

Corporate Value and Return Enhancement Action Plan 2024

Beijing YanDong Microelectronic Co., Ltd.

Beijing YanDong Microelectronic Co., Ltd. (hereinafter referred to as the "Company"), to uphold the development concept of an "investor-oriented" listed company, safeguard the interests of all shareholders of the Company, and based on the confidence in the future development prospects of the Company, recognition of the value of the Company, and the fulfillment of social responsibility, hereby formulate the action plan of "Corporate Value and Return Enhancement Action Plan" for the year 2024. This plan aims to continuously optimize the standardization of business operations and governance, actively reward investors, further enhance the company's operational efficiency, strengthen market competitiveness, and establish a good image in the capital market. The main measures are as follows:

I. Focusing on the core business and improving the operational quality

With the vision of "becoming an outstanding IC manufacturing (integrated circuit manufacturer) and system solution provider", the company has completed the initial layout of wafer production lines, adhered to the development direction of More than Moore, and integrated specialty processes, and followed the development route of IDM+Foundry. After more than 30 years of development and accumulation, the company has formed its own IDM operation mode integrating chip design, wafer fabrication, and packaging testing. At the same time, the company focuses on the development of specialty processes, which can flexibly and quickly support enterprises to continuously improve product performance, expand product functions, and enhance product competitiveness. The company has a wide range of products, mainly aimed at six major fields: AIoT (Artificial intelligence of things), new energy, automotive electronics, communications, UHD display (ultra-high-definition display), and specialized applications. In 2023, the company achieved a total operating income of 2,126.90 million yuan, a total profit of 455.52 million yuan, and the net profit attributable to the parent company's shareholders was 452.29 million yuan. Since the company's listing, it has been deeply cultivating its core business, comprehensively carried out the lean management infrastructure, promoted the expansion of the scope of

information technology application capabilities, continued to strengthen the production and scientific research to ensure the foundation, integrated to enhance the implementation of marketing planning capabilities. In 2024, the company will continue to promote the progress of the tasks in a coordinated manner, and continue to improve the quality of operations, as follows:

(i) Accelerating the pace of new capacity creep

To achieve the rapid commissioning and efficient operation of the new production capacity, the company has formulated a detailed capacity creep plan, carried out personnel training and recruitment, ensured the security and stability of the supply chain, introduced automation and intelligent technology, strengthened cross-departmental collaboration and communication, continuously improved production efficiency, established incentive mechanisms and policies and flexibly responded to market changes. This will help improve the competitiveness and market position of the enterprise and promote sustainable development.

1. Develop a detailed capacity ramp-up plan

Based on the consideration of equipment commissioning, staff training, raw material supply, market demand, etc., formulate a practical mass production ramp-up plan, and further define the tasks and objectives of each stage and the responsibility.

2. Ensuring the security and stability of the supply chain

Establish stable relationships with suppliers to ensure timely supply of raw materials, components, and auxiliary materials required for new production capacity, and conduct early assessment and auditing of key suppliers to minimize supply chain risks.

3. Enhance production automation and intelligence

During the design and construction phase of the new capacity, the company introduces advanced automation and intelligent technologies to improve production efficiency and product quality and uses intelligent monitoring and data analysis tools to track production in real time, identify problems, and adjust production strategies on time.

4. Establishment of special incentive programs

Set up special incentive programs for new capacity climbing, such as reward system, grade promotion, title evaluation, etc., to stimulate employees' motivation and creativity, and provide incentives and commendations to employees and teams with outstanding performance in the process of climbing.

(ii) Increased capacity utilization

The company's 6-inch production line is designed to have a capacity of 65,000 wafers per month. The 8-inch production line is designed to have a capacity of 50,000 wafers per month, and the 12-inch production line is designed to have a capacity of 40,000 wafers per month. The company will synergize production process, personnel skills, equipment maintenance, market demand, and other aspects in order to improve capacity utilization:

1. Optimize business processes

Optimize the production process by improving the production process, reducing the number of production links, and improving production efficiency. Fully deepen the application of various production management systems to further enhance the automation and intelligence of the production process and improve production efficiency and product quality;

2. Upgrading personnel skills

Strengthen employee training and education to improve their professional skills and comprehensive quality, through regular technical training, job rotation, and performance appraisal, the company stimulates the enthusiasm and creativity of the employees and improves their work efficiency and product quality;

3. Strengthening preventive maintenance of equipment

Through regular equipment overhaul and maintenance, strengthen the preventive maintenance of equipment, reduce the frequency of equipment failures, ensure that the equipment is in good operating condition, and further improve the utilization of the equipment;

4. Optimize product mix

According to the market demand, optimize the allocation of resources, further develop high-value-added products, and continuously improve the utilization rate of production capacity and the efficiency of fixed assets.

II. Emphasize R&D investment, adhere to the leading technology, and enhance core competitiveness

In recent years, the company has continuously increased R&D (Research and Development) investment, mastered independent core technology through continuous innovation, followed the new trend of global market and technology development,

updated product categories, and enhanced the space for future industrial development. Based on the 6-inch, 8-inch, and 12-inch chip lines, the company has gradually built up a chip manufacturing platform with characteristic processes in the directions of power semiconductors, ASICs, optoelectronics, and sensors. The company has built various process platforms including planar MOSFET, trench MOSFET, planar IGBT, trench IGBT, SGT, BCD, MEMS, BJT, TVS, JFET, SBD, FRD, analog, and CMOS ICs, etc., and the technological nodes cover 0.35 μm , 0.18 μm , 90 nm, and further to 65 nm. In addition, "Moore's Law" is approaching its physical limit, in the post-Moore era, the company adheres to the development direction of More than Moore and actively lays out in the field of silicon-based optoelectronics and third-generation semiconductors of SiC and GaN.

In 2024, the company will continue to improve its scientific and technological innovation capabilities, focusing on the following areas:

(i) Increasing R&D efforts

With the continuous development of technology in the field of microchips, the company is facing more intense market competition, to keep up with the development of technology to complete the technology iteration, and continue to improve the company's technical strength and product quality, in order to adapt to the increasingly fierce market environment, to meet the customer side of the ever-changing needs, to continue to strengthen the investment in research and development is the company must take measures.

1. Guaranteeing financial inputs

Fully guarantee the financial input of each key R&D project, provide all kinds of software and hardware resources needed for the project, and guarantee the smooth progress of technical product development.

2. Adequate strategic assessment

Prioritize different projects, conduct resource demand and capacity analysis, and evaluate them in terms of the strategic role of the products, ROI, risk, etc. On this basis, resources are deployed to ensure that R&D investment is more reasonable and efficient.

3. Strengthening cooperation between industry, academia and research

Actively conduct joint product development and technology expansion research with research institutes, universities, and other research organizations, apply for and develop cooperative projects with relevant parties, accelerate the integration of industry, academia, and research and school-enterprise cooperation, jointly explore new

technologies and solutions, absorb the transfer of advanced technological achievements in the industry, continuously improve the technological advancement and innovation of the enterprise, and ensure the effective utilization and transformation of the company's R&D investment.

(ii) Further strengthen the construction of the scientific and technological innovation talent team.

Vigorously introduce industry experts, strengthen their own talent training and team building, enhance the overall level of the R&D team, while improving the R&D management incentive system, to create an efficient and executive R&D team, give full play to the advantages of R&D personnel, and produce synergistic effects.

1. Talent Recruitment

Actively formulate human resources development strategy, strive to recruit top-tier professionals, highly skilled personnel, and other types of professional and technical personnel, and constantly enrich the enterprise science and technology innovation talent team.

2. Talent cultivation

Actively coordinate high-quality university resources, based on giving full play to the synergistic effect of the upstream and downstream of the industrial chain, to open up a talent cultivation pathway, and to establish a joint talent cultivation pattern with universities and enterprises.

3. Talent motivation

Increase the rewards for outstanding achievements in scientific and technological innovation, create value, establish and improve the institutional mechanism for rewarding scientific and technological innovation, and stimulate the enthusiasm and initiative of talents to carry out innovative work around industrial development.

(iii) Strengthening research project management

By improving the existing research project management system, the Company continuously standardizes and optimizes the R&D process and builds an efficient and controllable R&D management system.

1. Strengthen the construction of a technological innovation management system

Further improve the organizational structure of science and technology innovation management and personnel duties, continuously improve the existing R&D system and optimize the business process, so that the R&D collaboration process and R&D norms are institutionalized, and continue to improve the ability of all scientific researchers of

the "triple specialization and triple professionalization" capability, which are specialized on concentration, professionalism, focus, and professionalize on professionalism, competence, modernization.

2. Strengthening R&D project management

Before the establishment of the project, the Company carries out sufficient risk identification and establishes necessary countermeasures to ensure that the project is achieved according to the plan. Gives full play to the means of information technology to establish an enterprise-level project management information system, establish an effective online management process for research projects, including the approval of new products, time node control, and other processes, and utilizes the means and tools of information technology to enhance the efficiency of R&D project management and reduce management costs.

3. Develop a detailed plan

Formulate progress plans for R&D projects, strengthen monthly and quarterly supervision and inspection against the plans, coordinate project resources, and ensure that scientific research projects are promoted and completed as planned.

4. Strengthening scientific management

Make full use of APQP advance quality planning tools in different stages of R&D project planning, execution, summary, etc., sort out the relevant processes and form an effective APQP list to meet the needs of each stage of the R&D project, and comprehensively use FMEA, perform risk identification and process documentation at all stages of the project to ensure smooth implementation of R&D projects.

(iv) Developing specialized R&D incentive mechanism

Strengthen the construction of a performance appraisal system for scientific research projects, establish a performance-oriented organizational atmosphere, fully mobilize the work enthusiasm and work values of the company's R&D personnel, and ensure that the R&D projects are completed on schedule, with high quality and efficiency.

1. The completion of the progress of the research project is linked to the allocation and incentive content of the project manager and the executive team.

2. Evaluate and motivate the company's R&D technicians by linking the participation and completion of science and technology innovation projects with promotion evaluation points, project awards, or honorary recognition.

3. Encourage researchers to actively participate in the declaration of intellectual property rights, improve patent rewards, and combine the quantity and quality of intellectual property rights formed in scientific and technological innovation with the evaluation of promotion and rewards for researchers, so as to improve the enthusiasm of researchers for innovation and stimulate the innovation power of enterprises.

III. Continuous optimization of financial management to improve operational and capital efficiency

In recent years, the company attaches great importance to financial management, constantly improves the internal control system related to finance, and strengthens the identification and control of financial risks. The company has empowered financial management with digital means, opened up the interface between the financial system and the business system, and improved the efficiency of financial operations. Moreover, the Company strengthened the integration of business operation and finance, established the process management mechanism of inventory and accounts receivable and the price management system of procurement and sales, and accelerated the turnover of assets. Reasonable integration of funds and revitalization of stock funds effectively improved the return on funds. In 2024, the company will further optimize the financial management mechanism, deeply promote the financial lean management initiatives, and continuously improve operational efficiency and capital efficiency. Specific measures are set out below:

(i) Optimize target cost management and enhance product profitability

Within the scope of an annual budget, according to the company's business objectives, combining the process characteristics and production flow of each business segment, focusing on market changes and customer demand, the company reasonably determines the target cost and carries out the decomposition, control analysis, assessment, and evaluation of the target cost, in order to reduce the loss and enhance the profitability of the products.

(ii) Strengthening the management of "two funds" and enhancing the operational efficiency of assets

Optimize the customer credit assessment mechanism, strengthen the management of customer credit accounts, increase the collection of accounts receivable of three years and above, and reasonably control the scale of accounts receivable. Strengthen supply chain management, control procurement costs, shorten inventory time, reasonably

reduce the scale of inventory, and improve inventory turnover efficiency.

(iii) Deepening the management of funds and bills and enhancing the effectiveness of treasury management

Implementing monthly rolling budget mechanism, value management of idle fundraising funds and own funds, focusing on the purchase of capital-protected products with high security and strong liquidity and improving the return of funds. Strengthen the management of bills and implement bill pool financing with the help of financial institutions to ensure the balance of fund liquidity and enhance the effectiveness of treasury management.

IV. Improving corporate governance and promoting high-quality development of the company

The Company attaches great importance to the improvement of its governance level and the establishment of a sound internal control system. The powers and responsibilities of the shareholders' general meeting, the Board of Directors, the Supervisory Committee, and the management layer of the Company are clearly defined, and the Board of Directors has set up four specialized committees, namely, the Strategy Committee, the Audit Committee, the Nomination Committee, and the Remuneration and Evaluation Committee, to provide advice and recommendations for the Board of Directors to make major decisions, so as to ensure that the Board of Directors deliberation and decision-making are professional, efficient, fair and reasonable.

In 2024, the Company will continue to improve the corporate governance structure and internal control system, and enhance the standardized operation and scientific decision-making:

(i) Regulating operations

The Company will strengthen the learning and training efforts for the directors, supervisors, and key position holders to improve their standardized operation and management level and ability to perform their duties, strengthen operational resilience, and continue to increase the Company's core competitiveness, profitability, operational efficiency and risk prevention and control capabilities, and effectively enhance the effectiveness of the Board of Directors' governance, decision-making efficiency, and operational effectiveness. The Company creates a good working environment for independent directors, strengthens its supervision mechanism, opens an exclusive office, designates the Board of Directors' Office as a communication service

organization, and is specifically responsible for the preparation of materials for meeting motions, information feedback, etc., which facilitates the independent directors to carry out on-site work for no less than 15 days each year, and provides convenient conditions for the work of independent directors. At the same time, the Company will report to the independent directors on the operation situation and major issues on time and submit relevant documents to effectively safeguard the right to information of independent directors.

(ii) Internal governance

The Company will take into account the latest provisions of laws and regulations, departmental rules of the Securities and Futures Commission, and the business rules of the Stock Exchange relating to independent directors and shareholders' returns, accelerate the implementation of the reform requirements of the independent directors' system, optimize the selection and appointment of accounting firms and the management of internal audits, revise and improve the relevant management system and a number of internal control systems, and strictly formulate the relevant approval process, so as to provide a strong safeguard for the legitimate rights and interests of all shareholders. At the same time, the management of the company will take the lead in conducting a comprehensive combing of the internal control system, conduct an in-depth investigation of the potential pitfalls of the Company, and carry out rectification of the problems found, so as to promote the Company's continuous realization of high-quality development.

V. Focus on shareholder returns and improve investor return mechanisms

The Company attaches great importance to shareholders' return on investment and endeavors to create long-term sustainable value for shareholders and has formulated and undertaken to strictly comply with the relevant profit distribution policy applicable under the "Beijing YanDong Microelectronic Co., Ltd. on Shareholders' Dividend Return Planning for Three Years after Listing", "Articles of Association of Beijing YanDong Microelectronic Company Co., Ltd" and other regulations. On September 3, 2021, the Board of Directors of the Company considered and approved the profit distribution policy and the dividend return plan for three years after the initial public offering of RMB ordinary shares (A shares) and listing on the Technology and Innovation Board of the Shanghai Stock Exchange. On April 26, 2024, the Company convened the Second Meeting of the Second Board of Directors, and considered and

approved the "Proposal on the Company's Profit Distribution Plan for the Year 2023". For the year 2023, the Company proposed to distribute a cash dividend of RMB0.4 (inclusive of tax) for every 10 shares to all shareholders. As of December 31, 2023, the total share capital of the Company was 1,199,104,111 shares, and the total cash dividend to be paid in this way is 47,964,164.44 yuan (including tax), accounting for 10.6% of the net profit attributable to shareholders of the listed company for the year of 2023, and the Company will enhance investors' confidence through the implementation of the cash dividend and other means.

In 2024, the Company will continue to put the needs of its investors at the top of the agenda. According to the current stage of development, the current situation of the business, the future development plan to coordinate the dynamic balance between business development, performance growth, and shareholder returns, taking into account the long-term development of the Company while ensuring shareholders feel the fruits of the Company's development, and to establish a "long-term, stable and sustainable" shareholder value return mechanism to enhance investors' confidence in the Company's development.

VI. Continuously strengthening communication with investors and continuously improving the quality of information disclosure

Since listing, the Company has established open, fair, transparent, and multi-dimensional investor communication channels, strengthened exchanges and communications with investors through the Shanghai Stock Exchange e-interactive platform, investor mailboxes, investor hotline, acceptance of on-site research, and other forms of exchange and communication, and regularized the holding of performance briefings after the disclosure of regular reports, to deepen the investors' understanding of the Company's production and operation, and to better convey the Company's investment value. The Company strictly abides by the laws and regulations and the provisions of the regulatory bodies to ensure that in accordance with the Company's information disclosure management system, the information disclosure obligations are fulfilled in a truthful, accurate, complete, timely, and fair manner, so as to enhance the sense of identity of investors towards the Company and to build up the confidence of the market.

In 2024, the Company will continue to communicate the Company's operating results and financial condition to investors in a timely, open, and transparent manner

through many channels such as announcements of listed companies, investor communication meetings, performance briefing sessions, Shanghai Stock Exchange e-interactive platform, telephone calls, and emails.

VII. Strengthening the constraints on the sharing of benefits between management and shareholders

To strengthen the constraints on the sharing of benefits between management and shareholders, the following initiatives have been developed based on the company's realities.

Following the Company's relevant policy requirements and actual situation, the Company has formulated the "Management Measures for Professional Managers", and the "Management Measures for Performance Assessment of Professional Managers" and other systems. The Company has clarified the mechanism of closely linking the remuneration of the management with the Company's core business indicators, such as business performance and major projects, formulated the annual/term "Performance Evaluation Work Plan for Professional Managers", established a reasonable mechanism for the payment and distribution of remuneration, and dynamically adjusted the remuneration of the management based on the results of the annual/term performance appraisal and evaluation. The accountability system for professional managers has been clearly defined in the "Management Measures for Professional Managers", the "Management Measures for Performance Assessment of Professional Managers" and the contractual documents, under which the Company has the right to recover the remuneration paid if the management is found to be responsible for any serious dereliction of duty and malfeasance of the Company, a serious violation of discipline and law or decision-making errors that may lead to significant losses of the Company. The "Heads of Affiliated Companies Subject to Party Disciplinary and Governmental Actions " clearly defines the salary deduction standard of the head of the affiliated company who is subject to Party disciplinary and governmental punishment; if the salary fulfillment of the current year has been completed, the annual salary will be deducted from the salary fulfillment of the next year by taking the annual salary of the performance of the fulfillment year as the base.

In 2024, following the requirements of deepening the "Science Reform Action", the Company will better integrate organizational performance and individual performance management, construct a performance appraisal mechanism that matches

the characteristics of the industry and the stage of development, revise the "Performance Management Measures", and formulate an individual performance management plan for 2024. Benchmark the cadre management system of BEHC, promote the contractual management of middle-level cadres under the tenure system, revise and improve the "Interim Measures for Management of Cadre Selection and Appointment", formulate the implementation plan for the tenure appointment of middle-level cadres, and implement the annual contractual management tasks and objectives. Continuously improve the contractual management system of top management personnel, establish the index system combining quantitative and qualitative, and the co-existence of operation category and key task category, further strengthen the responsibilities, rights and obligations of management members, sign the annual and tenure appraisal and incentive contract with each professional manager, strengthen the management of target responsibility, and formulate the annual performance assessment work plan based on the "Management Measures for Performance Assessment of Professional Managers", the annual performance appraisal work program was formulated to make it clear that if the performance result of the current year of the term of office is less than 70 points or the annual performance appraisal score is less than 80 points for two consecutive years, the position will be dismissed; and if the result of the term of office performance appraisal is less than 80 points, the term of office performance remuneration will be zero, and the position will be dismissed. The results of the job performance appraisal are linked to the results of the company's party-building appraisal. If the result of the party-building tenure assessment is less than 70 points, and if the result is less than 80 points for two consecutive years, the position will be dismissed.

VIII. Strengthening the responsibility of the "key few"

To effectively protect the legitimate rights and interests of investors and maximize the overall interests of the Company, the controlling shareholder of the Company, the actual controller of Beijing Electronics Holdings Co., Ltd, the relevant directors, and senior management have made the relevant important commitments regarding the lock-up of shares and the commitment to stabilize the share price. The company will continue to pay attention to the fulfillment of the obligations and do a good job of pre-communication to ensure that the relevant commitments are strictly enforced. At the same time, the Company passes the relevant laws and regulations, the training contents

of the Shanghai Stock Exchange, and other regulatory organizations to the key few personnel on time, and strengthens the learning of professional knowledge.

In 2024, the Company will continue to maintain close communication with directors, supervisors, senior management, and other "key few", and actively organize directors, supervisors, and relevant staff to participate in the training of the Securities and Futures Commission and the Stock Exchange on the governance of listed companies, disclosure of information, finance and other related training, and invite intermediaries such as the sponsoring agency, law firm, etc. to conduct no less than three trainings for the directors and supervisors of the Company to learn the relevant laws and regulations of the securities market. Continuously enhance the awareness of self-discipline, strengthen the sense of responsibility and fulfillment, and jointly promote the Company to achieve standardized operation.

IX. Continuous evaluation to improve action programs

The Company will continue to evaluate the specific initiatives of the "Corporate Value and Return Enhancement Action Plan" and fulfill the information disclosure obligations promptly. Moreover, the Company will continue to focus on the main business, improve its risk management ability, profitability, and core competitiveness, and strive to fulfill the responsibilities and obligations as a listed company through good performance, standardized corporate governance, and positive investor returns, so as to establish a "long-term, stable and sustainable" shareholders' value return mechanism, to return the trust of our investors, and maintain a good market image of the Company.

Board of Directors of Beijing YanDong Microelectronic Co., Ltd.

April 27, 2024