commencement of “Global Access Mode”
- Opening of the first Customer Experience Centers (CECs) in the UK, Germany, Latvia, Japan and other locations
- Listing on the Science and Technology Innovation Board of the Shanghai Stock Exchange with the stock code 688114.SH

2018

- The gene sequencer BGISEQ-50 and robotic ultrasound system MGIUS-R3 won the iF Design Award
- Launch of the ultra-high-throughput genetic sequencer DNBSEQ-T7
- Launch of the high-throughput automated sample preparation system MGISP-960

2023

- DNBSEQ-G99 genetic sequencer obtained the Medical Device Registration Certificate from NMPA
- MGI was awarded the 24th China Patent Gold Award, the first gold award in the gene sequencing industry.
- Release of the DNBSEQ-T20x2, an ultra-high-throughput sequencer that sets new records for throughput and per-sample cost
- Release of MGICLab-LN series automated liquid nitrogen storage systems
- Release of DNBelab C-TaiM 4 single-cell droplet generator
- The European Patent Office declared the Illumina patent invalid, enabling MGI sequencers to be sold in multiple countries.
- Launch of the DCS Lab 2023 Global Scientific Research Empowerment Program, with plans to establish the first batch of ten facilities.
- Launch of the first CEC in South Korea
- Establishment of the first αLab in Hong Kong (China)
- MGI’s subsidiary Complete Genomics announced the construction of a production base in the United States.



Corporate Awards



Product and Technology Honors



2019 "Mass Entrepreneurship and Innovation" Pilot Demonstration Enterprise in the Manufacturing Industry
Ministry of Industry and Information Technology (MIIT)

National-level Specialized and Innovative "Little Giants" Enterprise
Department of Economy and Information Technology of Hubei Province

Hubei Province Manufacturing Leading Model Enterprise (2022-2024)
Department of Economy and Information Technology of Hubei Province

Included in National-level Single-product Champion Enterprises (The Sixth Batch)
Ministry of Industry and Information Technology (MIIT) of the People's Republic of China

Outstanding Achievement Award in Scientific Research in Higher Education - First Prize for Innovations in Science and Technology
Ministry of Education of the People's Republic of China

25 Excellent Applications of Robots in the Medical Field
Ministry of Industry and Information Technology (MIIT) of the People's Republic of China, and National Health Commission of the PRC

Listed in 2020 MIT Technology Review "50 Smartest Companies"
MIT Technology Review

Second Prize of 2021 Science and Technology Awards of Hubei Province
Hubei Provincial People's Government

Key Industry "Chain Leader" Enterprise of Strategic Industry Cluster in Guangdong Province
Department of Economy and Information Technology of Guangdong Province

The 20th, 22nd China Patent Excellence Awards, the 24th China Patent Gold Award and the Excellence Award
China National Intellectual Property Administration, and United Nations World Intellectual Property Organization (WIPO)

2018, 2021, and 2023 German iF Industrial Design Award
iF Industrie Forum Design

First Prize in the 4th "Blossom Cup" 5G Application Competition
Ministry of Industry and Information Technology (MIIT) of the People's Republic of China, and Shenzhen Municipal People's Government

Included in the 9th International Prestige Brand and the 20th Well-known Brand in Shenzhen
United Nations Industrial Development Organization and Shenzhen Well-known Brands Evaluation Committee

Included in 2023 Annual Rankings of Chinese Listed Companies
National Business Daily

Listed Among China's Top 100 ESG Pioneer Listed Companies in 2023
Times Media Group

2022 China Excellent Industrial Design Award - Bronze Award
Ministry of Industry and Information Technology (MIIT)

2022 and 2023 Golden Bridge Awards for Business Innovation
Globee® Awards

2023 American National Medal of Science and National Medal of Technology and Innovation R&D 100 Awards
R&D World

2023 Annual Outstanding CSR Award
Thinking Finance, Investor China

Included in China Global Next 50 List 2023
Equa LOcean

Listed in GlocalIN Top 50 Technology Faces of Chinese Global Enterprises
MIT Technology Review, DeepTech, LinkedIn China

2023 MUSE Design Awards
MUSE CREATIVE AWARDS, American Alliance of Museums (AAM), and International Awards Association (IAA)

The 3rd US BioTech Breakthrough Awards - 2023 "High-throughput Sequencing Platform of the Year" Award
BioTech Breakthrough Awards



02

Sustainable Development Transform

As a leading high-end medical device company in China, MGI has always integrated the vision of “To Develop and Promote Advanced Life Science Tools for Future Healthcare” into its corporate DNA. With the vision of “Leading Life Science Innovation”, we firmly support the United Nations’ 2030 Agenda for Sustainable Development. By integrating the concept of sustainable development into our corporate strategy and operations, we aim to comprehensively enhance the Company’s sustainable development capabilities and business resilience, thereby contributing to the realization of long-term value creation. At the same time, the Company is dedicated to meeting the needs of its stakeholders in the ecosystem, including employees, supply chain partners, customers, as well as the local community and institutions, promoting sustainable development of the ecosystem and society.

MGI’s short-term roadmap, spanning from 3 to 5 years, is centered around an evaluation process for material topics that involves both

internal and external stakeholders. This is complemented by the establishment and improvement of a special internal governance framework that encompasses the sustainable development team, employees, in-house experts, and the board of directors.

Moving towards the midterm (5 to 10 years) and long-term (10 to 30 years) strategies, MGI will focus on the critical issues highlighted in the United Nations Sustainable Development Goals (SDGs) and pertinent global climate scenarios, ensuring alignment with its business model and global presence.

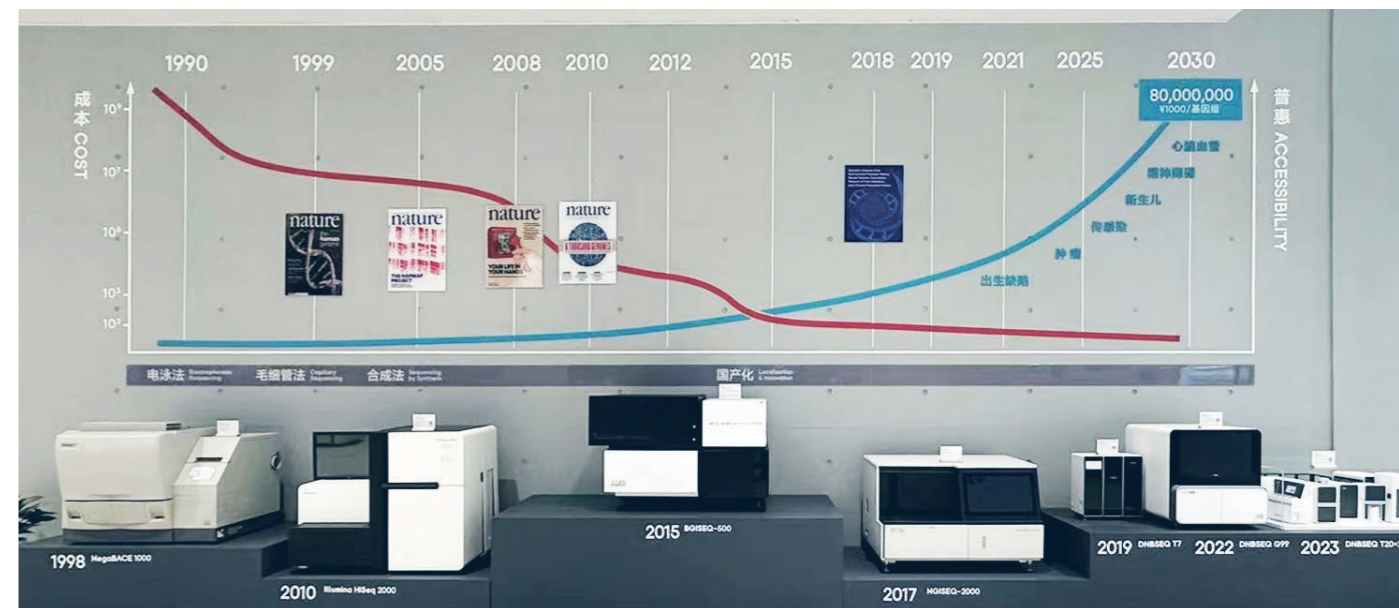
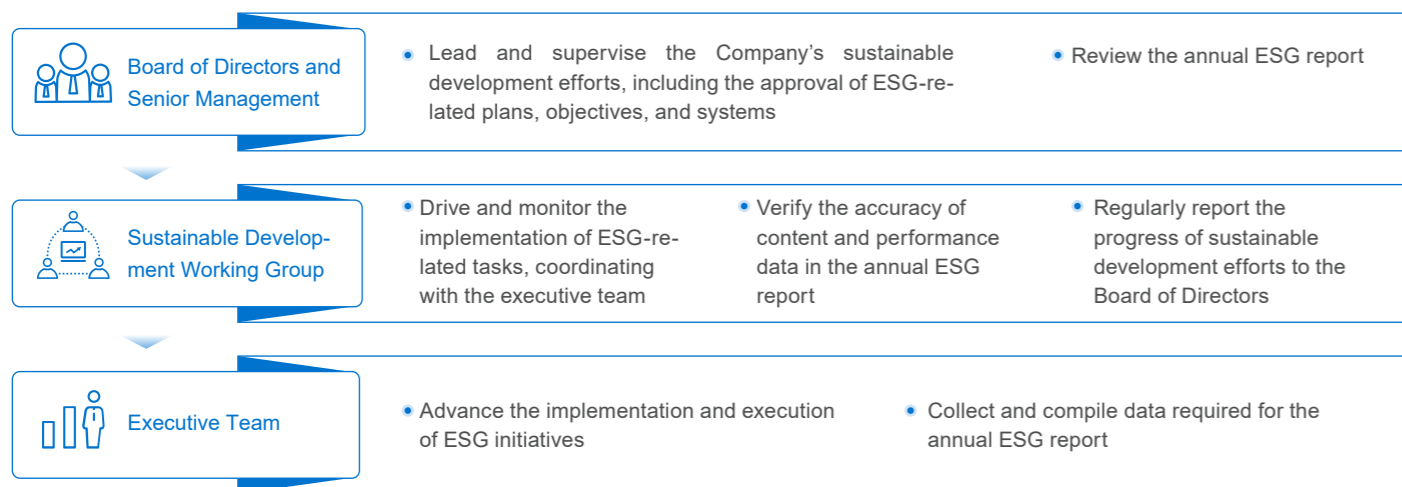
This comprehensive approach to sustainable development enables MGI to significantly reduce risks, and generates tangible value by appealing to customers, new talents, and investors, while fostering innovation.



Sustainable Development Management

Sustainable development has become a global focal point and a shared pursuit among governments, businesses, and the public. In 1987, the theme report *Our Common Future*, submitted by the World Commission on Environment and Development to the United Nations General Assembly, first systematically expounded the concept of sustainable development and derived from it the "three principles of sustainable development" - sustainability, fairness, and commonality. In 2015, the United Nations proposed 17 Sustainable Development Goals (SDGs), fostering a global consensus on sustainable development that can be universally embraced.

We firmly believe that a complete ESG (Environmental, Social, and Governance) management mechanism is of great significance for the top-down implementation of sustainable development strategies throughout all levels of the organization. In alignment with pertinent laws, regulations, and requirements for listed companies' governance, the Company will constantly improve its corporate governance structure, optimizing internal management, establishing a comprehensive risk control mechanisms, and proactively fostering the construction of a responsible business ecosystem.



Stakeholder Communication

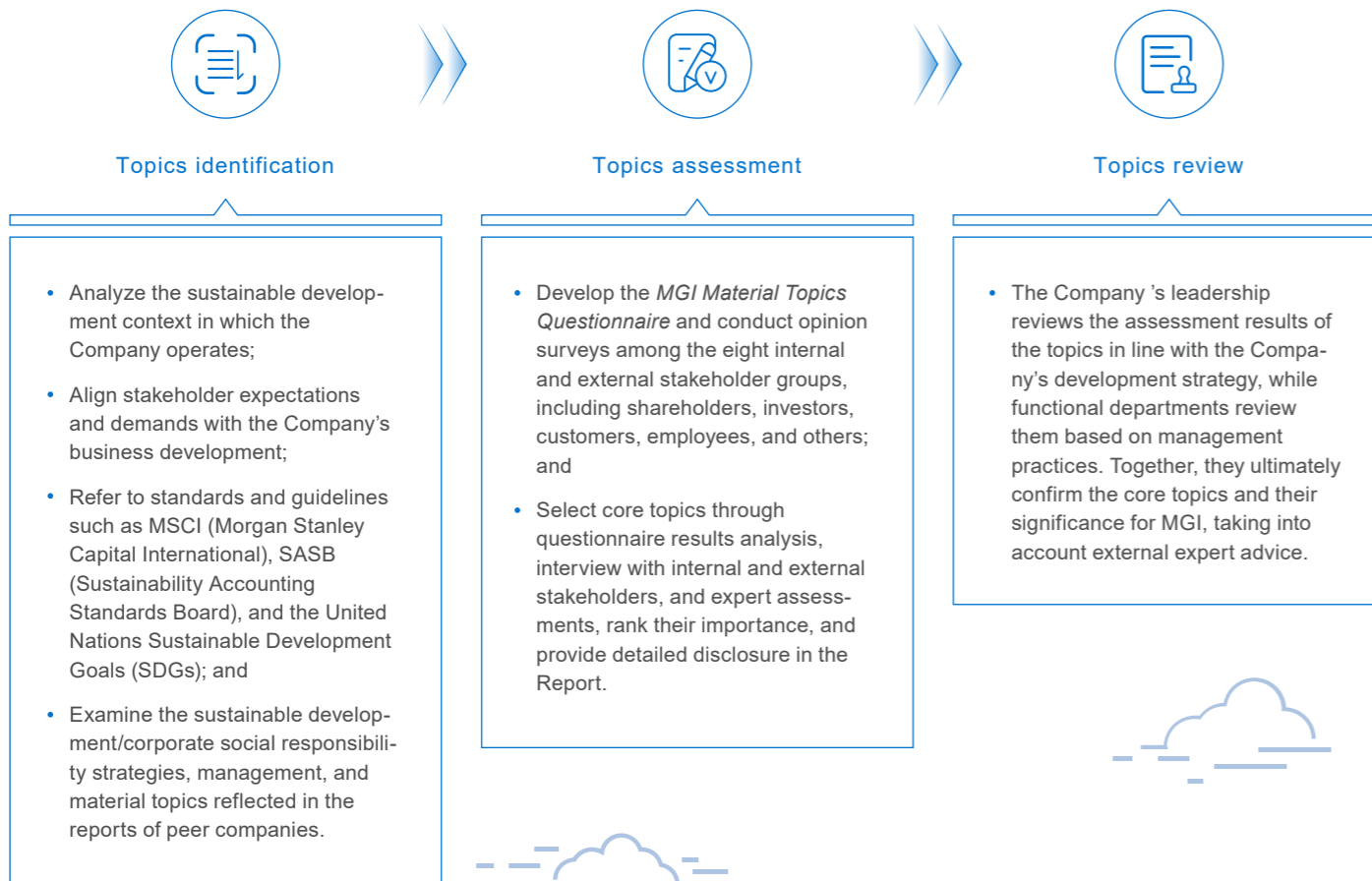
MGI Tech places a high priority on addressing the diverse needs of stakeholders. By establishing multiple communication channels, we actively listen to a range of perspectives on the Company's sustainable development. These channels serve as a crucial foundation for refining our operational policies and sustainable development strategies. Our approach to meeting the expectations and requirements of all stakeholders is outlined as follows:

Main Stakeholders	Shareholders and investors	Customers	Employees	Suppliers	Government and regulatory bodies	Partners	Community	Public and media
Expectations and Demands	Value creation Steady operations Standardized governance Sustainable development	Product quality Innovative R&D Customer service Stable supply	Protection of rights and interests Occupational health and safety Training and promotion Compensation and benefits	Honest fulfillment of contracts Open, fair and just procurement	Compliant operations Legal taxation Adherence to business ethics Economic development and employment	Honest fulfillment of contracts Business ethics and transparency Innovative R&D Occupational health and safety	Community development Environment protection Rational resource utilization Social contribution	Company business progress Rights and interests of employees Environmental and social responsibility
Company's Response Approaches	Drive business growth Improve corporate governance Ensure timely information disclosure Develop sustainable business strategies	Test product quality Increase R&D investment Optimize customer service Sign long-term agreements	Sign labor contracts Ensure safe production Enhance training systems and promotion mechanisms Improve compensation incentives and welfare systems	Perform contracts in accordance with the law Establish standard management systems Build a responsible supply chain	Abide by laws and regulations Pay taxes honestly Strengthen supervision Hire locally	Conduct project cooperation Focus on building business ethics Increase R&D and collaborative efforts Enhance occupational health and safety management	Engage in community exchanges Operate with environmental responsibility Manage resources transparently Participate in public welfare activities and charitable donations	Release company news Organize company open days Facilitate media interviews

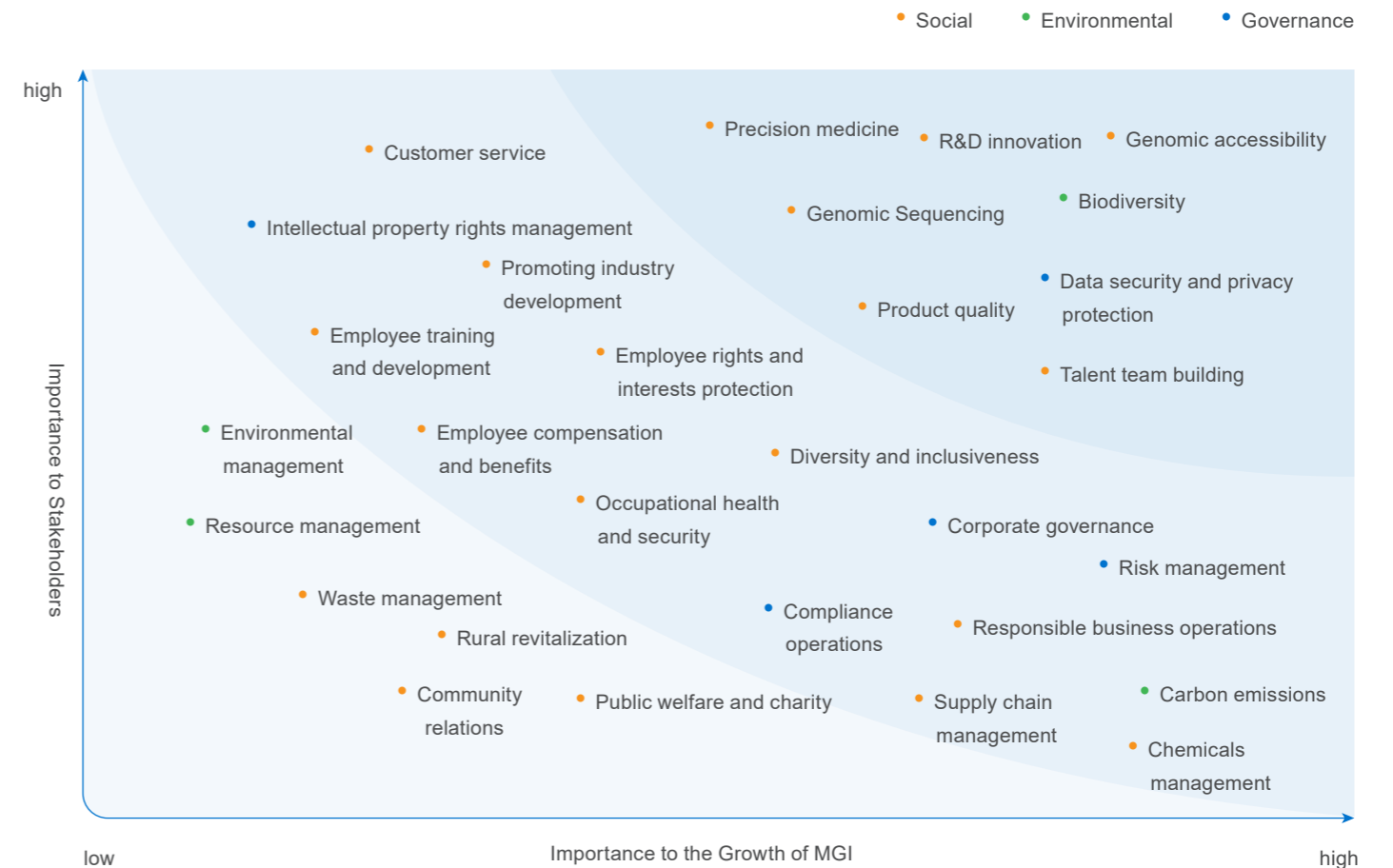
Material Topics Identification

To clarify the focus areas of our ESG initiatives at MGI, we have identified relevant ESG topics by integrating global sustainable development trends, the current development stage of MGI, material topics within the medical device sector, and insights from research on potential topics gathered from both internal and external stakeholders.

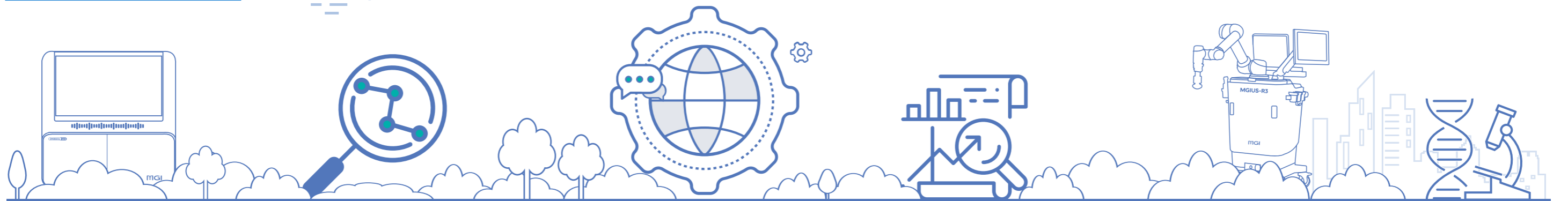
Identification, Assessment, and Review Process of Material Topics



Material Topics



MGI ESG topics identification matrix

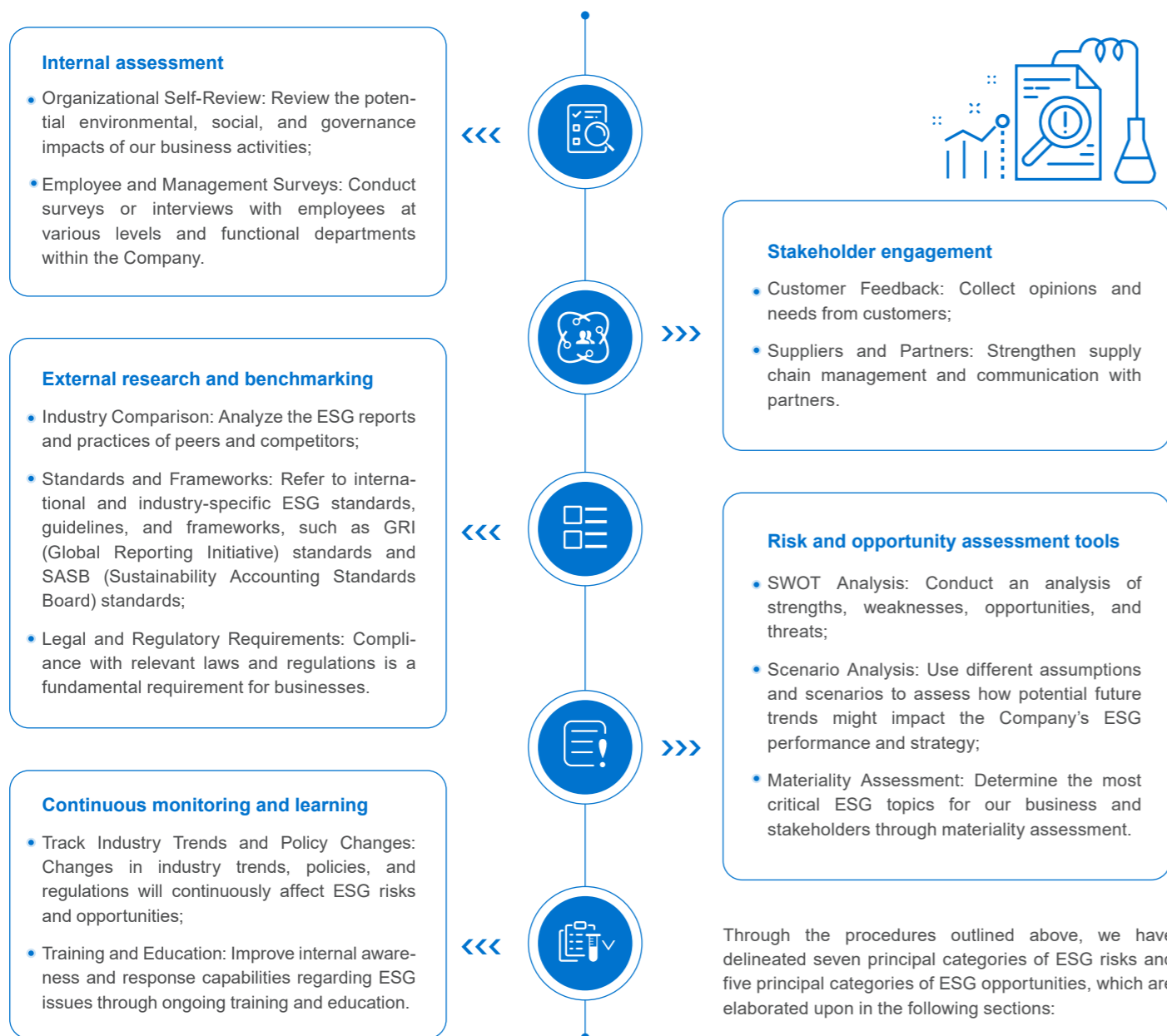


Key ESG Risks and Opportunities

Identifying key ESG risks and opportunities is essential not only for managing current business risks but also for seizing future development opportunities, fostering continuous innovation, and enhancing competitiveness. MGI Tech conducted a comprehensive analysis of the Company's entire value chain and its stakeholders, utilizing a range of internal and external tools. Following the "dual importance" principle, the Company evaluated major risks based on their likelihood of occurrence and impact level to meet stakeholder expectations as much as possible.



Tools for Identifying Key ESG Risks and Opportunities



	Elaboration of Risks and Their Impacts	Policies	Key Actions
Business Conduct	<p>Competition Law</p> <p>Non-competitive behaviors</p> <p>MGI's products are sold worldwide and are subject to national and supranational competition laws and anti-monopoly rules. Non-compliance can lead to fines and affect the Company's reputation.</p>	<p>Competition Compliance Management System</p>	<p>By having compliance officers provide advance warnings for market monopolistic behaviors, as well as conducting mid-process and post-event reviews, and offering employees compliance advice and guidance on anti-unfair competition, ensure that all corporate operations, decisions, external cooperation, and development plans comply with anti-unfair competition laws.</p>
	<p>Corruption and Bribery</p> <p>Corruption is defined as the misuse of authority for personal benefit. It may manifest through the actions of third parties, including partners, suppliers, agents, and customers, and can exert a range of detrimental effects on the Company:</p> <ul style="list-style-type: none"> Reputation Legal Financial Company development Employer brand 	<p><i>Internal Supervision Management Procedures,</i></p> <p><i>Red Line Management Regulations</i></p> <p><i>Incentive Measures for Integrity and Self-Discipline</i></p>	<p>Establish an integrity portal to strengthen a culture of integrity; enhance internal communication and training;</p> <p>Establish an internal complaint and reporting mechanism;</p> <p>Participate in organizations such as the Anti-fraud Alliance and the Trust and Integrity Enterprise Alliance, among others, and establish a comprehensive blacklist system;</p> <p>Regularly communicate with stakeholders such as agents, customers, investors, and suppliers, and sign integrity commitment letters.</p>

Elaboration of Risks and Their Impacts		Policies	Key Actions
Corporate Governance	Transparency		
	Information disclosure The quality of information disclosure directly affects investors' confidence in the Company, as well as the Company's market image and stock price performance.	A sound information disclosure system and process	Establish a sound information disclosure system and process to ensure the authenticity, accuracy, and timeliness of information; Strengthen communication with investors and potential investors through various means.
	Compliance Operations		
	Referring to the process of a company complying with all relevant laws, regulations, industry standards, company policies, and ethical guidelines in its daily operations.	<i>Internal Control Management Procedures,</i> <i>Daily Internal Control Inspection and Reporting Standards</i>	Implement a multi-stage internal control management process, including prevention, auditing, rectification, and reporting, with the aim of progressively improving compliance standards; Organize training sessions on compliance operations and perform regular audits.
Information Security Protection	Operational Security		
	Balancing the confidentiality, integrity, and availability of information assets to ensure security and business efficiency.	<i>Information Asset Identification and Risk Assessment Guide,</i> <i>Information Security Operations and Maintenance Management Procedures</i>	Continuously refine the information security organizational structure and management system, and perform routine security audits to ensure that all measures adhere to industry standards; Conduct comprehensive information asset identification, risk assessments and mitigation across all business units, processes, and personnel; Bolster employees' information security awareness by providing annual online training and assessment programs, and fortify the security team's operational readiness through periodic phishing exercises and simulated attack scenarios.
	Product Security		
	Ensuring the protection of data subjects' rights and upholding the legality, fairness, and transparency in the management of privacy data throughout the data processing	Established procedures for product data and privacy protection, processes for responding to data subjects' rights, confidentiality systems, and comprehensive privacy policies	Sequencers DNBSEQ-G99, DNBSEQ-T20x2, DNBSEQ-T7, and MGISEQ-2000 (DNBSEQ-G400) have passed independent evaluations by a legal and technical team led by Dr. Jan-Peter Ohrtmann (EuroPriSe Accredited) who is a lawyer at PricewaterhouseCoopers in Germany, as well as the security test of the China Academy of Information and Communications Technology; Engage third-party organizations to conduct security capability assessments, vulnerability scans, and to award certifications for product security, ensuring that multiple products meet the standards required for registration review and GDPR compliance. FTI Consulting, a leading US-based consultancy specializing in information security, conducted a comprehensive review of the Company's DNBSEQ-T7 ("T7"), including network monitoring, vulnerability assessment, hardware evaluation, and source code analysis. The findings revealed that T7 poses no risk of private data leakage during outbound and external IP communications during genome sequencing and functional analysis, and has no source code or network vulnerabilities.

Elaboration of Risks and Their Impacts		Policies	Key Actions
Environmentally Sustainable Operations	Waste Management		
	Improper handling of "three wastes" (i.e., wastewater, emissions, and solid residues) can result in substantial environmental harm, impact neighboring communities, and endanger public health.	A stringent waste management system that oversees waste generation, handling, and disposal at every stage	Allocate fund and technology to introduce cutting-edge waste treatment equipment and technologies; Engage third-party organizations for routine environmental monitoring services; Ensure a comprehensive and efficient waste disposal system by entrusting the recycling and disposal of waste to qualified environmental companies, adhering to rigorous standards.
	Resource Utilization		
	Resource Scarcity Price fluctuations, availability of materials and resources <ul style="list-style-type: none"> • Increase in raw material and energy costs • Supply interruptions 	<i>Supplier Management Procedure,</i> <i>Supplier Material Change Management Specification,</i> <i>Supplier Quality Management Specification</i>	Establish clear performance indicators and challenging goals to motivate suppliers to continuously improve their delivery quality; and Conduct quarterly performance evaluations of suppliers, with assessment criteria including, but not limited to, quality, delivery time, service, and cost.
Energy Consumption			
The impact of energy consumption on businesses is primarily reflected in cost, competitiveness, environmental impact, and sustainable development. It is crucial to emphasize energy conservation and emission reduction, enhance the efficiency of energy use, and reduce overall energy consumption.	Improved systems and processes for managing energy consumption	Actively implement systematic monitoring, control, and optimization of energy consumption to conserve energy and lower energy costs; Develop energy-saving and consumption reduction plans, introduce high-efficiency benchmarks and energy management platforms, and adopt measures such as renewable energy and photovoltaic power to support the carbon verification process and help achieve the dual carbon goals.	
Product Reliability	Safety Issues with Defective Products		
	Malfunctions or failures in products may lead to: <ul style="list-style-type: none"> • Liability for both tangible and intangible damages to partners and individuals; • Costs associated with product recalls, new development expenditures, and the utilization of technical and economic resources; and • Expenses related to new or more stringent quality and safety control standards or regulations, which may require capital investments or specific compliance measures. 	<i>Medical Device Product Design and Development Management Procedure,</i> <i>Production Management Procedure,</i> <i>Customer Service Management Procedure,</i> <i>Quality Control Procedure,</i> <i>Nonconforming Product Control Procedure, and</i> <i>Recall Management Procedure</i>	Establish a well-defined and efficient quality management organizational structure with the CEO as the primary responsible person for quality and safety, the Executive Management Team (EMT) as the operational decision-making body, and the Global Quality System VP as the coordinator; Promote continuous improvement and lean production by establishing the MBS MGI Lean System, which focuses on enhancing and innovating in lean research and development, logistics, production, quality, assembly, and supply chain; and Design and implement a series of specialized quality management training programs.

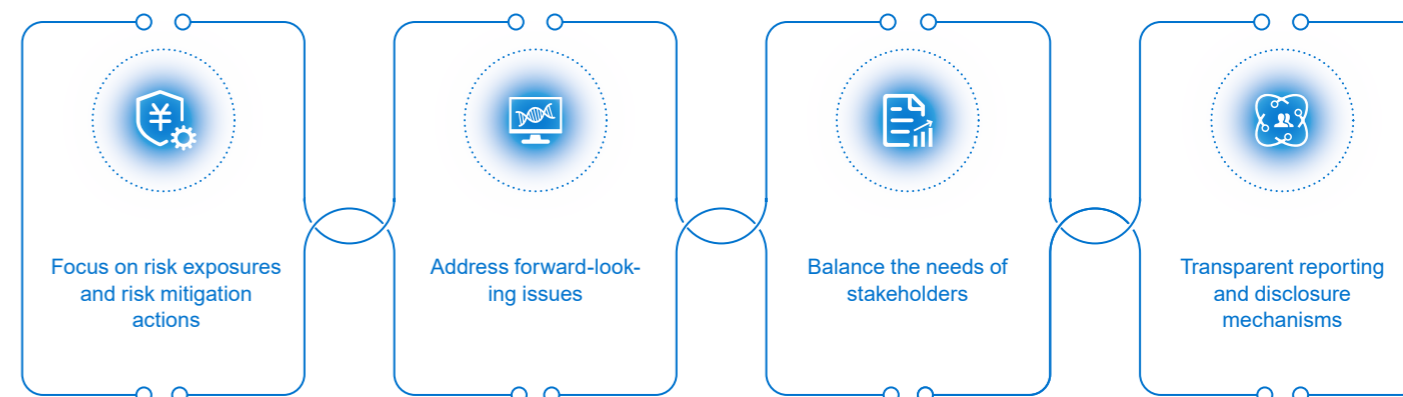
Elaboration of Risks and Their Impacts		Policies	Key Actions
Ethical Workplace	<p>Health and Safety</p> <p>Causing harm or illness to employees:</p> <ul style="list-style-type: none"> • Loss or impact on employees • Loss of productivity • Property damage • Impact on company image • Impact on customer confidence • Fines 	<p><i>EHS Committee Management Procedures, EHS Objective Management Procedures, Hazardous Chemical Safety Management Procedures, Chemical Laboratory Safety Production Management Regulations, and Emergency Preparedness and Response Control Procedures</i></p>	<p>Regularly conduct activities such as Safety Production Month, Fire Safety Month, and online safety training, and utilize official WeChat public accounts and video platforms to disseminate safety knowledge, fostering a safety culture;</p> <p>Organize annual fire drills, chemical emergency response drills, and biological spill drills to enhance employees' emergency awareness and protective skills.</p>
	<p>Fairness, Diversity, and Inclusiveness</p>		
	<p>Inclusive Workplace</p> <p>Failing to provide equal opportunities for all can limit our ability to attract and retain top talent.</p> <ul style="list-style-type: none"> • Turnover costs • Loss of female executives • Legal issues • Company image 	<p><i>Recruitment Management Process, Position Competency Certification Management Standards</i></p>	<p>Standardize the employee recruitment and entry processes to eliminate all forms of discrimination and bias;</p> <p>Facilitate cross-cultural exchanges to foster the integration of global teams;</p> <p>Implement the "Female Employee Care and Support Program", offering comprehensive career development opportunities, and instituting holiday and subsidy policies tailored for female employees, all while prioritizing their health and well-being.</p>
Talent Development and Proficiency	<p>Recruiting and Retaining Talent</p>		
	<p>The inability to attract, develop, and retain top talent in the market, particularly in areas with critical skills, may lead to:</p> <ul style="list-style-type: none"> • Recruitment and onboarding costs • Gaps in key skills • Undesired perception on talent brand 	<p><i>Compensation Management Procedure, Talent Development Management Process</i></p>	<p>Conduct regular talent assessments and formulate targeted development plans, which include offering a diverse range of training programs, cross-departmental job rotation opportunities, and cross-departmental job rotation opportunities;</p> <p>Provide employees with comprehensive benefits and support; and</p> <p>Foster the "Three Good" cultural ethos, demonstrating respect for individual lives and a commitment to the practice and pursuit of life sciences.</p>

Elaboration of Opportunities and Their Impacts		Key Actions
Opportunities in Clean Technology	<p>Low-carbon Products</p> <p>Increased global attention to climate change has led to a growing demand for low-carbon, environmentally friendly products from consumers and businesses. The opportunities brought by MGI in the development and production of low-carbon products include:</p> <ul style="list-style-type: none"> • Meeting market demand and seizing growth opportunities • Accessing funding and technical support • Enhancing the image in sustainable development and corporate social responsibility 	<p>Design and manufacture low-carbon, environmentally genetic products, and conduct carbon footprint assessments on certain gene sequencers;</p> <p>Integrate the concept of green innovation into product development, striving to make positive contributions to environmental protection at every stage of realizing product value;</p> <p>Establish the "eDNA metabarcoding" technology associated with high-throughput sequencing and eDNA sequences, and release environmental eDNA metabarcoding sequencing combination products based on the ATOplex multiplex PCR technology and the DNBSEQ sequencing platform. These products will offer a comprehensive, end-to-end monitoring platform for environmental DNA, encompassing the entire workflow from sample collection to the delivery of final analysis results.</p>
	<p>Precision Medicine</p> <p>Precision medicine marks a significant revolution in the medical field, providing patients with more precise, efficient, and safe medical approaches by utilizing modern technologies, particularly genetics, bioinformatics, and data analysis techniques.</p>	<p>Leveraging the strengths of DNBSEQ technology, we are dedicated to consistently meeting the needs of various application scenarios such as whole-genome sequencing, targeted sequencing, and metagenomics sequencing workflows. We aim to offer more automated, user-friendly, and efficient core tools for the monitoring, early detection, diagnosis, and management of public health events.</p>
Comprehensive Support for Life Sciences Big Data Infrastructure	<p>Deepening Innovation in Genetic Sequencing Technology</p> <p>As its application expands and technological breakthroughs occur, the market for genetic sequencers and consumables continues to experience rapid growth. This brings MGI Tech increased market demand, opportunities for technological innovation and research and development, advancements in data analysis and bioinformatics, as well as opportunities for collaborations in the medical and health fields.</p>	<p>Relying on core technology and closely following the trends of "miniaturization" and "ultra-high throughput" in genetic sequencers, MGI has laid out its sequencing instrument products into three major series: the T series, G series, and E series. This is to build a high/medium/low throughput comprehensive ecosystem that covers multiple scenarios, meeting users' diverse needs in various application scenarios.</p>
	<p>A Comprehensive Deployment of Digital Equipment and Systems for Life Sciences.</p> <p>Through independent research and development and strategic partnerships, we provide one-stop equipment and system platform for the digitization of life, which can bring more market opportunities and higher brand value to MGI Tech.</p>	<p>Continuously advance our laboratory automation business, with a strategic focus on developing a comprehensive suite of digital equipment and systems for digitization of life. This includes the introduction of innovative products such as the BIT product line, single-cell platform, remote ultrasound robot, and ultra-low temperature automated biological sample libraries.</p>

Elaboration of Opportunities and Their Impacts		Key Actions	
Diversification of Industrial Applications	Diverse Application Scenarios	The development of genetic sequencing technology has provided deeper and more comprehensive genetic information, bringing forth greater possibilities and opportunities in fields such as personalized medicine, novel drug development, crop improvement, disease prevention and control, as well as environmental protection and ecological research.	Beyond the relatively mature healthcare sector, we have introduced the "New Ten-Ten" research and development initiative, aiming to develop ten specific segments and create ten exemplary applications, thereby expanding the scope of new industrial applications.
	Development and Application of Omics Research	Omics research offers a novel research perspective and technological means, providing extensive opportunities to delve deeper into the fundamental units and regulatory mechanisms of life. It serves as a scientific foundation for sustainable societal development.	To meet diverse customer demands, a comprehensive sequencing product line has been developed, covering a range from low-throughput to ultra-high-throughput data production capabilities. This comprehensive line supports the research and development of omics.
Collaborative Eco-systems and Empowerment	Industry Ecological Construction	This approach presents opportunities across multiple dimensions, including partnership, market prospects, technological innovation, service enhancement, and resource integration, contributing to the enhanced competitiveness and brand reputation.	We are committed to fostering an environment of open collaboration, empowering the downstream ecosystem, and championing partnerships with innovative enterprises both domestically and internationally. Our efforts are directed towards driving industry technological innovation, facilitating the application of research findings, ensuring compliance with qualifications, and advancing educational outreach.
	Global Scientific Research Empowerment	This initiative presents opportunities for technology introduction, international collaboration, talent acquisition, market expansion, and financial support, collectively contributing to strengthening developing talents research capabilities, broadening market reach, developing talents and accelerating innovation.	We are launching the DCS Lab 2023 Scientific Research Empowerment Program, aimed at global top-tier scientific experiments; and introducing the next generation of sequencing reagents, StandardMPS 2.0, which inaugurates the era of Q40 quality in genetic sequencing.

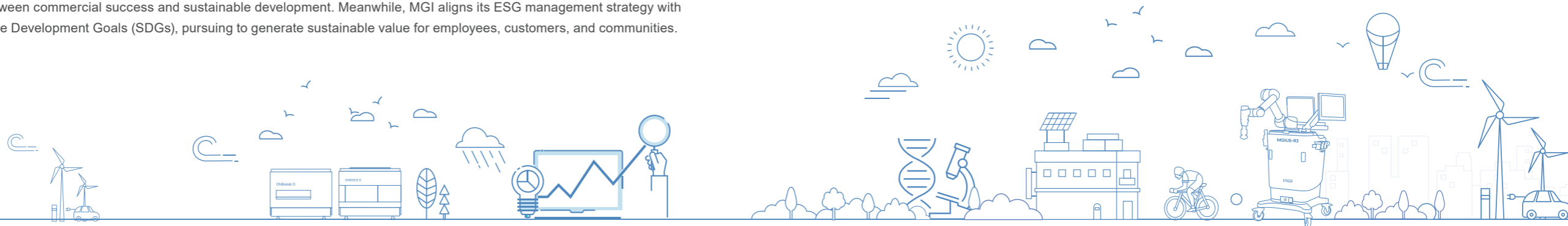
Tools for Measuring Sustainable Development

In 2023, we undertook a thorough review of our company's ESG efforts. We utilized two complementary tools for this assessment: the Sustainable Development Impact Index and the Sustainable Development Basic Element Index. These tools helped us establish a baseline for our company's sustainable development, providing a foundation for the comprehensive development of quantifiable performance indicators and for tracking the progress of our sustainable development strategies. The Sustainable Development Impact Index operates on the dual principles of financial and impact importance. It integrates a range of indicators and assessment methods to gauge the extent of a company's influence on environmental, social, and governance (ESG) issues. Meanwhile, the Sustainable Development Basic Element Index places greater emphasis on foundational aspects, pinpointing key indicators that measure the Company's performance in these crucial areas. Moreover, our tools are designed to align with the SDGs, facilitating the tracking of sustainable development performance and the disclosure of reporting. MGI remains dedicated to upholding its sustainable development goals, reinforcing the implementation of corporate social responsibility.



Sustainable Development Strategy

In response to numerous environmental and social challenges arising from climate change, health crises, and poverty, MGI actively assumes corporate citizenship responsibilities. We firmly integrate the concept of sustainable development into every aspect of its business value chain, aiming to strike a balance between commercial success and sustainable development. Meanwhile, MGI aligns its ESG management strategy with the United Nations Sustainable Development Goals (SDGs), pursuing to generate sustainable value for employees, customers, and communities.



ESG Management Strategies	Leading Life Science Innovation	Advancing Life Science Tools for Future Healthcare	Leader in Compliance Governance	Value Growth Partner	Guardian of Our Environment
Objectives and Commitments	Innovation in intelligent manufacturing, leading life sciences and technology	2023 Goal: To continuously invest in core technology research and development to provide globally leading technology products.	To operate responsibly and improve the business environment	To embrace diversity and inclusiveness, and practice social responsibility	Promoting biodiversity conservation and green and low-carbon development
2023 Development Highlights	<p>The release of DNBSEQ-T20x2 marks the milestone: the cost of per 30x whole genome sequencing has dropped from over US\$3 billion to below US\$100.</p> <p>The Company supported the early launch and execution of 47 large population cohort projects worldwide.</p> <p>Modular, automated, and storage product portfolio were provided, with an annual throughput capacity of 10,000 cases.</p> <p>The Company supported the Million Microbiomes from Human Project (MMHP), supporting sequencing for over 130,000 samples.</p> <p>The DCS Lab 2023 Scientific Research Empowerment Program was launched, initially allocating resources to support 10 cutting-edge omics laboratories worldwide.</p> <p>Nearly 100 products from more than 20 third-party international brands have joined the LIFE2GETHER online information sharing platform.</p>	<p>Investment in R&D amounted to RMB0.91 billion, an increase of 11.74% year-on-year, accounting for 31.26% of the operating income</p> <p>We have applied for 461 new patents and software copyrights, successfully obtaining 283 patent authorizations and software copyright registrations, among which 118 are invention patents.</p> <p>Annual new sales of genetic sequencers reached 854 units, a year-on-year increase of 41.39%</p> <p>The overall customer satisfaction for MGI reached 95.1 scores.</p> <p>Our business has spanned across more than 100 countries and regions worldwide, serving over 2,800 users.</p> <p>We have acquired 142 new product qualification certificates, with a total of 329 qualification certificates obtained worldwide.</p>	<p>A total of nine legal entities have obtained ISO 27001 information security management system certification issued by SGS, an internationally recognized certification body.</p> <p>The exam rate for information security and data protection reached 98%.</p> <p>Our products are registered and certified in over 20 countries and have access to more than 90 markets.</p> <p>The Company organized and conducted four internal control inspections and five risk-specific optimizations</p> <p>A total of 1,440 employees received integrity training.</p> <p>The total amount of taxes paid was RMB 286.88 million</p>	<p>The Company created job opportunities for 2,867 people, including 536 overseas employees and 1,224 female employees.</p> <p>Total social donations reached RMB 1,929,853.84 throughout the year.</p> <p>Employees received a total of 126,680 hours of training.</p> <p>There was zero recorded cases of occupational diseases or accidents of Level III and above involving accountability</p> <p>We conducted genetic sequencing benefiting nearly 10,000 people.</p>	<p>Three core products were verified under ISO 14067 for their carbon footprint.</p> <p>The Company implemented multiple energy-saving measures, resulting in an annual cumulative saving of 1.4 million kWh in electricity.</p> <p>New R&D centers in Shenzhen and Wuhan were designed with a focus on energy efficiency, and the Qingdao base was awarded a clean production certification.</p> <p>Pollution control product portfolio were optimized, saving approximately RMB 1 million annually in related costs and ensuring compliance with reduced pollutant discharge permit levels.</p> <p>All global research and production bases maintained a 100% environmental compliance rate.</p> <p>Cumulatively supported over 3,000 studies of the comprehensive DNA sequences of the human genome, as well as those of other animal, plant and microbial species.</p>

03

Leading Life Science Innovation

The Human Genome Project, one of the most impactful science research initiatives of the 20th century, aimed to determine the sequence of the human genome and explore the functions and interrelationships of human genes.

To excel in any endeavor, it is essential to have the right tools. As a crucial instrument in genetic sequencing, each significant breakthrough in sequencing technology brings progress to the industry. In the 1990s, scientists worldwide initiated the "Human Genome Project" with the goal of sequencing the 3 billion base pairs of human genome DNA to decipher genetic information. After relentless efforts, the project was declared complete in 2003. Building upon this achievement, research institutions and technology companies continued to push the boundaries, continuously improving the performance of genetic sequencing instruments. Today, sequencing devices have gradually expanded into various fields of research and clinical applications. They have contributed to advancements in agriculture and played a pivotal role in advancing precision medicine, offering broader possibilities for genomic research and diverse applications.



Enhancing the Accessibility of Genomics



Expanding Diverse Application Scenarios



Supporting the Advancement of Precision Medicine



Empower Industry Ecosystem Development



“Upholding the vision of ‘Leading Life Science Innovation’, we will focus on expanding the accessibility of genomics, exploring new industrial application spaces, and continuously meeting the emerging demands of life and health. Meanwhile, based on our industrial advantages, we actively empower the construction of industry ecosystems.”

Main Objectives and Outcomes

Leading Life Science Innovation		Progress of Actions	Status of Goal Achievement
Long-term Commitment	2023-2035 Plan		
Aligned with UN SDGs			
	<p>Driving down the cost of genetic sequencing product to US\$100</p> <p>Supported the initial launch and execution of 60 large population cohort projects worldwide</p> <p>Developed 10 exemplary applications</p> <p>Collaborated with 1,500 medical institutions</p> <p>Launched an information sharing platform for the cohesive development of industry ecosystem</p> <p>Supported the “Million Microbiome” research program with over 200,000 sample sequencing</p> <p>Supported the implementation of 10 DCS Lab, cutting-edge omics laboratories, around the world</p>	<p>Progress bar (100% complete)</p> <p>Progress bar (75% complete)</p> <p>Progress bar (50% complete)</p> <p>Progress bar (50% complete)</p> <p>Progress bar (100% complete)</p> <p>Progress bar (50% complete)</p> <p>Progress bar (25% complete)</p>	<p>Successful Completion (Blue square)</p> <p>Steady progress (Green circle)</p> <p>Steady progress (Green circle)</p> <p>Steady progress (Green circle)</p> <p>Steady progress (Green circle)</p> <p>Successful Completion (Blue square)</p> <p>Steady progress (Green circle)</p> <p>Steady progress (Green circle)</p>

Status of Goal Achievement: ■ Successful Completion ● Steady progress



Enhancing the Accessibility of Genomics

Since its establishment, MGI Tech has adhered to the vision of “Leading Life Science Innovation”, and worked continuously to develop and promote advanced life science tools for future healthcare. In response to a variety of customer needs, the Company has developed a comprehensive sequencing product line covering a wide range of throughput capacities, from low to ultra-high. In February 2023, MGI launched the DNBSEQ-T20x2, an ultra-high throughput gene sequencer. By completing 50,000 whole genome sequencing cases annually and reducing the cost of per-person whole genome sequencing to less than US\$100, we have set a new global record in terms of sequencing instrument throughput and per-person sequencing cost. This achievement has significantly lowered the cost and accessibility barriers associated with sequencing instruments and accompanying reagents, enhancing the availability of our products.

Case Study DNBSEQ-T20x2 Wins Multiple International Honors

In November 2023, the third annual BioTech Breakthrough Awards announced its winners, with MGI Tech’s ultra-high throughput sequencer, the DNBSEQ-T20x2 (hereafter referred to as “T20”), being selected as the “High Throughput Sequencing Platform of the Year” for 2023. The introduction of the T20 not only represents cutting-edge genetic sequencing technology and advanced biotechnological productivity but also signifies that the democratization of genetic technology has become a reality, offering more possibilities for the future of genetic science. To date, the T20 has received five international awards, including the BEYOND Awards for Life Science Innovation, the Globee® Awards for Business Innovation, the prestigious R&D 100 Awards in the United States, the VB-Find Award for the Top 100 Most Innovative Medical Device Products of 2023, and the BioTech Breakthrough Award. The recognition from these numerous awards reflects the efforts and contributions made by MGI Tech in the field of innovation technology.

As genomics and sequencing technologies advance rapidly, we are on the cusp of an era that promises revolutionary transformations in our understanding and application of life sciences. MGI has leveraged its proprietary DNBSEQ sequencing technology to develop a high-throughput sequencing platform that meets the needs for ultra-high-throughput sequencing, low costs, and complete automation from sample preparation to report generation, thereby accelerating the progress and application of omics research.

Population Genomics

MGI has facilitated the initial launch and execution of 47 large population cohort projects worldwide. Internationally, the Company has contributed to the initiation of Indonesia’s first National Genome Program, Thailand’s Genomics - Thailand Integrated Action Plan and Brazil’s national genome program. In China, MGI has supported several large-scale cohort studies involving tens of thousands of participants, including the China Metabolic Analytics Project (ChinaMAP) and the pioneering STROMICS Genome Study, which involves deep whole-genome sequencing and analysis of 10,000 Chinese patients with ischemic stroke. By the end of the reporting period, the cumulative data output of large population cohort projects participated in or supported by MGI Tech’s T series sequencers had exceeded 60Pb.



Cell Omics

Single-cell sequencing technology addresses the issue of cellular heterogeneity, significantly enhancing our ability to resolve and understand the intricacies of biological systems. It has become a standard tool in life science research. Leveraging its large-scale capabilities in raw material production and processing, MGI Tech has substantially reduced the costs associated with single-cell sequencing. This advancement allows researchers to more easily engage in the single-cell field. With MGI Tech’s strategic emphasis on high-throughput sequencing, automated sample processing and biobanking, and BIT data processing products, along with its advanced technology in spatiotemporal omics, a comprehensive one-stop platform for cellular omics have been developed. This enables a broader range of researchers to produce single-cell data on a large scale and in a standardized manner. Based on the single-cell sequencing technology, the users have published more than 50 scientific research articles, including two articles published in Nature and one in Cell; the total sample data produced exceeds 30,000, spanning nearly 40 species and over 300 different tissue types.



Spatial Omics

MGI, leveraging the DNBelab C4 single-cell library preparation platform and DNBSEQ sequencing platform, has played a pivotal role in the release of the first multi-omics cell atlas of the macaque brain cortex. In June 2023, in collaboration with institutions such as Zhongshan Hospital affiliated with Fudan University, MGI utilized the DNBelab C4 single-cell library preparation platform to uncover cellular changes during tumor invasion, which will contribute to the development of novel therapeutic strategies for liver cancer.



Case Study Over 100 Industry Leaders Convene at MGI Tech’s First Future of Omics Summit

In December 2023, the first Future of Omics Summit, organized by MGI Tech, successfully concluded in Dubai. Themed “Leading Innovation in Life Sciences”, the summit spotlighted key topics such as metagenomics, large population genomics, and precision medicine. It brought together over 100 distinguished leaders from the life sciences industry to discuss and share insights on genomics trends and future directions, aiming to expedite the democratization of genomics for all. A lineup of 25 esteemed scientists and entrepreneurs from across the globe delivered keynote speeches, presenting their groundbreaking research and perspectives in the realms of metagenomics, large population genomics, and precision medicine.

Through this summit, MGI Tech has fostered a dynamic platform for open discussion and interdisciplinary collaboration. It has inspired both academic and industrial sectors to pool their efforts and innovations, unlocking the full potential of genomics. This initiative has broken down the technical barriers within life sciences, steering the field of genomics toward a prosperous future.



Mr. Duncan Yu, President of MGI Tech

Expanding Diverse Application Scenarios

MGI Tech is dedicated to addressing the advanced needs of the public in areas such as medical health, food consumption, green and low-carbon living, and biosafety, while vigorously promoting the bio-economy. In addition to the established medical health industry, the Company has developed ten specialized segments and ten exemplary applications, thereby expanding the horizons of industrial applications to meet the growing demands for advancements in life and health.

Disease Control

The sequencing capabilities of the DNBSEQ platform have played a crucial role in tracing the origin of the first imported case of monkeypox virus in Chinese mainland, and in tracking the dengue virus across three cities in eastern Guangdong, providing essential tools to support the public health protection network.

Education

The development of high-throughput sequencing education and training products tailored for educational scenarios enables students to engage in both wet and dry lab experiments in molecular biology and bioinformatics through hands-on, project-based learning experiences.



Agriculture

With our technical strength, we have established a global agricultural presence across the Asia-Pacific, Australia and New Zealand, Europe and Africa, and the Americas regions, supporting various scenarios in molecular genetic breeding, immunity and disease, environmental studies, and animal nutrition.

Synthetic Biology

Our proprietary PCR-free library construction technology streamlines the process by eliminating PCR amplification, thus avoiding PCR-induced biases. Coupled with the unbiased amplification sequencing technology of the DNBSEQ platform, it ensures the highest accuracy in template preparation and sequencing, providing the most accurate representation of synthetic product conditions.

Key Performance

Expanded **7** innovative applications in the year, facilitating to expand the field



Case Study

Shenzhen's First Monkeypox Virus Origin Tracing: Application of MGI Technology

In June 2023, the Shenzhen Center for Disease Control and Prevention (Shenzhen CDC) successfully traced the origin of Shenzhen's first monkeypox case using a suite of MGI Tech's targeted sequencing products for pathogenic microorganisms. This tracing employed a monkeypox virus-specific sequencing panel developed with MGI Tech's ATOplex multiplex PCR technology, which facilitated the enrichment of the monkeypox virus genome and the construction of sequencing libraries. The process was integrated with the MGISP-960 high-throughput automated sample preparation system, streamlining the experimental workflow. The sequencing data were analyzed using MGI Tech's MPXV software package, enabling the identification of mutation sites, consensus sequences, and monkeypox virus lineages. This approach yielded highly credible full-length virus strain sequences in a short timeframe.

The Rise of China's Molecular Breeding Industry: Overcoming the "Last Mile" Challenge

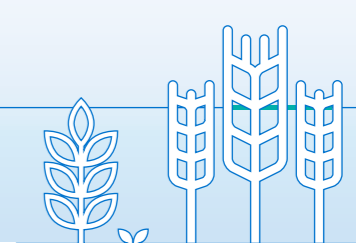
The *2022 White Paper on the Development of China's Agricultural Molecular Breeding Industry*, jointly released by MGI Tech and EO Intelligence, explores the current state and future potential of the molecular breeding field in China. The Report underscores the innovative nature of molecular breeding technology and the challenge of integrating this technology with the industry, often referred to as the "last mile" challenge.

MGI Tech plays a pivotal role in tackling this challenge, offering significant support for innovation and development in China's seed industry through its cutting-edge gene sequencing technology and molecular breeding platform. The Report also stresses the critical importance of enhancing collaboration between research institutions and businesses to advance the industrialization of molecular breeding. MGI Tech's professional technology platforms provide robust resources and expertise to facilitate this process. With the backing of supportive policies and industry consolidation, MGI Tech is contributing to the evolution of China's molecular breeding industry towards a more advanced and efficient future.

World Food Day | Jointly Initiating "Research Project on Monitoring Antimicrobial Drug Resistance" with Two Australian Universities

October 16, 2023 was the 43rd World Food Day, with the theme "Water is life, Water is food. Leave No One Behind". This theme encourages countries to collaborate in protecting water resources for a better and more sustainable food future for all, focusing on the future of food, humanity, and the planet.

MGI Tech, in collaboration with the University of Queensland and the University of Adelaide in Australia, launched a global research project for doctoral students. The project will utilize MGI Tech's ATOplex and sequencing platforms to monitor antimicrobial drug resistance in aquatic environments. The goal is to assess the environmental impact of sewage discharge by tracking the spread of antibiotic-resistant bacteria (ARB) and antibiotic-resistant genes (ARG) in wastewater. This monitoring will provide a foundation for pollution management and ecosystem conservation efforts. Additionally, the project aims to develop an omics-based analytical framework to evaluate the risks associated with ARG.

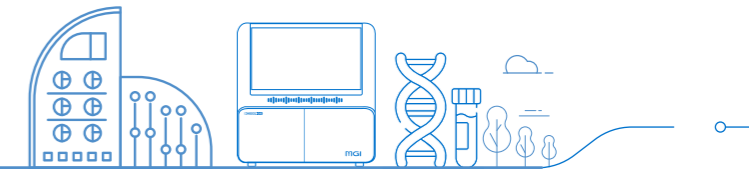


Supporting the Advancement of Precision Medicine

With the rapid advancement of human genome sequencing technology, the swift development of biomedical analysis techniques, and the increasing sophistication of big data analysis tools, we are entering a new era of healthcare known as precision medicine. Leveraging the advantages of DNBSEQ technology, MGI Tech is continuously dedicated to fulfilling the needs of various applications, including whole genome sequencing, targeted sequencing, and metagenomic sequencing. This commitment provides more automated, convenient, and efficient core tools for the monitoring, early warning, diagnosis, and management of public health events.

Key Performance

By the end of the reporting period, MGI's products have covered **762** hospitals in China, supporting the accurate diagnosis of diseases in the fields of reproductive health, oncology and infection based on MGI's core technology



Case Study

The Road to Conquering Cancer

In the new era of precision oncology, Dr. Marie-Laure Yaspo, co-founder and chief scientist of the German biotechnology company ALACRIS Theranostics, along with Chinese researchers such as Dr. Gao Xuan and Dr. Fang Huan, Assistant Directors of the Gene Research Institute at GenePlus, are diligently working to bridge the healthcare gap through evidence-based cancer strategies. With the support of advanced life science technologies from MGI Tech, they aim to enhance the entire healthcare process for patients, from prevention to treatment.

The molecular landscape of tumors is intricate and distinct, and only by gathering comprehensive tumor mutation data can personalized treatment be significantly improved. To capture the unique characteristics of each tumor type, the research team initiates their analysis with tumor biopsies, using MGI Tech's highly accurate sequencing platform to generate sequencing data. This data is then integrated with other tools to produce a comprehensive tumor analysis report. The platform's high flexibility and rapid turnaround time facilitate reliable diagnoses for a wide range of patients.



The MGI DNBSEQ-T7 genetic sequencer located in the GenePlus Laboratory

5G Remote Robot-Assisted Ureterscopy Surgery: Overcoming Geographical Barriers

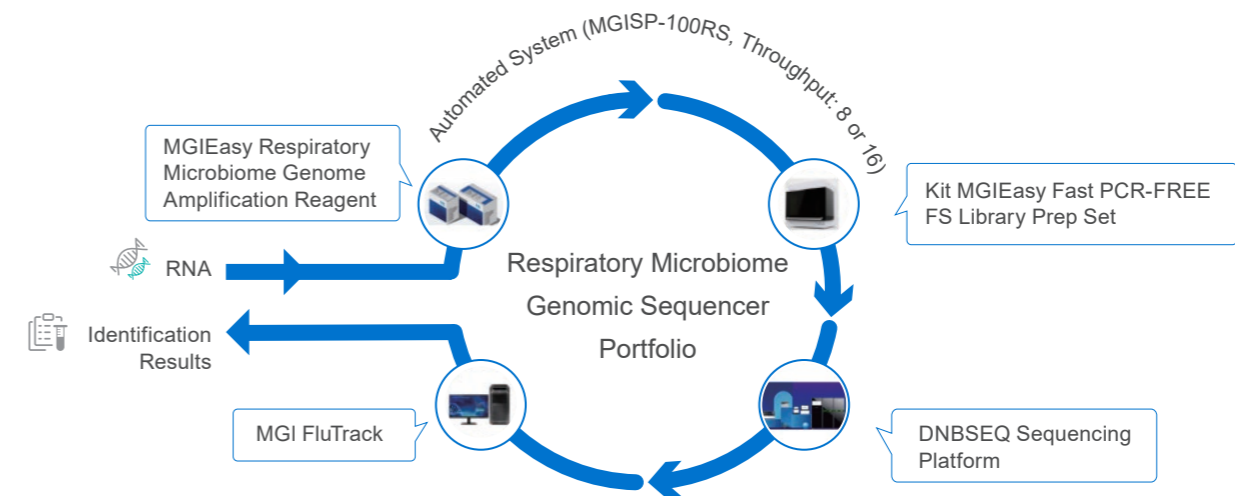
In October 2023, the Department of Urology at the People's Hospital of Qijiang District, Chongqing, successfully completed three challenging cases of percutaneous nephrolithotomy with 5G remote robot-assisted technology. This was achieved under the remote guidance of experts from the People's Hospital of Jiangsu Province and with the support of 5G technology. This groundbreaking initiative spanned a distance of more than 1,500 kilometers, with Professors Ye Xinhua and Song Ninghong providing remote guidance from Jiangsu, while Professor Yang Jie, Professor Wei Xiyi, and Director Wu Wenqiang operated on site. The precise control of the remote ultrasound robot manipulator for positioning and renal puncture demonstrated not only enhanced surgical efficiency and accuracy but also the significant potential of 5G technology in the field of remote surgical procedures.

Assisting ChinaMAP in Revealing G6PD Deficiency Variants in the Chinese Population

In 2023, the DNBSEQ sequencing platform from MGI Tech played a pivotal role in a study conducted at Ruijin Hospital, affiliated with Shanghai Jiao Tong University. The study successfully completed a multi-omics analysis of G6PD (glucose-6-phosphate dehydrogenase) deficiency in the Chinese population, an X-linked genetic disease affecting over 400 million people globally. By leveraging the high-throughput sequencing capabilities of MGI Tech's platform to analyze deep whole-genome sequencing data from 10,588 Chinese individuals in the ChinaMAP project, the study not only provided extensive data support for understanding the spectrum of G6PD mutations and multidimensional functional annotations in the Chinese population but also established a crucial scientific foundation for early screening and functional research of G6PD deficiency.

Combating Influenza: Respiratory Microbiome Genomic Sequencer Portfolio Aids in Precise Tracing

In October 2023, as influenza and Mycoplasma pneumoniae infections increased in the Guangzhou area, the Infectious Disease Research Institute at the Eighth Affiliated Hospital of Guangzhou Medical University utilized a respiratory microbiome genomic sequencer portfolio from MGI Tech to conduct precise identification of influenza virus subtypes of samples. They obtained complete genomic sequences of the influenza virus and successfully sequenced and traced the virus. This contribution aids in the efficient and rapid tracking and tracing of the influenza virus by disease control departments and research institutions.



MGI Tech Respiratory Microbiome Genomic Sequencer Portfolio

Empower Industry Ecosystem Development

As a pioneer in the upstream of China's gene sequencing industry, MGI Tech has established robust and diverse industrial ecological cooperation with its three core product lines, spanning the entire industrial chain from upstream to downstream. This cooperation promotes the application of genomics across various fields and the transformation of research achievements. The Company consistently empowers partners in scientific research, clinical settings, and emerging fields, driving breakthroughs in basic research, the development of new clinical diagnostic technologies and products, and the continuous expansion into new areas. In collaboration with the IDG Innovation and Investment Research Institute and Shenzhen Rainbow Technology Co., Ltd., MGI Tech provides comprehensive support for startups through a model that includes incubation, industrial empowerment, and investment. By actively participating in industry academic conferences, technical forums, and significant domestic and international exhibitions, MGI Tech enhances the promotion and publicity of its products features, usability, and applicable scenarios, thereby increasing the Company's influence and attention within the industry.

Case Study

Building the Life Health Accelerator Camp to Empower the Industrial Ecosystem

MGI have collaborated with Miracle Light Life Sciences Accelerator to establish the Life Health Accelerator Camp, aiming to leverage the aggregation advantages of industry, capital, and technology. This initiative aims to provide comprehensive innovation support to outstanding early-stage companies and entrepreneurial teams in the life health sector, accelerate the development and application of cutting-edge technologies, support the transformation and implementation of innovation achievements, and contribute to the cause of human health.

During this time, the Accelerator Camp had hosted more than 130 core entrepreneurship courses and 50 on-site events, facilitating rapid growth for over 48 start-ups in their early stages and achieving significant success in incubating projects.



Closing ceremony of the Accelerator Camp

"What If" Offers the World More Possibilities!



From July 16 to 21, 2023, the 23rd International Congress of Genetics took place at the Melbourne Convention and Exhibition Center in Australia. MGI Tech officially launched the "What If" global empowerment campaign in the Australia and New Zealand region for the first time and unveiled the "What If" website (<http://mgi-whatif.com/>). This initiative was designed to focus on users, targeting the pressing needs and challenges of researchers and industry professionals, with the goal of empowering industry practitioners on a global scale.

The International Congress of Genetics, a landmark industry event, brings together leading geneticists from around the world to share their professional insights and knowledge. Through the "What If" campaign, we aimed to advance and promote the widespread adoption of genetic technology globally by providing users with a diverse suite of innovative technologies and products, customized to address various scenarios and cater to individual sequencing requirements.

Case Study

Advancing the Million Microbiomes from Human Project (MMHP) to a New Phase of Cooperation

The Million Microbiome of Humans Project (MMHP) has revealed the latest progress of the largest global international microbiome research project, which is a joint effort of 21 institutions and more than 10 participating countries. The sequencing platform of MGI Tech supports the sequencing of over 130,000 samples, representing doubled growth compared to the first half of 2023. The MMHP was officially launched at ICG-14 in 2019, with the aim to sequence and analyze microbial DNA from one million human samples within three to five years, focusing on feces and saliva, and with the goal of building the largest human microbiome database in the world. MGI Tech offers sequencing and automation products, implements standardized technical workflows, and fits the key points involved in sequencing experiments to ensure the quality and reliability of the data. Compared with conventional DNA sequencing arrays, the DNBSEQ sequencing technology offers technical advantages such as low duplicate sequences, improved tag retention, high signal density, and achieves a balance between high throughput and high-quality data. These advancements have greatly promoted microbiome research in human health and disease, contributing to global health improvements.

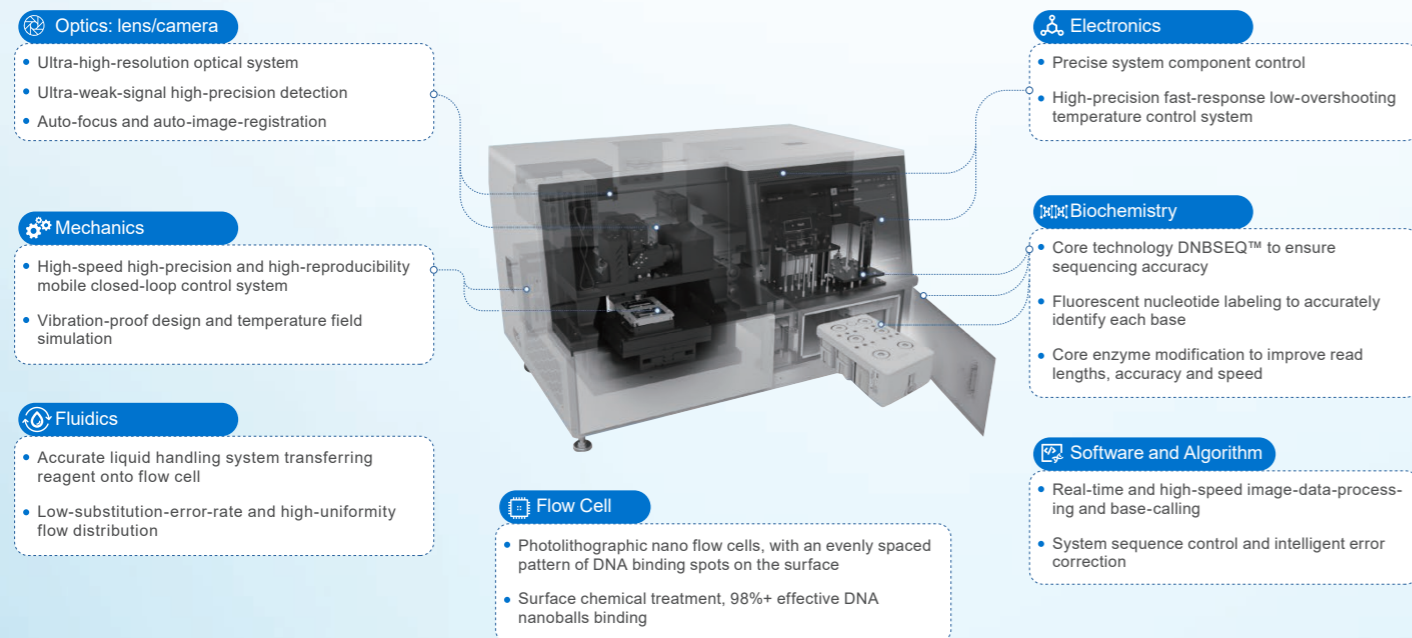
MGI Tech places great emphasis on synchronizing research with standardization efforts. To this end, it has established a "Standardization Management Committee" to develop robust management systems and processes for standardization, thereby advancing the construction of a globally leading standardization framework. Addressing the lack of standards in various areas, the Company has filled the standard gaps across multiple industries, including sequencers, test reagents, sample storage systems, and tele-ultrasound technology. It has collaborated with partners throughout the industry chain, both upstream and downstream, to explore international markets. Moreover, the Company has actively participated in standard-setting activities to provide crucial support for the standardization, regularization, and high-quality development of the life sciences industry. In 2023, the Company contributed to the release of two international standards, four national standards, one industry standard, and sixteen group standards; the project of "National Hi-tech Industry Standardization Pilot Project for Gene Sequencing Industry" submitted was successfully selected as the 2023 National Hi-tech Industry Standardization Demonstration Project.

Standard Name	Standard Classification
Genomics informatics — Description rules for genomic data for genetic detection products	International Standard
Biotechnology — Massively parallel DNA sequencing — General requirements for data processing of shotgun metagenomic sequences	International Standard
Information technology—Biometric sample quality—Part 14: DNA data	National Standard
General Principles for Performance Evaluation of Real-time Fluorescent Quantitative PCR Instrument	National Standard
Information technology—Biometric—Specification for High-throughput Sequencing Genotyping System	National Standard
Blockchain and Distributed Ledger Technology—Reference Architecture	National Standard



Leading the Moment

The genetic sequencing and laboratory automation sectors are at the forefront of high-tech industries, characterized by their knowledge-intensive and interdisciplinary nature. These fields demand a profound understanding from industry participants. The advancement of groundbreaking technologies, coupled with a comprehensive patent strategy, establishes significant technical barriers to entry. MGI Tech's high-throughput sequencer is a sophisticated system that integrates various disciplines, including optics, mechanics, electronics, fluidics, software, and algorithms. The production and ongoing research and development of this system involve patents and technologies from a range of fields. Continuous technological upgrades and refinements have positioned it at a leading global level.

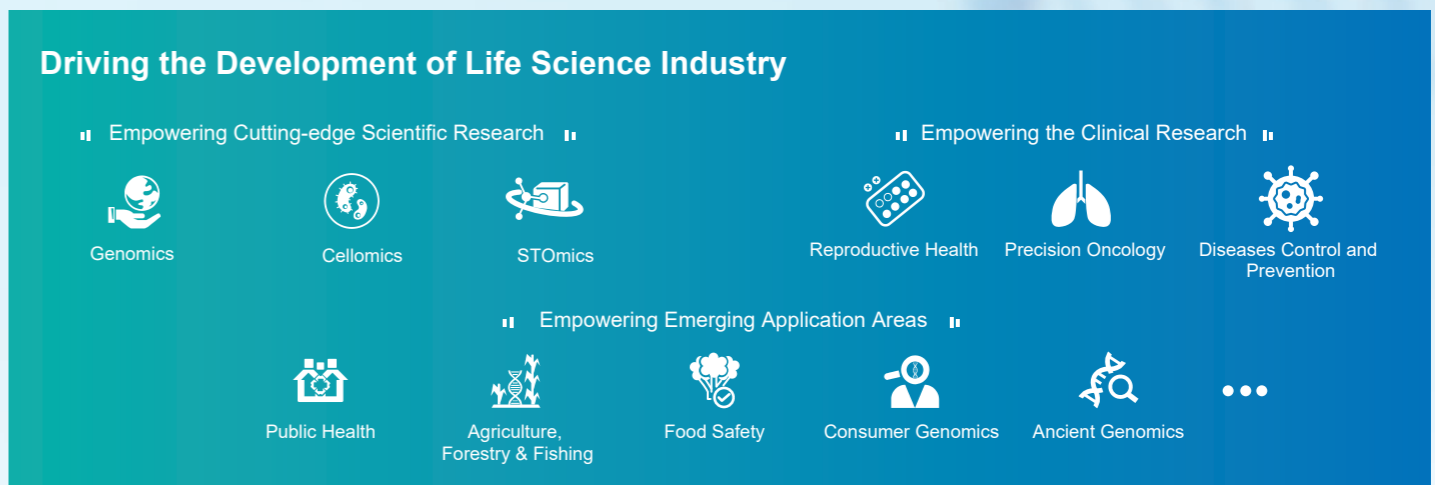
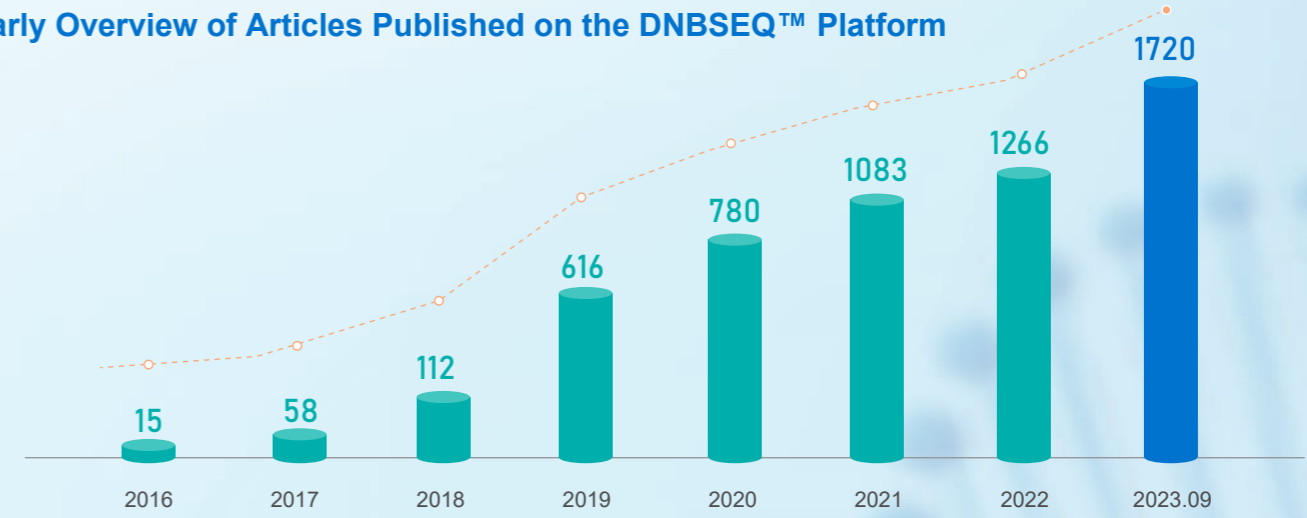


Driven by demand pull, output management, and resource support, the Company's upstream suppliers include not only early-introduced internationally renowned suppliers but also newly listed companies and those on the verge of an IPO. In the past year, these suppliers have achieved a notable scale and have continued to improve their capabilities and management standards.

The maturity, market size, and future prospects of the various sub-sectors differ based on the coverage of downstream scenarios by the testing product providers. The Company primarily focuses on deep cooperation and leveraging complementary strengths with sequencing product providers, national institutions, universities, and research institutions.

MGI Tech leverages its core technologies and products to actively promote the advancement of genomics research, as well as the growth of the agriculture, forestry, animal husbandry, and fisheries industries. The Company also engages in direct collaboration with specialized sectors, including disease control and customs, to facilitate the widespread adoption of domestic genetic sequencers. This approach addresses the downstream sector's reliance on imports and concerns over data security, thereby delivering substantial social value.

A Yearly Overview of Articles Published on the DNBSEQ™ Platform



"Chain Leader" enterprise within the genetic sequencer industry chain

In 2023, following the *Management Measures for the Selection of Key Industry "Chain Leader" Enterprise of Strategic Industry Cluster in Guangdong Province*, issued by the Guangdong Provincial Government, MGI Tech was recognized as a "Chain Leader" enterprise within the gene sequencer industry chain of the precision instrument industry cluster. This designation came after a rigorous expert review and selection process. MGI Tech actively collaborates with the "chief-general" to expedite the growth of industrial clusters and enterprise groups in Guangdong Province, aiming to enhance their international competitiveness.

序号	集群分类	战略性新兴产业集群名称	重点产业链名称	链主企业名称	所属城市
19	战略性新兴产业	智能机器人	工业机器人产业链	埃斯顿	佛山市
20	产业集群		工业机器人产业链	埃斯顿	东莞市
30			高端仪器产业链	聚微科技	广州市
31		智能仪器装备	基因测序仪产业链	深圳市大智源科技股份有限公司	深圳市
32			3000 X 射线无损检测装备产业链		东莞市

As the designated "Chain Leader" enterprise within the genetic sequencer industry cluster, MGI Tech has played a pivotal role. In April 2023, the Company supported the Provincial Department of Industry and Information Technology by completing the compilation of the overview form for the cluster's key industry chain, the creation of a panoramic map of the industry chain, and the organization of data pertaining to the various nodes along the industrial chain. MGI Tech fully leverages its "Chain Leader" status to stabilize and optimize the industry and supply chains, foster the integrated development across enterprises of all sizes and nurtures the industry cluster. These efforts greatly enhanced the resilience of the key industry and supply chains, playing a crucial part in the advanced development of the industrial base and the modernization of the industry chain.



04

Advancing Life Science Tools for Future Healthcare

MGI Tech is dedicated to developing and promoting advanced life science tools for future healthcare, and providing real-time, panoramic, and comprehensive digital equipment and systems throughout the life cycle for industries like precision medicine, precision agriculture, and precision health. We adhere to the vision of "leading life sciences through intelligent innovation". Not only have we achieved remarkable success in research and development innovation, intellectual property protection, industry-university-research collaboration, supply chain management, and quality services, but we have also collaborated with global partners to delve into the mysteries of life and enhance human health.



Establishing the Systematic and Standardized System towards Intelligent Manufacturing



R&D Innovation



Lean Manufacturing



Quality Service



Sustainable Supply Chain



“In order ‘to develop and promote advanced life science tools for future healthcare’, we will constantly leverage our advantages in the R&D and manufacturing of high-end tools in life science, understand the needs and pain points of midstream and downstream enterprises, and provide the industry with more innovative, advanced, and intelligent platform equipment.”

Main Objectives and Outcomes

To continuously invest in core technology research and development to provide globally leading sci-tech products

Long-term Commitment
Aligned with UN SDGs

2023-2035 Plan

Progress of Actions

Status of Goal Achievement



Established an independent and controllable core technology system



Annual patent authorization and software copyright registration more than 200



Annual new sales of genetic sequencer increased by 30% year-on-year



Achieved a sequencing data quality of Q40 (99.99% accuracy) for over 85% of reads on the DNBSEQ platform



Benefited more than 3,800 users



Obtained more than 500 international certificates



Progress Update: ■ Successful Completion ● Steady Progress

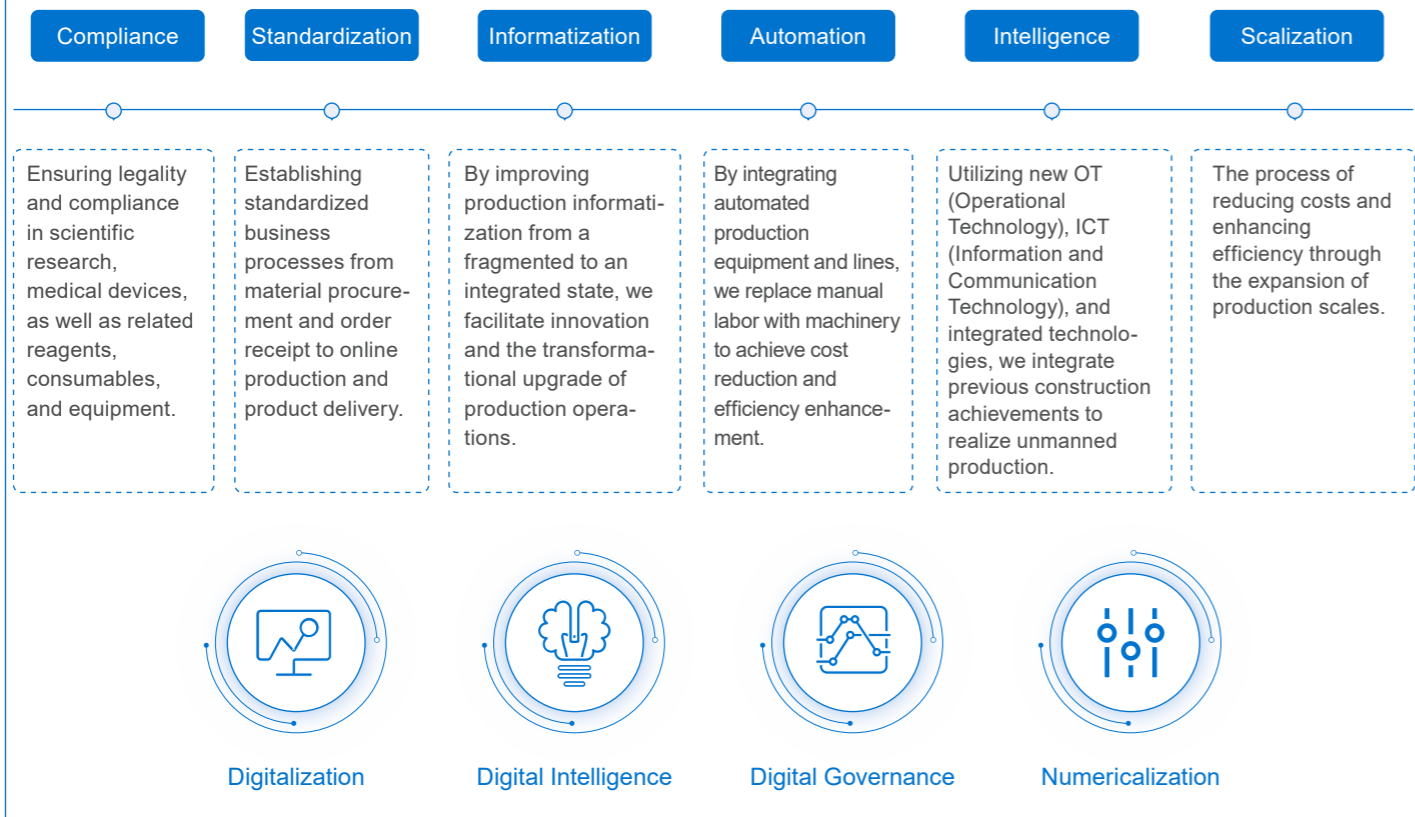
Establishing the Systematic and Standardized System towards Intelligent Manufacturing

Major countries around the world are actively seizing the opportunities presented by a new round of technological and industrial revolution, with intelligent manufacturing being chosen as a strategic imperative to gain new competitive advantages. In May 2015, the State Council issued the Made in China 2025 plan, designating intelligent manufacturing as the primary focus for strengthening China's position as a manufacturing powerhouse.

MGI Tech is actively constructing intelligent factories based on the "Four + Six" benchmark ("Four" refers to "Digitalization, Digital Intelligence, Digital Governance, and Numericalization", and "Six" refers to "Compliance, Standardization, Informatization, Automation, Intelligence and Scalization"). Supported by a legal, compliant, and robust quality system, the Company facilitates standardized production management. At the same time, MGI Tech advocates for modular construction in production and the physical flow of materials. By leveraging informatization, the Company enhances the application and development of automation technologies, leading to intelligent management of key elements such as personnel, machinery, materials, methods, and the environment. Moreover, the Company digitizes the entire production and delivery lifecycle, ensuring a seamless and integrated process.

Vision: Leading Life Science Innovation

Mission: To Develop and Promote Advanced Life Science Tools for Future Healthcare



Compliance >>>

MGI Tech adheres strictly to global product access requirements and has established a rigorous product registration and certification system, providing a robust foundation for compliant operations and steady business development. As of the end of 2023, the Company has obtained a total of 47 global system certificates/licenses/records covering production/operation quality management, ensuring compliance for our products in the global market and bolstering our business globalization efforts. Besides, we have added 142 new product qualification certificates, bringing our global total to 329. These certificates cover registration/certification in over 20 countries/regions such as China, EU, Japan, Korea, Australia, Brazil and Malaysia, and access qualification in more than 90 markets in Asia-Pacific, America, Europe, Africa and Central Asia. Furthermore, MGI Tech remains committed to trade compliance, prioritizing adherence to laws and policies, effective management of business partners, and customs certification management in its import and export activities. These endeavors have laid a solid foundation for the global expansion of the Company's intelligent manufacturing products.

Covering the full range of products

Gene Sequencers: DNBSEQ-T20x2, DNBSEQ-T10x4, DNBSEQ-T7, MGISEQ-2000, MGISEQ-200, DNBSEQ-G99, DNBSEQ-E25, etc.;

Laboratory Automation: MGISTP-3000, MGISTP-7000, MGISP-NE32, MGISP-NE384, MGISP-100, MGISP-960, etc.

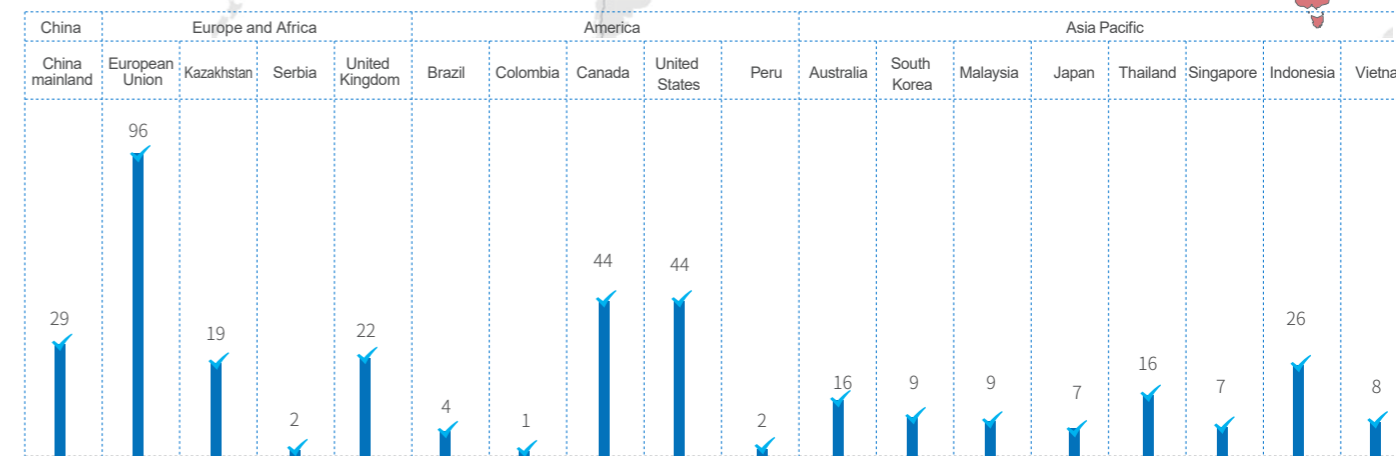
New Businesses: MGIUS-R3, MGICLab-LN55K Pro, ZTRON all-in-one machine, etc.

Possessing 206 medical device qualification certificates

Among them, we have obtained 29 domestic medical device product qualification certificates and 177 foreign product qualification certificates, covering Asia-Pacific, the US, Europe, Africa, Central Asia, and other countries or regions.

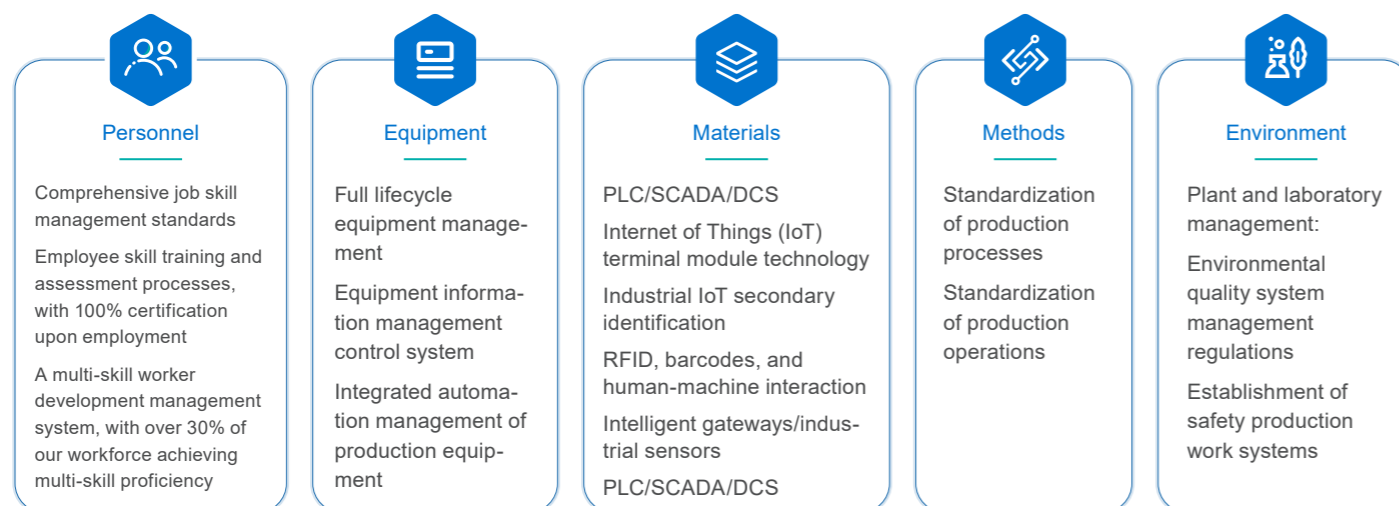
Sound systems

ISO 13485: Medical Device Single Audit Program quality management system
 ISO/IEC 27001: Information security management system
 ISO/IEC 27701: Privacy information management system
 ISO/IEC 20000: Information technology service management system
 ISO 14001: Environmental management system
 ISO 45001: Occupational health and safety management system
 QC 08000: Hazardous substance process management system



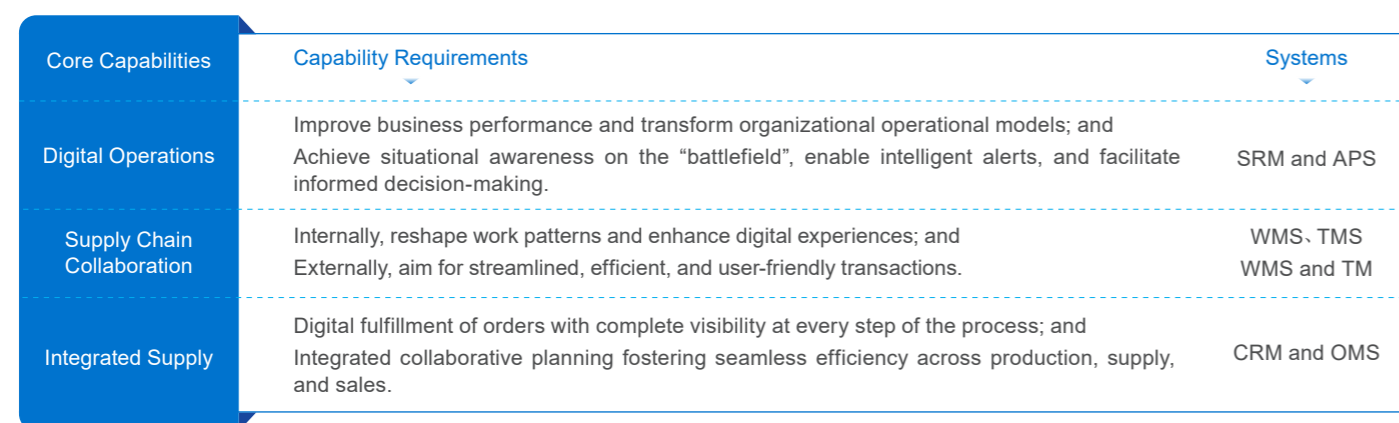
Standardization >>>

MGI Tech is dedicated to the principles of “safety, quality, delivery, cost, and innovation” across its operations. We adhere to a philosophy of “adhering to standards, maintaining meticulous records, ensuring vigilant monitoring, and enabling full traceability of all actions”. To achieve this, we have established the MBS lean system, which covers twelve specific segments across three key areas, spanning from manufacturing technology to production management and operations. This system implements comprehensive, in-depth, and multifaceted manufacturing standards, thereby enhancing our organizational capabilities through a robust lean framework.



Informatization >>>

MGI Tech leverages data-driven insights and robust business logic to harness information systems as powerful tools. This approach facilitates agile interactions between business processes and information flows, thereby enhancing three core capabilities: digital operations, supply chain collaboration, and integrated supply management. This strategic approach leads to optimized costs and superior supply chain efficiency. By the close of 2023, MGI Tech had successfully implemented a suite of systems, including ERP, SRM, WMS, TMS, and MES, which have markedly enhanced our ability to integrate IT technology into our day-to-day operations.



Automation >>>

MGI Tech has actively promoted lean automation and maximize labor efficiency using mechanical power. Simultaneously, we are advancing the automation of production for a diverse range of products, including instruments, reagents, chips, enzyme engineering platform, and dNTPs.

Stage	Before Automation	Current Automation Implementation	Results
Material Sorting and Preparation	Manual sorting	Unordered automatic material sorting	Achieved intelligent sorting for 2,254 types of materials, accounting for 48.2% of the total materials
Material Delivery	Random placement, wholesale distribution	Batch delivery to workstations	Products Covering DNBSEQ-G99, DNBSEQ-G400, DNBSEQ-G50, DNBSEQ-T7, MGIDL-T7loader, MGISP-Smart8
Production Mode	Isolated, discrete, and batch-based operations	Continuous single-piece flow production	Products covering DNBSEQ-G99, DNBSEQ-G400, DNBSEQ-G50, DNBSEQ-T7, MGIDL-T7loader, MGISP-Smart8
Material Picking Method	Materials laid out flat on the workbench	Three-dimensional storage system with workstation-specific picking	Materials and tools are managed through a three-level coding system that includes workstation, height, and natural sequence. This system operates on the Point of Use (POU) principle, streamlining the picking process for production and significantly reducing the time spent searching for materials.
Process Operations	Pure manual work	Work assisted by jigs and tools	A total of 69 automated jigs and tools have been introduced across various models, including 10 for the DNBSEQ-G400, 8 for the DNBSEQ-G50, 17 for the DNBSEQ-T7, 12 for the DNBSEQ-G99, 2 for the DNBSEQ-NE384, 7 for the MGISP-960, 7 for the MGISP-Smart8, and 6 for the MGISP-NEX.

Intelligence >>>

MGI Tech leverages informatization to drive increased automation utilization, achieving intelligent management of personnel, machinery, materials, methods, and the environment. The Company also ensures digital tracking throughout the entire lifecycle of production and delivery. Looking forward, MGI Tech plans to adopt advanced technologies such as 5G, robotics, remote real-time control, and AI-powered analytics to establish a state-of-the-art lighthouse factory.

Scalization >>>

MGI Tech's production model is guided by the “Four + Six” concept, which emphasizes the ongoing integration of information technology with the real economy to accelerate the transition to intelligent manufacturing. We use key production data to support the optimization of production process and the improvement in quality and efficiency, enhance the market competitiveness and commercial value of our products, and reach customers in real-time.

To foster the R&D and industrialization of our products, we have achieved cost savings and efficiency gains through mass production. Additionally, we have established multiple support paths designed to improve product accessibility and support the growth of the life sciences sector.

Support Path 1: Global Business Strategy

- With a solid foundation in the domestic market, we aim to expand globally, continuously implement internationalization strategies, enhance market coverage and increase product accessibility.
- With our worldwide R&D and production bases as the cornerstone of our operations, we are committed to continuously adjusting and optimizing product structures. We also promote product upgrades and invest in R&D for new products and technologies, with the aim of driving the R&D and industrialization of innovative products.

Support Path 3: Fostering a Mutually Beneficial Industry Ecosystem

- As a pioneer in China's genetic sequencing industry, MGI Tech consistently advocates for open cooperation and seeks to empower the downstream ecosystem. We actively promote collaboration with innovative companies both domestically and internationally, intending to drive technological innovation, application transformation, qualification compliance, and popular science education within the industry.

Support Path 2: Sustained Innovation in Research and Development

- Adhering to a life-centered principle, we focus on the underlying technology R&D and product innovation of the core tools that form the “read, write, and store” systems. We are dedicated to continuously providing users with comprehensive, lifecycle system product portfolio that cover the entire spectrum of life science research and application fields.
- We also centered our efforts on improving the accessibility and adoption of advanced sequencing technology and automation in the downstream industry around the study areas including:
 - DCS: DNA genomics, cell omics and STOmics
 - Ten specialized segments and ten exemplary applications.
 - Genetic diseases, infectious diseases and cancer

Support Path 4: Proactive Strategic Positioning

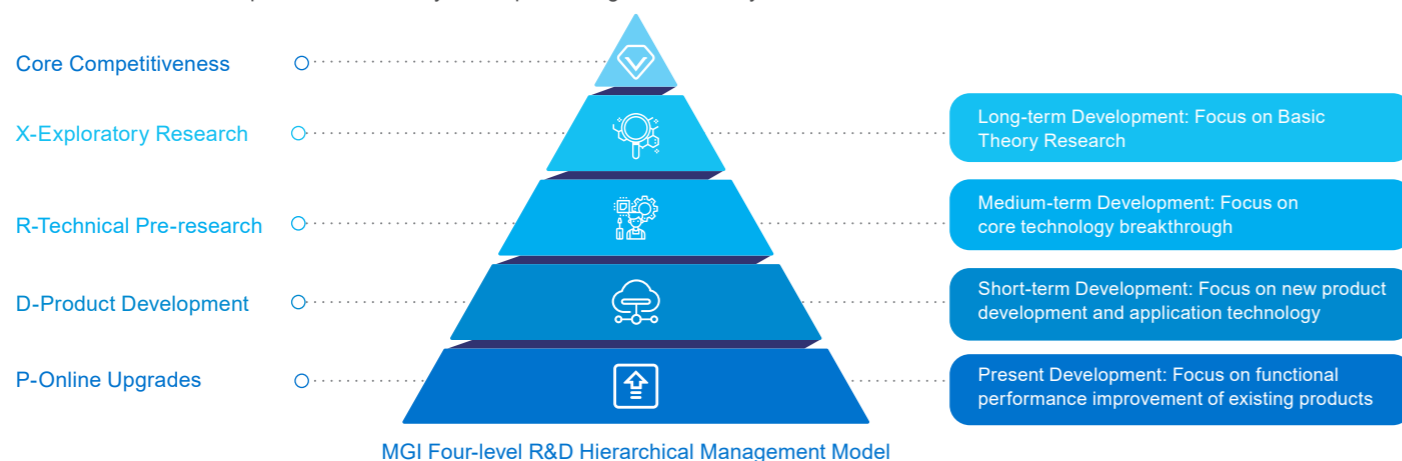
- To address the potential new demands and disruptive changes that future technological upgrades and industry trend adjustments may bring, it is crucial to engage proactively in forward-looking research and development, as well as strategic resource allocation. Achieving early-stage technological breakthroughs and accumulating R&D experience can position us at the forefront of industry trends, thereby accelerating the process of industrial transformation.

R&D Innovation

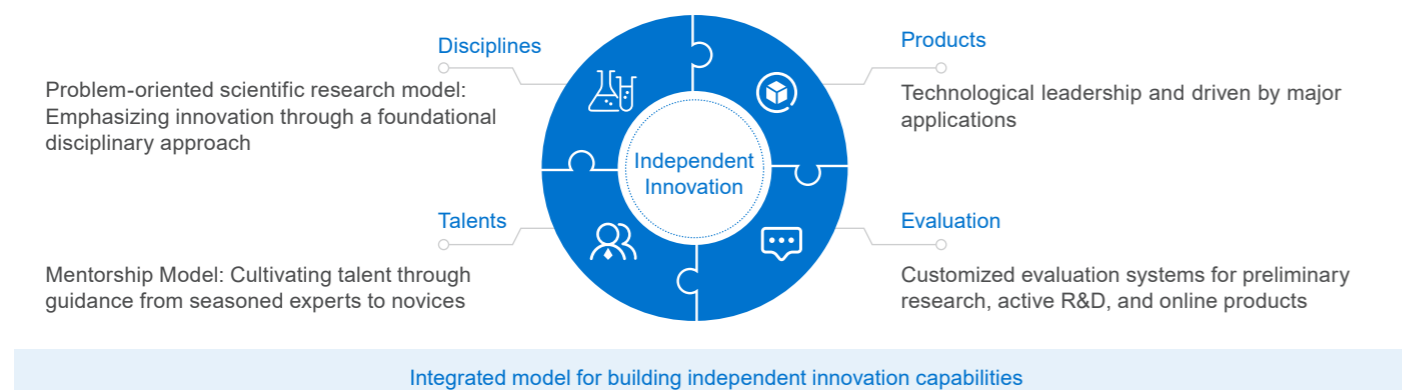
MGI Tech is committed to fostering a culture of innovation rooted in originality and self-reliance. We champion breakthroughs in pivotal core technologies and seamless integration of interdisciplinary systems. Our approach encompasses the full spectrum of industry-academia-research collaboration, driving the creation of innovative new models. This commitment has shaped a robust system of technological innovation, propelling the manufacturing industry's innovation strategy forward. We lead and support innovation and research across the board, cultivating an open, interoperable, inclusive, and equitable R&D environment. MGI Tech is building a supportive R&D framework that champions extreme thinking, fosters innovative breakthroughs, and encourages bold advances in cutting-edge territories.

R&D Management System

MGI Tech has developed and continuously optimized a technology assessment and planning system tailored to its unique needs. We have crafted a distinctive "four-level R&D hierarchical management model" aligned with our various developmental phases. This model encompasses X-Exploratory Research, R-Technical Research, D-Product Development, and P-Online Upgrades. This structured approach ensures that our technological innovation and core competencies remain dynamic, positioning us as industry leaders.



The Company has established a model for enhancing autonomous innovation capabilities, focusing on four key areas: products, disciplines, talent, and evaluation. This model is designed to help the Company develop a distinct innovation advantage and drive progress within the industry. Product development is guided by a scientific and technological orientation, with a focus on addressing specific issues in customer applications. This is achieved by identifying and prioritizing technical improvements that directly address major application needs. In the realm of disciplines, the Company follows a problem-driven approach, extracting common scientific issues from real-world problems. This approach spans across various fields, including physics, chemistry, mathematics, and optics. Regarding talent development, the Company has implemented a "mentorship model" for talent training, which aims to strengthen the innovative capacity of the team and ensure a sustainable pipeline of innovation. The evaluation process is tailored to the different stages of achievement, with a particular focus on the practical application of those achievements and customer satisfaction. By the end of 2023, the Company had successfully developed 25 significant independent technological innovations.



R&D Resources

MGI Tech strictly adheres to the legal frameworks governing its operations, including the *Patent Law and Trademark Law of the People's Republic of China*, as well as Enterprise Intellectual Property Management standards in the relevant countries and regions. To enforce this commitment, the Company has established a dedicated intellectual property and legal department and implemented comprehensive internal systems. These systems, such as the *Intellectual Property Incentive Management Procedure*, *Patent Management Procedure*, and *Technology Secret Management Procedure*, cover the entire lifecycle of intellectual property management, from project inception and development to product launch and withdrawal from the market.

Furthermore, MGI Tech consistently emphasizes the significance of independent and controllable procurement of upstream core raw materials. The Company is dedicated to achieving in-house production and supply of critical core materials, including sequencing enzymes and sequencing dNTPs. Additionally, MGI Tech has developed a range of proprietary technological platforms and is equipped with state-of-the-art biotechnology instruments. This infrastructure attracts internationally renowned scientists and technical experts, specializing in genomics, bioinformatics, molecular biology, and related fields, all dedicated to pioneering research within the life sciences sector.

MGI Tech has successfully established an independent and controllable core technology system, leading to the development of several pivotal technologies within the domain of genetic sequencing. These include the "DNBSEQ sequencing technology", "regular array chip technology", and "sequencer opto-electric system technology", all of which have achieved a level of excellence comparable to international standards. Concurrently, the Company is expanding its expertise in the life science arena, progressively refining innovative life science digitalization technologies such as "key library preparation technology", "automated sample handling technology", and "remote ultrasound diagnosis technology". These advancements provide a robust foundation, enabling the Company to remain at the forefront of cutting-edge research in life sciences. The core technologies developed by MGI Tech are the result of our in-house research and development efforts. These technologies are continuously refined and augmented throughout the production and application processes, ensuring their integration into the Company's principal products.

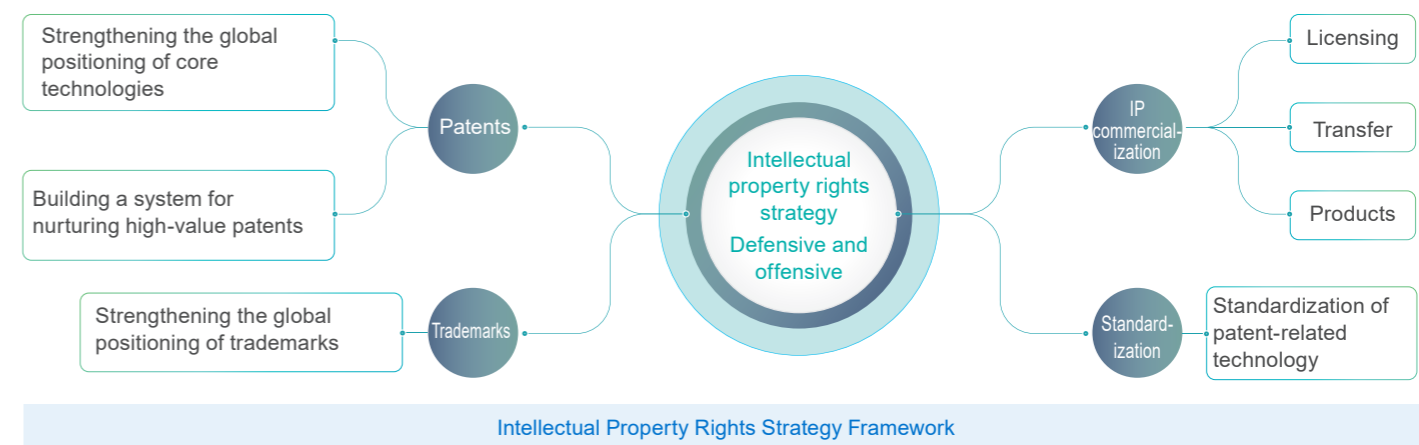
2023 Data Key Performance

- R&D personnel ratio
959 person
- R&D personnel ratio
33.4%
- Educational attainment of R&D personnel (percentage holding Master's Degrees or higher)
58.6%

Intellectual Property Protection

MGI Tech strictly adheres to the legal frameworks governing its operations, including the Patent Law and Trademark Law of the People's Republic of China, as well as Enterprise Intellectual Property Management standards in the relevant countries and regions. To enforce this commitment, the Company has established a dedicated intellectual property department and implemented comprehensive internal systems. These systems, such as the Intellectual Property Incentive Management Procedure, Patent Management Procedure, and Technology Secret Management Procedure, cover the entire lifecycle of intellectual property management, from project inception and development to product launch and withdrawal from the market.

The Company possesses an independently controllable, internationally advanced core technology system, which spans various fields such as gene sequencing, library preparation, laboratory automation, and remote ultrasound diagnostics, offering significant advantages in quality and cost. MGI Tech highly values its intellectual property (IP) efforts, having established a medium- to long-term patent strategy that emphasizes both defensive and offensive measures. This strategy involves strengthening the global positioning of its core technologies and trademarks, establishing a system for nurturing high-value patents, promoting patent standardization, avoiding infringement of others' IP rights, and safeguarding its own IP rights from potential infringement.





Award-winning Patents

<p>Microfluidic chip for detecting the base sequence of DNA fragments 20th China Patent Excellence Award</p>	<p>Sample pretreatment device for gene sequencing system 22nd China Patent Excellence Award</p>	<p>An optical system for gene sequencer 24th China Patent Gold Award</p>
<p>Bubbly connector components and method for constructing sequencing libraries using them 24th China Patent Excellence Award</p>	<p>Camera calibration method, image registration method, gene sequencer and system 2023 Shenzhen Science and Technology Award Patent Award</p>	<p>Separation of oligonucleotides and their applications in nucleic acid sequencing 10th Guangdong Patent Excellence Award</p>

Key Performance

As of 2023

<p>Number of invention patent applications 289Pieces</p>	<p>Number of invention patents granted 118Pieces</p>	<p>Number of utility model patent applications 62Pieces</p>	<p>Number of utility model patents granted 50Pieces</p>
<p>Number of design patent applications 39Pieces</p>	<p>Number of design patents granted 30Pieces</p>	<p>Number of software copyright applications 71Pieces</p>	<p>Number of software copyrights registered 85Pieces</p>

Joint Innovation

Through joint innovation with partners across various fields, MGI Tech has not only enhanced its R&D capabilities in specific areas but also fostered interdisciplinary and inter-sectoral technological integration and innovation, yielding a positive impact on societal innovation. As technology continues to advance and our collaboration network expands, we anticipate even more significant breakthroughs and achievements in our joint innovation endeavors.

Case Study

αLab's Inauguration at Hong Kong Science Park Marks a New Chapter in Global Empowerment Cooperation

In September 2023, MGI Tech declared the official launch of its αLab at the Hong Kong Science Park. This laboratory encompasses a range of functions, including AI research and development, application transformation, and incubation platforms. Leveraging Hong Kong's distinctive advantages in technological innovation and international connectivity, as well as the strategic prominence of the Guangdong-Hong Kong-Macao Greater Bay Area, MGI Tech aims to further strengthen its global R&D network, expedite international collaboration, and empower high-quality development in the life sciences and technology sectors.

The Hong Kong Science Park stands as the preeminent research and development and enterprise incubation hub in the region, and it is pivotal in Hong Kong's quest to become a world-class innovation and technology center. This collaboration presents a significant opportunity for both parties to capitalize on their respective strengths and generate synergistic value. Equipped with advanced systems such as laboratory information management, environmental monitoring, robotic transportation, and Ztron Pro data storage and analysis servers, αLab has successfully implemented the "Smart Lab" initiative, enhancing operational efficiency. Additionally, it has deployed the first AI-integrated laboratory, advancing the convergence of artificial intelligence and biological intelligence.



Guests Visiting MGI Tech's αLab

MGI Tech and Jiangnan University Collaborate to Advance Gene Sequencing Innovation



Strategic cooperation signing ceremony

MGI Tech has entered into a strategic cooperation agreement with Jiangnan University to co-develop and promote the MNP novel molecular marker detection technology and the DNBSEQ high-throughput sequencing platform. This partnership concentrates on technological research and development, talent cultivation, and the application of MNP marker technology across various emerging fields, including agriculture, disease control, and forensic identification. The collaboration has led to the establishment of national standards MNP Marker Method for Plant Variety Identification based on the MGI platform, as well as new standards for microbial multiple identification. Moving forward, both parties aim to jointly advance the application of MNP technology in areas such as DNA evidence preservation and germplasm resource identification. MGI Tech will continue to offer critical technical support to foster innovation in scientific research and contribute to industry growth.

Case Study

To Develop and Promote Advanced Life Science Tools for Innovative Validation in Disease Control

In November 2023, MGI Tech and the Shenzhen Center for Disease Control and Prevention (Shenzhen CDC) entered into a partnership agreement to establish the Shenzhen CDC-MGI Joint Laboratory. The joint initiative aims to develop the Shenzhen CDC-MGI Joint Laboratory, which will utilize MGI's gene sequencing, laboratory automation, and information management platforms. By harnessing the technological prowess, expertise, and resource capabilities of Shenzhen CDC in disease prevention and control, the laboratory will capitalize on the complementary strengths of both entities. This collaboration is expected to expedite industry innovation, facilitate rapid result identification, and enhance foundational research within the realm of disease control. It will also drive the transformation of applications, industry advancement, and the establishment of standards. The initiative aims to advance the innovative validation and showcase leading applications of life science core tools, such as sequencers, within the domain of disease control.

Collaborating with Shanghai Children's Medical Center to Enhance the Development of Medical Intelligence

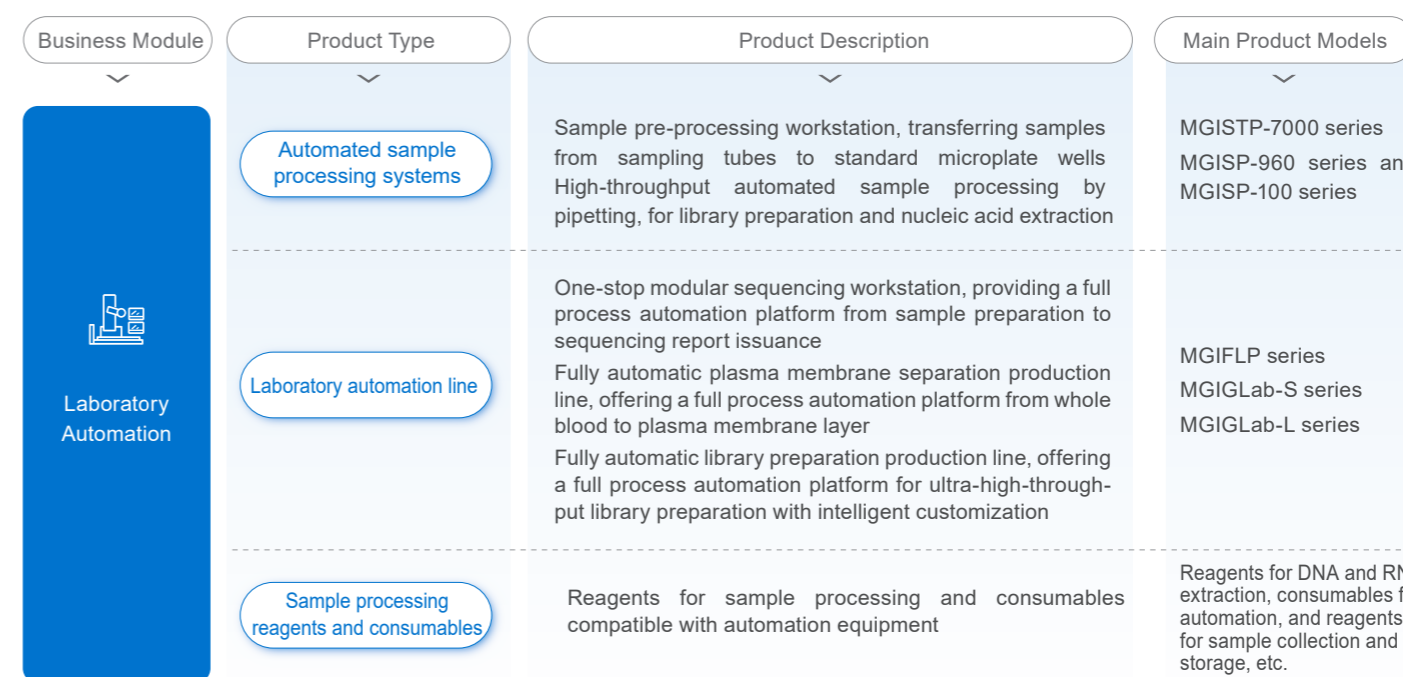
In November 2023, MGI Yuning and Shanghai Children's Medical Center entered into a strategic cooperation agreement. Both parties will capitalize on their respective strengths to jointly advance the research and application of fully automated systems for the diagnosis and monitoring of congenital heart diseases and hip joint development in children. Leveraging the Shanghai Children's Medical Center's preeminent clinical expertise, MGI Tech is committed to developing innovative applications and ultrasound robot devices tailored to clinical needs. The collaboration will deepen the cooperation in areas such as robotic ultrasound system and automated ultrasound and explore the integration of 5G, artificial intelligence, and big data within the healthcare industry. Together, we aim to drive the development and application of fully automated ultrasound robots.

Model parameters for each type of throughput

	DNBSEQ-T20x2	DNBSEQ-T7	MGISEQ-2000		MGISEQ-200		DNBSEQ-G99	DNBSEQ-E25
Product features	Ultra-high throughput all-in-one platform for large population genomics	Ultra-high throughput, ultra-fast, and ultra-low cost	High efficiency and good quality		Compact and flexible		Simple, flexible, extremely fast	Lightweight and diversified
Number of flow cells/run	6	4	2		1		2	1
Flow cell size	slide	FC	FCS	FCL	FCS	FCL	FC	FC
Lane/flow cell	1	1	2	4	1	1	1	1
Effective number of reads/flow cell	40B	5800M	550M	1500-1800M	100M	500M	80M	125M
Max. Read Length Supported	PE150*	PE150	PE300	SE400 PE200	PE150	PE150	PE300	PE150
Min. Read Length Supported	/	SE50	SE100	5E50	SE100	E50	SE100	SE100
Max. Throughput	72T	7T	330G	1440G	30G	150G	96G	7.5G
Q30 (Max./Min. read length)	≥85%	PE150>85% SE50>85%	PE300>80% PE150>85% SE100>85%	PE150>85% PE100>85% SE50>90%	PE150>80% 5E100>80%	PE150>80% 5E50>85%	SE100,PE50>90% PE150>85% PE300>85%	PE150>80% 5E100>90%
Runtime	80h	5-24h	13-37h	14-107h	10-28h	9-40h	5-30h	5-20h
Applicable Applications	WGS, cWGS, stLFR EGS, WGBS single-cell sequencing, spatiotemporal omics sequencing, etc.	WGS, WES, metagenomics sequencing, Tumor Panel Sequencing, etc.	Transcriptome sequencing, WGS, WES, molecular breeding, rapid pathogen identification, liquid biopsy, targeted drug use, genetic disease detection, early tumor screening, and individual identification		Genetic disease detection, targeted drug use, early tumor screening, and individual identification		Targeted capture/multiplexed testing, small genome sequencing, low depth whole-genome sequencing (WGS), transcriptome sequencing, and individual identification	Rapid pathogen identification, and popular science education

A Comprehensive Strategy for Digital Equipment and Systems in Life Sciences

MGI Tech has meticulously devised a comprehensive strategy centered around the digitization of life sciences. Through independent research and strategic collaborations, the Company is building a complete spectrum of technological and ecological resources, aiming to provide comprehensive product portfolio for digital life equipment and platforms. Leveraging state-of-the-art digital life science technologies, MGI Tech has developed a multifaceted range of products covering scales from the genetic to individual levels, solidifying a robust foundation for cutting-edge research in the life science realm.



Comprehensive Support for Life Sciences Big Data Infrastructure

With the rapid advancements in biotechnology and information technology, particularly the breakthroughs in gene sequencing and enhancements in data processing capabilities, the establishment of big data for life sciences has become feasible. MGI Tech is dedicated to the independent research and development of advanced life science tools, driven by a spirit of innovation. The Company has established a platform that integrates "reading, writing, and storage" functions for core life science and technology tools, offering comprehensive support for the development of big data for life sciences.

Deepening Innovations in Genetic Sequencing Technology

Grounded in core technology, MGI Tech has established a leading position in the industry for the research and production of gene sequencers. The Company has now become one of the few companies in the world capable of mass-producing clinical-grade sequencers. Concurrently, MGI Tech is closely monitoring and adapting to the industry's trend toward "miniaturization" and "ultra-high-throughput" with its T series, G series, and E series sequencing instruments. This strategy has resulted in a comprehensive multi-scenario application ecosystem matrix that caters to high, medium, and low throughput requirements across different scenarios. The small and medium-sized "benchmark" sequencers are primarily utilized for medium and low-depth whole genome sequencing, exome sequencing, tumor gene sequencing, and metagenomic sequencing projects. In contrast, the large and super-large sequencers are deployed in extensive gene sequencing initiatives such as National Genome Projects, consumer genomics, and population cohort research. Regarding sequencing consumables, MGI Tech has developed a diverse range of library preparation and gene sequencing consumables tailored to customer needs.

Business Module	Product Type	Product Description	Main Product Models
 New Businesses	Single-cell platform	Single-cell library building	DNBelab C series
	Ultrasound platform	Telemedicine	MGIUS-R3
	BIT products	Comprehensive management platform for gene sequencing and lifecycle management of gene data, including both hardware and software	ZTRON, ZLIMS, etc.
	Biobank platforms	With intelligent and automated design concepts, we customized stable, safe, intelligent and efficient automated biobanks for users.	MGICLab-LT series, MGICLab-LN series, ZSM pro biological sample management system



MGI Tech seamlessly integrates products, technologies, and expertise from various fields, continuously expanding its technical depth and business scope. This strategy is aimed at enhancing the innovation, reliability, versatility, compatibility, and adaptability of its products, so as to deliver to its users a precise and operationally robust one-stop product portfolio. Moreover, MGI Tech offers platform support tailored to various industries and scenarios.

MGIFLP-L50

Modular sequencing workstation

- Capable of Integrating extraction, library preparation, sequencing, and optional data analysis into one device, pioneering a novel "one-touch" sequencing paradigm for streamlined operations;
- Reduces overall experimental timeline to under 24 hours; and
- Significantly decreases manual operation time, enhances efficiency in library preparation and sequencing processes, and addresses challenges in localizing gene sequencing platforms.

MGISP-NEX

Nucleic acid extraction and

- Capable of operating multiple modules concurrently, enhancing the extraction process with intelligent automation, flexible liquid handling, efficient extraction, and information tracing;
- Designed to minimize manual intervention to the greatest extent possible; and
- Offers broad support for diverse application scenarios, including but not limited to tumor research, infectious disease research, and reproductive health research.

MGIUS-R3

Robotic Ultrasound System

- The MGIUS-R3 is the world's first remote ultrasound robot, enabling professional doctors to directly and remotely control ultrasound probes. This device integrates advanced robotics, real-time remote control capabilities, and ultrasound imaging, effectively transcending the limitations of traditional ultrasound diagnostics by overcoming geographical barriers.

MGICLab-LN55K Pro

Automated Liquid Nitrogen Storage System

- Featuring an aviation-grade high vacuum double-layer insulated canister, which effectively maintains sample temperature equilibrium, ensuring the stability and safety of the samples;
- Equipped with automatic liquid nitrogen refill, monitoring alarms, emergency safety protection, and other advanced security measures for the deep low-temperature cold chain, ensuring sample safety for over 288 hours even during liquid nitrogen supply interruptions or other exceptional circumstances (excluding force majeure); and
- Offers full-process automation for the storage and retrieval of samples, making the sample storage process effortless.

ZTRON

All-in-One Machine

- The ZTRON integrates biotechnology (BT) and information technology (IT) to create a mobile gene data center, offering innovative features.
- Specifically tailored for high-throughput sequencers, this machine combines bioinformatics computational acceleration, extensive gene data storage, and laboratory management into a single system. It is designed for immediate use in the laboratory or for integration into traditional data centers.
- It supports independent offline deployment and horizontal scaling. Compliant with GDPR regulations, the ZTRON is certified by EuroPriSe for privacy and security, ensuring safety and reliability while reducing IT operational costs.

Promoting Cutting-Edge Research in Modern Life Sciences

MGI Tech is dedicated to its mission as the “To Develop and Promote Advanced Life Science Tools for Future Healthcare” and embraces the vision of “Leading Life Science Innovation”. By launching initiatives like the Global Research Empowerment Program and continuously enhancing our product technological capabilities, we strive to propel cutting-edge research in the field of modern life sciences.

Global Research Empowerment Program

On September 11, 2023, MGI Tech officially announced the initiation of the DCS Lab 2023 Scientific Research Empowerment Program, targeting top global scientific research endeavors. The initial allocation of resources is intended to support the establishment of 10 cutting-edge DCS Labs worldwide. This program marks MGI Tech’s inaugural effort in empowering laboratories within cutting-edge research domains, focusing on population genomics, Cellomics, and spatiotemporal omics (aligning with the “DNA Sequencers”, “Cell Omics”, and “Spatial Omics” sections of the DCS Lab). It aims to accelerate research progress by enabling scientific endeavors in these emerging technologies. The ultimate goal is to assist leading global researchers in establishing internationally recognized, large-scale, and standardized multi-omics cutting-edge laboratories, thereby fostering the advancement of frontier research and industry growth in life sciences.



Cutting-edge DCS Labs (schematic diagram)

Case Study Interim Achievement of DCS Lab

In September 2023, the National Cancer Centre Singapore (NCCS) and MGI Tech formalized a strategic research collaboration. Leveraging MGI Tech’s proprietary DNBSEQ core technology, the NCCS conducts comprehensive and multi-dimensional genomic analyses on prevalent cancers within the Asian population. This initiative is further enhanced by spatiotemporal genomics technology, aiming to propel the development of personalized medicine and precision cancer treatments.

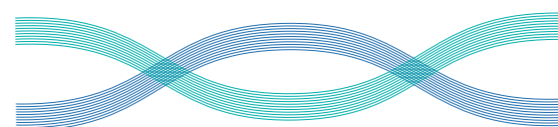
By January 2024, building upon the foundational platform of the DCS Lab and incorporating spatiotemporal genomics technology along with single-cell sequencing capabilities, the NCCS and its project partners have released significant research findings. These include studies on the “Spatial Co-localization Relationships of ‘Cancer-Embryonic’ Cell Clusters in Hepatocellular Carcinoma” and the “Cellular and Molecular Mechanisms of Idiopathic Multicentric Castleman Disease”. These achievements demonstrate the DCS Lab’s capacity to provide robust support for omics research at various scales, empowering global researchers to generate outstanding research outcomes and fostering the advancement of life sciences worldwide.

Case Study

Inauguration of the First DCS Lab in Neuroscience

The first DCS Lab dedicated to neuroscience at the Shanghai Research Center for Brain Science and Brain-Inspired Intelligence (hereinafter referred to as “Shanghai Brain Center”) has been officially completed by MGI Tech. By integrating advanced life science technologies, the lab bolsters its leadership in fundamental neuroscience research and contributes to the establishment of a brain science research development network centered in Shanghai, extending collaboration to the Yangtze River Delta region and beyond to the southern areas.

Currently, the DCS Lab at the Shanghai Brain Center is equipped with an array of sophisticated equipment, including the MGI ultra-high-throughput gene sequencer DNBSEQ-T7, the integrated gene data machine ZTRON Lite, and the automated sample preparation system MGISP-100. Additionally, the lab has accumulated extensive hands-on experience in the domain of single-cell sequencing and spatiotemporal transcriptomics. This expertise is further enhanced by the utilization of the DNBelab C4 single-cell library construction platform along with its corresponding single-cell RNA library preparation kit and the single-cell ATAC library preparation kit. The lab has established efficient and stable systems for the preparation of central nervous system single-cell nuclei and single-cell suspensions, complete with standardized operating procedures (SOPs). Furthermore, the facility is well-equipped with both the software and hardware necessary for localized experimentation and on-site data analysis.



Inauguration of the First DCS Lab in Hematology

In November 2023, MGI Tech declared the official completion of the first DCS Lab dedicated to hematology at the Haihe Laboratory of Cell Ecosystem. MGI Tech will leverage its platform’s strengths to support the Haihe Laboratory of Cell Ecosystem in advancing hematological research and establishing an innovative global omics laboratory demonstration site.

The newly established DCS Lab at the Haihe Laboratory of Cell Ecosystems is capable of supporting a minimum of 10,000 high-depth Whole Genome Sequencing (WGS) samples, 3,000 single-cell sequencing samples, and 480 spatiotemporal omics chips annually. In the forefront of omics research, scientists will no be constrained by the scale and cost of their studies. Furthermore, the DCS Lab is equipped with state-of-the-art, comprehensive all-in-one omics research tools and platforms, complemented by a comprehensive range of support, including complete workflows and technical assistance.



Fully Embarking on the Q40 Era

MGI Tech officially unveiled its next-generation sequencing reagent, StandardMPS 2.0, at the 2024 Advances in Genome Biology and Technology (AGBT) conference, marking the dawn of the Q40 era in genetic sequencing quality. The product is engineered to elevate the quality of sequencing data on the DNBSEQ platform to Q40 (99.99% accuracy) for over 85% of reads, which represents a tenfold improvement in accuracy compared to Q30 standards. This enhancement significantly enhances the accuracy and sensitivity of whole-genome sequencing (WGS) and mutation detection in cancer research while reducing the required volume of sequencing data. With this breakthrough, MGI Tech brings forth a new standard of product experience to users across the globe.

DNA polymerase and MDA enzyme optimization

Through continuously screening and testing, we have adopted a DNA polymerase with higher polymerization efficiency and an MDA (Multiple Displacement Amplification) enzyme with superior strand displacement functionality, significantly enhancing the original signal's strength and stability.

dNTP optimization

By optimizing the fluorescent dyes on dNTPs to reduce crosstalk between bases, we have improved the accuracy of base recognition.

Q-value table optimization

Utilizing data that provides a more realistic estimation, we have trained the Q-value table and employed high-fidelity enzymes and PCR-Free library construction methods to minimize biases stemming from errors in upstream experiments. With more precise model training, we have improved the accuracy of data interpretation, ensuring that sequencing results better reflect actual biological sequences.

Lean Manufacturing

MGI Tech champions the principles of continuous improvement and lean production, establishing the MBS MGI Lean System. Through dedicated efforts to enhance and innovate in lean research and development, logistics, production, quality control, assembly, and supply chain management, the Company has successfully reengineered its value streams. This has led to a significant reduction in waste, increased efficiency, tighter cost control, and improved product quality. MGI Tech has formed a specialized Lean Committee, tasked with spearheading lean manufacturing transformation projects and developing corresponding management strategies. The lean transformation has notably reduced work hours in the manufacturing process, effectively cutting overall costs and ensuring production stability through standardized processes. Currently, MGI Tech's pursuit of continuous improvement has entered a phase focused on value-driven outcomes and empowerment, steadily progressing towards business integration and the adoption of intelligent manufacturing practices.

Establishment of Lean Manufacturing

Developing a lean culture

- The Lean Committee established the Lean MBS system to incorporate lean principles and promote process standardization;
- The Lean Committee conducted diverse and engaging forms of lean cultural promotion activities;
- The Lean Committee advocated for streamlined management processes, process standardization, and data visualization.

Carrying out lean improvement weeks and lean training

- By the end of 2023, a total of 15 lean improvement weeks had been held, with 8 focusing on self-improvement, accounting for 58.3% of the events and attracting 2,344 participants.
- By the end of 2023, a total of 15 lean training sessions had been conducted, including 9 internal sessions, accounting for 60% of the total and covering a total of 876 participants.

Carrying out lean special improvement projects

- Shenzhen launched 3 special projects, focusing on breakthroughs in reagent and chip production, as well as quality enhancement.
- Wuhan initiated 29 special projects, aiming to enhance the efficiency of key equipment in T7/G99/2000 sequencing's Incoming Quality Control (IQC), improve overall efficiency in warehouse material preparation, instrument and reagent production, FQC inspection, and packaging and shipping, as well as optimizing facility layouts and establishing new standards.
- Qingdao introduced three special projects, initially focusing on improving the efficiency and quality of E-25 sequencers, reagents, and chips, with plans to extend these improvements to automated 960 product line in later stages.

Lean proposal improvement

- By the end of 2023, the Lean Committee had proposed a total of 1,919 improvement suggestions, of which 1,133 were approved and 513 were successfully implemented, representing a 45% increase compared to the previous year.
- The Lean Committee has categorized the improvement proposals into six major categories and established standards for profit accounting related to these improvements.
- The Lean Committee promoted a sharing mechanism for improvement proposals, which includes analyzing the reasons for unsuccessful proposals, collecting feedback from frontline staff, promoting best practices, and ensuring that these improvements are accessible to every team member.

Building organizational capacity

- The Lean Committee initiated the "Outstanding Team Leader" program to strengthen management foundations, implement a flat management structure, establish team management processes, and conduct quantifiable assessments, all aimed at fostering a positive and continuous cycle of team development.
- The Lean Committee supported the "Craftsmen Plan" within the Human Resources Development program, which aims to chart a clear and visible path of growth for students, team members, and team leaders, thereby contributing to a deeper understanding and refinement of business processes.
- Lean practitioner capability development



Qingdao MGI Lean Production Training



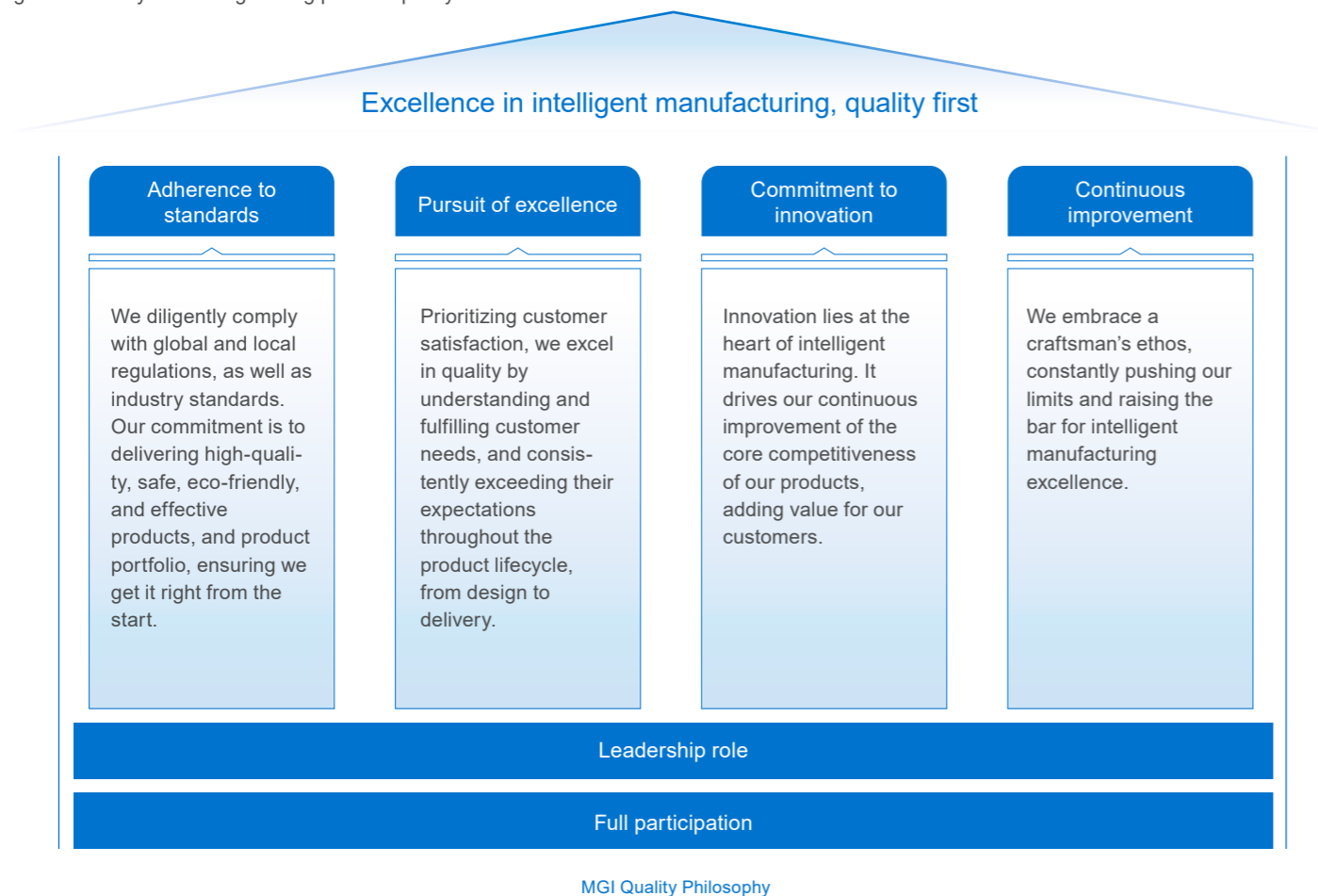
Wuhan MGI Lean Production Training

Quality Service

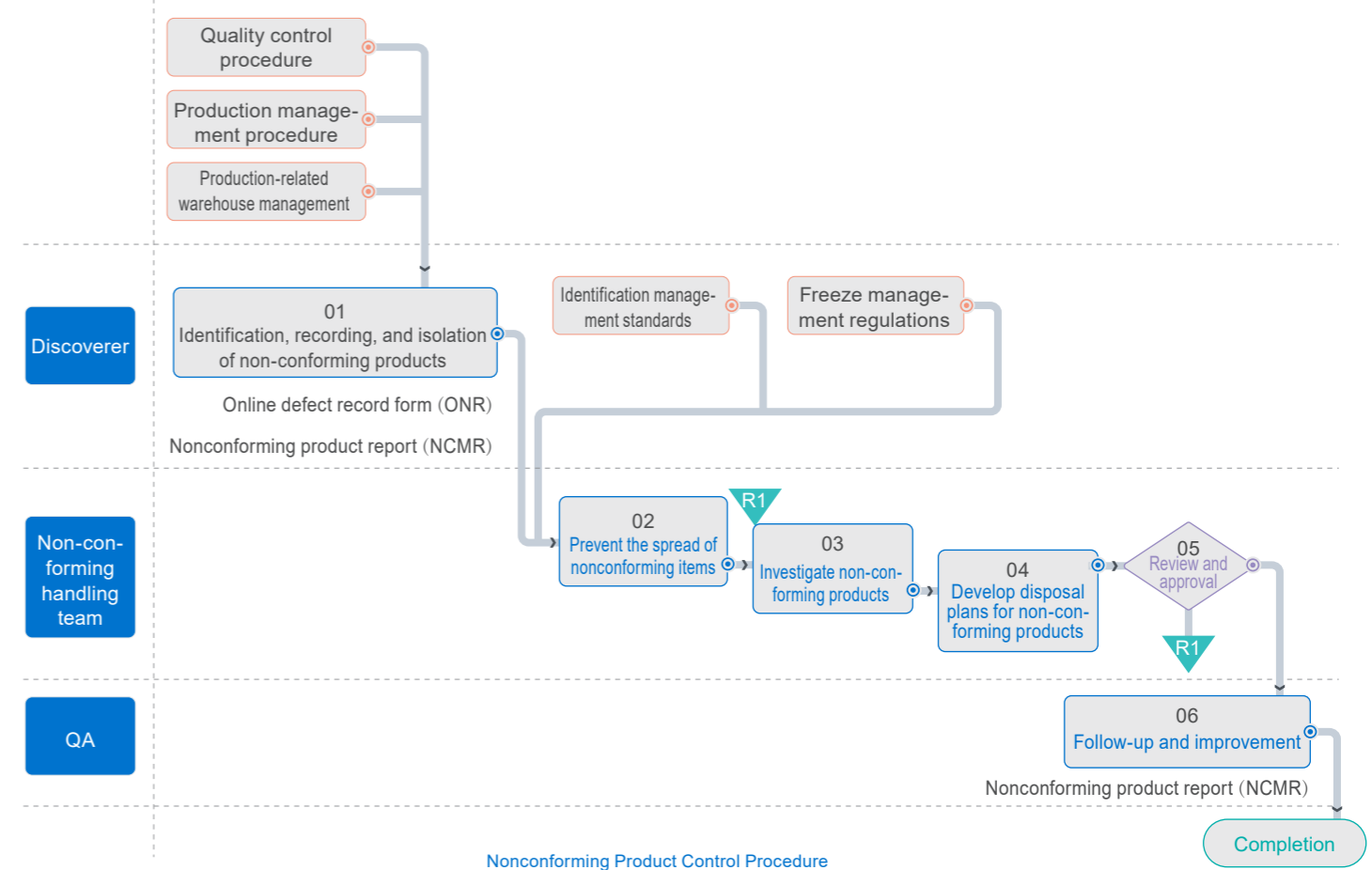
MGI Tech upholds the principle that quality management is its core competitiveness and considers customer service as a vital complement. The Company champions the “Five Synchronization” quality management model, which encompasses a comprehensive and integrated system covering all business processes and value chains. This system is designed to meet both domestic and international compliance standards while leveraging digital technology for empowered integrated management. MGI Tech has established a robust quality and safety assurance mechanism that extends throughout the entire product lifecycle. The Company is dedicated to promoting excellence in smart manufacturing and places a high priority on quality. Concurrently, MGI Tech has developed a comprehensive customer service management system. By adopting a customer-centric approach, the Company delivers professional, efficient, and attentive services. Committed to building a strong customer service brand, it aims for mutually beneficial and collaborative development with its customers.

Delivering High-Quality, Satisfactory Products

MGI Tech adopts the “Five Synchronization” quality management model, integrating science, technology, quality, standards, and intellectual property rights. Upholding the philosophy of “excellence in intelligent manufacturing, quality first”, we implement a quality policy that emphasizes “adherence to standards, pursuit of excellence, commitment to innovation, and continuous improvement”. Our quality management structure is robust, with the CEO as the chief responsible officer for quality and safety, the EMT as the operational decision-making body, and the Global Quality System VP overseeing overall management, ensuring clear roles and an efficient operation. We have established detailed procedures, including the Medical Device Product Design and Development Management Procedure, Production Management Procedure, Customer Service Management Procedure, Quality Control Procedure, and others to fully execute quality responsibilities, establish a quality integrity mechanism, and build a governance system safeguarding product quality.



To prevent the unintended use or distribution of substandard products, MGI Tech has established and strictly adheres to a series of internal protocols, including the Nonconforming Product Control Procedure, and the Recall Management Procedure. Additionally, we have implemented a comprehensive system for the identification, documentation, containment, reporting, investigation, disposal, and monitoring of non-conforming products, ensuring the safety and efficacy of medical devices and safeguarding human health. As of the end of December 2023, there had been no incidents of quality and safety issues, adverse reactions, recalls, or instances of non-compliance identified during random inspections.



The Company prioritizes quality and compliance, having designed and executed a series of specialized quality management training programs. These programs cover various aspects including medical device regulations, information security laws, international and domestic standards, as well as knowledge and tools related to quality management, totaling 60 courses. By the end of 2023, the Company had invested over 2,000 hours in training, involving 4,200 participants.



Key Performance During the reporting period, MGI

<p>Annual new sales of genetic sequencers exceeded 854 units, a year-on-year increase of 41.39%</p>	<p>Cumulative installed base of laboratory automation products reached more than 4,000 units. Added 449 installed units for sale in 2023</p>	<p>automated biobanking business revenue grew over 300% year-on-year, 15 biobanks were completed</p>
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Improving the Global Network

MGI Tech is continuously refining its global network and localizing its global marketing efforts. The Company has established local sales teams for the China, Asia-Pacific, Europe-Africa, and Americas regions. To support local business growth, subsidiaries have been opened in key cities including San Jose (USA), São Paulo (Brazil), London (UK), Paris (France), and Shenzhen (China). Furthermore, customer experience centers in Beijing (China), London (UK), product portfolio, Berlin (Germany), and Tokyo (Japan) enable local researchers and partners to engage with MGI Tech's advanced technologies and innovative platforms. These centers provide comprehensive technical support and application guidance for diverse requirements, such as training, technical testing, and project validation. In 2023, MGI established over 10 customer experience centers.

MGI Tech actively cultivates comprehensive customer relationships by employing a refined customer satisfaction measurement system and improvement mechanism. Regular customer surveys are conducted, and improvement measures are formulated based on the feedback received. The Company places great importance on customer feedback and complaints and has established an efficient system for managing and monitoring them through its CRM system. A comprehensive customer service management system covering pre-sales, in-sales, and after-sales phases ensures swift and effective responses to and effective resolution of customer concerns. Additionally, the Company has established a series of service standards, including Pre-sale Technical Support Standards, Client Training Service Management Standards, After-sales Remote Service Management Standards, Warranty Service Execution Standards, and Complaint Management Procedures, aiming to enhance service quality and operational efficiency.

Customer Service Management

Customer satisfaction survey

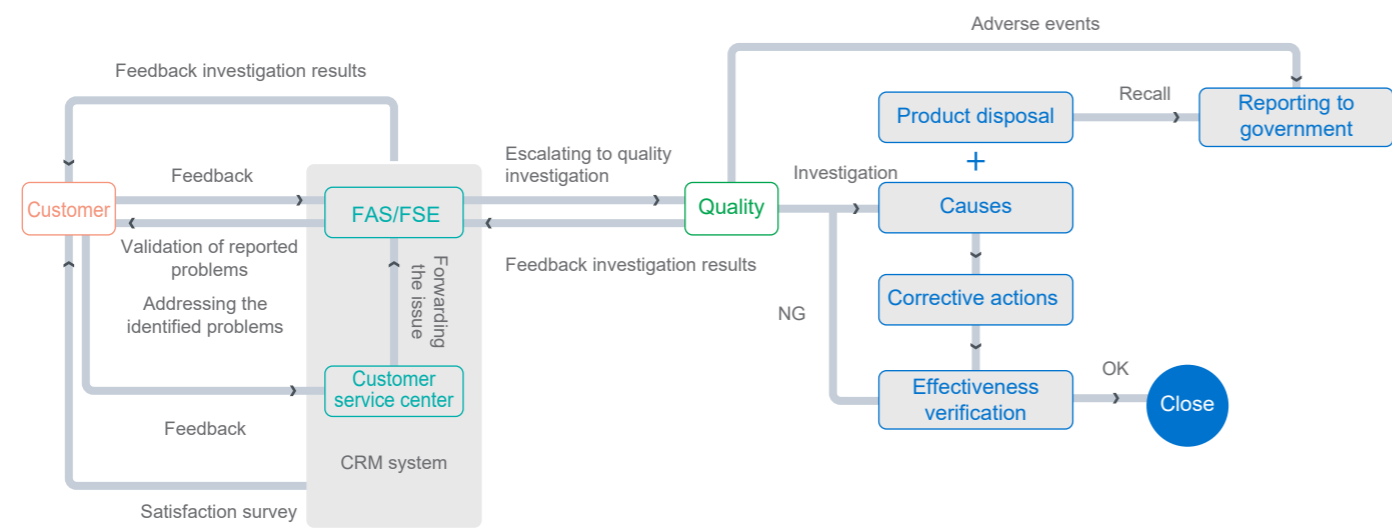
We have established a standardized "Customer Satisfaction Survey Procedure" to regularly assess satisfaction levels. Utilizing the CRM system, we conduct surveys via email, phone, and other methods to assess customer satisfaction across service and product offerings. This enables us to promptly capture customer sentiments regarding our products, delivery, and service quality. By identifying areas for improvement and enacting relevant measures, we are committed to continuously enhancing our products, thereby increasing customer satisfaction.

Customer visit

The Company regularly organizes joint visits and technical exchanges between the technical and marketing teams to engage with customers. This includes the "Spring Breeze" initiative, which entails 39,000 high-quality visits to both current and prospective clients, in addition to routine customer visit. These efforts are aimed at deepening our understanding of customers' genuine requirements, collecting feedback on product utilization, and facilitating swift resolution and product optimization.

Online seminar videos and training platforms

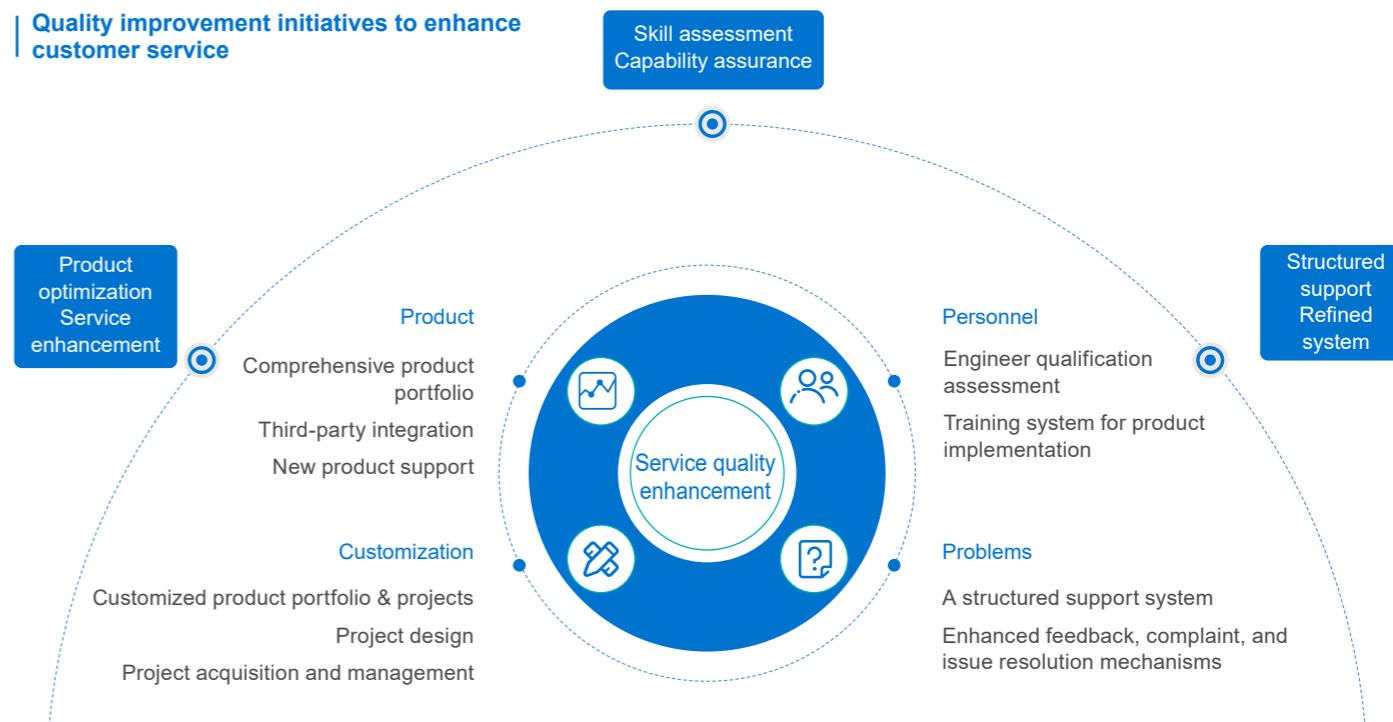
The official website features online seminar videos and training platforms, offering webinars and instructional content covering the performance and technical operation of our products. These resources serve as valuable platforms for both potential and existing customers to seek product guidance, participate in technical discussions, adhere to standardized operations, and engage in remote training sessions.



Closed-loop management process for customer feedback



Quality improvement initiatives to enhance customer service



MGI's customer service quality enhancement system

Case Study

DCS Lab Special Experience at the MGI CEC Australia

In December 2023, MGI Tech announced the further enhancement of its Brisbane-based Customer Experience Center (CEC) in Australia. The center now features the DCS Lab experience, catering to researchers in Australia and New Zealand. This initiative allows researchers to access genomics, cellomics, and spatialomics technologies in one place, corresponding to the "DNA Omics", "Cell Omics", and "Spatial Omics" sections of the DCS Lab. They will also have hands-on opportunities to operate various technology platforms.

This upgrade aims to provide local users with more efficient and direct services, offering them high-quality experiences with advanced tools and platform essential for scientific research in fields such as medical science, environmental exploration, cancer research, and agricultural genomics.



The Company regularly conducts satisfaction surveys and loyalty assessments tailored to the specific needs of different customer segments. Utilizing a five-point scale, these surveys are conducted quarterly or semi-annually. The results are analyzed, shared with pertinent departments, and used collaboratively to devise improvement strategies. The customer service center continuously monitors the progress of these improvements and their implementation.

Survey Results

In 2023, the Company conducted a customer satisfaction survey. Aimed at gaining an objective understanding of customer contentment with various service aspects and benchmarking them against competitors, the survey indicated that the Company's overall customer satisfaction score stands at 95.1 points, reflecting a generally satisfactory situation.

Sustainable Supply Chain

MGI Tech is committed to ethical procurement practices, embracing the principles of legality, compliance, and integrity. The Company has established independent supplier management structures at both its headquarters and regional/factory levels to streamline supply chain operations.

To regulate supplier management and ensure supply chain sustainability, MGI Tech has instituted protocols such as the Supplier Management Procedure, Supplier Material Change Management Specification, and Supplier Quality Management Specification, which assess suppliers based on criteria including product quality, safety practices, and procurement management. In addition, suppliers are required to complete documents such as the Supplier Survey Form, sign the Supplier Supply Chain Security Letter, and the MGI Anti-Commercial Bribery Commitment. Ethical conduct reminders are issued during significant holidays, emphasizing adherence to business ethics. Furthermore, MGI Tech expects all its procurement staff to strictly adhere to the Procurement Code of Conduct.

Moreover, suppliers are also mandated to provide environmentally compliant materials that meet RoHS/REACH requirements, along with relevant testing reports and declarations. On-site audits are conducted to assess the effectiveness of suppliers' hazardous substance management, fostering a harmonious, efficient, and eco-friendly supply chain ecosystem.

Key Performance As of 2023

42 Manufacturers, 116 distributors or agents reviewed

100 % review completion rate

845 suppliers in total

324 Local suppliers (based in Guangdong province)

285 suppliers with quality management system certification

39 suppliers with ISO14001 Environmental Management System Certification

Supply Chain Management

Supplier admission

MGI Tech conducts a comprehensive preliminary evaluation of potential suppliers, assessing their company qualifications, quality control systems, delivery speed, responsiveness, technical capabilities, and price competitiveness. Suppliers meeting MGI's standards undergo on-site evaluations by dedicated teams to ensure their ability to fulfill our requirements.

Regular supplier performance evaluation

We perform quarterly assessments of our suppliers, focusing on quality, delivery timeliness, service, and cost-effectiveness. By setting clear evaluation metrics and challenging targets, we motivate suppliers to continuously improve their performance and delivery quality.

Supplier withdrawal

In cases where a supplier consistently fails to meet MGI's criteria or experiences a prolonged decline in performance, we will initiate our withdrawal process. This includes providing advance notification to the supplier, offering opportunities for corrective action, and strategically planning for replacements.

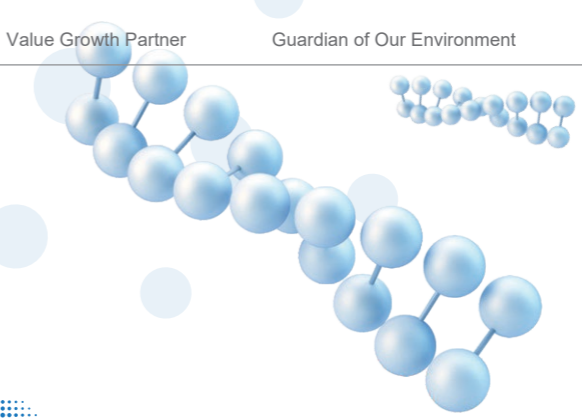
MGI Tech is dedicated to constructing a secure and stable supply chain to support sustainable development. The Company is developing substantial in-house production capabilities for critical core materials such as enzymes and dNTPs, while also ensuring regional supply chain support for vital components like optical elements. In alignment with the strategic positioning of various regional production hubs, MGI Tech is extending its localized supply chain systems. Concurrently, grounded in lean production principles, the Company is establishing an intelligent production system and bolstering the global logistics and warehousing infrastructure, thereby enhancing the efficiency of product delivery to end-users.

To fulfill the delivery needs of customers worldwide, make full use the local supply chain, and mitigate the risks posed by supply disruptions, the Company has strategically established seven production bases and nine international spare parts warehouses globally, and initiated the development of a comprehensive network of global logistics center. We adhere to the driving forces of quality, delivery and cost, thereby successfully establishing a global sequencing technology ecosystem accessible within a three-hour radius. As a result, this builds a long-term, sustainable and stable supply capacity for the Company to develop domestic and overseas markets.

Case Study

Launch of the LIFE2GETHER Online Information Sharing Platform

MGI Tech, a trailblazer in China's upstream gene sequencing industry, champions open collaboration and strives to empower downstream ecosystems. The Company fosters partnerships with innovative enterprises globally, spurring technological innovation, application transformation, regulatory compliance, and public science education within the sector. With a robust lineup of three core product lines, MGI Tech has cultivated a vibrant and diverse industry ecosystem in collaboration with upstream and downstream partners. This synergy has facilitated the broad application and integration of genomics across various domains. The Company continually supports its partners in scientific research, clinical practice, and emerging sectors, propelling advancements in foundational research, the development of new clinical diagnostic technologies and products, and the exploration of novel application areas. In the recent reporting period, MGI Tech introduced the LIFE2GETHER online information sharing platform, a pioneering ecological information-sharing platform within China's genetic sequencing industry. This one-stop platform serves to showcase application scenarios based on the MGI Tech Tool Platform. The platform gathers the full range of our products along with compatible third-party products. By providing a wider array of choices for end users, LIFE2GETHER aims to promote the expansion of application scenarios and fields.



Industry Recognition

Prof. Mathias Uhlen

KTH Royal Institute of Technology, Sweden, member of the Royal Swedish Academy of Engineering and member of National Academy of Engineering, US

The quality of the data produced in the project is very satisfactory. In fact, this is the best data we have ever seen.



Prof. Ning Guang

Academician of the Chinese Academy of Engineering

High-throughput genetic sequencing platforms will revolutionize population sequencing research, especially in genomics research. Moreover, this revolution will have positive impact on clinical medicine and healthcare.



Prof. Lars Engstrand

Professor Lars Engstrand, Karolinska Institute, Sweden

We have implemented the 16S sequencing approach in a high-throughput NGS format, but we are now moving this research forward by upgrading to shotgun metagenomics sequencing with MGI's sequencing system and pipelines. We have benchmarked MGI's DNBSEQ™ technology with other technologies, and we are excited with the quality of MGI's platform, and this is exactly what we need.



Prof. Yuan Huijun

Dean of the Institute of Rare Disease, West China Hospital of Sichuan University

Equipped with high speed, high quality and ultra-high throughput, DNBSEQ-T7 has effectively reduced the cost of whole-genome sequencing for the first time to only hundreds of dollars globally. Even with limited budget, we can now obtain greater quantities of genetic data from rare disease patients to support the research and development of such projects, thereby contributing significantly to the advancement of the entire industry.



Dr. Miguel Esteban

Researcher

Guangzhou Institutes of Biomedicine and Health (GIBH)

MGI DNBSEQ™ sequencing platforms have demonstrated excellent performance in large-scale single-cell and spatial genomics studies, contributing to the study of cell fate determination and human disease.



Prof. Wu Xifeng

Prof. Wu Xifeng, Dean of the School of Public Health at Zhejiang University and National Institute for Data Science in Health and Medicine

MGI is a representative of high-end life science core tools manufacturers and an important participant in joint efforts in improving human health. I hope that MGI will continue to push the limit of science and technology to develop more advanced life science core tools for the future of healthcare.



Prof. Chen Runsheng

Academician of Chinese Academy of Sciences

MGI has facilitated the development of high-performance sequencing platforms in China over the years, providing a very important tool for the generation and development of big data for areas such as anthropology. MGI's technology and products also play a crucial role in improving human health, national biosecurity, agriculture, animal husbandry and many other biomedical fields.



Prof. Jie Huang

Institute of In Vitro Diagnostic Reagents, China Food and Drug Control Institute, China

The DNBSEQ-G400^[1] and DNBSEQ-G50^[1] series of sequencers developed by MGI have high accuracy, good repeatability and stable performance, which have reached or exceeded the performance of other international products.



[1]Remark: DNBSEQ-G400 and DNBSEQ-G50 remain their original product names as MGISEQ-2000 and MGISEQ-200 respectively in China and some other overseas countries.



05

Leader in Compliance Governance

Sound corporate governance is crucial for MGI Tech's robust operational performance and serves as the fundamental prerequisite for comprehensive prevention of compliance risks. We strictly adhere to the laws, regulations, and regulatory requirements stipulated by the China Securities Regulatory Commission and the Shanghai Stock Exchange. Upholding business ethics, we operate with higher standards to practice normative management, safeguarding the Company's excellent reputation and image while sharing the fruits of our business development with our valued shareholders.



Strengthening Information Security for Fostering Healthy Development



Corporate Governance



Compliance Operations



Risk Management



Responsible business operations



“Regulatory compliance is the cornerstone for our corporate development. Following the principles of integrity, fairness and transparency, we comply with the laws, regulations and market rules, and safeguard the rights and interests of our shareholders, employees, customers and partners. We have established a sound internal control system and strengthened our risk management to ensure our stable and sustainable development.”

Main Objectives and Outcomes

To operate responsibly and improve the business environment

Long-term Commitment
Aligned with UN SDGs

2023-2035 Plan

Progress of Actions

Status of Goal Achievement



Proactively pursued ISO 27001 Information Security Management System and ISO 27701 Privacy Information Management System certification



Organized annual internal control inspections and risk-specific optimization activities



Established a continuous, stable, and systematic investor return mechanism



Ensured compliance with tax laws with no instances of tax violation found



Had access to over 110 markets worldwide



Provided anti-corruption and integrity training to all employees



Progress Update: ■ Successful Completion ● Steady Progress

Strengthening Information Security for Fostering Healthy Development



Operational Security

MGI Tech's information security policy is designed to balance the confidentiality, integrity, and availability of information assets, ensuring full compliance with relevant regulations. The Company flexibly adjusts protection priorities based on evolving business needs to ensure security without compromising operational efficiency. Our information security principles encompass comprehensive leadership accountability, active participation from all personnel, vigilant supervision and control mechanisms, and a commitment to continuous improvement. These principles collectively establish a robust and effective information security management system.



Information Security Management

In order "To Develop and Promote Advanced Life Science Tools for Future Healthcare", MGI Tech places a high priority on information security. The Company strictly adheres to the *Cybersecurity Law of the People's Republic of China*, *Personal Information Protection Law*, *Data Security Law*, EU GDPR requirements, and other pertinent laws and regulations across various jurisdictions. To safeguard diverse information assets, MGI Tech has instituted internal management systems, including the *Information Asset Identification and Risk Assessment Guide* and *Information Security Operations and Maintenance Management Procedures*. In the realm of information management certification, the Company aligns with international standards such as ISO/IEC 27701:2019 for Privacy Information Management Systems, ISO/IEC 27001:2013 for Information Security Management Systems, and GB/T 22239-2019 for Information security technology—Baseline for classified protection of cybersecurity. MGI Tech is committed to enhancing its information security organizational structure and management system framework continually. The Company conducts regular security audits to ensure that all implemented measures meet industry benchmarks and provide a solid foundation for the secure and stable operation of its business. By the end of 2023, MGI Tech's information security management system had successfully passed the SGS security and privacy certification surveillance audit.

External Certifications Obtained

ISO 27001 Information Security Management System Certification for various sites, including IMABOT SHENZHEN, Wuhan MGI, Qingdao (MGI, EGI, Hua'ao, DGI), IMABOT KUNSHAN, and Latvia MGI

ISO 27701 Privacy Information Management System Certification for Latvia MGI



Caption: MGI security & privacy system certifications



Information Assurance and Risk Management

MGI Tech integrates the principles of confidentiality, availability, and integrity into its information security framework. The Company conducts comprehensive identification of information assets and risk assessment across all business processes and personnel. Employing a closed-loop management approach, MGI Tech actively engages in environmental construction, risk identification, analysis, assessment and treatment to effectively manage information security risks. Moreover, the Company keeps abreast of the latest security management practices, routinely updating its risk assessments to address emerging threats and vulnerabilities, continuously refining its risk assessment protocols and management practices. This commitment ensures that information security risks are consistently minimized to meet the requirements of various privacy protection laws.

Information Security Risks	Response Measures	Results
<p>Unauthorized access</p>	<p>Access control involves user identification and authentication, requiring unique credentials and regularly updated complex authentication information. Account lockouts are triggered after multiple failed login attempts.</p>	<ul style="list-style-type: none"> Established a comprehensive account and access management system; Standardized procedures for account creation and closure; conducted regular reviews of user permissions; Implemented identity authentication and information management strategies; and Minimized the risk of unauthorized access.
<p>External cyberattacks</p>	<p>security measures such as firewalls, intrusion detection systems (IDS), intrusion prevention systems (IPS), and antivirus software were deployed.</p>	<ul style="list-style-type: none"> Decreased the success rate of cyber attacks; Raised awareness of vulnerabilities and potential threats; and Detected and responded swiftly to security incidents.
<p>Internal threats and social engineering attacks</p>	<p>Training programs were implemented to enhance employee security awareness and minimize internal misuse of information assets.</p> <p>Lower the success rate of social engineering attacks, improve staff capability to recognize potential risks.</p>	<ul style="list-style-type: none"> Minimized internal misuse of information assets; Lowered the success rate of social engineering attacks; and Improved staff capability to recognize potential risks.
<p>Third-party risks</p>	<p>Third-party vendor security practices were evaluated and monitored to ensure clear security agreements and defined responsibilities.</p>	<ul style="list-style-type: none"> Developed a supplier management system for regular third-party management; minimized third-party risks; and Intensified monitoring and management of third-party relationships.



Information Security Culture Development

MGI Tech has established clear information security policies and procedures to ensure that all employees are well-informed and adhere to these guidelines. Furthermore, the Company is committed to fostering a robust information security culture by elevating employee awareness. This is achieved through annual online training modules and assessments that encompass fundamental security knowledge, internal policies, and routine security practices. Additionally, MGI Tech bolsters the security team's response capabilities through regular phishing drills and simulated attack exercises, thereby enhancing the overall readiness and effectiveness of the security measures in place.

Information Security Training and Assessment

Comprehensive online information security training and assessments are conducted for all employees, covering essential concepts, internal policies, daily office safety practices, software licensing compliance, and secure use of technology. These initiatives are designed to bolster employees' information security consciousness, reduce the risk of social engineering threats, and enhance overall information security literacy within the organization.

Phishing Drills and Simulated Attacks

Regular phishing exercises are conducted, and third-party security service providers are invited annually to simulate network attacks. These activities are aimed at strengthening the security team's preparedness to respond to real threats, while also evaluating the effectiveness of the Company's existing security defense mechanisms.

Key Performance 2023 Information Security

Conducting **3** training sessions themed on information and data security protection

3,602 employees participating in information and data security protection training

98% employees participating in information security and data protection exams

Received **0** Case of confirmed complaints related to customer privacy violations



Product Security

In the product design process, MGI Tech strictly adheres to the Guiding Principles for the Registration Review of Medical Device Cybersecurity in China, EU GDPR requirements, and pertinent regional laws and regulations. The Company has established management procedures for product data and privacy protection, processes for responding to data subject rights, confidentiality systems, and privacy policies. These measures are designed to safeguard the rights of data subjects and to ensure the legality, fairness, and transparency of privacy data management during the data processing phase. In terms of product development, MGI Tech prioritizes the integration of information security to guarantee the security and reliability of its products. Furthermore, the Company has engaged third-party entities to perform security capability assessments, vulnerability scans, and certifications for product safety, resulting in several products meeting registration review and GDPR security standards.

Product Data Privacy Compliance

Product design

Optimized product design requirements by fully integrating GDPR and regional cybersecurity requirements throughout design input, product testing, and verification phases.

- **Data Ownership:** MGI Tech is not associated as the controller, processor, or owner of genetic data;
- **Local Operation:** Genetic sequencer operate without an internet connection, preventing external laboratory personnel from accessing data via the internet and effectively avoiding data leaks;
- **Security Protection:** Gene sequencers lack wireless data transmission modules or cards; wired LAN ports are restricted to internal network construction; USB ports on the device are designated solely for emergency data backup to prevent data loss due to network failures or other exceptional circumstances.

Data processing

Comprehensively optimized the data processing workflow to ensure that all stages, including data collection, transmission, storage, and destruction, meet compliance requirements.

Business scope

Interviewed main business and support departments involved in data processing, analyzed the status of information protection, identified opportunities for improvement, and implemented various compliance measures.



Product Security Capability Requirements

MGI Tech stands as an upstream entity in the gene sequencing industry. In its capacity as an equipment provider, the Company's operations do not extend to gene sequencing services or the collection, storage, or processing of data generated by sequencers. The Company's sequencers feature offline operation capability, ensuring that data, whether stored locally or on high-performance computers, can be processed without the need for a shared network connection. This feature not only guarantees data accuracy but also minimizes the risk of unauthorized external access via the Internet. Furthermore, during the R&D process of its products, MGI Tech has developed network research materials in alignment with the Guiding Principles for the Registration Review of Medical Device Cybersecurity. These materials undergo a comprehensive evaluation of the products' security levels, data flow management, and network security capabilities, covering the following aspects:

Network security capability

Explicit definition of the software's name, model specifications, release version, and software security level;

Identification of product usage scenarios, along with organized data flow diagrams and network interface diagrams; and

Analysis of the product's applicability to each of the 22 network security capabilities, detailing implementation methods for applicable capabilities and reasons for inapplicability.



Network security patches and vulnerability management

Identification and management of the required environment and the list of hardware and software necessary for running the software, along with an assessment of the security status of the current version;

Employment of automated tools or engagement of third-party organizations to scan for vulnerabilities in the product, identification of available patches and existing vulnerabilities; and

Definition of procedures for deploying patches and addressing vulnerabilities, determination of the severity of vulnerabilities using the Common Vulnerability Scoring System (CVSS) and the business model, documentation of the status of repaired and unrepaired vulnerabilities, and explanations for any unresolved vulnerabilities.

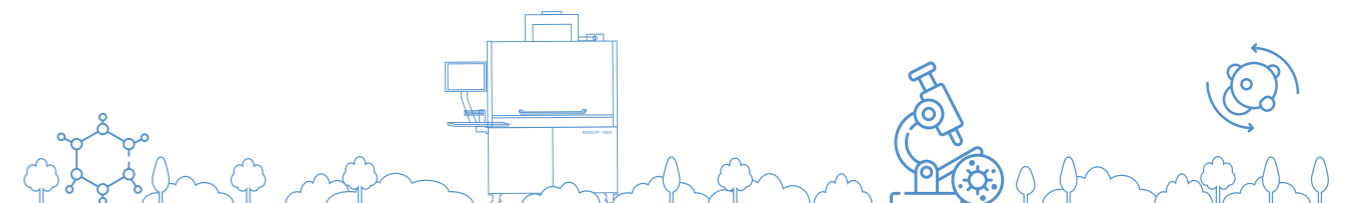


Safety management software

Shipment of the product with antivirus software activated by default in its initial configuration.

Comparison of the operational status of the deployed software with and without the antivirus feature enabled to ensure seamless operation, and monitoring for any system freezes or blue screen errors to verify compatibility.

Routine maintenance and troubleshooting involve updating the anti-malware client version, engine version, antivirus library, and anti-spyware library to maintain optimal security performance.





Third-Party Testing Products



Guiding Principles for Network Security Registration Review of Medical Devices: G99/T20/E25



GDPR-EuroPrise Certification: MGI ZTRON Appliance/Robotic Ultrasound System

Corporate Governance

MGI Tech strictly adheres to the legal and regulatory framework, including the Company Law of the People's Republic of China and the Securities Law, as well as compliance guidelines such as the Code of Corporate Governance for Listed Companies in China and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange. The Company has established a robust information disclosure management system and investor relations practices. Additionally, it has enhanced internal controls and oversight of risk management to standardize corporate conduct and ensure the Company's healthy and stable development.

Governance Structure

MGI Tech has lawfully established a corporate governance framework comprising the shareholders' meeting, the board of directors, the supervisory board, and senior management. The Company has clearly delineated the responsibilities of each functional department, resulting in a corporate governance mechanism that is founded on a clear delineation of statutory powers and duties, transparency in operations, harmonious functioning, and effective checks and balances.



Shareholders' Meeting

The shareholders' meeting is convened and conducted strictly in compliance with the Rules on Shareholders' General Meetings of Listed Companies and the Company's Articles of Association, ensuring the meeting's legitimacy. All shareholders, including small and medium-sized shareholders, are afforded equal treatment, with each provided with ample opportunity to articulate their views during the Company's shareholders' meetings.

Board of Directors

The Board of Directors operates in strict compliance with the relevant laws of the People's Republic of China, specifically the Company Law, and adheres to the Company's Rules of Procedures of the Board of Directors. The Board comprises several committees, including the Strategy and Investment Committee, Audit Committee, Remuneration and Appraisal Committee, and Nomination Committee, which assist in the Board's daily operations and provide robust support for the Company's sustainable growth.

By the end of the reporting period, the Company's board of directors comprised 12 directors, including 3 directors appointed by institutional investors who do not hold other positions in the Company, 4 independent directors and 2 female directors. The directors bring a wealth of diverse industry expertise and a broad range of corporate management experience to the table. This varied background of the Board members establishes a strong foundation for the Company's enduring development.

Supervisory Board

The composition and size of the supervisory board adhere to all applicable laws and regulations. In addition to timely convening and conducting their own meetings, all members of the supervisory board have consistently attended the Company's shareholder and board meetings as required.

Key Performance As of 2023

Held 7 board meetings	Held 5 meetings for the Audit Committee	Held 1 meeting held for the Remuneration Committee	Held 2 meetings for the Nomination Committee
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Investor Relations Management

MGI Tech rigorously adheres to the *Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Administrative Measures on Information Disclosure by Listed Companies*. It has established a robust internal information disclosure system and process to ensure that disclosed information is truthful, accurate, complete, timely, fair, concise, clear, and understandable. Additionally, MGI Tech proactively manages investor relations, enhancing communication with current and prospective investors through various channels, including the "SSE E-interactive" platform, in-person research events, virtual roadshows, broker strategy sessions, telephone, company website, and email. By the end of 2023, the Company had maintained a record of accurate disclosures with no instances requiring correction.

Key Performance As of 2023

Held 141 investors communication events	Reception of 1,783 institutional investor visits	Reception of 731 institutes visits
Dealt with 22 inquiries addressed on SSE E-interactive platform	Query resolution rate on "SSE E-interactive" platform 100%	Issued 145 public disclosures

Investor Relations Management

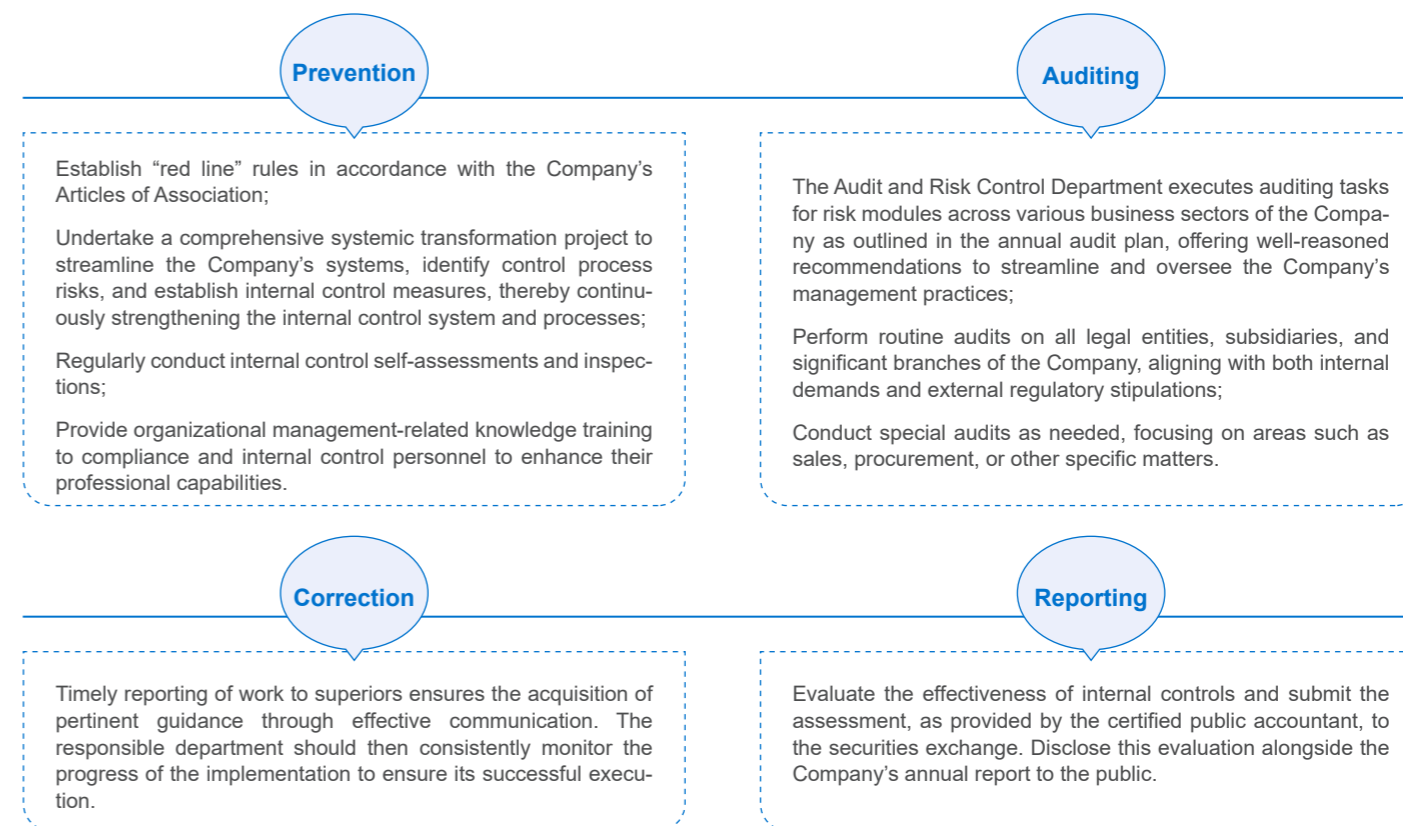
MGI Tech places significant importance on sharing its development outcomes with shareholders. To achieve this, we have established the *MGI Tech Shareholder Return Plan within Three Years after Listing*. This plan fosters long-term and stable relationships with shareholders while prioritizing investor returns. In formulating this plan, the Company considered factors such as shareholder preference, development stage, profitability, and cash flow. We strive to implement a consistent and reliable profit distribution policy that strikes a balance between short-term benefits and long-term growth.



Compliance Operations

MGI Tech continuously strengthens its internal control standards to enhance business management, and bolster risk prevention and control capabilities, thereby promoting standardized operations and sustainable development within the Company. It has implemented the Internal Control Management Procedures, and Daily Internal Control Inspection and Reporting Standards to ensure the effective execution of corporate business goals and related policies. The Company follows a multi-stage internal control management process that encompasses prevention, auditing, correction, and reporting measures, thereby consistently reinforcing compliance with internal control standards.

Internal Control Management Process



Overseas Compliance

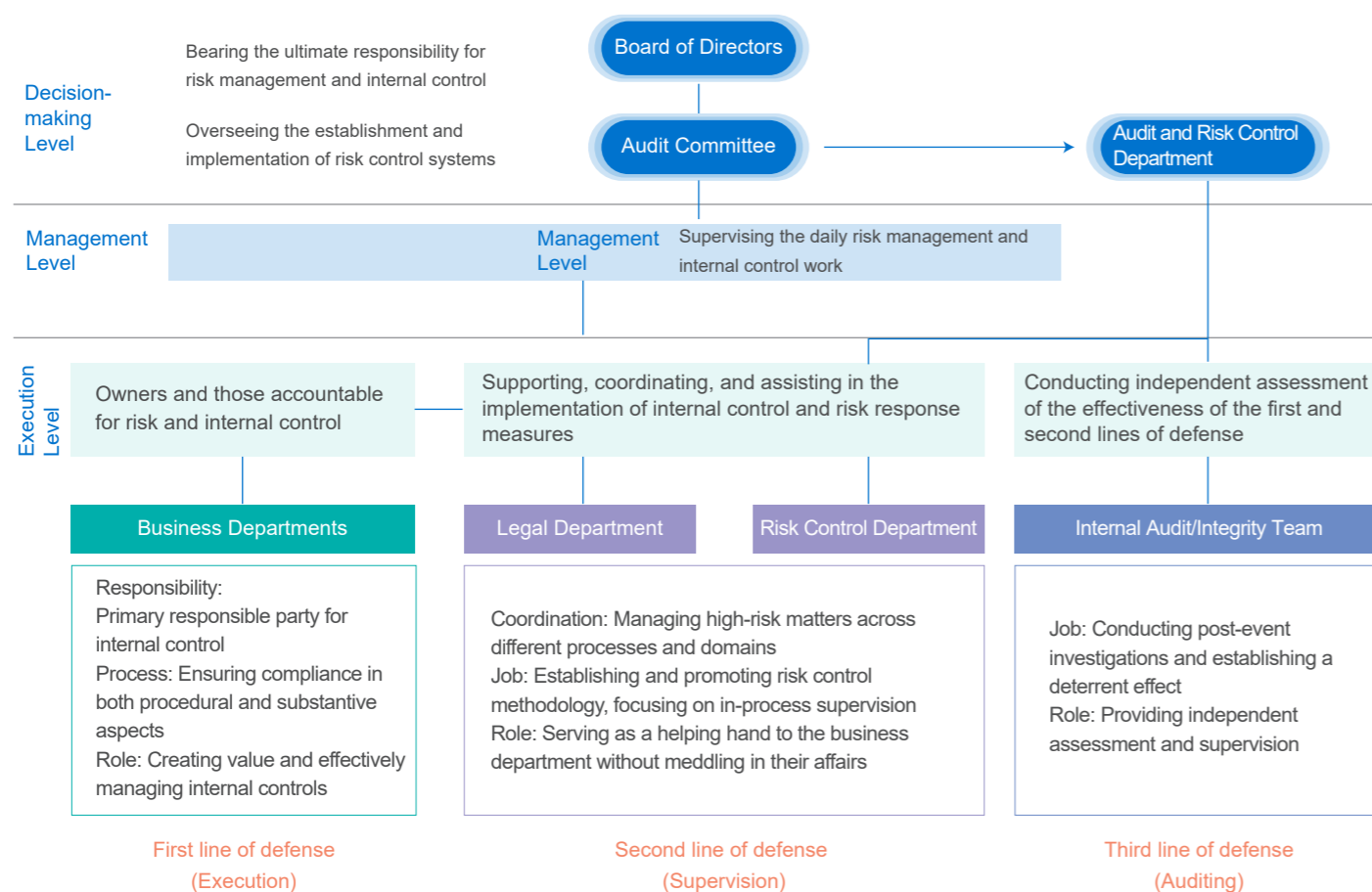
MGI Tech is dedicated to strict compliance with local laws, regulations, and ethical standards in all overseas operations. The Company has developed internal policy documents addressing export controls, personal privacy, and anti-commercial bribery to safeguard the sustainable growth of its international markets and to mitigate the risks and potential losses from unlawful activities. Additionally, MGI Tech has instituted a thorough compliance process and a robust communication and reporting mechanism with local stakeholders. This not only clarifies the Company's compliance expectations and obligations, ensuring that both employees and management are well-informed and follow these guidelines, but it also helps to build a positive corporate identity. By doing so, the Company gains the trust and support of local markets, which in turn aids in the expansion of its overseas business ventures.

Key Performance Internal Control and Auditing

4 times of internal control and audits

Risk Management

MGI Tech places a strong emphasis on risk management and has established a robust risk management mechanism. By integrating its unique characteristics with the external environment, the Company has established a three-tiered defense system, enabling the timely identification and analysis of risks, leading to the standardized management of company-wide risks. In light of potential risk events, MGI Tech implements a comprehensive risk management program that encompasses risk prevention, identification, assessment, and response. The Company continuously integrates information from various departments and subsidiaries, classifying and dynamically managing risks in a proactive manner. For significant risks identified, MGI Tech develops targeted control strategies. The Company systematically manages risks within its business processes through the use of risk lists and control matrices, ensuring the Company's ability to effectively respond to a variety of risks, thereby supporting its sustainable development.



Risk prevention

Fully leverage the preventive role of the first line of defense, continuously strengthen routine risk training, and promote proactive risk prevention and comprehensive management with a holistic awareness of potential threats.

Risk assessment

Develop applicable risk rating assessment criteria in line with business development objectives. Choose suitable risk assessment methodologies based on the type of the risk and the practicalities of risk management.



Risk identification

Ensure the comprehensiveness and applicability of the risk database. Continuously gather and dynamically update information on risk management, as well as pertinent internal and external data.

Risk analysis and response

Analyze risks at various levels, identify corresponding control objectives and activities, and compile a comprehensive risk control matrix.

Key Performance Risk Management



1 risk management training session



Special optimization on 5 risks items



Responsible Business Operations

MGI Tech is committed to responsible business operations, actively preventing and firmly opposing unfair competition while striving to advance the healthy operation of the industry. In line with these principles, MGI Tech has established a robust system for clean governance and anti-corruption management, along with a responsible responsible marketing, so as to cultivate a healthy business environment both internally and externally.

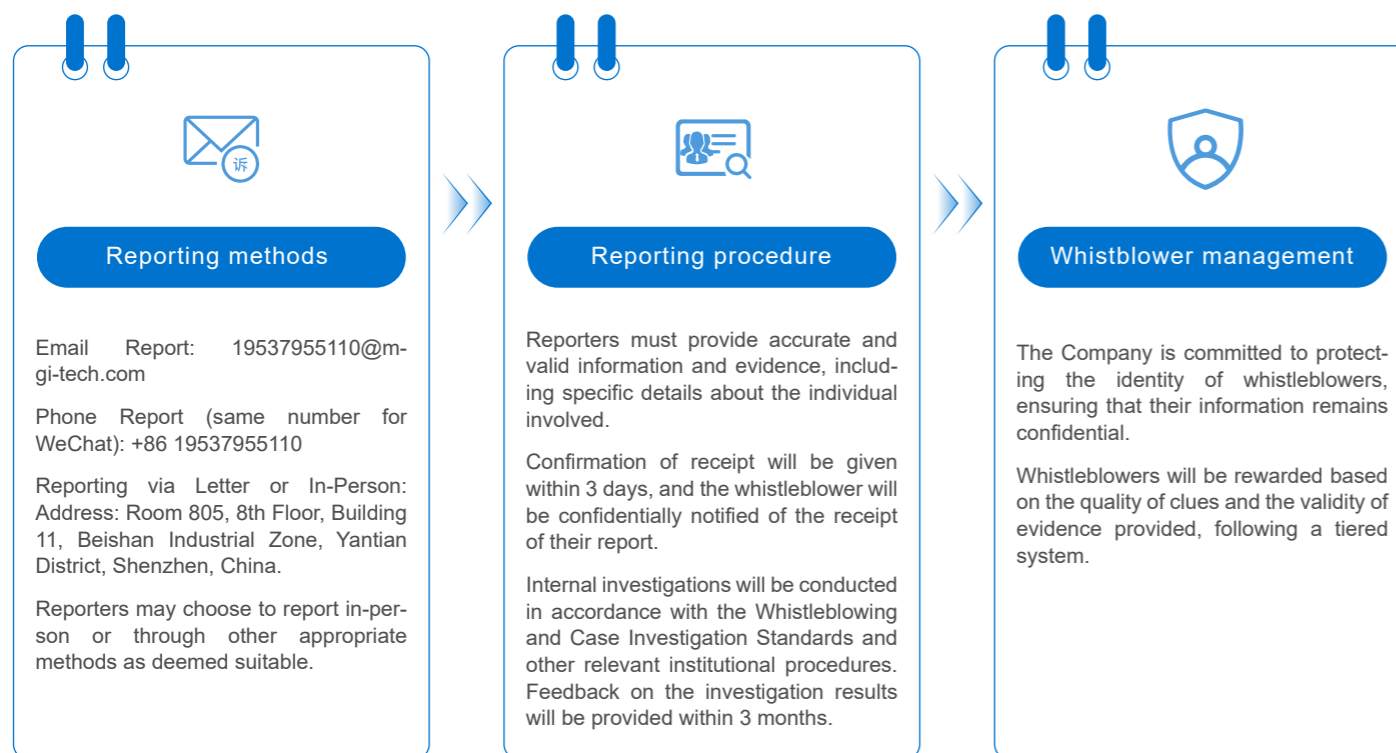
Business Ethics

MGI Tech considers business ethics and integrity as fundamental components of its corporate culture. To this end, the Company has put in place *Internal Supervision Management Procedures*, *Red Line Management Regulations*, and *Integrity Incentive and Rewarding Measures* to govern the execution of internal inspections and reporting and case investigation processes. The overarching goal is to minimize operational risks and foster an environment of integrity and professionalism in the workplace.

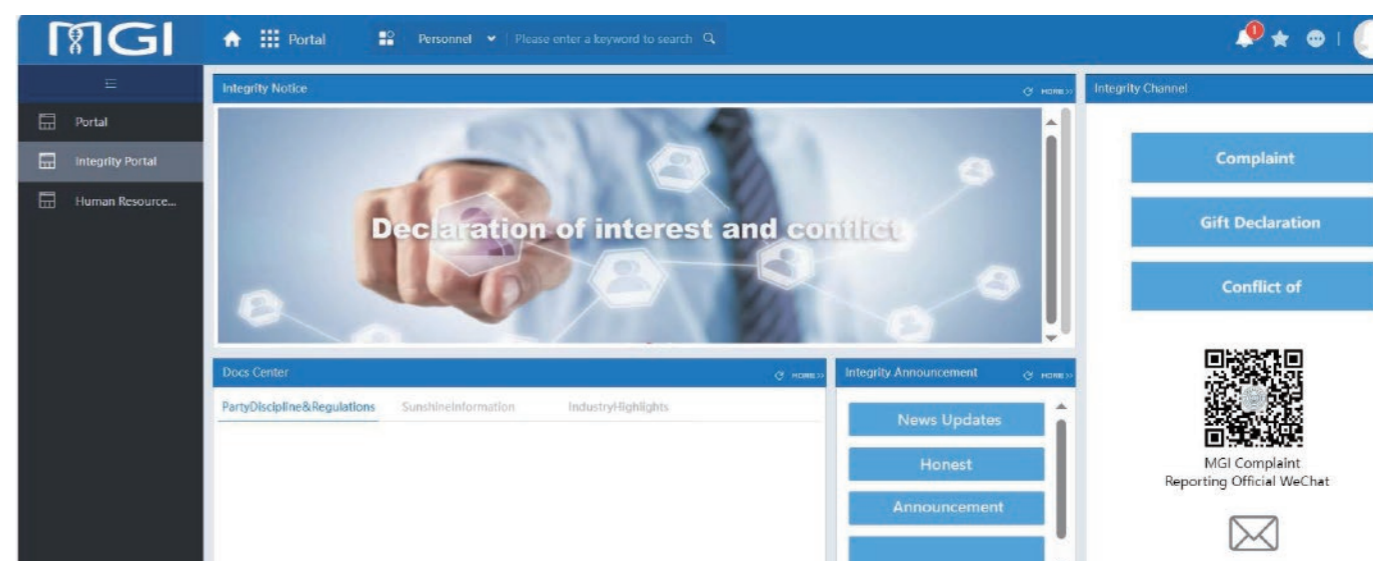
The Company has established a dedicated Integrity Portal as a distinctive platform to reinforce a culture of integrity and cleanliness within the organization. Through internal communication and training initiatives, we ensure that our employees possess a thorough understanding and heightened awareness of business ethics and compliance standards. Additionally, a robust internal complaint and reporting mechanism has been put in place to encourage employees to safely and anonymously report any observed misconduct.

In addition, MGI Tech actively participates in organizations such as the Anti-Fraud Alliance and the Trust and Integrity Enterprise Alliance. The Company has adopted a blacklist system and collaborates with industry peers and members of external associations to share information on violators, aiming to elevate ethical standards across the entire industry. MGI Tech also engages in regular dialogue with stakeholders such as agents, customers, remove "investors", and suppliers. By signing integrity commitments with these stakeholders, the Company strengthens its commitment to upholding high standards of business ethics and integrity. These actions demonstrate MGI Tech's unwavering commitment to fostering business ethics and integrity.

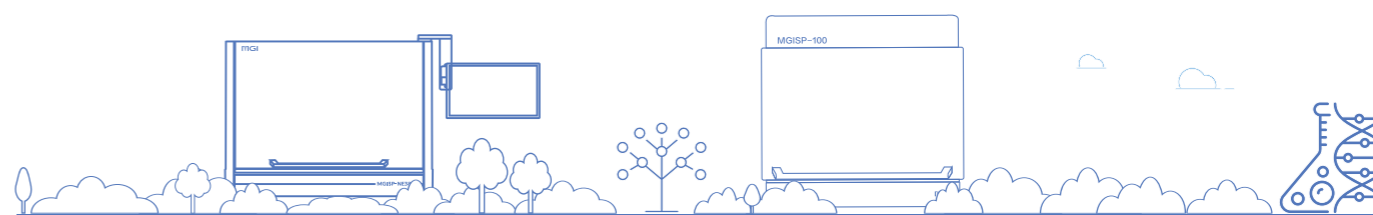
Logic Diagram: Reporting Management Process



Key Performance As of 2023



MGI Integrity Portal



Anti-monopoly

MGI Tech strictly adheres to the *Anti-Monopoly Law of the People's Republic of China* and other relevant legal regulations to ensure compliant business operations. The Company has established a robust competition compliance management system, overseen by dedicated compliance personnel. These professionals are tasked with issuing preemptive warnings against potential market monopolization behaviors and conducting both mid-term and post-event audits, so as to guarantee that all corporate operations, strategic decisions, external collaborations, and developmental initiatives comply with the legislation aimed at curbing unfair competitive practices. What's more, MGI Tech offers ongoing compliance advice and guidance to employees, emphasizing the importance of anti-unfair competition measures to prevent and oppose any form of unfair competition. As of the end of 2023, the Company had maintained a clean record, with no legal disputes arising from confirmed anti-monopoly practices or incidents of unfair competition.

Anti-monopoly Measures Taken by the Company



External investment

Compliance management personnel evaluate investment transactions to determine if they meet the criteria for concentration of undertakings as defined by the *Anti-Monopoly Law*. This assessment considers various factors, including the transaction structure, post-transaction shareholding, voting rights, and board appointments. They also ascertain whether the transaction qualifies for an exemption. Should a declaration be necessary, the Company will submit it to the anti-monopoly enforcement agency before proceeding with the investment activities upon receiving approval.

General business contracts

Compliance officers scrutinize contracts to ensure they do not lead to the exclusion or restriction of competition, thereby preventing the formation of horizontal or vertical monopolistic agreements. Contractual product prices must align with the Company's established pricing system. In instances of low pricing, an explanation citing special circumstances is required, along with obtaining approval from the relevant company authority. This process is designed to prevent market dumping and protect the legitimate rights and interests of both operators and consumers.



Signing agreements with upstream suppliers and downstream customers

Compliance officers pay close attention to reviewing agreements with suppliers and customers to ensure they do not contain provisions that fix resale prices to third parties or set minimum resale prices. This vigilance helps safeguard consumer rights and uphold fair competition in the marketplace. Additionally, the Company performs regular internal audits to identify and address any issues related to the internal operations of the business, further reinforcing the commitment to fair competition and legal compliance.

Responsible Marketing

MGI Tech adheres strictly to pertinent laws and regulations governing marketing activities. To ensure compliance, we have established internal policies such as the *Marketing and Promotion Behavior Guidelines*. All promotional content in external communication materials is subject to review by the Legal Department to ensure adherence to advertising legislation and mitigate the risk of intellectual property infringement. Furthermore, we conduct ongoing responsible marketing training for our marketing personnel to enhance their awareness and understanding of ethical marketing practices. As of the end of 2023, the Company had maintained a record free of any violations concerning the branding of products.

Tax Compliance


MGI Tech is committed to tax compliance practices, and strictly complies with the *Tax Collection and Administration Law*, *Value-Added Tax Interim Regulations*, *Enterprise Income Tax Law*, and *Individual Income Tax Law of the People's Republic of China*, along with other relevant national and local laws, regulations and policies. We have implemented a range of measures to ensure the standardization and compliance of our tax management practices. Besides, we oversee tax affairs through comprehensive monitoring and management, conducting regular risk assessments and audits. Moreover, we prioritize internal tax education and publicity to raise staff awareness and compliance. We actively engage with national and regional tax authorities for oversight, proactively report tax information, and ensure timely and accurate tax reporting. We strictly adhere to all tax regulations to prevent any tax violations.

Key Performance
As of 2023

Total amount of taxes paid by the Company

28,688

thousand yuan







06

Value Growth Partner

MGI Tech upholds the Three Good Culture of “Stay Healthy, Study Well and Work Hard”, which underscores our commitment to respecting employees’ rights and interests. We have established a comprehensive compensation and benefits system to ensure employee safety and health, as well as to support their professional growth and development. We prioritize fostering an environment where employees can realize their full potential, showcase their abilities, and express their talents. Committed to building a diverse and inclusive workforce, MGI Tech stands firmly against any form of discrimination and bias. We are dedicated to cultivating an equitable and inclusive work environment, aiming to achieve shared success and mutual development among our employees and the Company. Meanwhile, we are conscientious in discharging our social responsibilities and in promoting the values of progress and advancement.



Nurturing the “Three Good” Culture for an Enriched Life

Employee Rights and Interests

Employee Care

Occupational Health and Safety






Social Responsibility Programs



“We firmly believe that sharing the consensus of growth value is critical for sustainable development. We are committed to the common development of our employees, customers and the society, and the creation of a more open, inclusive, and diverse environment to create a brighter future.”

Main Objectives and Outcomes

To embrace diversity and inclusiveness, and practice social responsibility

Long-term Commitment Aligned with UN SDGs	2023-2035 Plan	Progress of Actions	Status of Goal Achievement
  	Employees received a total training duration of over 100,000 hours annually	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651);"></div>	■
 	Eliminated all forms of discrimination and prejudice to ensure fair and unbiased recruitment	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651);"></div>	■
	Conducted annual care activities for overseas employees and female employees	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651);"></div>	■
	Ensured timely and full payment of social insurance for all employees	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651);"></div>	■
	Maintained zero recorded cases of occupational diseases and Level III or above liability accidents	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651);"></div>	■
	Genetic technology benefiting more than 10,000 people	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651); border: 1px solid #ccc; border-radius: 5px; position: relative;"><div style="position: absolute; top: -5px; left: 50%; transform: translate(-50%, -50%); width: 10px; height: 10px; border: 1px solid #ccc; border-radius: 50%; background: white;"></div></div>	●
	Carried out rural revitalization or public welfare donation activities every year.	<div style="width: 100%; height: 10px; background: linear-gradient(to right, #00728f, #00a651);"></div>	■

Progress Update: ■ Successful Completion ● Steady Progress

Nurturing the “Three Good” Culture for an Enriched Life

MGI Tech embraces the Three Good Culture of “Stay Healthy, Study Well and Work Hard”, dedicated to fostering a work environment that encourages a sense of responsibility, innovation, and proactive initiative among employees. Our goal is to nurture a vibrant and innovative talent pool, one that not only respects individual lives but also actively engages in and pursues the study and application of life sciences.

MGI’s “Three Good” Philosophy



Stay Healthy

Self-discipline

Maintain self-awareness, proactivity, and resilience; control your diet and stay active; maintain passion and drive, and uphold a positive attitude even in adversity.



Study Well

Proactivity

Engage in proactive learning and scientific cognition; gain insight into the essence of things and cultivate interdisciplinary thinking; apply your knowledge to achieve tangible business outcomes.



Work Hard

Self-driven

Self-driven: Focus on ambitious goals and set challenging objectives; take responsibility, collaborate efficiently, and execute precisely to ensure successful results.

Stay Healthy >>>

MGI Tech is attentive to its employees' health, focusing on various aspects including the office environment, physical activities, and a scientific diet. The Company implements measures like a health assessment system, comprehensive physical fitness evaluations, and complimentary health check-ups for all staff members, thereby promoting targeted prevention and health management. In addition, MGI Tech offers personalized exercise and nutritional guidance tailored to employees' needs. They also organize a range of special activities aimed at reducing body fat, enhancing complexion, and lowering uric acid levels. These initiatives are designed to assist employees in achieving a state of improved physical fitness, well-being, and intelligence.

Case Study

Double Ninth Health Festival

MGI Tech champions a distinctive health culture among its employees, promoting the dissemination of wellness concepts to their families and social circles. In September 2023, the Company successfully hosted its annual “Double Ninth Health Festival”, inviting employees from diverse regions to join with their families, friends, and partners in an impromptu hiking adventure. This festival transcends the mere celebration of individual birthdays; it is an occasion that fosters familial bonds, community spirit, friendly rivalry, and an optimistic approach to life.



Annual Physical Fitness Assessment



MGI Tech is committed to embodying the philosophy of “My health is my responsibility, and health management begins with me”. The Company facilitates annual physical fitness assessments for its employees, ensuring that each individual maintains a consistent awareness and understanding of their physiological and biochemical indicators, as well as their overall physical fitness. Concurrently, MGI Tech proactively delivers subsequent health guidance and interventions to support employees' wellness journeys. By the end of 2023, the participation rate among the Company's domestic employees had reached an impressive 94%. The initiative also recognized a group of standout individuals as the “Physical Fitness Experts of the Year”, leveraging their stories to inspire and motivate colleagues to prioritize their health.

In addition, MGI Tech offers healthy meal options and hosts weight loss competitions. A total of 135 employees have voluntarily formed 27 teams to take part in the “Get Fit Together Group”, an initiative focused on self-intervention for those with concerning health findings from their physical examinations.

Case Study

Employee Sports Day

The annual Sports Day at MGI Tech is a key event that not only reflects the Company's culture but also highlights the employees' commitment to health and fitness. In 2023, the event successfully engaged employees in a variety of competitions, including basketball, soccer, table tennis, badminton, planking, North Mountain speed racing, tug-of-war, dry land curling, and relay marathon. These activities not only tested their physical prowess but also embodied the "Three Good" Culture, i.e., "Stay Healthy, Study Well and Work Hard". The sports day effectively showcased the Company's vibrant, energetic, and healthy workforce.



Stair Climbing Culture at MGI Tech

MGI Tech champions a healthy lifestyle, seamlessly integrating it with the Company's "Three Good" principles. The innovative use of staircase spaces enhances this commitment. Artistic murals of pets like flamingos and mammoths adorn the stairwells, while the creations of the second generation of MGI children are uniquely displayed along the stairways. Each step resonates with motivational slogans that narrate the climbing team's journey and calorie markers that track the energy burned. Additionally, fire escape route stickers on each floor transform stair-climbing into a metaphorical ascent of Mount Everest. These engaging staircase designs serve as a tangible manifestation of MGI Tech's "Three Good" culture, inspiring employees to adopt a healthy regimen of mindful eating, regular exercise, mountain climbing, and walking.



Study Well

MGI Tech adheres to the "One Core, Two Drives, Four Forces" philosophy, offering a broad curriculum that includes general skills, professional knowledge, and leadership management via online and offline lectures. Our "Eagle" and "Wing" programs are designed to develop scientists, senior engineers, and management specialists. For new hires, the Full Participation Culture enhances cultural integration and fosters the growth of internal trainers and mentors. Additionally, we've established a self-learning platform to encourage continuous skill enhancement and talent development.



Key Performance As of 2023

<p>126,680 hours of employees training in total</p>	44.2 Hours of employees training on average	2,867 employees participated in training
	72,596.9 training hours for male employees	1,643 male employees participated in training
	54,083.1 training hours for female employees	1,224 female employees participated in training

Work Hard

» MGI Tech recognizes exceptional teamwork and individual contributions among its employees through an honor award system. This system includes both team and individual awards, such as the MGI Most Valuable Award and the MGI Superstar Pioneer Award. By doing so, the Company underscores the significance of mission-driven awareness and the value of honor as a motivational tool. This approach not only boosts employees' intrinsic motivation and sense of pride but also promotes the overall innovation and growth of the organization.



MGI Most Valuable Award (team award)

We commend teams that are guided by ambitious objectives, achieving organizational synergy and effective communication. Through forward-looking innovation, these teams have delivered outstanding performance, bringing significant value to the Company's major events and special projects. Their efforts have made a substantial contribution to the Company's development.



MGI Superstar Pioneer Award (individual award)

We also recognize individuals who embody the spirit of "MGI Three Good" Practices. These award recipients have provided fresh perspectives and directions for the Company's objectives in areas such as research and development, production, marketing, and support. They have made remarkable contributions and served as pioneers and role models within the organization. Their efforts and talents have not only delivered outstanding value but have also set a benchmark for excellence that we aspire to.



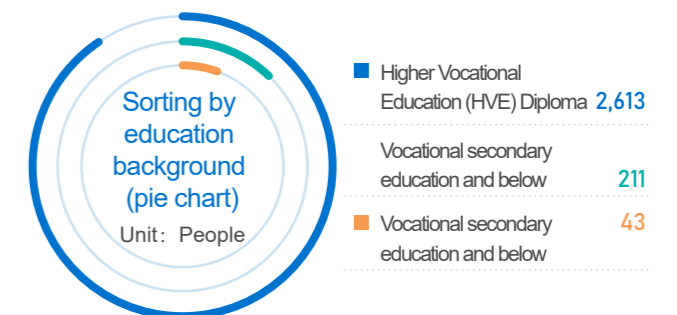
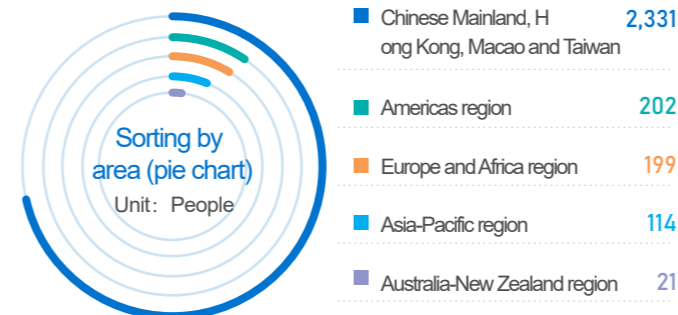
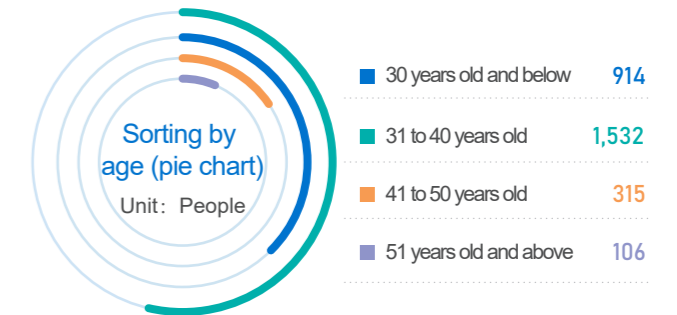
Talent Team Building

In an industry characterized by technological intensity, having a stable and highly skilled workforce is crucial for the Company's development. MGI Tech formulates human resource development plans aligned with its strategic objectives. It optimizes its organizational structure based on business development requirements, emphasizes innovation-driven initiatives, and prioritizes talent planning in core areas. On one hand, the Company focuses on attracting technical experts and global talent to enhance its global presence, fosters industry-academia partnerships, and nurtures future talent. On the other hand, it bolsters internal talent assessment, establishes clear career progression paths, identifies and promotes outstanding individuals, updates its talent database, adjusts talent pool promptly, and cultivates a versatile and capable workforce. This approach ensures a robust talent pipeline to support global business expansion.

Fair Recruitment

MGI Tech strictly adheres to the relevant legal and regulatory frameworks of the People's Republic of China, including the *Labor Law*, the *Labor Contract Law*, and the *Employment Promotion Law*, as well as the labor and employment legislation applicable within the jurisdictions where it operates. The Company has established multiple management systems, including the *Recruitment Management Process*, to standardize employee recruitment and onboarding processes, eradicate all forms of discrimination and prejudice, and ensure fair, impartial, and orderly recruitment practices. As of the end of 2023, the Company had signed labor contracts with all its employees, founded on the principles of equality and voluntariness remove.

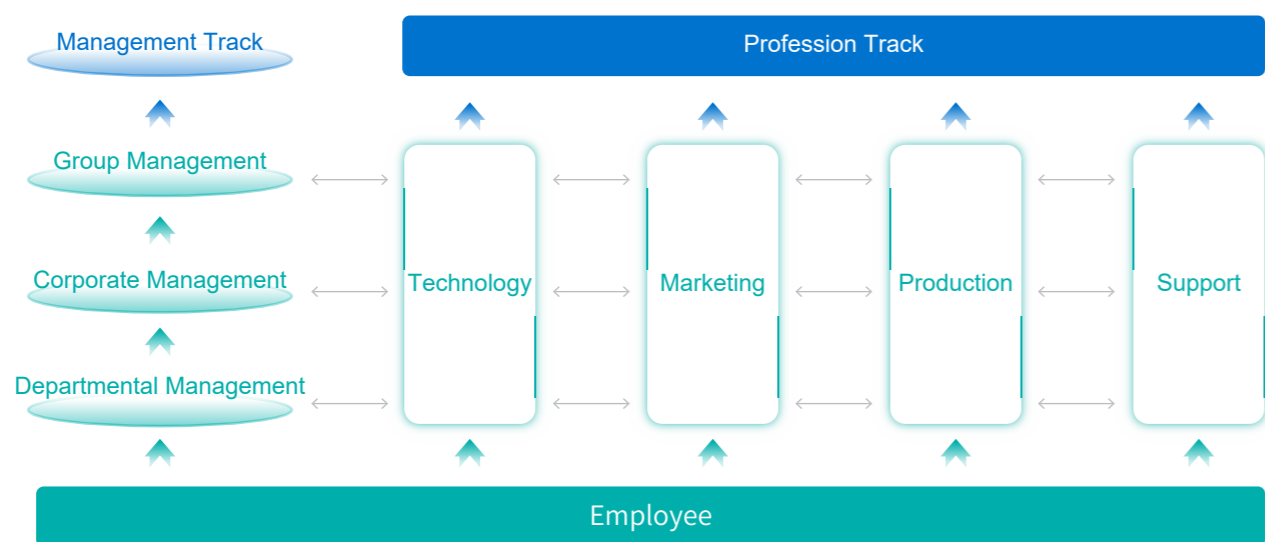
Key Performance Employees Composition As of 2023



Career Advancement

MGI Tech has always prioritized talent pipeline development, providing employees with dual career advancement channels (management and professional tracks). Leveraging guidelines like the *Talent Development Management Process and the Position Competency Certification Management Standards*, the Company conducts regular talent assessments and devises targeted development plans. These plans include offering a wide range of training programs, promotion opportunities, and cross-departmental job rotation experiences. Tailored training plans are also established for key personnel, high-potential employees, and international talents to continuously unlock their potential, thereby laying a solid talent foundation for the Company's sustained growth.

Employee Career Advancement Path



Employee Care Enhancement

MGI Tech emphasizes employee well-being and values diversity and inclusiveness, striving to create an equitable and diverse workplace with a focus on the development of international and female staff. Additionally, the Company offers comprehensive benefits and support, assisting employees in need and promoting a culture of solidarity and mutual support.

Compensation and Benefits

MGI Tech has established internal documents such as the Compensation and Performance Management Process and Compensation Management Procedures to develop a robust compensation and benefits system. Aligned with business needs and industry norms, the Company offers competitive remuneration packages comprising base pay, allowances, year-end bonuses, sales incentives, and special awards. It also implements differentiated incentive mechanisms based on employee performance and development potential.

The Company adheres to national laws and regulations, providing employees with a variety of leave policies, ensuring their rest and vacation rights. It also ensures timely and full social insurance contributions for all employees and purchases commercial insurance for those in specialized positions. Furthermore, MGI Tech extends comprehensive welfare and support to foster personal growth and provide both material and emotional well-being for its employees.

Employee Assistance Program



Balancing work and life

MGI Tech offers annual health check-ups and holiday gifts to employees, and provides amenities like cafeterias, dormitories, and gyms to ensure relaxation and rest beyond working hours.



Fostering open internal communication

MGI Tech has established a variety of internal communication channels, including annual and departmental meetings, communication platforms, emails, a WeChat account, and an internal publication, to efficiently disseminate information and share company news.

The Company strengthens employee bonds through events like "tea chats" and group meals, fostering an environment of trust and teamwork. Additionally, performance review and complaint systems are in place to ensure that employee voices are heard, thereby enhancing overall organizational unity.

Special hardship support

The "MGI Mutual Aid" program offers support to employees facing hardships, promotes involvement in fundraising efforts, and provides essential aid to colleagues, reflecting a spirit of compassion and unity.



Employee Health Team Building Activities

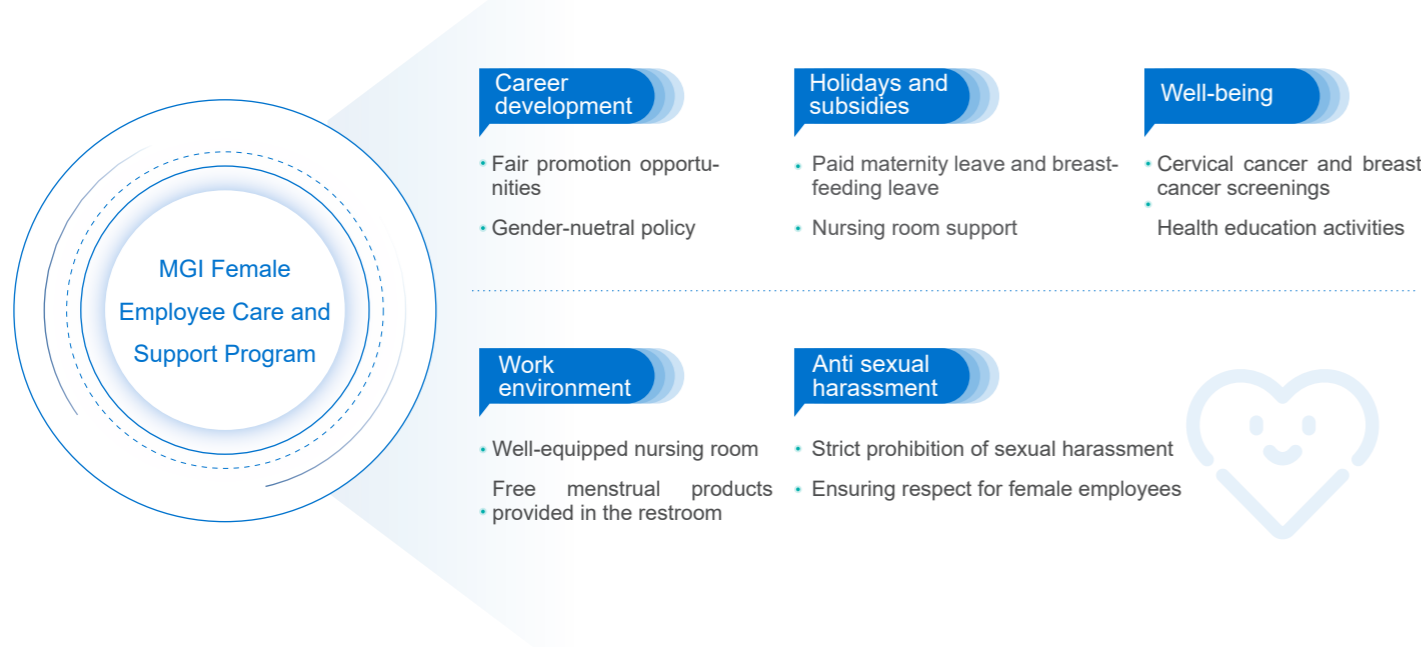


Employee Health Team Building Activities

Diversity and Inclusiveness

MGI Tech is dedicated to fostering a diverse, equitable, and inclusive workplace, with a focus on the diversity and inclusiveness of international and female staff. Recognizing the value of diverse overseas teams, the Company enhances adaptability to various markets and cultures through cross-cultural interactions and equal career opportunities. For women, MGI Tech offers a gender-neutral work setting and flexible schedules to advance their career empowerment and development. This contributes to a vibrant work environment that nurtures all employees' growth and supports the Company's global development and innovation.

Through its "Female Employee Care and Support Program", MGI Tech provides comprehensive career development opportunities, holiday benefits, and subsidies for female employees, also prioritizing their health and well-being. Regular health checks, health education initiatives, and improvements to the work environment further strengthen our support for female staff. In addition, we are firmly against workplace sexual harassment, ensuring a safe and respectful workplace for all women employees.



MGI "Her" Power

At MGI Tech, female employees not only hold significant positions in R&D, product management, and sales, but also play indispensable roles in crucial management positions. They combine their innate sensitivity, resilience, and empathy with the Company's professional training, showcasing a distinctive mix of intellectual and rationality, thereby creating a more efficient and harmonious work environment.

Women in Science | Defining "Cool" in the World of STEM

Women account for 50% of the workforce, yet only 28% of women are employed in the fields of science, technology, engineering, mathematics, and medicine (STEMM). We strongly believe that a diverse, equitable, and inclusive environment is more conducive to fostering problem-solving and innovation. At MGI Tech, these women are spread across various countries and regions, holding diverse positions. Their interpretations of "cool" differ, and they aim to inspire every woman in the STEMM field, serving as role models and sources of empowerment in their communities.

“

Follow your passion, then you are fearless despite of the difficulties ahead.

The coolest thing is exploring the limits of technology, breaking through barriers, and making every moment that benefits our users truly "cool".

—Chief Operating Officer of MGI Tech

Keep moving forward and chase your dreams, and the light ahead will shine on you.

The coolest thing is climbing a 5,000-meter peak and delving into a 10,000-meter chasm, writing my scientific explorations in the realm of "extreme" spacetime.

—Vice General Manager of Qingdao MGI

The coolest thing is traversing New Zealand solo and crossing the Atlantic alone with two pieces of luggage.

—Market Director for Europe and Africa

As a native Latin American, the first time I saw the Northern Lights and experienced the extreme cold was incredibly "cool".

—Technical Support Engineer from Brazil

The coolest thing is successfully applying for 15 highly innovative international patents, with 2 of them breaking through technological barriers.

—Head of Sequencing Chemistry Research and Development

”

MGI Tech prioritizes fostering cultural exchanges among its overseas employees to enhance cross-cultural understanding and team collaboration. In 2023, over 100 employees from the Asia-Pacific region visited the headquarters for an immersive experience in both strategic and cultural aspects. Furthermore, specialized cross-cultural training sessions were introduced for employees from Europe and Africa, aimed at deepening their understanding of Chinese culture. Simultaneously, these initiatives aimed to help Chinese staff gain better insights into international cultures, thereby boosting global team communication and cooperation skills.



Visit, communication and training activities for overseas employees

Case Study

Team-Building Activities for Overseas Staff

MGI Tech's workforce are spread across various overseas countries, including France, Germany, Latvia, the UK, Singapore, Japan, India, Indonesia, South Korea, and the United States. As our company expands internationally, we embrace and incorporate diverse local cultural practices and organize care activities for our international employees. In December 2023, several overseas branches of MGI Tech organized Christmas-themed team-building events, demonstrating our commitment to inclusiveness and our respect and care for employees from diverse cultural backgrounds.



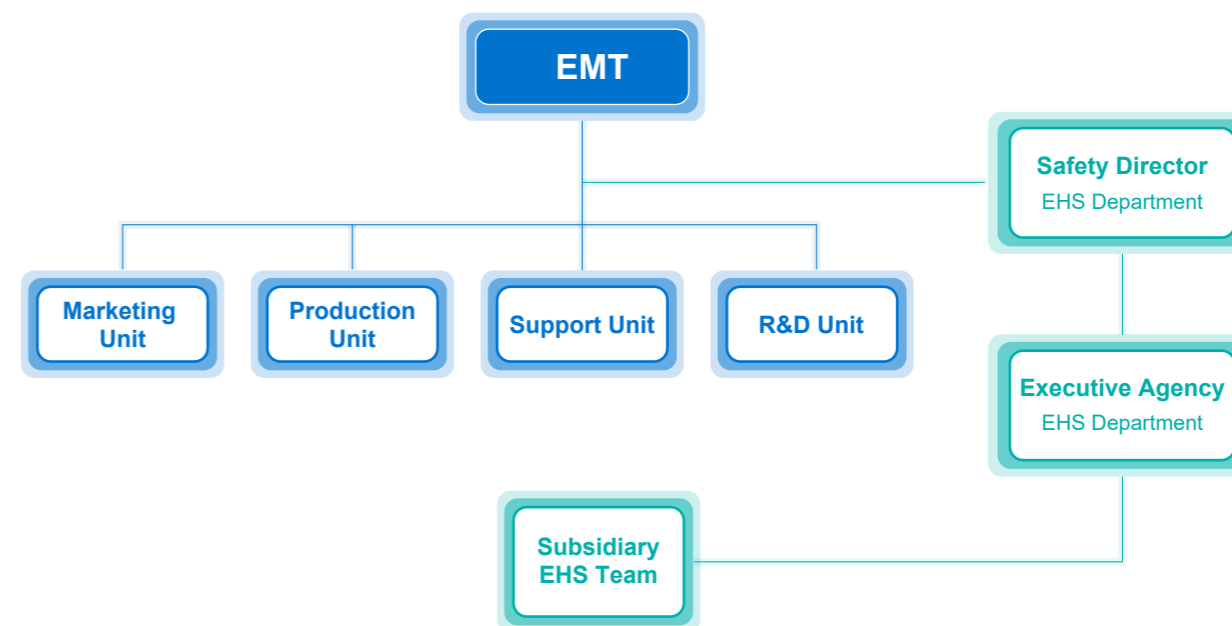
Scene photos from overseas staff team-building activities

Occupational Health and Safety

MGI Tech rigorously adheres to the *Production Safety Law of the People's Republic of China*, *Law of the People's Republic of China on Prevention and Control of Occupational Diseases*, as well as regional statutory requirements. Based on these legal frameworks and pertinent system standards, the Company assimilates cutting-edge international concepts in occupational health and safety management, thereby erecting a distinctive, high-caliber occupational health and safety management system tailored to MGI Tech's unique attributes. This system empowers global MGlers with a secure working environment, concierge-style safety technical support, user-friendly communication channels, and management tools. In concert with all MGlers and external stakeholders, MGI Tech strives to jointly cultivate an exemplar of safety, health, harmony, and sustainability in occupational health and safety.

Organizational Structure

MGI Tech has established a dual-tier EHS Committee governance structure comprising the corporate headquarters and subsidiary entities, accompanied by dedicated Safety & Environmental Protection Departments and EHS specialist roles serving respectively as the routine administrative bodies for occupational health and safety at both the headquarters and subsidiary levels. This framework clearly defines the responsibilities of each stakeholder, interlinking them through the decomposition of overarching objectives, empowering each entity with substantial autonomy in managing their respective domains and fostering a continuous improvement mindset. This configuration is conducive to the prompt, precise, and agile identification, response, and adaptation of local occupational health and safety management requirements across the Company's global regions.



Simultaneously, we have instituted a top-down business support mechanism and a bottom-up information feedback system, mandating monthly assessments and summaries of occupational health and safety (OHS) management practices. These are followed by global OHS business communication conferences organized by the Corporate Headquarters' Safety & Environmental Protection Department, promoting comprehensive improvement of occupational health and safety management.

Moreover, for our globally dispersed R&D and production facilities, application support centers, and customer experience centers, we have put in place OHS inspection management protocols and oversight mechanisms. These entail the conduct of unscheduled unannounced inspections and internal audits on an annual basis, strengthening the OHS interface between the corporate headquarters and subsidiary entities, thereby fostering improved OHS management across the organization.

Key Performance

As of 2023



536 overseas employees in total



53 nationalities involved among overseas employees (including China)

System Building

After meticulous scrutiny of the ISO 45001 occupational health and safety management system, production safety standardization, globally pioneering OH&S management philosophies, the dual-preventive approach encompassing risk tiered management and hazard rectification, alongside over 200 principal relevant laws and standards, in conjunction with the erstwhile OH&S documentation of its subsidiaries, MGI Tech has formulated a series of internal documents, including the EHS Committee Management Procedure, EHS Objective Management Procedure, Hazardous Chemicals Safety Management Procedure, and Chemical Laboratory Production Safety Regulations. These have ultimately coalesced into a comprehensive, universally applicable Occupational Health and Safety Management System Manual bespoke to MGI Tech's operations.



Concurrently, we facilitate the accommodation of localized, distinctive needs at the subsidiary level through dedicated input channels. Subsidiaries are empowered to identify and compile such requirements, which are subsequently subjected to review and revision by the corporate headquarters. This process yields a current, advanced, and inherently adaptable "1+N" Occupational Health and Safety Management System, uniquely tailored to MGI Tech's operations and continuously poised for optimization. In 2023, this comprehensive management system has been effectively implemented.

Performance Highlights

<p>The principal R&D and production facilities have attained certifications for both the ISO 45001 and the ISO 14001.</p> <p style="text-align: center;">★ ★ ★</p> <p>1 Network: Headquarters + R&D and Production Facilities + Customer Experience Centers + External Warehouses + All Personnel</p> <p style="text-align: center;">★ ★ ★</p>	<p>Domestic principal R&D and production facilities have successfully completed the establishment of Production Safety Standardization.</p> <p style="text-align: center;">★ ★ ★</p> <p>1+N: A Universal Occupational Health and Safety Management System Tailored to MGI Tech + Localized Patch Portals</p> <p style="text-align: center;">★ ★ ★</p>	<p>There was zero recorded cases of occupational diseases or accidents of Level III and above involving accountability.</p> <p style="text-align: center;">★ ★ ★</p> <p>1 List: MGI Tech's Accident Risk Identification and Assessment List</p> <p style="text-align: center;">★ ★ ★</p>
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Risk Management and Occupational Health Improvement

MGI Tech believes that accident risk prevention is of paramount priority within Occupational Health and Safety Management. Based on the specific characteristics of materials and processes inherent to our research and production activities, we have meticulously formulated distinctive criteria for hazard identification and evaluation, as well as accident classification and assessment, exclusive to MGI Tech. Following 8 months of concerted efforts, we have culminated in the creation of a MGI Tech-specific Accident Risk Assessment Inventory and an associated Accident Risk Database. Through these tools, we systematically conduct Occupational Health and Safety training, monitoring, supervision, risk control measures, and emergency preparedness initiatives.

In addition to our steadfast commitment to robust accident risk management, we actively pursue enhancements to occupational health conditions for all relevant stakeholders. Taking cues from European Union concerns regarding Occupational Health and Safety, we diligently attend to the occupational health and safety needs of laborers across a range of domains, including labor employment practices, engagement with external parties, comprehensive safety briefings and personal protective equipment provisions, safe operational procedures, tool refinements, and the allocation of emergency supplies.

We also actively enhance our employees' safety literacy and consciousness by conducting regular events such as safe production month, fire safety month, and online safety training sessions. Utilizing WeChat official accounts and video platforms, we disseminate safety knowledge and cultivate a pervasive culture of safety. In accordance with the requirements outlined in the Emergency Preparedness and Response Control Procedure, the Company annually organizes fire drills, chemical emergency simulations, and biological spill exercises, thereby reinforcing employees' emergency awareness and defensive skills. These measures ensure the protection of both company assets and personnel lives, as well as the legal and regulatory compliance of our production operations.

To realize the digitalization and visualization of Occupational Health and Safety Management, we have established the MGI Tech Occupational Health and Safety Management System Platform. This platform integrates modules encompassing the safety information database, incident hazard detection and rectification, accident risk database, permit management, and regulatory repository, thereby enhancing the efficiency of Occupational Health and Safety Management, accentuating key focus areas, and amplifying the efficacy of investments in Occupational Health and Safety Management.



Furthermore, in response to the distinct characteristics of various occupational health risks, we have implemented targeted improvement measures:



In addressing the stringent safety requirements associated with frequent chemical transfers, we have custom-designed hazardous chemical transport equipment in various specifications, incorporating features such as leak-proofing, lightweight construction, enhanced stability, and ease of handling during transit.



In light of the heightened risks posed by certain overnight chemical syntheses, we have specifically formulated the Overnight Experiment Safety Management Regulations. These guidelines encompass a comprehensive evaluation of parameters such as chemical reaction characteristics, feedstock quantities, reaction types, and governing mechanisms, thereby establishing rigorous management requirements to ensure overnight reactions proceed safely, stably, and in an orderly fashion, with emergency response procedures remaining clear, accessible, and rational.



With regard to the diverse scenarios encountered in material handling and transfer across different occupational roles, we have devised detailed guidelines for the management of material handling and transfer. These guidelines encompass rigorous assessment from perspectives such as single-person risk, multi-person coordination, and human-machine interaction, thereby ensuring that accident risks associated with material handling and transfer activities remain preventable and controllable.



In response to the multitude of risks confronted by operators during nitrogen cylinder replacements, such as equipment vibration, excessive temperatures, and chemical leaks, Wuhan MGI Tech has undertaken Human Factors Engineering improvements, introducing transfer vehicles for the purpose of transportation. These measures not only render the nitrogen cylinders significantly safer during transit but also effectively mitigate the potential risk of muscle strains incurred by employees during manual lifting and carrying operations.



In addressing the challenges presented by conventional storage containers, namely their incompatibility for stacking, oversized configurations prone to damage, we have undertaken a redesign to enable stable stacking and adapt container dimensions according to item size, catering to diverse logistical requirements. Additionally, we have incorporated more durable materials in their construction. These enhancements have not only led to significant improvements in space utilization and operational efficiency, but have also generated economic benefits through time savings and reduced material costs.

Key Performance As of 2023



Fulfilling Social Responsibility

MGI fully leverages its industrial advantages to fulfill social responsibilities with the power of science and technology, improving the accessibility of high-quality medical resources in poor areas. In addition, MGI Tech actively engages in social welfare initiatives and rural revitalization efforts, sharing in collective growth and fulfilling its social obligations.

Social Welfare

In 2023, MGI Tech fully leveraged its industrial advantages to fulfill social responsibilities with the power of science and technology, improving the accessibility of high-quality medical resources in poor areas. Additionally, MGI Tech conducted genetic sequencing educational programs by organizing campus visits and inviting students into laboratories for hands-on learning experiences.



Case Study

Nanjing University's Gene Sequencing Outreach: MGI Tech's DNBSEQ-E25 Application

From June 4-5, 2023, MGI Tech collaborated with Nanjing University's Medical School to conduct an educational outreach program featuring the portable gene sequencer, DNBSEQ-E25. This initiative seamlessly integrated the practical applications of gene sequencing instruments and technology across research, industry, and academic realms. Through hands-on experience, students not only enhanced their theoretical knowledge and technical proficiency but also developed their competencies in life sciences, genomics, and interdisciplinary skills. This initiative is a step towards forging innovative collaborative models in life science education.



Group Photo of Faculty and Students from Nanjing University Medical School

Bioinformatics Analysis Training Session

Laboratory Experience Day

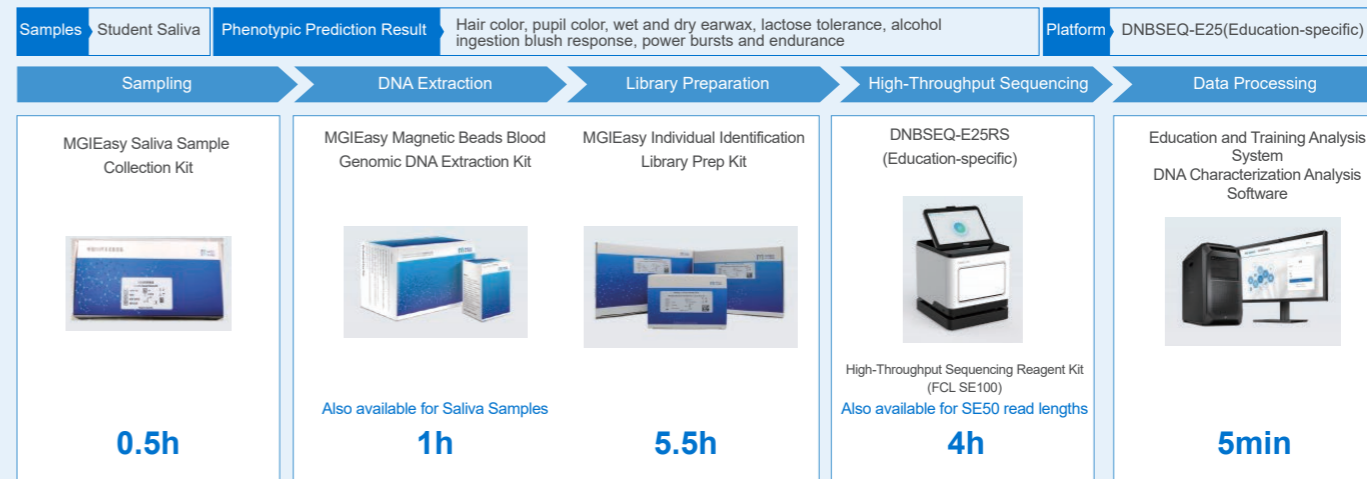
Following the official opening of HKSTP αLab at the Hong Kong Science Park in 2023, MGI Tech extended an invitation to 9 students and 5 teachers from the Chinese Foundation Secondary School in Hong Kong to partake in the "αLab Experience Day" event. This event took the form of a seminar aimed at providing students with basic knowledge of genetic sequencing. Additionally, laboratory tours and practical computer operation sessions were organized to help the students gain insights into genetics and cutting-edge industry technologies.



Event site photo of HKSTP αLab's Laboratory Experience Day

Case

High-Throughput Sequencing Education and Training Products



Genomic Technology Benefits All

In accordance with China's 14th Five-Year Plan for National Economic and Social Development, the Long-Range Objectives for 2035, and the 14th Five-Year Plan for Bioeconomy Development, as well as the current status of the biological industry, bio-economy enterprises are encouraged to enhance their innovation within the biological sector. This involves advancing the integration of cutting-edge technologies like genetic testing and bio-genetics with disease prevention efforts, initiating early screenings for significant illnesses, and extending the accessibility of high-quality health-care resources to reach a broader patient population.



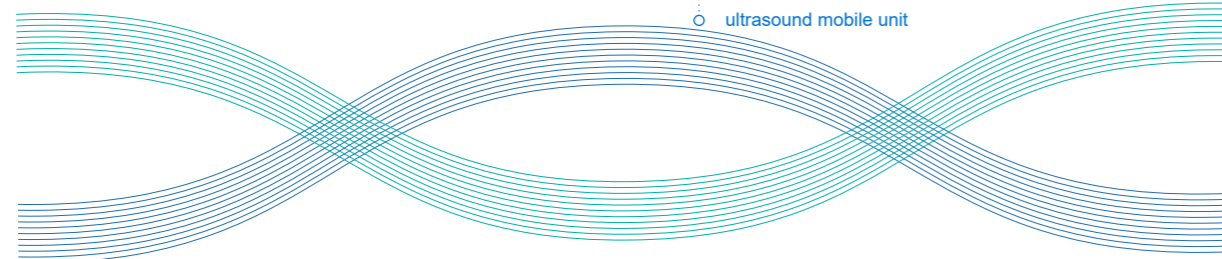
Case Study

MGI's Multimodal 3D Breast Ultrasound Screening: Pioneering Early Breast Cancer Detection

In September 2023, MGI Tech introduced a groundbreaking initial screening platform for breast cancer, employing multimodal 3D breast ultrasound technology within a comprehensive mobile screening unit. This innovative automated volumetric breast ultrasound imaging overcomes the limitations of conventional ultrasound, such as reliance on operator experience and restricted imaging range. It enables high-resolution 3D visualization of the entire breast structure and allows for simultaneous comparison of both breasts on screen. Deployed in various cities including Shenzhen and Wuhan, by end of 2023, this initiative had completed over 7,000 screenings with a 29% positive rate. It has markedly heightened awareness of breast health among women at the grassroots level and offered effective technical and service support for early breast cancer detection.



On-site free clinic event featuring the automated breast ultrasound mobile unit



MGI Agricultural Genomics Funding Initiative

In 2023, MGI Tech launched the MGI Agricultural Genomics Funding Initiative, aiming to foster collaboration among researchers and breeders in Asia-Pacific and Middle Eastern regions. This initiative seeks to support their efforts in advancing genomic sequencing and genotyping research to expedite the breeding and improvement of crops and livestock.

The project features a three-tiered award system, with the top prize offering complimentary access to designated DNBSEQ sequencers, along with installation, reagents, and sequencer training. This initiative has significantly facilitated the establishment and enhancement of local agricultural genomics databases.

Promoting Medical Resource Accessibility through Targeted Aid

MGI's tele-ultrasound robot, integrated with 5G technology, has conducted over 30,000 diagnoses across various regions, thereby enhancing medical service efficiency. It has also contributed to medical education; for instance, the First Affiliated Hospital of Sun Yat-sen University provides specialized training through remote systems. Furthermore, Shenzhen Yunying, in collaboration with the Shenzhen Charity Federation Yantian, donated a set of remote ultrasound diagnostic systems valued at 2.99 million yuan to the Health Bureau of Leye County in Baise, Guangxi Autonomous Region. This initiative aims to extend high-quality medical resources to underprivileged areas, ensuring that local residents have access to superior medical care and effectively implementing targeted assistance policies.



Remote ultrasound robotic system



07

Guardian of Our Environment

MGI Tech incorporates green development into its corporate strategy and everyday operations. By assessing climate risks and opportunities, developing low-carbon and eco-friendly products, prioritizing biodiversity conservation, optimizing resource usage, minimizing waste, and implementing green operations, MGI actively shoulders its environmental responsibilities. These efforts propel sustainable development and foster a harmonious relationship between humanity and nature.



Creating Low-Carbon, Environmentally-Friendly Products in Response to Climate Change

Environmental Management

Resource Utilization

Waste Management

Green Practices



“We are deeply aware of the importance of safeguarding our living environment, and integrate the concepts of low carbon, environmental protection, and biodiversity conservation into every aspect of our development. We are dedicated to practicing green development with practical actions, and jointly protecting the Earth.”

Main Objectives and Outcomes

Promoting biodiversity conservation and green and low-carbon development		Progress of Actions	Status of Goal Achievement
Long-term Commitment	2023-2035 Plan		
Aligned with UN SDGs			
	Attain carbon neutrality by 2060	<div style="width: 20%;"></div>	●
	Cumulatively supported over 5,500 items of the complete DNA sequences of the human genome, as well as those of other animal, plant and microbial species.	<div style="width: 60%;"></div>	●
	Reduced overall production energy consumption by 10% year-on-year	<div style="width: 70%;"></div>	●
	Proactively sought ISO 14001 Environmental Management System certification	<div style="width: 100%;"></div>	■
	Ensured pollution levels of wastewater, exhaust gases, noises, and other pollution sources are below local emission standards	<div style="width: 100%;"></div>	■

Progress Update: ■ Successful Completion ● Steady Progress

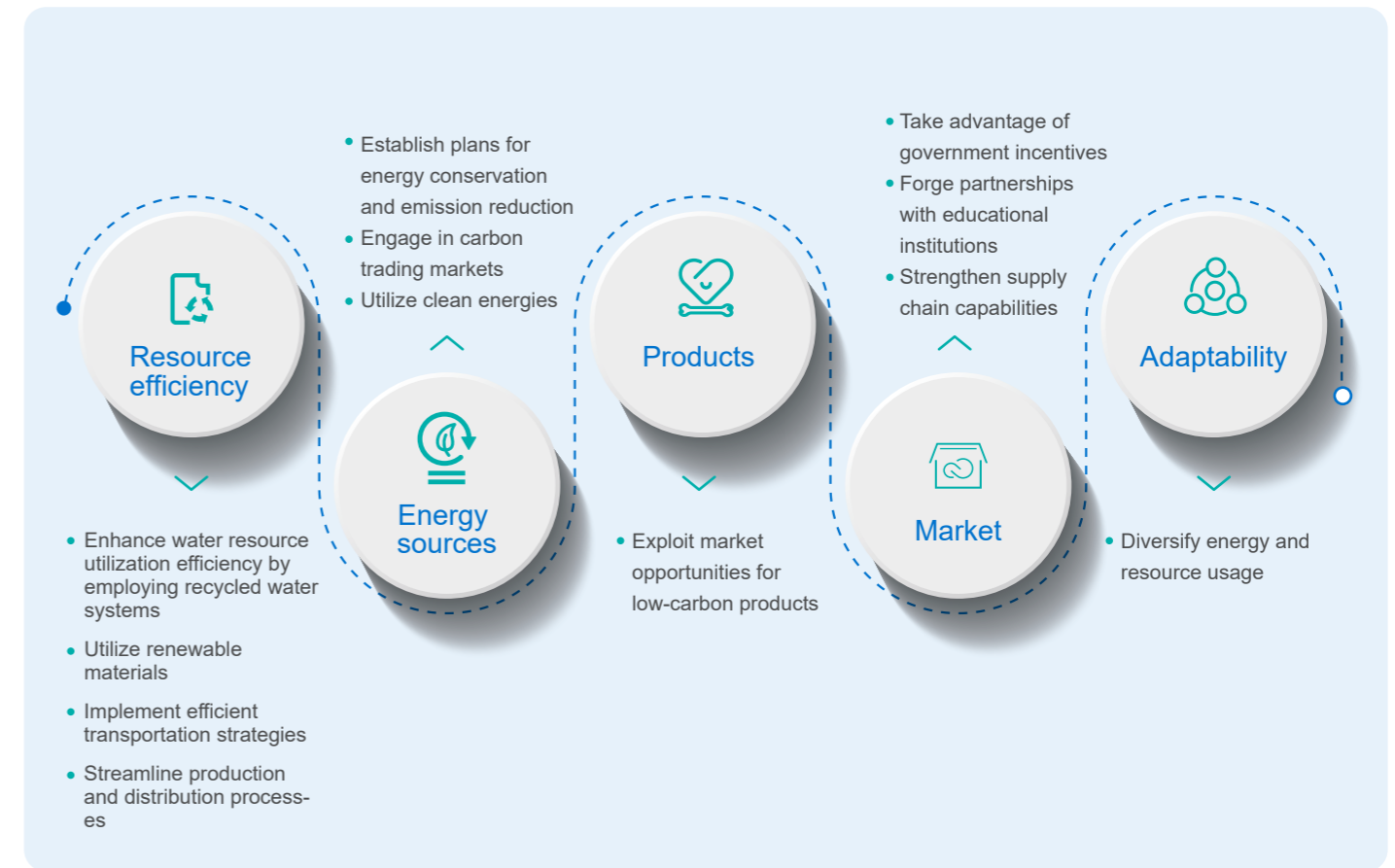
Creating Low-Carbon, Environmentally-Friendly Products in Response to Climate Change



Responding to Climate Change

The World Health Organization's *Special Report on Climate Change and Health* emphasizes that climate change poses the greatest threat to human health. MGI Tech, guided by its vision of "Leading Life Science Innovation", recognizes climate change as a pivotal issue in sustainable development. Following the framework recommended by the Task Force on Climate-related Financial Disclosures, the Company identifies climate-related risks and opportunities in its operations and undertakes climate risk management initiatives. These efforts aim to effectively manage the Company's greenhouse gas emissions, bolster resilience against extreme weather events, implement low-carbon operations, and contribute to society's green and sustainable development.


Categories		Potential Impact of Risks
Physical Risk	Acute	Extreme weather events like floods and typhoons pose threats to the stability of the supply chain, making it challenging to ensure the stable supply of products.
	Chronic	Climate change harms employee health, leading to suboptimal health conditions that subsequently reduce overall labor force levels and adversely affect technology development and production efficiency.
Transition Risk	Policy and regulation	Implementation of carbon emission control policies is underway, alongside increased requirements for climate response and disclosure.
	Market	Market preferences are gradually shifting towards low-carbon products, potentially resulting in decreased sales of medical equipment.
	Technology	Outdated energy technologies may lead to increased production costs.
	Reputation	Decreased stakeholder attention towards non-environmentally friendly products is observed.








Low-Carbon, Environmentally-Friendly Products


MGI Tech responds to the green manufacturing strategy by designing and producing low-carbon, eco-friendly products. We integrate the principle of green innovation into our product development process, committed to making positive contributions to environmental protection at every stage of product value realization.

- 

R&D design : We prohibit the use of harmful substances and materials, reduce resource waste, and ensure that our products comply with customer environmental requirements and relevant legal regulations.
- 

Raw material procurement : While ensuring product quality and meeting customer needs, we increase the use of eco-friendly materials to make our packaging materials greener, more minimalist, and renewable.
- 

Production : We promote the effective reduction of greenhouse gas emissions in both production and transportation by utilizing new processes, materials, and technologies.
- 

Green packaging : We procure more packaging materials that incorporate recycled materials, such as white cardboard (for outer boxes), fluted paper (for outer boxes and cases), EPE (polyethylene foam for inner padding), and wooden crates (for outer cases).
- 

Transportation : We comprehensively assess the significant impact of transportation methods on operational costs, global resource utilization, and the environment, with a preference for sea freight over air freight in supply chain transportation.

Key Monitoring Indicators: Greenhouse Gas Emissions



Case Study

MGI Conducts Carbon Footprint Verification for the DNBSEQ-G400 Series Gene Sequencer

In line with the dual carbon strategy goals of “carbon peaking and carbon neutrality”, MGI Tech has proactively positioned itself to support its products’ global expansion. It took the lead in the industry by initiating the “ISO 14067 carbon footprint verification” for its key products. This initiative resulted in the industry’s first certificate for product carbon footprint verification, setting a quantifiable benchmark for the Company’s carbon reduction objectives and strategies. According to calculations, the GHG emissions for the full lifecycle phase of MGI Tech’s MGISEQ-2000 (DNBSEQ G400) gene sequencer was 31,062.7 kg CO₂e; and the GHG emissions of MGI Tech’s DNBSEQ-G99 gene sequencer was 18312.71kg CO₂ eq.



Leveraging Sea Freight to Minimize Shipping Carbon Emissions

Compared to air transport, sea freight boasts a lower carbon footprint and higher energy efficiency. Recognizing this advantage, MGI Tech conducted a comprehensive assessment of transportation methods regarding their impact on operational costs, global resource utilization, and the environment. As a result, the Company prioritized sea freight over air transport within its supply chain. To mitigate the transit time discrepancies between these modes, MGI Tech implemented effective time and inventory management practices. Furthermore, the Company optimized container load capacity by integrating rail and sea transport. By the end of 2023, the Company had cumulatively dispatched 21 sea freight and rail freight containers to destinations including the United States, Germany, Latvia, Japan, and Australia. The proportion of goods shipped via sea freight increased from zero to 7%, leading to significant cost savings and a notable reduction in carbon emissions.



Comprehensive inspection of containers at the Company's Qianhai warehouse before loading for sea freight



Biodiversity Conservation

MGI Tech is actively involved in biodiversity conservation, leveraging the power of technology to safeguard ecosystems. The Company's DNBSEQ-G400 (marketed domestically as MGISEQ-2000) high-throughput gene sequencing platform, along with its stLFR (single tube long fragment reads) technology, will support the African BioGenome Project in conducting the first sequencing of a plant species. This initiative promotes biodiversity conservation across the African continent, as well as economic, social, and scientific progress.

Furthermore, the Company is actively revolutionizing methods for discovering and monitoring biodiversity by establishing "eDNA metabarcoding" technology, which links high-throughput sequencing with eDNA sequences. MGI Tech has also introduced an environmental DNA metabarcoding product based on the ATOplex platform and DNBSEQ sequencing platform. This product empowers researchers to detect and quantify biodiversity and its changes at high throughput, offering a comprehensive one-stop environmental DNA monitoring platform from sample collection to analysis. The product is capable of identifying microorganisms, plants, algae, and animals in environmental samples such as water, soil, and sediment. It features several advantages, including no harm to living organisms, no developmental stage restrictions, high sensitivity, broad species coverage, and robust analytical functions. It serves as a powerful tool for biodiversity monitoring in ecosystems post-nuclear wastewater discharge and provides a more effective approach for assessing the risks of environmental pollution on ecosystems.

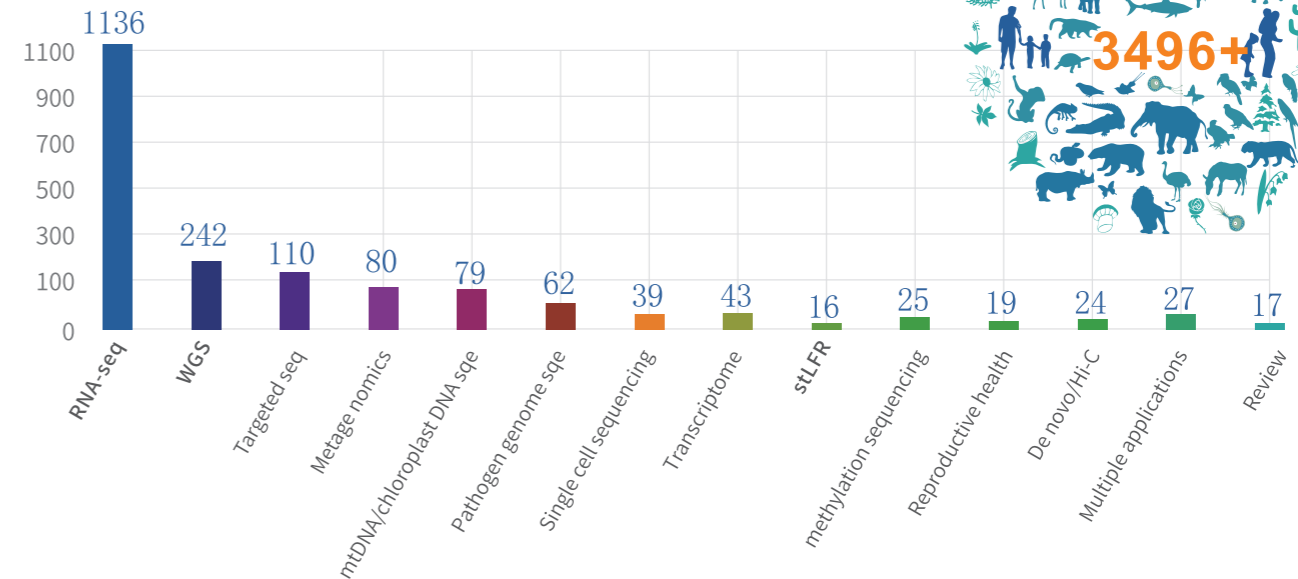


Prof. Craig Kinnear, Director of the SAMRC Genomics Platform (center) along with his team of scientists

MGI Tech's modern gene sequencing technology enables scientists to obtain the comprehensive DNA sequences of the human genome, as well as those of other animal, plant, and microbial species, thus providing a powerful tool for exploring the origins of diverse life phenomena.

Cover multi-species applications

Unit: Number of species



Case Study: MGI Collaborates with Indonesia's National Research and Innovation Agency for Marine Biodiversity Conservation

MGI Tech has collaborated with Indonesia's National Research and Innovation Agency (BRIN) to leverage MGI's cutting-edge life science technologies in supporting marine biodiversity research and conservation efforts in Indonesia. The collaboration focuses on establishing research platforms and providing technical support, including high-throughput gene sequencing, to bolster the protection of Indonesia's diverse marine ecosystems.



Group Photo of Representatives from Both Parties





Environmental Management

MGI Tech adheres to the *Environmental Protection Law of the People's Republic of China* and relevant environmental regulations in its operating regions, implementing high-standard environmental management systems such as the *Environmental Sustainability Management Process* and the *Hazardous Noise Prevention Procedure*. We are committed to reducing energy consumption and environmental pollution through scientific management practices while strictly adhering to the “three simultaneous” principle of environmental protection to ensure the pollution control capabilities of projects, the level of environmental risk management, and the coordinated development of project construction and operations.

We place a high priority on creating and sustaining EHS governance frameworks and environmental management systems, undergoing evaluation system certifications to ensure the effectiveness of our environmental stewardship and construct robust environmental protection measures. Professional EHS management teams have been established at headquarters and all facilities, tasked with implementing EHS guidance policies, achieving goals, adhering to management regulations, and ensuring consistency in environmental management actions. These teams also rigorously monitor environmental risk points in production and operations, identify and assess potential environmental impacts, and enhance employee awareness and capabilities in environmental risk prevention through environmental protection training.

The Company actively participates in third-party certification activities for its environmental systems. The production bases in Shenzhen, Wuhan, and Qingdao have been certified under ISO 14001:2015 Environmental Management System. Additionally, we have entrusted qualified third-party entities to monitor pollution sources such as wastewater, exhaust gases, and noise, in compliance with local environmental assessment requirements, ensuring that pollutant levels remain well below the set standards. In 2023, the Company conducted environmental pollution tests, and the reports indicated that all environmental indicators not only met but also exceeded the required standards.



Resource Utilization

MGI Tech is dedicated to sustainable development, prioritizing the reduction of environmental impacts in its production and operations to achieve green practices. We believe in a symbiotic relationship between business expansion and environmental preservation, not in one at the expense of the other. To this end, we have been actively engaged in energy conservation, water resource management, and waste reduction, aiming to foster an eco-friendly image. By adopting innovative processes, materials, and technologies, we have significantly reduced greenhouse gas emissions in the production and transportation processes, supporting the nation's “dual carbon” strategic objectives.

Energy Management

The Company highly values energy management, and strictly complies with relevant laws and regulations. Efforts have also been made to establish a sound energy management system, and we have successfully obtained the ISO 50001 energy management system certification. Meanwhile, the Company implements effective measures for energy conservation and efficiency, while raising environmental awareness among all staff.

By the end of 2023, electricity, particularly for air conditioning and other public infrastructure, had been the predominant energy source consumed. To address this, we systematically pursued lean manufacturing to enhance production efficiency and focused on the following areas.

We have actively conducted systematic monitoring, control, and optimization of energy consumption to reduce energy costs. For example, Qingdao MGI initiated energy-saving efforts in 2022 by upgrading production line equipment and adopting energy-saving modes through lean manufacturing practices, which reduced unnecessary energy losses and improved energy utilization efficiency. By the end of 2023, Qingdao MGI had achieved a 10% reduction in overall production energy consumption and obtained clean production certification from the Shandong Provincial Environmental Protection Department.



The Company has also established an energy-saving plan, introduced high-efficiency energy metrics, implemented an energy management platform, and adopted measures such as renewable energy sources and photovoltaic green electricity to support the carbon verification process and align with the “dual carbon” goals. Our monitoring indicators include total electricity consumption, energy intensity, reduction in production energy consumption, and the proportion of clean energy/green electricity usage, with a focus on creating an indicator system centered on energy consumption and greenhouse gas emissions. To continually strengthen carbon emission management, the Company actively seeks reduction opportunities, improves production processes, and engages in product carbon footprint certification efforts.

Case Study Green Energy Innovation—MGI Space-Time Center Photovoltaic Project

In response to green environmental principles and to fulfill the criteria for green buildings, the Company installed 9,723 square meters of photovoltaic panels on the rooftops of Buildings B and C at the MGI Space-Time Center headquarters in Shenzhen, connecting them with the power grid. In 2023, this initiative yielded an annual peak electricity generation of 1.5296 megawatts, reducing CO2 emissions by 1,591.64 tons (CO2eq), and saved 2.075 million yuan in electricity expenses, underscoring the Company's notable contributions to promoting clean energy use and mitigating environmental pollution.



Key Performance As of 2023

114 thousand yuan invested in energy conservation and emissions reduction

32 sessions of environmental protection training

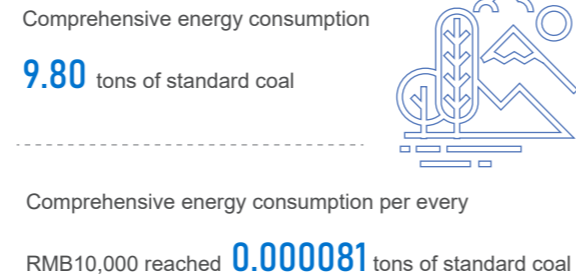
356 participants engaged in environmental protection training

Case Study

Laboratory Energy-Efficiency Renovation

To further enhance the energy utilization efficiency of our laboratory, we have launched the Tianjin automated cold storage project. Unlike the traditional method of utilizing manual refrigerators, this project can increase the rated power by 12.4KW, reduce the floor space plus the area of operation and equipment room by nearly 100m², decrease the required air-conditioning unit by 3KW, and reduce the total average operation power by about 7KW. Based on monitoring statistics, the project has achieved a 20% improvement in energy-saving efficiency.

Key Monitoring Indicators: Energy Consumption Management

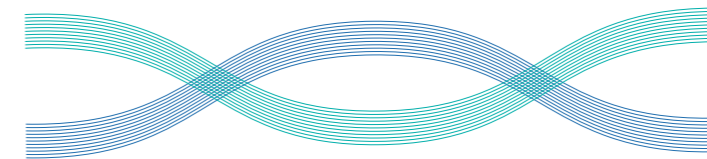


Waste Management

Mismanagement of the “three wastes”—wastewater, waste gases, and solid waste—can severely affect the environment and human health. Therefore, our company places a high priority on their management and has implemented a series of specific measures. We have established a rigorous waste management system that monitors the generation, treatment, and discharge of these wastes throughout the entire process. By investing substantial funds and adopting cutting-edge waste treatment equipment and technologies, we ensure that our waste management practices meet national and local standards.

Wastewater Treatment

MGI Tech assumes environmental responsibility for the wastewater and waste liquids generated during the manufacturing process, which includes laboratory cleaning wastewater, tail water from pure water preparation, backwash water, and domestic sewage. We strictly adhere to wastewater discharge regulations and standard, and issue monitoring reports that cover typical indicators (such as wastewater flow rate, COD, TN, ammonia nitrogen, etc.), regularly monitoring and upgrading our facilities to prevent any negative impacts on the environment or neighboring communities. In addition, we regularly evaluate the test cycles of our equipment and the performance of our treatment processes, so as to ensure ensure the effective treatment of all wastewater segments.



Wastewater Management and Treatment Flowchart

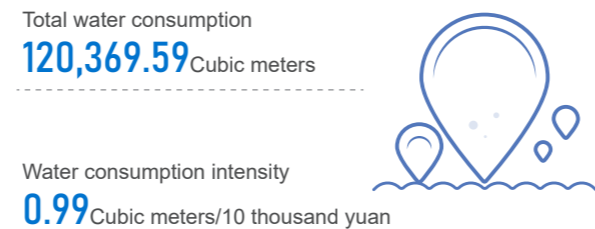


Water Resource Management

MGI Tech adheres to the principle of “use as needed”, rigorously controlling water usage in the production process to eliminate waste. We integrate the concept of water conservation into the daily routines of our employees, emphasizing its environmental and social significance. While ensuring product quality and meeting employees’ everyday needs, we continually strive to enhance water resource utilization efficiency.

Through the implementation of stringent water management practices, we retrofit production equipment and processes for water conservation and regularly maintain the water supply system, significantly reducing water consumption. By promoting water-saving concepts through training and publicity campaigns, we have successfully raised employees’ water-saving consciousness. We have also implemented various water-saving initiatives, such as wastewater recycling and improving equipment recycling rates, to enhance water resource efficiency. We systematically monitor and analyze total water consumption and intensity, and adjust our water strategies in a timely manner to maintain optimal water management.

Key Monitoring Indicators: Water Resource Management



Case Study

Green Pioneer—Recycling and Reuse of Rainwater and Wastewater

In line with our commitment to green environmental protection and sustainable development, we have established a reclaimed wastewater treatment and rainwater harvesting system. This system effectively gathers and treats rainwater and domestic wastewater for various non-potable purposes, including toilet flushing, road cleaning, greenery irrigation, and landscape water supply. In 2023, this approach notably enhanced the efficiency of water resource utilization, processing 1,125 tons of reclaimed water daily, with peak daily water usage reaching 800 tons. Additionally, 270 tons of reclaimed water and 50 tons of rainwater per hour were reused. Moreover, daily greenery watering, flushing, and landscape pool replenishment amounted to 463 cubic meters, utilizing 445 cubic meters of reservoir water directly for toilet flushing. These initiatives resulted in water cost savings of approximately 1.4 million yuan, exemplifying a successful practice that balances between environmental stewardship with economic gains.

Waste Gases Treatment

We consistently strive to minimize waste gas emissions during production, ensuring compliance with environmental standards and fulfilling our environmental responsibilities. We have implemented rigorous waste gas treatment procedures, utilizing advanced technologies and equipment to effectively remove harmful substances and ensure emissions meet safety standards.

The Company categorizes waste gases into organic and acidic types and treats them accordingly. Organic waste gases are treated with ventilation cabinet filters and activated carbon adsorption in waste gas towers, while acidic waste gases are subjected to alkaline scrubbing and activated carbon adsorption in waste gas towers. For example, in the chip production facility, organic gas emissions from processes such as coating and cleaning are extracted through ventilation cabinets and then treated by rooftop devices, resulting in ultra-low emissions of pollutants through activated carbon adsorption.

To ensure treatment effectiveness, we enlist third-party agencies for regular environmental monitoring, obtaining data on waste gas emissions and spent activated carbon, and continuously optimizing our waste gas treatment procedures based on monitoring results. As a result, by the end of 2023, we had successfully prevented any emission violations, significantly minimizing our negative impact on the environment.



Industrial Solid Waste Treatment

MGI Tech takes the management, storage, and subsequent treatment of hazardous waste very seriously. In order to prevent leakage incidents, we have established corresponding rules and regulations for different categories of waste to ensure standardized, regulated, and systematic waste management. The Company classifies industrial solid waste into hazardous waste and general industrial solid waste, and strictly monitors data indicators such as total hazardous waste generation, total general waste generation, hazardous waste generation density, and laboratory waste generation.

For general industrial solid waste, MGI Tech implements effective management by entrusting it to local waste management companies for recycling and disposal, with valuable parts being disposed of for a fee. Recognizing the specificity of hazardous waste, the Company has established hazardous waste temporary storage rooms in various production units, with dedicated personnel responsible for collecting hazardous waste generated during the production process. These waste materials are regularly collected and disposed of by third-party environmental companies with the appropriate qualifications according to strict standards, ensuring the formation of a complete and effective disposal loop. This has established a virtuous cycle of hazardous waste generation, collection, and disposal, providing crucial support to prevent hazardous waste leakage. As of the end of 2023, no hazardous waste leakage incidents had occurred.



Green Operations

MGI Tech adheres to the concept of sustainable development, dedicated to reducing environmental impact throughout its production and operational processes, and takes concrete actions to safeguard ecological balance.

Sustainable Practices for Green Operations

Green office

Implementing paperless office practices, transitioning daily applications and approvals to online systems, thereby saving a significant amount of paper resources.



Green building

Prioritizing office spaces located in buildings that have won green energy-saving awards.

Green energy

Installing photovoltaic power generation equipment on the rooftop of the new headquarters building, with plans to utilize photovoltaic power for self-consumption in the future.



Key Monitoring Indicators: "Three Wastes" Management

Total amount of general solid waste
159.45Tons

Total amount of recyclable waste
5.24Tons

Total amount of hazardous waste
300.14Tons



Total amount of wastewater discharge
64,125.46Cubic meters

Total amount of waste gas emissions
112,985,000Cubic meters

Case Study

MGI Space-Time Center's Magnetic Levitation Chiller and Chilled Water Storage System

To fulfill the requirements of green building standards, the Company has installed six magnetic levitation chillers in the basement level two of Building B at the MGI Space-Time Center office. Besides, the Company has implemented a water-sourced cooling system that integrates the chilled water tank with the fire water tank. This system has a total chilled water storage capacity of 9,668.59 cubic meters, maintaining a chilled water temperature of 7.0°C. The system operates on intelligent strategies, storing cooling energy during off-peak electricity hours and releasing it during peak demand periods, which effectively reduces operational costs. Project outcomes indicate that the system achieves an annual average Energy Efficiency Ratio (EER) of at least 5.3, conserving 10% more electricity than conventional electric refrigeration systems do; the annual electricity savings reached 1.82 million kW-h and 2,309 tons of CO2 emissions were reduced, leading to significant improvements in both energy efficiency and economic benefits.

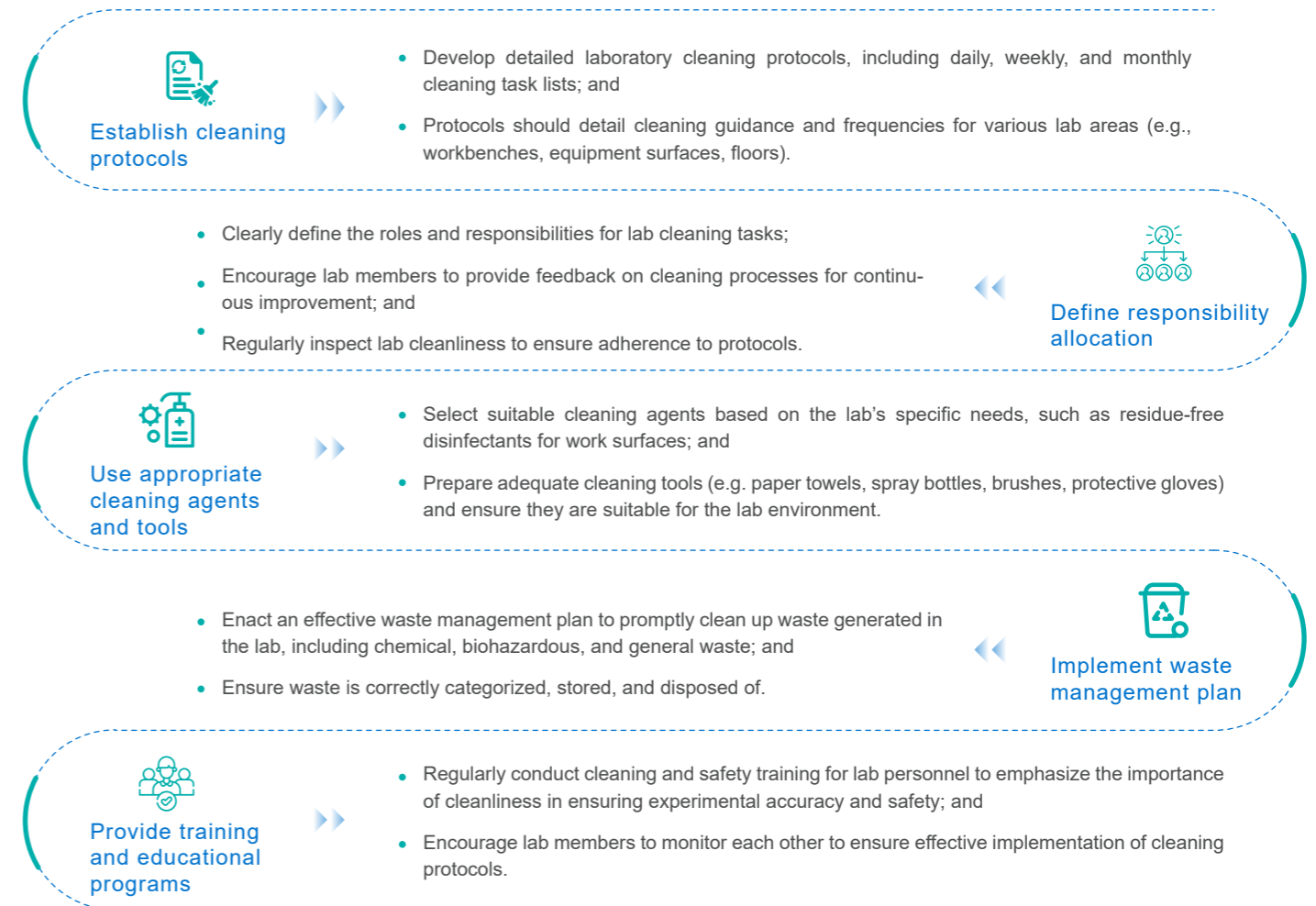
EHS Cultural Knowledge Propaganda: 10 Simple Ways to Reduce Carbon Footprint

With extreme weather events occurring globally and the persistent trend of global warming, it has never been more crucial for us to contribute to the protection of our planet. In 2023, we launched an internal cultural awareness campaign themed "Reducing Carbon Footprint", aiming to educate our employees on the concept of a carbon footprint, and the benefits of reducing it, and to provide them with practical strategies for decreasing their carbon footprint without significantly disrupting their lifestyle. The goal of this campaign was to effectively enhance environmental consciousness among our staff and to inspire them to adopt sustainable practices in their everyday lives.



Creating a Clean Laboratory Environment

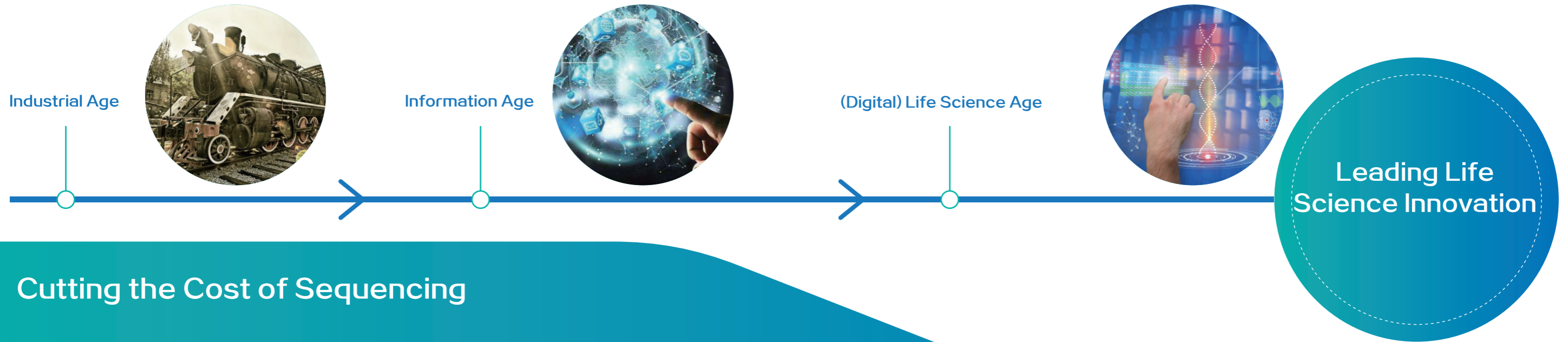
A clean laboratory environment is crucial for improving work efficiency, minimizing cross-contamination risks, and ensuring the accuracy of experimental results. MGI Tech effectively maintains laboratory cleanliness and safety through the establishment of well-defined protocols, regular training, and diligent supervision.



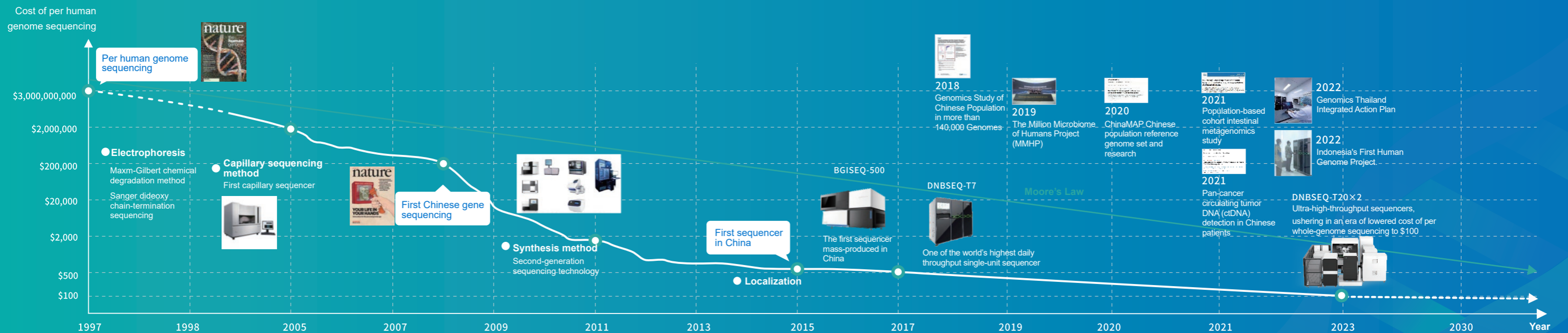
Caption: Corporate laboratory site photos

Future is Here!

To Provide Advanced Life Science Tools for Precision Prevention, Precision Medicine and Precision Healthcare



Cutting the Cost of Sequencing



Appendices

Appendix I: About the Report

Overview

This is the first Environmental, Social, and Governance (ESG) report issued by MGI Tech Co., Ltd., also known as “MGI Tech”, “MGI”, “the Company”, or “we”. The Report is designed to communicate our strategies, management practices, and achievements in environmental protection, social responsibility, and corporate governance to our stakeholders.

Reporting Period

This annual report covers the period from January 1 to December 31, 2023. Some content may extend beyond this timeframe, and explanations will be provided where necessary.

Corporate Entities Covered in This Report

MGI Tech, MGI, the Company, We	refers to	MGI Tech Co., Ltd.
Wuhan MGI	refers to	Wuhan MGI Tech Co.,Ltd.
Software Company	refers to	MGI Shenzhen Software Tech Co., Ltd.
IMABOT SHENZHEN	refers to	IMABOT SHENZHEN MEDICAL CO., LTD
IMABOT KUNSHAN	refers to	IMABOT KUNSHAN MEDICAL CO., LTD
Qingdao MGI	refers to	Qingdao MGI Tech Co.,Ltd.
Qingdao DGI	refers to	DGI TECH (QING DAO) CO., LIMITED
EGI TECH (SHEN ZHEN)	refers to	EGI TECH (SHEN ZHEN) CO., LIMITED
EGI TECH (QING DAO)	refers to	EGI TECH (QING DAO) CO., LIMITED
IMABOT HAINAN	refers to	IMABOT HAINAN SOFTWARE TECH CO., LTD
Yiyang MGI	refers to	Hunan Yiyang MGI Tech Co.,Ltd
MGI Sales	refers to	Shenzhen MGI Sales Co.,Ltd
Shanghai MGI	refers to	Shanghai MGI Tech Co.,Ltd
Shenzhen MGI Biotech	refers to	Shenzhen MGI Bioelectronics Tech Co., Ltd.

HK Co.	refers to	CGI HONG KONG CO., LIMITED
MGI Tech	refers to	MGI Tech R&D HONG KONG CO., LIMITED
MGI International Sales	refers to	MGI INTERNATIONAL SALES CO., LIMITED
MGI Innovation	refers to	MGI Innovation Co., Limited
EGI HK	refers to	EGI HONG KONG CO., LIMITED
EGI US	refers to	EGI USA Inc.
CG US	refers to	Complete Genomics, Inc.
CG LLC	refers to	Complete Genomics LLC
MGI HK	refers to	MGI Tech HONG KONG CO.,LIMITED
MGI Latvia	refers to	Latvia MGI Tech SIA
MGI Japan	refers to	MGI Tech Japan株式会社
MGI Americas	refers to	MGI Americas Inc
MGI Dubai	refers to	MGI Tech Middle East DMCC
MGI Singapore	refers to	MGI TECH SINGAPORE PTE. LTD.
MGI TECH KOREA CO., LTD.	refers to	MGI TECH KOREA CO., LTD.
MGI AUSTRALIA PTY LTD	refers to	MGI AUSTRALIA PTY LTD
MGI Tech GmbH	refers to	MGI Tech GmbH
MGI TECH UK LTD	refers to	MGI TECH UK LTD
MGI Tech FR, SARL	refers to	MGI Tech FR, SARL
MGI BRASIL LTDA	refers to	MGI BRASIL LTDA
MGI TECH NEW ZEALAND LIMITED	refers to	MGI TECH NEW ZEALAND LIMITED

Basis of Preparation

The Report is prepared in accordance with the *Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial)*, issued by the Shanghai Stock Exchange, the Global Reporting Initiative (GRI) Standards from the Global Sustainability Standards Board (GSSB), industry guidelines from the Sustainability Accounting Standards Board (SASB), and the IFRS Sustainability Disclosure Standards from the International Sustainability Standards Board (ISSB). Additionally, it aligns with the European Commission's European Sustainability Reporting Standards (ESRS) and adheres to the United Nations' SDG Compass for business action on the Sustainable Development Goals (SDGs).

Data Source and Reliability Statement

The Report utilizes data from various sources, including public data from government departments, internal statistical reports, third-party survey questionnaires, administrative documents and reports, and third-party evaluation interviews. All content and data disclosed in this report have been reviewed and approved by the Board of Directors of MGI Tech Co., Ltd.

MGI Tech commits that there are no false records, misleading statements, or significant omissions in the content of this report. The Board of Directors of the Company assumes individual and joint responsibility for the truthfulness, accuracy, and completeness of its content.

Forward-Looking Statements

The forward-looking statements in this report are founded on the Company and its subsidiaries' forecasts, assumptions, and expectations concerning current production and operational conditions. Actual outcomes may vary from those projected in this report, as they may be influenced by risk factors and force majeure events that could impact the implementation process.

Report Access

This report is published in both printed and electronic forms, with printed copies available in the Company's securities department.

The electronic version can be accessed and downloaded on the Company's official website at <https://www.mgi-tech.com/>.

Contact

MGI Tech encourages all stakeholders to provide suggestions or feedback on the Company's sustainable development and social responsibility management. For any related matters, please contact MGI_IR@mgi-tech.com.

Appendix II: Sustainability Performance

Indicators	Unit	2023 Data
Revenue	yuan	2,911,222,301.98
Net profit attributable to shareholders	yuan	-607,499,880.61
Basic earnings per share	yuan	-1.46
Total assets	yuan	10,557,087,161.63
Net assets attributable to shareholders	10 thousand yuan	8,634,440,859.33
Debt-to-asset ratio	%	17.83
Total amount of taxes and fees paid in the year	10 thousand yuan	28,688

Indicators	Unit	2023 Data
Number of general meeting of stockholders held	Session	4
Number of board meetings held	Session	7
Number of meetings held for the Audit Committee	Sessions	5
Number of meetings held for the Remuneration Committee	Sessions	1
Number of meetings held for the Nomination Committee	Sessions	2
Number of board members	People	12
Male directors	People	10
Female directors	People	2
Independent directors	People	4
Non-independent directors	People	8
Number of investor communication events hosted	Sessions	141
Number of institutional investor visits	People	1,783
Total number of institutes visits	Institutes	731
Number of inquiries addressed on "E-SSE" platform	Inquiries	22



Corporate Governance Performance

Indicators	Unit	2023 Data
Query resolution rate on "E- SSE" platform	%	100%
Number of public disclosures issued	Pieces	145
Number of internal control inspections	Times	4
Risk management training	Sessions	1
Optimization of specific risk	Items	5
R&D investment	10 thousand yuan	90,998.30
R&D staffing number	People	959
R&D personnel ratio	%	33.4%
Percentage of R&D personnel holding Master's Degrees or higher	%	58.6%
Number of patent applications	Pieces	289
Number of patents granted	Pieces	118
Number of utility model patent applications	Pieces	62
Number of utility model patents granted	Pieces	50
Number of design patent applications	Pieces	39
Number of design patents granted	Pieces	30
Number of software copyright applications	Pieces	71
Number of software copyrights registered	Pieces	85
Number of Information and data security training conducted	Sessions	3
Participants in information and data security training	Persons	3,602
Exam-participation rate for information security and data protection	%	98%
Complaints on customer privacy violation received	Complaints	0



Social Performance

Indicators	Unit	2023 Data
Number of manufacturers reviewed	Manufacturers	42
Number of agents or distributors reviewed	Agents or distributors	116
Audit completion rate	%	100
Total number of suppliers	Suppliers	845
Total number of new suppliers	Suppliers	98
Mainland Chinese suppliers	Suppliers	733
Suppliers from Hong Kong, Macao, Taiwan, and overseas	Suppliers	112
Number of local suppliers (within Guangdong Province)	Suppliers	324
Number of suppliers with quality management system certification	Suppliers	285
Number of suppliers with ISO14001 Environmental Management System Certification	Suppliers	39
Total number of employees	People	2,867
Number of male employees	People	1,643
Number of female employees	People	1,224
Number of enrolled staff	People	2,864
Other employees (eg. rehired employees or retirees)	People	3
Employees from Chinese Mainland, Hong Kong, Macao and Taiwan	People	2,331
Total number of overseas staff	People	536
Total number of nationalities involved among overseas staff (including China)	People	202
Employees from Americas region	People	199
Employees from Europe and Africa region	People	114
Employees from Asia-Pacific region	People	21
Employees of 30 years old and below	People	914
Employees of 31 to 40 years old	People	1,532
Employees of 41 to 50 years old	People	315
Employees of 51 years old and above	People	106
Employees with Bachelor's Degree or higher	People	2,613
Employees with Higher Vocational Education (HVE) Diploma	People	211
Employees with Vocational secondary education and below	People	43



Social Performance

Indicators	Unit	2023 Data
Total number of grassroots employees	People	1,576
Total number of key employees	People	1,096
Total number of core employees	People	173
Total number of core employees	People	63
Number of female employees in core management	People	19
Total number of strategic employees	People	22
Total number of strategic management employees	People	18
Number of female employees in strategic management	People	4
Percentage of production personnel	%	20.89
Percentage of sales personnel	%	31.98
Percentage of technical personnel	%	33.45
Percentage of financial personnel	%	2.41
Percentage of administrative personnel	%	11.27
Total duration of training received by employees	Hours	126,680
Average duration of training received by employees	Hours	44.2
Total number of training hours received by male employees	Hours	72,596.9
Total number of training hours received by female employees	Hours	54,083.1
Number of Training Participants	Person-times	2,867
Number of male employees receiving training	Person-times	1,643
Number of female employees receiving training	Person-times	1,224
Employee occupational health and safety investments	10 thousand Chinese yuan	63.7
Safety production investment	10 thousand Chinese yuan	289.6
Number of employees in high-risk positions for occupational diseases	People	235
Number of employees undergoing occupational disease screening	People	235
Number of employees suffering from occupational diseases	People	0
Total duration of occupational health and safety-related training	Hours	124
Sessions of occupational health and safety-related training	Times	124
Number of participants in occupational health and safety-related training	People	2,000



Environmental Performance

Indicators	Unit	2023 Data
Investment in environmental protection	10 thousand yuan	181
Total investment in energy conservation and emissions reduction	10 thousand yuan	114
Environmental protection training sessions conducted	Times	32
Number of participants in environmental protection training	Person-times	356
Total consumption of electricity	kW-h	24,659.119.35
Total consumption of diesel	Liters	3,500
Total consumption of Gasoline	Liters	4,320
Comprehensive energy consumption	Tons of standard coal	9.80
Comprehensive energy consumption per 10 thousand yuan output value	Tons of standard coal /10 thousand yuan	0.000081
Scope 1: Greenhouse gas emissions	tCO2e	18.34
Scope 2: Greenhouse gas emissions	tCO2e	12,997.82
Total greenhouse gas emissions (Scope 1 + Scope 2)	tCO2e	13,016.16
Greenhouse gas emissions intensity	tCO2e/10 thousand yuan	0.11
Total water consumption	Cubic meters	120,369.59
Water consumption intensity	Cubic meters/10 thousand yuan	0.99
Packaging Material Used: Lumber	Tons	15.7
Total amount of general solid waste	Tons	159.45
Total amount of recyclable waste	Tons	5.24
Total amount of hazardous waste	Tons	300.14
Total amount of wastewater discharge	Cubic meters	64,125.46
Total amount of waste gas emissions	Cubic meters	112,985,000
Particulate matter	mg/m ³	3.17
Non-methane total hydrocarbons	mg/m ³	3.48
VOC emissions	mg/m ³	4.57
Ammonia	mg/m ³	1.33
Total amount of wastewater discharge	Cubic meters	64,125.46
Chemical oxygen demand (COD)	mg/L	46
5-day biochemical oxygen demand (BOD5)	mg/L	17.4
Suspended solids	mg/L	14
Ammonia nitrogen	mg/L	2.09
Total phosphorus	mg/L	2.39
pH	-	8
Total dissolved solids	mg/L	1,240.63
Fecal coliforms	mg/L	131.43

Appendix III: Index of ESG Reporting Indicators

Report Framework	ISDS Guidelines	ESRS Guidelines	GRI Standards 2021	SASB	Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), issued by the Shanghai Stock Exchange
Message From Chairman	S1,S2	ESRS 1	2-13		
About MGI Tech					
Company Profile	S1	ESRS 2	2-1,2-6		
Company Development Milestones			2-1		
Company Awards			2-1		
Sustainable Development Transform					
Sustainable Development Management	S1	ESRS 1	2-9,2-22,2-29,3-1,3-2,3-3		Article 53
Key ESG Risks and Opportunities	S1,S2		2-6,2-25		Article 52
2023 Sustainable Development Progress	S1,S2		2-4		
Tools for Measuring Sustainable Development	S1		3-3		
Leading Life Science Innovation					
Enhancing the Accessibility of Genomics	S1		203-1,203-2,2-6	HC-MS-240a.1	
Expanding Diverse Application Scenarios	S1		203-1,203-2,2-6		
Supporting the Advancement of Precision Medicine	S1		203-1,203-2,2-6		
Empowering Industry Ecosystem Development	S1		203-1,203-2,2-6		Article 46
Advancing Life Science Tools for Future Healthcare					
Establishing the Systematic and Standardized System towards Intelligent Manufacturing	S1	ESRS S4	418-1	HC-MS-250a.2.	
R&D Innovation			201-1,203-1,203-2	HC-MS-410a.1.	Article 42
Lean Manufacturing	S1		201-1,403-8		
Quality Service	S1		201-1,403-8,418-1,416-1,416-2	HC-MS-250a.1., HC-MS-250a.3.	Article 47
Sustainable Supply Chain	S1		201-1,403-8,418-1,416-1,416-2	HC-MS-430a.1., HC-MS-430a.2., HC-MS-430a.3.	Article 45
Leader in Compliance Governance					
Strengthening Information Security for Fostering Healthy Development of Life Sciences and Health	S1		201-1		Article 48

Report Framework	ISDS Guidelines	ESRS Guidelines	GRI Standards 2021	SASB	Guidelines No. 14 of Shanghai Stock Exchange for Self-Regulation of Listed Companies—Sustainability Report (Trial), issued by the Shanghai Stock Exchange
Corporate Governance	S1	ESRS G1	2-9,2-10,2-11,2-16,2-27		
Compliance Operations	S1	ESRS G1	2-27		
Risk Management	S1	ESRS 2			
Responsible Business Operations	S1	ESRS G1	2-15,2-27,205-1,205-3,206-1	HC-MS-240a.2., HC-MS-270a.2., HC-MS-510a.1.	Articles 55 and 56
Value Growth Partner					
Nurturing the “Three Good” Culture for an Enriched Life	S1	ESRS S3	404-1,404-2,404-3		
Talent Team Building	S1	ESRS S1	401-1,401-2,401-3,406-1,407-1,408-1,409-1		Article 50
Risk Management	S1	ESRS S1	402-1,402-2,405-1		
Occupational Health and Safety	S1	ESRS S1	403-1,403-2,403-3,403-4,403-5,403-6,403-7,403-8		
Fulfilling Social Responsibility	S1	ESRS S3	413-1	HC-MS-410a.2.	Articles 39 and 40
Guardian of Our Environment					
Developing Low-Carbon, Eco-Friendly Products in Response to Climate Change	S2	ESRS E1, ESRS E3, ESRS E4	201-2,304-1,304-2,304-3,305-1,305-2,305-3,305-4	HC-MS-410a.1.	Articles 21-28, and Articles 32
Environmental Management	S1		203-1		Articles 33
Resource Utilization	S2	ESRS E5	301-1,303-,303-5		
Waste Management	S1		2-27,2-28,303-2,306-1,306-2		Articles 30 and 31
Green Operations	S1		203-1		Articles 36-37
Outlook for 2024	S1,S2	ESRS 1			
Appendix	S1,S2	ESRS 1	2-2,2-3,2-4		

Appendix IV: List of Laws and Regulations

Laws and Regulations of China	Corresponding Chapters
<i>Company Law of the People's Republic of China</i>	Leader in Compliance Governance
<i>Securities Law of the People's Republic of China</i>	
<i>Criminal Law of the People's Republic of China</i>	
<i>Rules Governing the Listing of Stocks on the Shanghai Stock Exchange</i>	
<i>Rules Governing the Listing of Stocks on the Shanghai Stock Exchange</i>	
<i>Administrative Measures on Information Disclosure by Listed Companies</i>	
<i>Anti-Monopoly Law of the People's Republic of China</i>	
<i>Anti-Unfair Competition Law of the People's Republic of China</i>	
<i>Basic Standards for Enterprise Internal Control</i>	
<i>Data Security Law of the People's Republic of China</i>	
<i>Guidelines for the Establishment of Ethical Review Committees for Clinical Research Involving Humans</i>	
<i>Measures for the Ethical Review of Biomedical Research Involving Humans</i>	Value Growth Partner
<i>Labor Contract Law of the People's Republic of China</i>	
<i>Employment Promotion Law of the People's Republic of China</i>	
<i>Special Provisions on Labor Protection of Female Employees</i>	
<i>Law of the People's Republic of China on the Protection of Minors</i>	
<i>Public Welfare Donations Law of the People's Republic of China</i>	Guardian of Our Environment
<i>Energy Conservation Law of the People's Republic of China</i>	
<i>Environmental Protection Law of the People's Republic of China</i>	
<i>Law of the People's Republic of China on the Prevention and Control of Water Pollution</i>	
<i>Law of the People's Republic of China on the Prevention and Control of Air Pollution</i>	
<i>Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste</i>	
<i>Law of the People's Republic of China on the Prevention and Control of Soil Pollution</i>	
<i>Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution</i>	

European and North American Laws and Regulations	Corresponding Chapters
<i>U.S. Foreign Corrupt Practices Act (FCPA)</i>	Leader in Compliance Governance
<i>U.S. Federal Trade Commission Act</i>	
<i>U.K. The Bribery Act 2010</i>	
<i>EU the General Data Protection Regulation (GDPR)</i>	
<i>U.S. the Data Protection Act</i>	Guardian of Our Environment
<i>U.S. the Animal Welfare Act</i>	
<i>U.S. the Energy Policy Act of 2005</i>	
<i>U.S. the Clean Water Act</i>	
<i>U.S. the Clean Air Act</i>	
<i>U.S. the Solid Waste Disposal Act</i>	Value Growth Partner
<i>(Uniformed Services Employment and Reemployment Rights Act, USERRA) »</i> <i>U.S. Uniformed Services Employment and Reemployment Rights Act (USERRA)</i>	
<i>U.S. Employee Rights for Workers with Disabilities Paid at Special Minimum Wages (EPPA)</i>	
<i>U.S. Pay Transparency Nondiscrimination Provision</i>	

Appendix V: Key Annotations

1. In the special topic "Building the 'Four + Six' System", the term "automation" refers to one of the two pillars of lean production, and it is also known as "intelligent automation" or "automation with human judgment".
 2. The environmental performance scope encompasses five R&D and production bases, among which the monitoring data of waste gas and wastewater are based on the maximum values from each production base.
 3. The annual average electricity emission factor for regional power grids is 0.5271 tCO₂/MWH, while the emission factors for gasoline and diesel are 0.067914 tCO₂/GJ and 0.072585333 tCO₂/GJ, respectively.
 4. Carbon emission calculation formula: Carbon emissions = Activity data (AD) * emission factor (EF).
 5. Only a partial list of key overseas laws and regulations is provided here. The Company rigorously complies with the laws and regulations in all jurisdictions where it operates.
 6. Regarding the target values, they are set in accordance with the principles outlined in the "Forward-Looking Statements" section of this report. Additionally, in consideration of privacy protection, the "Action Progress" section only provides a general overview of the company's development in relation to the overall target trajectory.
 7. During the reporting period, MGI Tech had only one discharging subsidiary, i.e., DGI TECH (QING DAO) CO., LIMITED, which is under the supervision of Qingdao's discharging list of 2023. DGI TECH (QING DAO) CO., LIMITED has obtained a sewage discharge license issued by the local Environmental Protection Authority. The main pollutants include waste gas and wastewater.
- In addition, based on the local government's environmental impact assessment (EIA), MGI Tech entrusted qualified third-party entities to monitor pollution on wastewater, waste gas and noise levels, ensuring that pollutants were discharged strictly with the standards.
- In 2023, MGI Tech organized an environmental pollution assessment. The assessment report indicated that all emission indicators were within emission standards.

Feedback

Thank you very much for taking the time to review the MGI Tech 2023 ESG Report. In our ongoing efforts to enhance our ESG management practices and reporting quality, and to elevate our ESG capabilities and standards, we sincerely invite you to provide valuable feedback and suggestions on this report. We will carefully consider your feedback and suggestions and pledge to safeguard your information from unauthorized third-party access.

- Customers
 Governments and regulatory agencies
 Others (please specify)

1、 Which category of stakeholder do you belong to?

- Employees
 Suppliers
 Cooperating institutions
 Investors
 Media
 Distributors
 Industry associations

2、 To what extent do you believe this report accurately and comprehensively reflects the Company's significant economic, social, and environmental impacts?

- Good
 Very good
 Average
 Poor

3、 How do you rate the responsiveness and disclosure quality of this report with regard to the issues that are of concern to stakeholders?

- Good
 Very good
 Average
 Poor

4、 How do you rate the clarity, accuracy, and completeness of the information, indicators, and data disclosed in this report?

- Good
 Very good
 Average
 Poor

5、 How do you evaluate the readability of this report, including the logical structure, content design, language, and format design?

- Good
 Very good
 Average
 Poor

6、 What suggestions do you have for our future ESG reports?