

2024

Novogene

Corporate Value and Return Enhancement Action Plan 2024

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In order to implement the initiative of promoting the special action of "Improving Quality, Efficiency and Paybacks" of listed companies in science and technology innovation board, actively fulfill the concept of "investor-centered" emphasized in the initiative, and participate in the activities of promoting listed companies to continuously improve their operations, standardize governance and actively pay back to investors, so as to improve the quality of listed companies and meet the spiritual requirements of improving confidence, stabilizing the capital market and boosting high-quality economic development, Novogene formulated the action plan of "Improving Quality, Efficiency and Paybacks" for the year 2024 as follows to guide and carry out the specific work.

Novogene deeply realized that improving the quality of listed company, raising the paybacks for investors and enhancing the investors' sense of gain are the due responsibilities and obligations of a listed company during its development. In 2024, the company will take active measures to implement the special action of "Improving Quality, Efficiency and Paybacks" in order to improve the company's operating quality, raise investors' returns, enhance investors' sense of gain, and realize the common sharing of interests between management and shareholders.

Part 1

Focus On Value Creation, Fulfill Systematic Construction and Innovation, and Repay Investors with Actions

In recent years, Novogene has continuously strengthened its systematic construction, practiced the strategy of total cost leadership, improved the efficiency of corporate governance continuously, regarded value creation as one of the strategic cores, and attached great importance to investor returns. On April 13, 2021, Novogene successfully listed on the science and technology innovation board of Shanghai Stock Exchange, raised funds with a net amount of RMB 450 million, all of which was invested in the company's technology platform deployment, R&D innovation and production efficiency improvement, thus realizing the continuous expansion of business layout and sustained and steady growth of business performance.

In the three years since its listing, the company remained a continuous and stable growth in operating income, with the compound growth rate of operating income reaching 2.29%, and the gross profit margin maintained a stable level, accumulated cash dividend up to RMB 62,231,200, and annual dividend ratio 10% higher than the average. In terms of profit quality, the company has also achieved sustained growth of ROE.



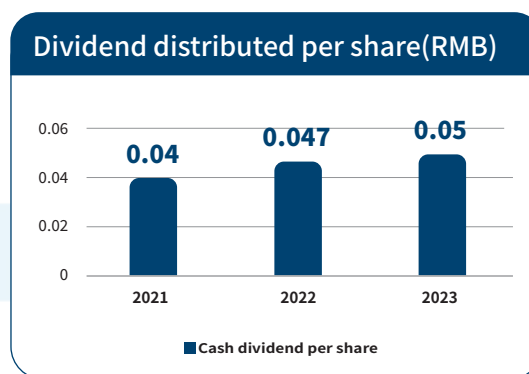
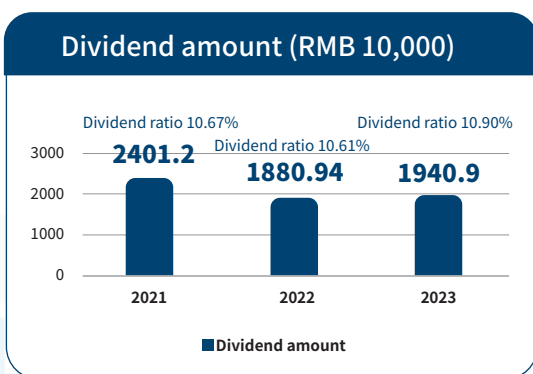
2023 Directional Private Placement and Fund Raising Completed Seeking into the Future Prospects and Paying Attention To Long-term Steady Development

In the third quarter of 2023, the company issued additional shares to 11 specific objects at an issue price of 20.76 yuan/share, totaling 16,000,000 shares, and raised funds with a net amount of RMB 328 million. After deducting the relevant distribution expenses, all of the raised funds were invested in the projects such as laboratory construction and expansion and research and development, seeking for further improvement of the company's scientific research and innovation ability under the overall guidance of the company's development strategy.

2023 Cash dividend distribution plan

In 2023, the company realized an operating income of RMB 2,002,107,700, and the net profit attributable to shareholders of the parent company was RMB 178,059,800, and the cash dividend planned to be distributed in 2023 was RMB 19,409,000, accounting for 10.90% of the net profit attributable to shareholders of listed companies in the consolidated statements.

So far, the company is expected to distribute a total cash dividend of RMB 62,231,200 since its listing, repaying investors with tangible benefit.



Part 2

Sharing and win-win, responsibility contribution based on value distribution, and seeking for long-term stable development

In 2023, the company completed the optimization of talent and team management structure by introducing professional enterprise management consulting suppliers, aiming at establishing a dynamic and flexible talent management mechanism with person-post matching with a competitive salary incentive system, enhancing the core competitiveness of the management team, creating a "customer-centered" and "lean" mainstream culture, and cultivating a customer-centered and lean thinking mode. The company has established a perfect talent training and reserve system, actively introduced high-quality talents from different majors, improved the overall ability and quality of employees through intensive training, and continuously improved the performance appraisal system and talent incentive mechanism.

In 2024, the company will continue to implement systematic management and related systems and measures, distribute values based on responsibility contribution, strengthen the benefit sharing and win-win mechanism among management, core talents and shareholders, further stimulate the enthusiasm and initiative of management through fair and effective incentive mechanism, so as to realize the long-term, steady and sustainable growth of the company.



2024 Start share repurchase for equity incentive and employee stock ownership plan in the future

In 2024, the company will repurchase shares with a capital of not less than RMB 80 million (inclusive) and not more than RMB 160 million (inclusive). All the repurchased shares will be used in the equity incentive and employee stock ownership plan at an appropriate time in the future, and will be used up within 3 years after the company discloses the implementation results of share repurchase and the announcement of share changes; If the shares are not used up within the prescribed time limit, the board of directors will perform the procedure of reducing the registered capital according to law, and the repurchased shares that have not been used will be cancelled. If the relevant laws, regulations or policies change during the period, the repurchase plan will be modified accordingly according to the revised laws, regulations or policies.

Construct a salary system with market competitiveness and internal equity, establish a long-term incentive mechanism to improve the efficiency

In order to adopt to the company's business development, attract, motivate, develop and retain the company's employees in a better way, the company has established and continuously improved a salary management system, and established the principle of value distribution based on responsibility contribution, that is, more work, more pay. Combining the post evaluation results, employees' ability, external salary level and other factors, and according to the results of performance appraisal, the company combines the salary management system with performance management and post value evaluation the results of post evaluation, to make the salary system with good "external competitiveness and internal fairness", so that employees can continuously improve their work enthusiasm and creativity and improve work efficiency under the mechanism.

At the same time, in order to further establish and improve the company's long-term incentive mechanism, attract and retain outstanding talents, fully mobilize the enthusiasm of the company's core team, effectively combine the interests of shareholders, the company's interests and the personal interests of the core team, and make all parties pay attention to and promote the company's long-term development, the company formulated the equity incentive plan to promote the common long-term development of enterprises and employees.



Part 3

Scientific and compliance governance, consolidate strategic systematization construction, and promotes sustainable and high-quality development

Taking "Advancing Genomics, Improving life" as its corporate mission, Novogene integrates the concept of sustainable development into the daily operation and management of enterprises, establishes a sound corporate governance structure, and promotes the construction of corporate governance system and governance capacity. Through scientific strategic systematic construction and management, the company constantly improves the governance level of the Group on a global scale, and strive to build a representative listed company with clearly-established system, clearly-defined responsibilities, efficient improvement and coordinated operation.

Since its listing in 2021, Novogene has continuously strengthened the construction of the Group's board of directors and enhanced the standardization, scientificity and effectiveness of the board's operation, aiming at improving the board's ability to perform its powers and responsibilities, and giving full play to the board's strategic direction control, strategic action decision-making and risk prevention ability. In the enterprise operation, the company continuously improves the labor efficiency through the adjustment and optimization of the organizational structure.

The company has established a complete and effective internal control system, and established a systematic control management procedure and internal supervision mechanism from the company level to the business level. The company constantly optimizes the internal control system by identifying internal control defects through horizontal comparison and directional interviews. In daily business activities, the compliance management department examines whether the contract has the effect of excluding or restricting competition to avoid horizontal or vertical monopoly agreements, pays attention to the prevention of legal risks of unfair competition, and strengthens the compliance of operating mechanisms

Follow The policies closely, ensure the compliance and efficiency of the system

In November 2023, in order to further promote the standardized operation of the company, safeguard the legitimate rights and interests of the company and its shareholders, and establish and improve the internal management mechanism, according to the Company Law of People's Republic of China (PRC), the Securities Law of People's Republic of China (PRC), the Listing Rules of Science and Technology Innovation Board Stock of Shanghai Stock Exchange (revised in August 2023), the Guidance on self-regulation of listed companies on the Science and Technology Innovation Board of Shanghai Stock Exchange No. 1- Standardized Operation (revised in August 2023) and the Measures for the Administration of Independent Directors of Listed Companies, the company revised and built nearly 20 systems in combination with the actual situation of the company, and plans to continuously monitor the implementation of relevant systems in 2024.

Systematic Specialized training to promote the improvement of governance level

In 2023, the company has participated in more than 20 trainings organized by China Securities Regulatory Bureau, Shanghai Stock Exchange, China Association of Listed Companies and Beijing Association of Listed Companies. The company conducted trainings for directors, supervisors and officers on the latest developments in the capital market and regulatory policies, so as to ensure that the key personnel in corporate governance can keep up with policy trends and implement compliant and effective decisions in governance while having professional knowledge. In addition, the company spontaneously organized many special trainings on information disclosure, laws and regulations for directors, supervisors and officers, financial personnel and independent directors to improve the compliance and risk awareness of relevant personnel.

In 2024, the company will further strengthen the on-the-job training of the directors, supervisors and officers, and conduct scientific and systematic training on core management personnel through online courses and offline conference training, promote the connection between directors, supervisors and officers, regulatory authorities, investors and the capital market, popularize and share the dynamics and policies of the capital market to the core personnel at the first time, ensure that the core governance team can keep abreast of the latest laws and regulations, improve their performance skills and comprehensively improve the corporate governance level.

Part 4

Information visualization Build an efficient and transparent investor communication path

Adhering to the concept of "protecting investors' rights and interests as the core", the Company always regards it as one of its important responsibilities to "let investors know about the Company's information dynamics and operating conditions timely and intuitively". In 2024 and beyond, the Company will continue to take this task as a key work, actively building an information bridge between investors, and continuously improve communication efficiency through timely, intuitive, and diversified forms of information, so that companies and investors can communicate more transparently for building more thorough two-way understanding and trust. Adhere to mutual benefit and win-win cooperation, create shared benefits together, take steady development as the guarantee, creating value as the core, and forge ahead hand in hand.



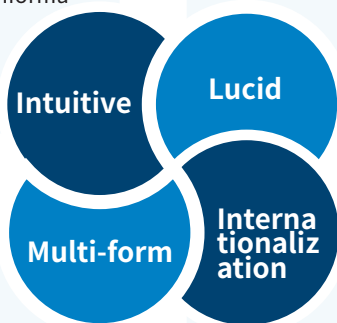
Efficient communication of information disclosure: intuitive, understandable, multi-form, international

Visualized information disclosure combining graph, texts, and tables

In 2024, the Company will continue to use a variety of information presentation forms when disclosing information, such as the combination of pictures and texts, tables, charts, data trends, etc., to assist investors in understanding and make the information structured, clear and easy to understand. When the Company regularly releases financial reports, reports, and other information, it will continue to adopt the form of data visualization by using pure picture presentation, image-text briefing, and other forms to refine key data and interpret effective information. Through vivid and intuitive information presentation, it helps investors better understand the Company's operating condition.

The vernacular replaces the jargon

In information disclosure, report preparation and daily communication, the Company uses more straightforward expressions that are easy for investors to perceive in view of industry-specific and difficult-to-understand technical expression and terms, and help investors understand the Company's situation through easy-to-understand information interaction.



Multi-channel communication

In 2024, the Company will continue to provide investors with offline face-to-face direct communication opportunities through performance briefing, open days for investors and general meeting of shareholders, etc. Meanwhile, the Company will attach great importance to the reception of investor research, and organize more investor networking events led and attended by the Company's chairman, secretary of the board of directors, chief financial officer and securities affairs representatives. In addition, we will respond to investors' questions and listen to investors' opinions and suggestions timely through the SSE e-Interactive platform, investor hotline, investor relations column set up on the official website and other online and remote forms.

Bilingual in investor relationships

As a company with a business scope covering more than 90 countries and regions around the world, the Company will strengthen the internationalization of our disclosures in 2024, taking into account the diversified needs of investors and stakeholders. The Company's foreign language website adds an investor relations management module to strengthen convenient communication with international investors, while attempting to increase foreign language communication in other information disclosures.

Part 5

Enrich product portfolio, expand the boundaries of multi-omics services, and enhance the efficiency of scientific research centering on customers

Based on the insight into the growing global demand for gene sequencing, Novogene is committed to providing efficient, high-quality, and stable gene sequencing services for scholars, scientists, research institutions and medical institutions around the world. We will continue to strengthen our global layout, continuously consolidate our large-scale advantages, closely follow the technological development trend of the industry, realize the deployment of multiple technology platforms, meet customer needs, and stabilize our core competitiveness. Centering on customers, Novogene continuously enriches its product portfolio to meet the diversified needs of customers, expands the boundaries of multi-omics services, enhances automation level, and empowers to improve the efficiency of scientific research.



Deepen Global layout, perfecting global regionalized service capacity

In recent years, the Company's global strategy layout has been continuously implemented, the construction of global service capabilities has been continuously improved, and the Company's business scope has covered about 90 countries and regions in six continents. In 2023, the Company established new laboratories in Germany and Japan based on customer demand, and continued to strengthen its regional service capabilities. The Company has globally deployed industry-leading technology platforms such as Illumina NovaSeq™ X Plus, PacBio Revio, Thermo Scientific™ Orbitrap™ Astral, Olink Explore HT, and MGI DNBSEQ -T7, to meet the needs of a diversified need of customers. The global installation of six additional PacBio Revio third generation sequencing platform has been completed in the first quarter of 2024, and the Company will continue to enhance our global regionalized service capabilities in accordance with customer needs in the future.

Center On customers, the Company provide localized services rooted in localized customer group around the world

In 2024, the Company will take "centering on customers" as the core of its strategy, conduct the wide-range capacity building and improve customer experience in the whole chain through the optimization of the delivery cycle, delivery system, customer service and other aspects from strategy to execution, customer demand to customer satisfaction. We will continue to deepen global localized services, take root in the local customer group, adapt to customer needs through localized laboratories, localized service teams, localized products, and services, and improve the globally consistent and high-standard laboratory management and operation system, so as to provide more efficient and stable products and services to customers around the world.

Accelerate Construction of intelligent level to enhance the efficiency of scientific research

In recent years, the Company has continued to accelerate the construction of automation capabilities, and in 2020, it launched Falcon, the world's leading flexible intelligent delivery platform. In 2022, it independently developed Falcon II, an intelligent delivery platform that is easy to deploy flexibly, which has been deployed in laboratories around the globe, realizing a comprehensive upgrade of production efficiency, stability, and delivery quality. In 2024, the Company will complete the research and development of Falcon III, and plans to place it in service this year, continuing to improve the automation level. In addition, the Company continues to improve its informationization and digitalization construction, and is equipped with an efficient global informationization operation matrix. It has formed a strong working resultant force to support the Company's real-time and accurate management and operation, and boosted the Company's precision management by means of informationization through the LIMS Laboratory Information Management System, the CMS Delivery Management System, and CSS Customer Service System at the business end, and the HCM Human Capital Management System, SRM Supply Chain Management System, and CBS Funding Management System at the management end, etc., In the future, the Company will build an intelligent production, operation and service system through the matrix of automation, informationization and digitalization capabilities to empower life safety research and boost research efficiency.

Continuously Enrich product portfolio and expand the boundaries of multi-omics services

Integrated multi-omics solutions help scientists to meet complex challenges from a more systematic perspective. In recent years, the Company has established a sophisticated service system for multi-omics solutions and continues to enrich its product portfolio to meet the diversified research needs of customers. In 2024, the Company will continue to develop and optimize all-round multi-omics products, including genome, transcriptome, epigenome, spatial transcriptome, single-cell sequencing, mass spectrometry, genotyping, etc., in order to satisfy more diversified scientific research and application needs. The Company will continue to develop integration analysis solutions between various types of genomics, and continue to optimize multiple types of integration analysis tools, such as integration analysis of transcriptomes and metabolome, integration analysis of metagenome and metabolome, integration analysis of transcriptomes and proteome, integration analysis of genome and metabolome, integration analysis of transcriptomes and epigenome, integration analysis of transcriptomes and translation, and integration analysis of single-cell transcriptomes and spatial transcriptomes. The Company will further carry out research on multi-omics data and provide customers with unified management and analysis services of multi-omics data.



Part 6

Substantially implement the improvement of quality and efficient initiative to build a sustainable and sound development path.

Taking a broad view of the life sciences industry, the rapid market changes, all the fierce competitive environment and the continuous development of iterative technological development mean that "improving quality and efficiency" will be one of the development directions that must be practiced and implemented by enterprises nowadays.

After the Company's continuous efforts in process system optimization, systematic management improvement, human and organizational efficiency enhancement, 2024 will be a crucial year for the development of Novogene. Meanwhile, 2024 will be a year full of opportunities and challenges with the changing macro environment such as the world economy and geopolitical situation. As a listed Company with global business coverage, Novogene will continue to make continuous efforts in scientific governance, fulfillment of social responsibility, and seeking for new opportunities and growth points, and lay a solid foundation for the Company's long-term sustainable and steady development step by step.



Depending on "lean" thinking and "centering on customers" value orientation, improve quality and efficiency reasonably, and be a reliable research partner.

Over the years, the Company has been practicing the concept of "Lean" thinking to complete the production and operation processes in the most efficient way, and in 2024, the Company will persist in implementing "lean" thinking and optimizing the efficiency of the whole process from end to end by centering on customers, which will help to increase customer satisfaction and market share. In addition, the Company will continue to complete the systematic construction of processes and systems, and establish a perfect and effective standardized process for each business segment and functional segment, with clear division of powers and responsibilities and clear objectives. Focusing on "human efficiency improvement", the Company customize clear organizational KPIs, management KPIs and employee KPIs, optimize the organizational structure, and realize a dynamic talent management mechanism that matches people with jobs and enables them to accept a higher or lower post to improve management efficiency.

Build the foundation stone of enterprise construction and forge the path of sustainable and sound development

Since its listing, the Company has always paid close attention to the construction of its corporate governance system, emphasized the improvement of its core competitiveness, and committed itself to building a healthy, sound, and sustainable development path. In 2023, the Company released its first Quality Cost Report, actively promoting closed-loop management of quality issues through optimization of indicators and upgrading of effect assessment models, and taking "quality excellence" as the most basic line of defense in competition. The Company has also constructed a corporate performance billboard to enhance the efficiency of business decision-making, introduced the DSTE process to enhance the ability of capacity for executing strategy, and strengthened the process management system and process culture to enhance the ability of organizational management. Next, the Company will continue to build the corporate foundation, open the source, and improve the quality in the business level, improve the efficiency soundly in the production process, systematize the process operation and management, and achieve steady and sustainable growth.

The action plan of improving quality and efficiency with a focus on returns is a judgment based on the Company's annual strategic plan and the actual situation of the Company, which may be affected by the policy adjustment, domestic market environment and other factors in the future, and has a certain degree of uncertainty, and the Company respectfully request investors to be cautious of the investment and pay attention to the investment risk.

In the future, the Company will continue to evaluate and implement the relevant initiatives of the action program of "improving quality and efficiency with a focus on returns", and strive to actively contribute to investors through favorable business performance, standardized and efficient corporate governance, and effectively fulfill the responsibilities and obligations of listed companies, and reward the trust of investors.



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