

Thinkon Semiconductor

Corporate Value and Return Enhancement Action Plan 2025

Thinkon Semiconductor Jinzhou Corp. (hereinafter referred to as "Thinkon Semiconductor" or "the Company") believes that improving the quality of listed companies, enhancing returns to investors, and increasing investors' sense of gain are the inherent responsibilities of a listed company's development and its due obligation to investors.

The Company actively implements the relevant requirements of the "Several Opinions on Strengthening Supervision, Preventing Risks, and Promoting the High-quality Development of the Capital Market" and the "Opinions on Further Improving the Quality of Listed Companies" issued by the State Council. It responds to the "Initiative on Carrying out the 'Quality Improvement, Efficiency Enhancement, and Return Emphasis' Special Action for Companies Listed on the Shanghai Stock Exchange" by the Shanghai Stock Exchange, practices the development concept of listed companies that "puts investors first", and safeguards the interests of all shareholders.

Based on confidence in its future development prospects and recognition of the company's value, and earnestly fulfilling its social responsibilities, the Company specially formulates the **"Corporate Value and Return Enhancement Action Plan 2025"**. This plan summarizes the implementation of the 2024 plan, further improves the company's operational efficiency, strengthens its market competitiveness, protects investors' rights and interests, stabilizes the stock price, and builds a good image in the capital market. The main contents 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's large-diameter silicon material business achieved an operating income of

174,043,900 yuan, a year-on-year increase of 108.32%; the gross profit margin was 63.85%, a year-on-year increase of 13.73 percentage points; and the silicon parts products achieved an income of 118,494,100 yuan, a year-on-year increase of 214.82%.

In 2025, the Company will further focus on its main business and enhance its core competitiveness:

a. Seizing the Development Opportunities of the Semiconductor Industry's Recovery , Strengthening Marketing Efforts

Data from the World Semiconductor Trade Statistics Association shows that the global semiconductor market size in 2024 was \$628 billion, a year-on-year increase of 19.10%. Entering 2025, global leading IC manufacturers and semiconductor manufacturing equipment manufacturers have made predictions. TSMC and Lam Research expect that the global semiconductor market will continue to recover this year. The downstream demand for the Company's large-diameter silicon materials and their processed silicon parts products is closely related to the capacity utilization rate and new capacity of terminal IC manufacturers. Currently, it is still a period of development opportunities for the global semiconductor industry.

The Company will actively respond to the diversified demands of the rapidly growing domestic market. It will set up local offices, get closer to the actual production of customers, improve the feedback speed, proactively deploy market resources, integrate and improve technical, quality, and logistics services, and further enhance customer satisfaction. In the overseas market, it will make strategic arrangements, actively track the latest technological development demands, and collaborate with overseas partners based on its own advantages to further enhance the company's international market status.

b. Optimize Operational Management and Improve Business Quality and Efficiency

In 2025, 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, in 2024, due to the long evaluation and certification cycle of the Company's strategic business semiconductor 8-inch silicon wafer products, the average capacity utilization rate was limited. The

Company actively sought orders, took into account the needs of evaluation and certification and economic benefits, optimized the production scheduling plan, and adjusted the production and operation plan in a timely manner, reducing the inventory level. In 2025, the Company will continue to optimize the production scheduling plan, strictly manage inventory, and unremittingly pursue the optimal balance between R&D verification and economic benefits.

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 silicon materials.

In 2024, this project was in the stages of engineering construction and equipment installation. The production of the Company's large-diameter silicon material products was stable, the production capacity was gradually increasing, the product structure continued to be optimized and upgraded, and the revenue proportion of products above 16 inches with higher profit margins further increased from 39.01% in 2023 to 51.61% in 2024.

In 2025, the Company will accelerate the implementation of the raised-fund investment projects, strive for early commissioning, and achieve the expected benefits.

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 to reward all shareholders for three consequent years: 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 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 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.

In 2024, the Company plans to distribute a cash dividend of 0.75 yuan (including tax) for every 10 shares to all shareholders. As of the announcement date, the total share capital of the Company is 170,305,736 shares. After deducting 950,416 shares in the repurchase-dedicated account, the total planned cash dividend is 12,701,649 yuan (including tax). The proportion of cash dividends of the Company in the net profit attributable to shareholders of the listed company in the consolidated financial statements for this year is 30.87%. This profit-distribution plan has been reviewed and approved by the 4th meeting of the 3rd Board of Directors of the Company and still needs to be submitted to the general meeting of shareholders for review.

In terms of share repurchase, based on confidence in the Company's future sustainable development and recognition of the company's value, in order to enhance investors' confidence in the Company and promote the stable and healthy development of the Company, and effectively integrate the interests of shareholders, the Company, and employees, with the review and approval of the Company's Board of Directors and general meeting of shareholders, the Company started to implement the A-share repurchase in November 2023. By the end of the repurchase period, the Company had cumulatively repurchased 950,416 A-shares, accounting for 0.5579% of the Company's total share capital, and the total transaction amount was approximately 28,595,409.90 yuan (excluding transaction taxes and fees).

In 2025, 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 2025, 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. The Company's R&D investment as a proportion of its annual operating income from 2022 to 2024 was 7.30%, 16.64%, 8.26%, respectively. The Company has cumulatively obtained 12 invention patents, 86 utility model patents.

In 2025, the Company will stimulate the synergistic effects of R&D with the market, supply chain, and customer service. It will keep pace with the requirements of world-advanced semiconductor manufacturing processes, continuously strengthen its technical reserves, and build its core competitiveness. 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 "SSE E-Interaction" platform, and held investor communication meetings on platforms such as "SSE 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 held 2 earnings presentation meetings, carried out 2 investor relations management activities through new media, and had 2 offline investor exchanges. The relevant investor relations activity records have been promptly disclosed.

In 2025, 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 "SSE 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 2025, 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 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 25, 2025