

Thinkon Semiconductor

Corporate Value and Return Enhancement Action Plan 2024

Thinkon Semiconductor Jinzhou Corp. (hereinafter referred to as "Thinkon Semiconductor" or "the Company") considers it a fundamental duty of listed companies to enhance their quality, increase investor returns, and improve the sense of gain for investors.

To practice the listed company development philosophy of "investor-oriented" and to safeguard the interests of all shareholders, based on confidence in the company's future development prospects and recognition of its value, and to earnestly fulfill social responsibility, the company has formulated the **Corporate Value and Return Enhancement Action Plan 2024** to further enhance the company's operational efficiency, strengthen market competitiveness, protect investor rights, stabilize stock prices, and establish a positive image in the capital market. The main measures are as follows:

1. Focus on strengthening the main business and improving core competitiveness

Since its establishment, Thinkon Semiconductor has been dedicated to the production, research and development, and sales of large-diameter silicon materials and their application products. With years of accumulation and layout, the company has maintained a leading position in the field of large-diameter silicon materials, mastering all technical processes for crystals up to 22 inches and below. It is one of the very few integrated manufacturers in China with the complete manufacturing capability. The company can provide large-diameter silicon material products to downstream manufacturers globally on a large scale, with high quality, high reliability, and wide coverage, ranking in the first tier in the global niche market.

In 2024, the company will further focus on its main business and enhance its core competitiveness:

a. Seizing the development opportunities at the bottom of the semiconductor cycle, strengthening market marketing efforts

Data from the World Semiconductor Trade Statistics Association shows that the global semiconductor market size declined by 9.4% to about \$520 billion in 2023. Entering 2024, leading global IC manufacturers and semiconductor manufacturing equipment manufacturers have begun to predict that this year's global semiconductor market will recover. The company's large-diameter silicon

materials, have downstream demand closely related to the utilization rate of capacity and the addition of capacity by terminal user IC manufacturers. Currently, it is a development opportunity period at the bottom of the global semiconductor industry cycle.

The company will actively respond to the rapidly growing diversified domestic market demands, establish local presence to be close to the actual production of customers, improve feedback speed, deploy market resources proactively, integrate and improve technology, quality, and logistics services, and further enhance customer satisfaction; in the overseas market, it will layout strategically, actively track the latest technological development demands, and develop in tandem with overseas partners based on its own advantages, further enhancing the company's international market position.

b. Optimize operational management and improve business quality and efficiency

In 2024, the company will further improve order collection and payment management, actively control the scale of accounts receivable, increase collection efforts, continuously monitor the collection of overdue accounts receivable, and reduce or stop sales to specific customers based on credit risk assessment.

In terms of inventory turnover, the company's new business of large-size silicon wafer products had a long evaluation and certification cycle in 2023, resulting in limited average capacity utilization and slow inventory digestion. In 2024, the company will prudently expand silicon wafer capacity, optimize production scheduling, strictly manage inventory, and achieve the optimal balance between R&D validation and economic benefits.

Additionally, due to the rapid and continuous increase in the prices of raw polycrystalline silicon materials and high-purity quartz crucibles in the past two years, the company has relatively increased the amount of stockpiling to control costs. With the easing of supply chain tensions and the decline in prices, the company will gradually digest the existing raw materials. The company will establish a more effective inventory control system, set more reasonable inventory warning lines, and accelerate inventory turnover.

c. Strengthen the management of fundraising projects and achieve the on-schedule commissioning of new production capacity

In 2023, the company issued shares to specific objects through a simplified procedure, raising a net amount of about 296.06 million yuan, with 210 million yuan planned to be invested in the "Silicon Material Capacity Expansion Project

for Integrated Circuit Etching Equipment", 90 million yuan for supplementary working capital, and the insufficient part will be resolved by the company with self-raised funds.

This project is a capacity expansion measure carried out against the backdrop of the increasing demand for etching silicon materials driven by the large-size trend of silicon wafers and the shrinking of processing technology. The overall capacity utilization rate of the company's large-diameter silicon material products will be basically saturated under high industry prosperity conditions, and there is a project construction window period before the next upswing cycle of the semiconductor industry. The project will continuously optimize the product structure based on downstream market demand, further increase the proportion of high-margin 16-inch and above large-diameter products, and actively expand the business of etching polycrystalline silicon material products to further improve profitability. After the project is implemented, it will form an additional annual production capacity of 393,136 kg of etching silicon materials.

The company will accelerate the implementation of fundraising investment projects and strive to put them into production and achieve expected benefits as soon as possible.

2. Share development results and improve the investor return mechanism

The company believes that a good investor return is the cornerstone of a company's long-term development in the capital market. Since its listing on the Shanghai Stock Exchange's STAR Market in 2020, the company has paid cash dividends every year to reward all shareholders: in 2020, a cash dividend of 0.10 yuan per share (including tax) was paid, totaling 16,000,000 yuan, accounting for 15.74% of the net profit attributable to the shareholders of the listed company in 2020; in 2021, a cash dividend of 0.41 yuan per share (including tax) was paid, totaling 65,600,000.00 yuan, accounting for 29.68% of the net profit attributable to the shareholders of the listed company in 2021; in 2022, a cash dividend of 0.10 yuan per share (including tax) was paid, totaling 16,000,000.00 yuan, accounting for 10.12% of the net profit attributable to the shareholders of the listed company in 2022.

On April 24, 2023, the company formulated and disclosed the "Thinkon Semiconductor Jinzhou Corp. Shareholder Dividend Return Plan for the Next Three Years (2023-2025)". The company will distribute according to the principle of "same shares, same rights, and same shares, same benefits" based on the proportion of the company's shares held by each shareholder. The company implements a continuous, stable, and active profit distribution policy, values reasonable investment returns for shareholders, and under the premise

of meeting the cash dividend distribution conditions stipulated by relevant laws, regulations, normative documents, and the "Company Charter", the company will prioritize the cash dividend distribution method. In the absence of major investment plans or major cash expenditure plans, without affecting the normal business development needs of the company, the company's net profit for the year is positive, the accumulated undistributed profit at the end of the year is positive, the capital reserve is positive, and other cash dividend distribution conditions stipulated by relevant laws, regulations, normative documents, and the "Company Charter" are met, the company should distribute no less than 10% of the distributable profit for the year in cash.

Based on confidence in the company's future sustainable development and recognition of the company's value, to enhance investor confidence in the company and promote the stable and healthy development of the company, effectively closely linking shareholder interests, company interests, and employee interests, after approval by the company's board of directors and shareholders' meeting, the company began to implement A-share repurchase in November 2023. As of February 29, 2024, the company has repurchased a total of 900,516 A-shares, accounting for 0.5288% of the company's total share capital, with a total transaction amount of approximately 27,812,656.90 yuan (excluding transaction fees and taxes).

In 2024, the company will continue to balance the dynamic relationship between company development, performance growth, and shareholder returns, actively explore ways and methods, and under the premise of complying with relevant laws, regulations, and the "Company Charter" profit distribution policy, take into account the immediate and long-term interests of shareholders, achieve a "continuous, stable, and scientific" shareholder return mechanism, and enhance the sense of gain for the majority of investors.

3. Accelerate the development of new quality productive forces and innovate the allocation of production factors

The company will cultivate and use new quality productive forces to promote high-quality development of the company and lead industrial transformation and upgrading. It will strengthen industry-academia-research cooperation and actively improve the company's operational efficiency through technological breakthroughs and innovative allocation of production factors.

A strong talent supply is the source of momentum for technology-intensive enterprises. The company, guided by job value and capability, driven by performance results, establishes a "fair internally and competitive externally" compensation system, improves the efficiency of compensation resource use, motivates outstanding employees, encourages employees to actively

contribute ideas for the company's performance development, technological innovation, and management optimization, thereby attracting outstanding talents.

In 2024, the company will continue to strengthen its talent development strategy, optimize talent incentive mechanisms, maintain the stability of the research team, use restricted stock incentive plans as a normalized incentive mechanism, continue to recruit compound experts and technicians with rich production and management experience, expand into the existing team of middle and senior management personnel, strengthen the construction of a high-level talent echelon, and continuously enhance the competitive advantage of talent; continuously optimize and iterate the existing performance assessment mechanism, improve the company, department, and individual three-level performance assessment goals and content, and constantly strengthen the performance assessment and benefit distribution system centered on "responsibility, rights, and interests", stimulating the enthusiasm of talents at work, achieving a win-win for the company and employees.

The company continues to strengthen R&D investment, with the company's R&D investment aimed fundamentally at profitability, and R&D activities are carried out based on the specific and clear assessment and certification requirements of downstream clients. Since its listing, the company's R&D investment as a proportion of its annual operating income from 2020 to 2023 was 9.08%, 10.59%, 7.30%, and 19.18% respectively. The company has cumulatively obtained 10 invention patents, 75 utility model patents, and achieved 31 core technologies.

In 2024, the company will stimulate the synergistic effect of R&D with the market, supply chain, and customer service, meet the safety needs of the local market industrial chain while keeping pace with the world's advanced semiconductor manufacturing process requirements, continuously strengthen technical reserves, and build core competitiveness. Focus on resource investment in high-barrier, high-profit-margin products, carry out R&D related to large-size polycrystalline silicon materials, large-size special-shaped silicon materials and ultra-flat silicon wafers, and improve the output efficiency of R&D investment; strengthen the R&D system, actively consolidate and enhance the domestic Chinese technical talent echelon, and complete no less than 3 key core technology R&D projects within the year.

In the industrial situation where "global division of labor, free trade, efficiency first" coexists with "localization of IC manufacturing", the company considers innovating the allocation of production factors through investment or cooperative development while growing internally, and growing together with domestic and foreign high-end semiconductor material and component

manufacturers, enabling the company to cover more product categories and capture more niche markets, laying the foundation for the company's long-term sustainable growth.

4. Improve the quality of information disclosure and strengthen investor communication

The company's securities office is the dedicated department for communication between the company and investors. Since its listing, the company has actively answered investor hotlines, promptly replied to investor emails and the "Shanghai Stock Exchange E-Interaction" platform, and held investor communication meetings on platforms such as "Shanghai Roadshow Center" and "Jinmen Finance" after the disclosure of quarterly, semi-annual, and annual reports, explaining the company's operating performance and interpreting regular reports.

In 2024, the company will strictly follow laws, regulations, and regulatory requirements, implement the company's information disclosure management system, and fulfill its information disclosure obligations truly, accurately, completely, timely, and fairly. Specific aspects include:

a. Investor online communication activities

In the future, the company will continue to maintain active online communication with investors, enrich investor communication methods, expand communication channels, and enhance transparency. The company will hold no less than 4 investor online communication meetings each year through platforms such as "Shanghai Roadshow Center" and "Jinmen Finance", ensuring that the communication meetings are held within one week after the release of regular reports, with the company's chairman, general manager, and other key personnel actively participating in relevant activities.

b. Improve the investor opinion solicitation and feedback mechanism

The company will continue to improve the investor opinion solicitation and feedback mechanism, enhance the transparency of information disclosure, actively, timely, and in-depth understand investor demands and make targeted responses. This will allow investors to fully and timely understand the company's operating conditions and development strategies, strengthen communication with investors, and enhance investor trust in the company.

5. Deepen corporate governance and ensure standardized operations

The company attaches great importance to the soundness of its corporate

governance structure and the effectiveness of its internal control system, and will continue to improve the legal person governance and internal control systems, improve the standardization of company operations and the scientific nature of decision-making, and fully protect shareholder rights. The specific plan is as follows:

a. Accelerate the implementation of independent director system reform

The company will accelerate the implementation of independent director system reform, optimize the selection of audit institutions and internal audit management, further strengthen the supervision of branches and subsidiaries, and ensure the company's compliant operations.

b. Improve internal control construction

Combining the actual situation of the company, comprehensively sort out the original management systems, and establish a suitable internal control management system for the company under the premise of meeting internal control requirements, clarify the responsibilities and authority of relevant department personnel, and implement comprehensive management. The company will complete the update of its management system within the year.

c. Management self-discipline and compliance

The company's directors and senior management personnel will faithfully and diligently perform their duties, restrain occupational consumption behavior, not transfer benefits to other units or individuals, and effectively protect the legal rights and interests of the listed company and all shareholders. In major matters such as production and operation, investment and mergers and acquisitions, protect the legal rights and interests of investors, especially small and medium-sized investors, enhance investor participation and sense of identification.

d. Board and supervisory board and senior management training

The company's board and supervisory board members and senior management actively participate in various training organized by regulatory agencies such as the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange, strengthen the study of securities market-related laws and regulations, continuously improve self-discipline and compliance awareness, and promote the company's continuous standardized operation. The company will fully encourage and assist the board and supervisory board members and senior management to actively participate in relevant training in the future.

6. Strengthen the binding of management and shareholders' shared interests and the responsibility of the "key minority"

Since its listing, the company has maintained close communication with the actual controller, controlling shareholders, shareholders holding more than 5% of the shares, and other "key minorities" of the company, organized relevant parties to participate in training on the standardized operation of listed companies, case analysis of risk prevention, and training related to "honesty obligations of major shareholders and board and supervisory board members", promptly informed the latest regulatory information and regulatory cases, standardized the rights and obligations of the company and shareholders, prevented the abuse of shareholder rights and the advantageous position of management to damage the rights and interests of small and medium-sized investors; tracked the fulfillment of promises by relevant parties on a quarterly basis and conducted pre-communication to ensure that relevant parties fulfill their promises.

In 2024, the company will continue to strengthen communication with the "key minorities", guide shareholders to invest long-term, track the fulfillment of promises by the aforementioned relevant parties, continuously strengthen the sense of responsibility and fulfillment of promises of the relevant parties. At the same time, the company will continue to organize the aforementioned relevant parties to participate in various training organized by regulatory agencies such as the Shanghai Stock Exchange and the CSRC, promptly convey regulatory updates and regulatory dynamics, strengthen the "key minorities" learning of capital market-related laws and regulations, professional knowledge, and continuously improve their self-discipline awareness, jointly promote the company's standardized operation. Efforts will be made to guide the "key minorities" to convey confidence in the company's development prospects through commitments not to reduce holdings, increase holdings in the company's shares, and other methods.

7. Other matters

The company will continue to assess the implementation of the "Quality Improvement, Efficiency Enhancement, and Focus on Returns" action plan and timely fulfill its information disclosure obligations. The company will continue to focus on its main business, enhance the company's core competitiveness, profitability, and risk management capabilities. Through good business management, standardized corporate governance, and active investor returns, the company will effectively protect investor interests, fulfill the responsibilities and obligations of listed companies, reward investor trust, maintain the company's good market image, and promote the stable and healthy

development of the capital market.

The company's plans, development strategies, etc., mentioned in this report are forward-looking statements that have not yet become facts and do not constitute a substantive commitment from the company to investors. Investors are advised to pay attention to the relevant risks.

Thinkon Semiconductor Jinzhou Corp.

Board of Directors

March 30, 2024