

stock abbreviation: GalaxyCore

Stock code: 688728

GalaxyCore Inc.

**2024 Implementing Plan for  
"Enhancing Quality and Increasing Efficiency  
to Ensure Returns"**

GalaxyCore Inc. (hereinafter referred to as "GalaxyCore" or the "Company") is committed to practicing its corporate mission of "Showcasing China's innovation and the integrity of Chinese enterprises worldwide". Upholding the development principle of "investors first", the Company is steadfast in protecting the interests of all shareholders, fostering a good market image, and promoting high-quality development. With confidence in the Company's prospects, the Company has formulated the 2024 Implementing Plan for "Enhancing Quality and Increasing Efficiency to Ensure Returns". This plan was approved by the 3rd meeting of the 2nd session of the Company's Board of Directors on April 25, 2024.

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## **Focusing on upgrading and revitalizing core operations to enhance production and operational efficiency**

After 20 years of development, GalaxyCore has become a renowned leading semiconductor enterprise at home and abroad.

The core business of the Company includes the research and development, design, packaging and testing, and sales of CMOS image sensors and display driver ICs. The products of the Company are primarily used in the mobile phone sector, and widely applied in areas such as tablets, laptops, wearable devices, mobile payments, automotive electronics, and other consumer electronics and industrial applications.

## 1. Delving deeper into demands, focusing on core business, and consistently promoting the upgrading and iteration of products



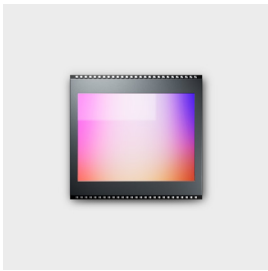
Currently, the Company primarily operates three product lines: CMOS image sensors for mobile phones, CMOS image sensors for non-mobile phone applications, and display driver ICs. As for CMOS image sensors, the Company offers CMOS image sensors ranging from QVGA (80,000 pixels) to 50 megapixels, and the major breakthroughs achieved in 2023 are as follows:

- ◎ The Company successfully achieved mass production and product delivery of 32-megapixel image sensor products, reflecting customers' recognition on the products developed based on its independently high-pixel single-chip integration technology.
- ◎ The Company successfully developed 50-megapixel products, transitioning its product positioning from the traditional 2 to 8-megapixel range to 50-megapixel and beyond. This provides a robust assurance for its venturing into the high-pixel image sensor market.
- ◎ As for non-mobile phone image sensors, the Company successfully launched GC8613, a 4K image sensor featuring wide dynamic range and low power consumption, which further upgrades its product specifications. In the field of automotive electronics, the Company's products are mainly used for areas such as dash cameras, backup cameras, 360-degree surround view systems, and rear-view applications. In 2023, the Company achieved a revenue of RMB200 million in the aftermarket for automotive electronics.

As for display driver ICs, the Company mainly provides LCD displays with resolutions between QQVGA and FHD+ and TDDI displays with HD and FHD resolutions, and its products are mainly used in small and medium-sized displays for mobile phones, wearables, industrial control systems, and household products. Its TDDI products in HD and FHD resolutions have secured orders from internationally renowned mobile phone brands.

In 2024, the Company will keep upholding the customer-centric principle, gaining a deep understanding of customer needs, continuously optimizing product structure to meet evolving product demands, and enhance customer loyalty. The main optimization directions include:

## CMOS image sensors for mobile phones

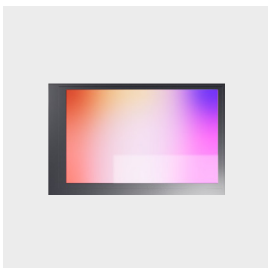


GC13A2

- ① The Company's self-developed GC13A2 13-megapixel image sensor, which supports single-frame and high dynamic range (HDR), has been validated by the first batch of brand customers. This product is expected to enter mass production stage in 2024.

- ② In 2024, the Company will continue to develop and iterate on high-pixel technologies related to products, securing its leading position in this technological arena following its global pioneering of high-pixel and single-chip technology. In addition, the Company will also develop more high-performance products with its self-developed single-frame and high-dynamic technology. This effort aims to broaden the scope of downstream applications of its products, expand its market share in high-pixel CMOS image sensors, and spearhead the evolution of high-pixel and single-chip technology as the prevailing standard for advanced CMOS image sensors.

## CMOS image sensors for non-mobile phone applications

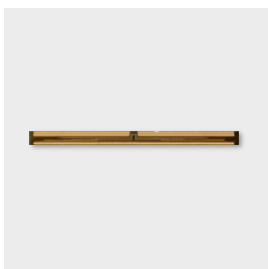


GC8613

- ① In 2024, the Company will actively propel the mass production of GC8613 and further promote the Company's non-mobile phone CMOS products with 4-megapixel and 8-megapixel to empower applications such as smart cities, smart homes, and conference systems.

- ② In 2024, the Company will continue to expand in the aftermarket for automotive electronics and actively develop CMOS image sensor products that meet vehicle regulations and are applicable to factory installation, aiming to client-side delivery and testing.

## Displaying driver ICs



- ① In 2024, the Company will further expand its applications in various intelligent scenarios such as smart homes, healthcare, and commercial displays. The Company will continue to expand the sales share of TDDI products and continuously enhance the product competitiveness.

- ② The Company expects to launch AMOLED products designed for wearable devices in 2024. In the future, AMOLED display driver ICs will emerge as an important growth driver for the Company.



## 2. Deepening the Fab-lite model to continuously optimize operational efficiency

In December 2023, the Company's "project for the research and industrialization of distinctive technology in 12-inch CIS integrated circuit" reached the planned usable state and was successfully completed.

This accomplishment signifies the Company's transition from a Fabless operating model to Fab-lite.

The new production capacity from this fund-raising project was primarily used for manufacturing mid-to-high-end CIS products, which is a complementary and enhancement of the product line in addition to its existing business.



This project contributes to integrating the Company's resources in chip design and manufacturing, enhancing the design and process level in the field of back-illuminated image sensors, and accelerating the industrialization of research and development achievements. These achievements are beneficial for strengthening the Company's core competitiveness and laying the foundation for increasing market share and expanding its leading edge.

In 2024, the Company will further deepen its Fab-lite operating model, building and strengthening an operational system and structure that is more suitable for Fab-lite, based on its previous Fabless model. This endeavor aims to enhance the Company's operational efficiency. On the one hand, the Company will enhance the self-operation capability of its subsidiary, GalaxyCore Semiconductor (Shanghai) Limited (hereinafter referred to as "GalaxyCore Semiconductor"), ensuring capacity improvement while maintaining utilization rate and production yield to achieve cash flow breakeven for GalaxyCore Semiconductor. On the other hand, the Company will continue to enhance liquidity risk management. These measures include increasing the proportion of long-term debt, diversifying financing sources, strengthening financial analysis and management systems, and other measures. In doing so, the Company aims to ensure that debt risks are controllable and providing solid financial support for the stable operation and sustainable development of enterprises.

### 3.

## Implementing the concept of "new quality productivity" to build core technological competitiveness

The Company has always regarded the innovation capabilities in technology R&D and product design as the primary drivers of value creation. Over the years, the Company has been committed to the research and development of core technologies, adhering to an orientation towards independent R&D, and has established a comprehensive independent R&D system.

<p>The Company's total R&amp;D investment amounted</p> <p><b>79,538</b> million</p> <p>representing 17% of the current operating income</p> <p><b>17%</b></p>	<p>The Company added 26 new invention patents</p> <p><b>26</b></p> <p>bringing the total number of invention patents</p> <p><b>244</b></p>	<p>received authorization for 3 new utility model patents</p> <p><b>3</b></p> <p>resulting in a total of 213 new utility model patents</p> <p><b>213</b></p>
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In 2023, the main R&D achievements obtained by the Company are as follows:

<b>June 2023</b>	<ul style="list-style-type: none"> <li>◎The Company released GC8613, a new high-end, star-level wide dynamic range 4K image sensor</li> <li>◎The 32-megapixel image sensor products went into mass production</li> </ul>
<b>July 2023</b>	<ul style="list-style-type: none"> <li>◎The Company released image stabilization technology for the dynamic chip</li> </ul>
<b>August 2023</b>	<ul style="list-style-type: none"> <li>◎The Company released the industry's first DAG single-frame and high dynamic range 13-megapixel image sensor</li> </ul>
<b>December 2023</b>	<ul style="list-style-type: none"> <li>◎The Company released two single-chip 50-megapixel image sensors</li> </ul>



In 2024, the Company will continue its commitment to independent research and development, ensure steady investment in R&D and actively implement the concept of "new quality productivity". Based on the Fab-lite business model, the Company makes innovation its primary driving force, aiming to create "high-tech, high-efficiency, high-quality" productivity. Leveraging the Company's pioneering high-pixel single-chip technology and other advancements, we will accelerate the transformation and empowerment of core technologies into products. This will steadily propel the Company's development, maintaining industry leadership and core competitiveness. In 2024, the Company plans to focus on the following R&D projects:

No.	Project name	Total project investment	Amount cumulatively invested	Progress or phased result	Objectives to be achieved	Technological level	Application prospect
1	R&D of the second-generation BSI sub-micron high-pixel CMOS image sensor chips	15,000.00	14,035.93	Under research	Upgrade the process of domestic fabs, research new process technology, logic architecture, digital algorithms, analog circuits, and packaging technology so as to manufacture high-performance 0.7um BSI CMOS image sensors, and to meet the demand of customers for BSI CMOS image sensor chips higher than 32M.	Domestically leading	CMOS image sensor chips
2	R&D and industrialization of the sixth-generation high-performance 1.12um BSI CIS	4,500.00	2,685.86	Under research	The project will upgrade the process of domestic fabs and manufacture high-performance 1.12um BSI CMOS image sensors that support video HDR.	Internationally leading	CMOS image sensor chips
3	R&D and industrialization of the application of adaptive white point removal algorithm to 5M products	4,200.00	2,120.96	Under research	Improve the performance of 5M products, raise testing efficiency and reduce overall product costs with the upgraded adaptive white point removal algorithm.	Internationally leading	CMOS image sensor chips
4	R&D of the first-generation 4K CMOS image sensor chips	4,000.00	3,222.02	Under research	Develop a high-performance image sensor featuring an image resolution of 4K (3840×2160), ultra-high light sensitivity, very low noise and ultra-high dynamic range.	Internationally leading	CMOS image sensor chips
5	R&D of AMOLED display driver ICs for intelligent wearables	7,800.00	6,582.28	Under research	Develop AMOLED display driver ICs for intelligent wearables	Domestically leading	Display driver ICs

No.	Project name	Total project investment	Amount cumulatively invested	Progress or phased result	Objectives to be achieved	Technological level	Application prospect
6	R&D of the first-generation 4K CMOS image sensor chips with a large sensor size	4,000.00	1,808.81	Under research	Develop a high-performance image sensor featuring an optical sensor size of 1/1.8, image resolution of 4K (2688×1520), high light sensitivity, low noise and high dynamic range.	Domestically leading	CMOS image sensor chips
7	R&D of the seventh-generation high-performance 1.12um BSI CIS embedded OCF	6,000.00	2,243.18	Under research	Apply embedded OCF to 1.12um BSI CMOS image sensors.	Domestically leading	CMOS image sensor chips
8	R&D of the second-generation new pixels	8,000.00	7,865.63	Under research	Develop a 0.64um 50M-pixel image sensor, with a new pixel architecture adopted for 0.64um pixel to achieve full isolation between pixels.	Internationally leading	CMOS image sensor chips
9	R&D of high-performance 1.0um high-pixel CMOS image sensors	8,000.00	203.41	Under research	Build high-performance 1.0um high-pixel products based on lately developed process and technology, logic architecture, digital algorithm, analog circuit, and encapsulation technology.	Internationally leading	CMOS image sensor chips
10	R&D of the third-generation BSI sub-micron high-pixel CMOS image sensor chips	8,000.00	71.53	Under research	Build high-performance 0.8um BSI CMOS image sensors based on lately developed process and technology, logic architecture, digital algorithm, analog circuit, and encapsulation technology.	Internationally leading	CMOS image sensor chips
11	R&D of high-performance and low-cost QQVGA-resolution display driver ICs	3,000.00	1,126.76	Under research	Develop high-performance and low-cost QQVGA-resolution (128RGB*160) display driver ICs.	Internationally leading	CMOS image sensor chips
12	R&D of the first-generation CMOS image sensor chips	4,000.00	1,665.34	Under research	Develop a high-performance image sensor featuring low image resolution consumption, high light sensitivity, low noise and high dynamic range.	Domestically leading	CMOS image sensor chips
<b>Total</b>	/	76,500.00	43,631.71	/	/	/	/

## 4.

### Delving deeper into demands, focusing on core business, and consistently promoting the upgrading and iteration of products

Outstanding talent serves as the important foundation and driving force for the development of semiconductor enterprises, acting as the lifeblood of technological innovation. As of the end of 2023, GalaxyCore's R&D personnel increased by 227 compared to the same period last year, representing a year-on-year growth of 49.56%.

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227

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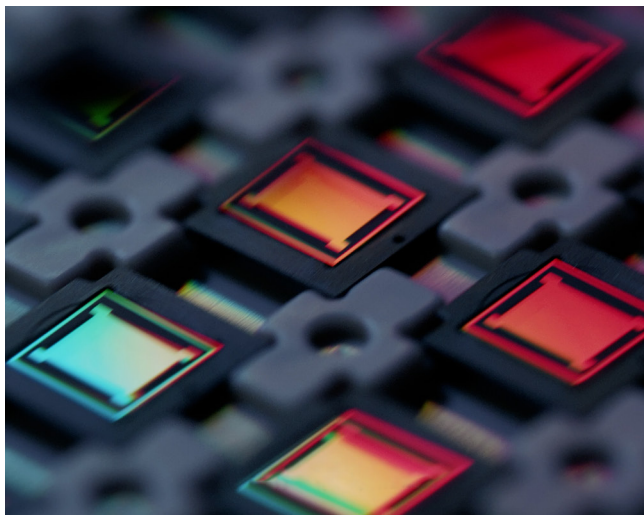
The Company places great emphasis on continuous investment and positive incentives for its R&D team. The Company aims to further improve the corporate governance structure, establish and strengthen a long-term incentive and constraint mechanism, attract and retain outstanding talent, fully motivate their

enthusiasm and creativity, and effectively enhance the cohesion of the core team and the core competitiveness of the enterprise. As part of this effort, the Company has formulated and released an incentive plan based on the revenue of product lines with 13-megapixel and above as the assessment indicator.



In June 2023, the Board of Directors of the Company approved the 2023 Restricted Stock Incentive Plan, granting 9.5 million restricted stocks for the first time, accounting for 0.38% of the Company's current total share capital, at a price of RMB8.97 per share to 145 eligible incentive recipients.

In addition, the Company places great importance on identifying and nurturing talents. In 2023, the Company attained the status of the "Honored Partner of the China Graduate Chip Innovation Contest". To continuously strengthen its independent research and development capabilities and attract more new R&D talent, the Company plans to deepen its collaborations with various universities and research institutions in the future. This collaboration aims to promote talent cultivation, technological innovation, and knowledge sharing, nurturing new talent in the industry and continuously enhancing the influence of technological innovation.



## Improving the internal governance structure and strengthening the responsibility of “critical minority”

The Company has continuously improved the corporate governance structure in accordance with relevant laws, regulations and normative documents such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Governance Rules of Listed Companies and the Guidelines for the Articles of Association of Listed Companies. At present, a standard operating system centered on the general meeting of shareholders, the Board of Directors, special committees and senior management has been established.

In 2024, the Company will continue to optimize corporate governance, strengthen communication with investors, and safeguard and protect the legitimate rights and interests of all shareholders. Specific priorities and plans are as follows:



## 1. Optimizing internal control and strengthening compliance management

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In December 2023, the Company concluded a fresh round of Board of Directors elections. In March 2024, the Company revised the Articles of Association and the rules of procedure of the special committees of the Board of Directors to optimize and formulate the procedures and system for the selection and appointment of audit institutions, respectively; and in accordance with the Administrative Measures for Independent Directors of Listed Companies and the Working Policy for Independent Directors, the Company further clarified the responsibilities of independent directors, optimized their performance, assessed their independence on a regular basis, and gave full play to the role of independent directors.

In 2023, the Company arranged for relevant personnel to attend various special training programs organized by the Shanghai Stock Exchange and the China Association for Public Companies to continuously

strengthen and improve the awareness of the "critical minority" for compliance and their ability to their duties. In 2024, the Company will continue to actively organize the directors, supervisors and senior management to participate in trainings provided by the CSRC and the Shanghai Stock Exchange, and plans to internally organize or invite external intermediaries to carry out themed trainings for the Company for no less than [4] sessions, with the proposed topics covering corporate governance of listed companies, disclosure of information, performance of duties by independent directors and other latest policies and regulations. The Company will also continuously improve the performance ability and professional quality of the "critical minority" by organizing relevant personnel to study the laws, regulations, and policies on the capital market, aiming to continuously improve its ability to operate in a standard manner.

## 2. Implementing the requirements on independent director reform

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In 2024, the Company will actively report on business operations and significant matters to independent directors in various forms, including on-site meetings, site visits, and special reports on key matters. Relevant documents will also be submitted to provide comprehensive and convenient conditions for independent directors to fulfill their duties. Additionally, the Company will prepare exclusive workplaces and environment for independent directors, and make the office of the Board of Directors the communication and coordination department to ensure that independent directors can conduct on-site work efficiently and professionally for at least 15 working days each year. The Company will regularly assess the independence of independent directors to ensure their independence and impartiality in fulfilling their duties.

## Enhancing the effectiveness of information disclosure and normalizing investor communication

Enhancing information disclosure and investor relations management is an important measure for the Company to improve its governance level, enhance market transparency and establish a positive corporate image. The Company has always attached great importance to information disclosure, and has conscientiously fulfilled its information disclosure obligations in strict accordance with the Listing Rules of the Science and Technology Innovation Board of the Shanghai Stock Exchange and the Administrative System of Information Disclosure Matters of the Company and other relevant regulations to disclose the Company's periodic reports, interim announcements and other material information in a true, accurate, complete, timely and effective manner.

The Company's information disclosure was rated A in the 2022 - 2023 information disclosure evaluation of listed companies on the Shanghai Stock Exchange. In 2023, the Company disclosed a total of [65] interim announcements, submitted [4] periodic reports, held [3] results briefings, and disclosed ESG reports for two consecutive years.

In 2024, the Company will continuously optimize information disclosure and investor relations management efforts in the following ways:





## 1. Improving the readability of information disclosure

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- ◎ In periodic reports and interim announcements, the Company places great emphasis on optimizing the language and structure of its announcements, using more accessible language and avoiding the use of overly professional or obscure terms to make the presentation of information clearer.
- ◎ After the disclosure of the annual and semi-annual results reports, the Company releases a series of visual reports called “Understand in One Graph” in a timely manner to interpret the reports more intuitively and help investors better understand the Company’s operating results, financial conditions and development strategy.
- ◎ When organizing online or offline briefings, visual interpretation is provided in the form of videos and charts to help investors better understand the Company’s operating and financial conditions.
- ◎ By disclosing the ESG social responsibility report, the Company responds more comprehensively to the concerns of the capital market and the public on the sustainable development of the Company from the perspective of conveying corporate social responsibility.

## 2. Strengthening investor communications

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In 2024, the Company will formulate no less than [12] investor roadshows/reverse roadshows to organize investor communication and exchange to understand the Company’s operations; and hold at least [3] results briefings, invite senior executives of the Company to interpret the results and answer investors’ questions. Additionally, the Company will release relevant information on investor communication activities in form of Investor Relations Record Form.



## **Reinforcing the shared responsibilities and benefits between the management and shareholders**

In 2024, the Company will continue to improve its corporate management model, further strengthen the mechanism of shared responsibilities and benefits between the management and shareholders, and promote the long-term and stable development of the Company.



## 1. Continuously building and refining a scientific compensation system

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The Company's compensation system adheres to the fundamental principles of creating value comprehensively, scientifically evaluating that value, and fairly distributing value. The compensation policies and plans for senior management are studied



and reviewed by the Company's Compensation and Evaluation Committee and approved by the Board of Directors.

The remuneration of senior management consists of basic salary and performance bonus, which are paid based on the annual business performance and evaluation results. The performance appraisal and remuneration of the Company's management are aligned with the long-term development and shareholders' interests of the Company, and the Company's management and shareholders share risks and benefits, which is conducive to stimulating the enthusiasm of the management, safeguarding the interests of the shareholders, and promoting the long-term and stable development of the Company.

## 2. Focusing on exploring the establishment of a medium and long-term incentive mechanism

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To date, the Company has launched the Option Plan and Restricted Stock Incentive Plan. The assessment indexes of the Company's incentive plan are set in a scientific and reasonable manner, and are binding on the incentive objects, which is conducive to fully



safeguarding the interests of the Company's shareholders and helping to strengthen the shared responsibilities and benefits between the management and shareholders.

The Company will continue to launch incentive plans in due course in the future, further establish and improve the long-term incentive mechanism of the Company. These efforts will integrate the interests of shareholders, the Company and employees more closely, fully mobilize the enthusiasm and creativity of outstanding employees, and make all parties focus on the long-term development of the Company.

## **Enhancing investor returns and formulating share price stabilization plans**



## 1. Cash dividends

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The Company has always valued investor returns. During the IPO period, the general meeting of shareholders of the Company has approved the Shareholders' Dividend Returns Plan within Three Years upon the Public Offering and Listing of GalaxyCore Inc., which stipulates the principles and policies of profit distribution, conditions for cash dividends, the proportion and time interval of cash dividends, as well as the dividend plan for the three years since the IPO date. The aforementioned plan is conducive to safeguarding the asset income rights of all shareholders of the Company.

In August 2023, the Company implemented the Distribution of the Company's FY2022 Profit and paid a cash dividend of RMB0.03077 (inclusive of tax) for every 10 shares to all shareholders, totaling a cash dividend of RMB79,964,819.59, accounting for 18.22% of the net profit attributable to the parent in 2022.

A reasonable dividend policy will be established in 2024 to balance the dynamic balance between the Company's growth, performance, capital demand, and shareholders' immediate and long-term interests. In accordance with the Articles of Association as well as relevant laws and regulations, the Company will prioritize cash dividends as a method of distributing profits. The Company plans to distribute no less than 30% of the net profit attributable to the parent company as dividends in the coming year. The Company will seriously study the Opinions on Strengthening Supervision and Preventing Risks and Promoting the High-quality Development of the Capital Market, and formulate plans for increasing the frequency of annual dividends and implementing mid-year dividends to enhance the sense of achievement among investors through a "sustainable, stable and scientific" shareholders' return mechanism.



## 2. Share repurchase

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In May 2023, the Company issued the Repurchase Report, with a cumulative repurchase amount of RMB150 million through centralized bidding.

In February 2024, Mr. Zhao Lixin, the de facto controller and chairman of the Company, proposed share repurchase of the Company. In March, the Board of Directors of the Company considered and approved the proposal of repurchasing a total amount of not less than RMB150 million (inclusive) and not more than RMB300 million (inclusive) through centralized bidding.



## 3 Conveying Company confidence

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On August 5, 2022, the Company received the Commitment Letter on the Voluntary Extension of the Lock-up Period by Shareholders issued by the shareholders. Keenway International Limited and Hopefield Holding Limited, the shareholders of the Company, voluntarily extended the lock-up period for 175,000,000 shares and 175,000,000 shares, which they held in the Company's initial public offering of shares subject to limited selling conditions, for a period of six months from the date of expiry of the lock-up period on August 18, 2022 to February 18, 2023. They have committed to abstain from transferring or reducing their respective shares in the Company during this extended lock-up period.

In 2024, the Company will establish a share price stabilization mechanism based on the capital market conditions. If there is an excessive short-term decline in share price, a price falling below the issue price or below the value of net assets, the Company will proactively take corresponding measures to stabilize the share price, such as share repurchase, increase holdings of the Company's shares, and other efforts to stabilize the share price and enhance investor confidence.



## Other matters

The Company will continuously evaluate the implementation of the implementing plan for “Enhancing Quality and Increasing Efficiency to Ensure Returns”, and promptly fulfill its information disclosure obligations. The Company will continue to focus on its main business and enhance its core competitiveness, profitability and risk management capabilities. By leveraging sound business management, standardized corporate governance, and positive investor returns, the Company will effectively safeguard investors’ interests, assume its responsibilities and obligations as a listed company, repay investors’ trust, uphold a positive market image for the Company, and promote the stable and healthy development of the capital market.

The Company’s plans and development strategies mentioned in this report are forward-looking statements that are not fait accompli, and do not constitute substantial commitments of the Company to investors. Investors should be aware of the relevant risks.

Board of Directors of GalaxyCore Inc.

April 25, 2024



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# Howcasing China's Innovation And The Integrity Of Chinese Enterprises Worldwide