THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of BASiC Semiconductor Co., Ltd..

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have **sold or transferred** all your shares in **BASiC Semiconductor Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

基本半导体
BASiC Semiconductor

BASiC Semiconductor Co., Ltd.
深圳基本半導體股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9971)

(1) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES;
(2) PROPOSED ADOPTION OF THE H SHARE EQUITY SHARE INCENTIVE SCHEME;
(3) PROPOSED AUTHORISATION TO THE BOARD AND/OR ITS AUTHORISED PERSON(S) TO HANDLE MATTERS RELATING TO THE H SHARE EQUITY SHARE INCENTIVE SCHEME;
(4) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES;
(5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

A letter from the Board is set out on pages 6 to 33 of this circular. The Company will convene the EGM at the meeting room of 12/F, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC, at 2:30 p.m. on Friday, August 28, 2026. The notice is set out on pages 39 to 41 of this circular and will be published and available for download on the website of the Stock Exchange the website of (www.hkexnews.hk) and the website of the Company (www.basicsemi.com).

Whether or not you intend to attend the EGM, you are requested to complete and sign the form of proxy in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or to the registered office of the Company at Room 801, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC (for Domestic Shareholders), not less than 24 hours before the time appointed for the holding of the EGM (i.e. 2:30 p.m. on Thursday, August 27, 2026, Hong Kong time) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof (as the case may be) if you so wish.

Reference to times and dates in this circular are to Hong Kong local times and dates.

August 11, 2026

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In this circular, the following expressions shall have the following meanings unless the context requires otherwise:

"Adoption Date"	the date on which the H Share Equity Share Incentive Scheme is adopted by the Company, being the date on which the special resolution(s) approving and adopting the H Share Equity Share Incentive Scheme is passed by the Shareholders at the EGM
"Articles of Association"	the articles of association of our Company, as amended from time to time
"Award(s)"	award(s) granted by the Board and/or its authorised person to a Grantee under the H Share Equity Share Incentive Scheme, which may vest in the form of Award Shares or the actual selling price of the Award Shares in cash in accordance with the terms of the H Share Equity Share Incentive Scheme
"Award Letter"	a letter issued by the Company to each Grantee, in such form as the Board and/or its authorised person may determine from time to time, setting forth the details of the grant, including but not limited to the name and identification of the Grantee, the number of Award Shares granted, the vesting criteria and conditions, the vesting commencement date, the vesting date, the Purchase Price, the lapse and clawback mechanism (if any) of Award Shares, and such other terms and conditions as determined by the Board and/or persons authorised by the Board that do not conflict with the H Share Equity Share Incentive Scheme
"Award Shares"	the H Shares granted in an Award pursuant to the H Share Equity Share Incentive Scheme
"Board"	the board of Directors of the Company

"China" or "PRC"	the People's Republic of China, except where the content or context otherwise requires and only for the purpose of this circular, excludes the Taiwan Region of the People's Republic of China, and the Hong Kong and Macao Special Administrative Regions
"Company", "our Company" or "the Company"	BASiC Semiconductor Co., Ltd. (深圳基本半導體股份有限公司), a joint stock limited liability company incorporated in the PRC, and the H Shares of which are listed on the Stock Exchange (stock code: 9971)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Domestic Shares"	domestic unlisted shares in the share capital of the Company with a nominal value of RMB0.20 each
"Domestic Shareholder(s)"	holders of Domestic Shares
"EGM"	the 2026 first extraordinary general meeting of the Company to be held at the meeting room of 12/F, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC, at 2:30 p.m. on Friday, August 28, 2026 or any adjournment thereof
"EGM Notice"	the extraordinary general meeting notice as set out on pages 39 to 41 of this circular
"Eligible Participant(s)"	with respect to H Share Equity Share Incentive Scheme, any individual, or a corporate entity, being any of (i) an Employee Participant, (ii) a Related Entity Participant, and (iii) a Service Provider (as the case may be)
"Employee Participant(s)"	director(s), supervisor(s) and employee(s) (whether full time or part time employees) of the Company and/or any of its subsidiaries (including persons who are granted Awards under H Share Equity Share Incentive Scheme as an inducement to enter into employment contracts with these companies)

"Grantee"	an eligible participant who accepts the grant of Award in accordance with the terms of the H Share Equity Share Incentive Scheme
"Group"	the Company and its subsidiaries
"H Share(s)"	overseas listed shares in the share capital of the Company with a nominal value of RMB0.20 each, listed and traded on the Stock Exchange
"H Share Equity Share Incentive Scheme"	the H Share Equity Share Incentive Scheme proposed to be adopted by the Company which is subject to the special resolution being passed and approved by the Shareholders at the EGM
"H Share Equity Share Incentive Scheme Rules"	the rules of the H Share Equity Share Incentive Scheme (in its present or any amended form)
"H Shareholder(s)"	holder(s) of the H Share(s)
"H Share Repurchase Mandate"	a general and unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase H Shares on the Stock Exchange of not exceeding 10% of the total issued H Shares of the Company (excluding Treasury Shares) as at the date of passing the relevant resolution at the EGM
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Latest Practicable Date"	August 6, 2026, being the latest practicable date for the purpose of ascertaining certain information contained in this circular prior to its publication
"Listing"	the listing of the H Shares of the Company on the Main Board of the Stock Exchange on July 8, 2026
"Listing Date"	the date on which the H Shares of the Company are listed on the Stock Exchange and dealings in the Shares are permitted to commence on the Stock Exchange, being July 8, 2026

"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time
"Purchase Price"	the purchase price of each H Share in relation to Award Shares to be determined by the Board and/or its authorised person when granting Award Shares
"Related Entity(ies)"	the holding company(ies), fellow subsidiary(ies) or associated company(ies) of the Company
"Related Entity Participant(s)"	director(s), supervisor(s) and employee(s) (whether full time or part time employees) of the Related Entities
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Scheme Limit"	the limit on grant(s) of award(s) under all share schemes of the Company to be approved by its Shareholders, which must not exceed 10% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of Shareholders' approval of the Scheme Limit
"Service Provider(s)"	has the meaning ascribed to it under the section headed "(II) Proposed Adoption of the H Share Equity Share Incentive Scheme — 2. Service Providers and the Basis of Eligibility" in this circular
"Service Provider Sublimit"	a sublimit under the Scheme Limit for Award Shares granted by the H Share Equity Share Incentive Scheme to the Service Providers, which must not exceed 1% of the total number of issued Shares (excluding Treasury Shares, if any) as at the date of the Shareholders' approval of the Service Provider Sublimit
"Shareholder(s)"	holder(s) of the Share(s), including holder(s) of Domestic Shares and H Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Code on Takeovers and Mergers and Share Buy-backs, as amended from time to time

"Treasury Share(s)"	has the meaning ascribed to it under the Listing Rules
"Trust"	the trust constituted under the Trust Deed
"Trust Deed"	the trust deed to be entered into between the Company and the Trustee pursuant to the H Share Equity Share Incentive Scheme
"Trustee(s)"	the trustee(s) to be appointed by the Company for the purpose of the Trust
"%"	per cent

BASiC Semiconductor Co., Ltd.
深圳基本半導體股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 9971)

Executive Directors:
Dr. Wang Zhihan *(Chairman)*
Dr. He Weiwei
Mr. Fu Junyin
Ms. Yan Rui

Independent Non-executive Directors:
Mr. Li Juping
Mr. Ye Xiang
Mr. Wang Susheng

Registered Office:
Room 801, Building 1
Bronze Technology Tower
No. 6 Guangke 1st Road
Laokeng Community
Longtian Subdistrict, Pingshan
District
Shenzhen
PRC

Principal Place of Business in Hong Kong:
40/F, Dah Sing Financial Center
248 Queen's Road East
Wan Chai
Hong Kong

August 11, 2026

To the Shareholders

Dear Sir or Madam,

(1) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES;
(2) PROPOSED ADOPTION OF THE H SHARE EQUITY SHARE INCENTIVE SCHEME;
(3) PROPOSED AUTHORISATION TO THE BOARD AND/OR ITS AUTHORISED PERSON(S) TO HANDLE MATTERS RELATING TO THE H SHARE EQUITY SHARE INCENTIVE SCHEME;
(4) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO ISSUE H SHARES;
(5) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide Shareholders with information on the resolutions to be proposed at the EGM to be held onsite on Friday, August 28, 2026, so that you may make an informed decision on voting in respect of the resolutions to be proposed at the EGM.

For details regarding the resolutions to be proposed at the EGM, please also refer to the notice of the EGM attached to this circular.

(I) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD TO REPURCHASE H SHARES

To safeguard the Company's value and the interests of its Shareholders, adapt to market changes and actual operating needs, and enable the Company to repurchase H Shares in a timely and flexible manner, in accordance with relevant laws, regulations, normative documents, and the Articles of Association, the Company proposes to grant the Board the H Share Repurchase Mandate to repurchase H Shares:

(1) To authorise the Board, subject to the laws and regulations and based on market conditions and the Company's actual circumstances, to decide , during the mandate period, whether to repurchase H Shares and to formulate a repurchase plan, provided that the total number of H Shares repurchased does not exceed 10% of the H Shares capital (excluding any Treasury Shares) in issue as at the date on which the Company's H Share Repurchase Mandate is considered and approved at the EGM;

(2) The Board may formulate specific plans for share repurchases in accordance with relevant laws and regulations, including but not limited to repurchase price, the number of shares to repurchase, and the purpose of repurchase, and determine the timing and period of repurchase;

(3) To handle relevant approval/filing/registration matters in accordance with the applicable laws, regulations, normative documents, and other relevant provisions, including but not limited to authorising, signing, executing, amending and finalizing all necessary documents, contracts and agreements in relation to the repurchase of H Shares;

(4) In the event of changes in regulatory policies regarding share repurchases or changes in market conditions, except for the matters that must be re-voted on at general meetings pursuant to relevant laws, regulations, and the Articles of Association, the Board of the Company and the persons authorised by the Board are hereby authorised to make corresponding adjustments to the specific plan for the repurchase of H Shares and other related matters;

(5) Based on the actual repurchase circumstances, the Board may, in accordance with applicable laws, regulations, and supervisory rules, determine the subsequent arrangements for the repurchased shares, including but not limited to cancellation, holding as Treasury Shares, or using for equity incentive plans; the Board is further authorised to handle all matters related to cancellation of shares or holding as Treasury Shares, including but not limited to implementing procedures to hold repurchased shares as Treasury Shares, or amending the Articles of Association and other relevant materials and documents that may be affected in respect of a reduction in the Company's registered capital, and to carry out the amendment of the Articles of Association, the change in registered capital, and pursuant to the Company Law of the PRC and the Articles of Association's provision to notify creditors and publish announcement;

(6) Except for matters that, pursuant to relevant laws, regulations, and the Articles of Association, require a re-vote at general meetings, the Board is authorised, within the repurchase limit specified in Paragraph (1), to decide whether to adjust, continue, or terminate the H Shares repurchase plan based on comprehensive factors such as the Company's actual circumstances and stock price performance;

(7) In accordance with applicable laws, regulations, and relevant provisions of regulatory authorities, handle other matters not listed above but necessary for the repurchase of H Shares, such as opening overseas securities accounts, conducting foreign exchange transactions, and transferring funds and other specific matters;

(8) Except for the matters expressly required by laws, regulations, or the Articles of Association to be approved by a resolution of the Board, the Board authorises the Chairman, or a person authorised by the Chairman, to sign and handle the documents and matters related to the share repurchase within the scope of the aforementioned authorisation; and

(9) The H Share Repurchase Mandate will be conditional upon the special resolution(s) for approving the grant of the H Share Repurchase Mandate being passed at the EGM. Such H Share Repurchase Mandate, if approved, will lapse at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the passing of the relevant special resolution(s) at the EGM, or (b) the date on which the authority conferred by the relevant special resolution(s) is revoked or varied by a resolution of the Shareholders at any general meeting of the Company (whichever is earlier).

If the Company repurchases any H Shares pursuant to the H Share Repurchase Mandate, the Company will either (i) cancel the H Shares repurchased and reduce the Company's registered capital in compliance with the applicable laws and regulations; and/or (ii) hold such H Shares in treasury, subject to the situation including market conditions and the Company's capital management needs at the relevant time any repurchases of H Shares are made. If the Company holds any H Shares in treasury, any sale or transfer of H Shares in treasury will be made pursuant to the terms of the general mandate to issue Shares of the Company as set out in paragraph (IV) below and in accordance with the Listing Rules and applicable laws and regulations of the PRC.

The explanatory statement regarding the H Share Repurchase Mandate is set forth in Appendix I to this circular.

(2) PROPOSED ADOPTION OF THE H SHARE EQUITY SHARE INCENTIVE SCHEME

The Board has resolved to propose the adoption of the H Share Equity Share Incentive Scheme for Shareholders' approval. In approving the adoption of the H Share Equity Share Incentive Scheme, the Board has taken into account factors including the Group's ability to attract, reward, incentivise and retain talents. As of the Latest Practicable Date, the Company does not have any share scheme as defined under and subject to compliance with Chapter 17 of the Listing Rules, and there is no unutilised or available scheme mandate limit. The Board is of the view that the adoption of the H Share Equity Share Incentive Scheme, together with the adoption of the Scheme Limit and the Service Provider Sublimit, is in the best interests of the Company and its Shareholders.

As of the Latest Practicable Date, the Company has not formulated any specific plan to grant any awards to any Grantees, and has not appointed any Trustees under the H Share Equity Share Incentive Scheme.

The H Share Equity Share Incentive Scheme does not involve the grant of new shares or options over new shares of the Company. Nevertheless, the H Share Equity Share Incentive Scheme constitutes a share scheme involving existing shares under Chapter 17 of the Listing Rules and shall be subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. Therefore, the adoption of the H Share Equity Share Incentive Scheme is not subject to approval of the Shareholders pursuant to the Listing Rules. Nonetheless, pursuant to the Articles of Association, the H Share Equity Share Incentive Scheme and the related matters are subject to the approval of the Shareholders at the EGM.

I. Purpose of the H Share Equity Share Incentive Scheme

The purpose of the H Share Equity Share Incentive Scheme is to provide Eligible Participants with the opportunity to acquire equity interests in the Company, and to incentivize Eligible Participants to commit to enhancing the value of the Company and its shares, thereby promoting the Group's long-term development for the benefit of the Group and all Shareholders. It is expected that the H Share Equity Share Incentive Scheme will provide the Group with a flexible means to hiring, retain, motivate, reward, compensate, and/or provide benefits to eligible individuals.

II. Eligible Participants and the Basis of Determining the Eligibility of Participants

The Board and/or persons authorised by the Board may select any Eligible Participant as a Grantee under the H Share Equity Share Incentive Scheme in accordance with the H Share Equity Share Incentive Scheme Rules. Any person who, as of the grant date, meets the following criteria shall not be deemed an Eligible Participant under the H Share Equity Share Incentive Scheme:

(1) he/she has been publicly censured or declared inappropriate by any securities regulatory authority in the past 12 months;

(2) he/she has been imposed an administrative penalty by any securities regulatory authority or administrative agency, or being held criminally liable by any judicial authority in the past 12 months for violations of laws and regulations;

(3) he/she is prohibited from participating in the H Share Equity Share Incentive Scheme as stipulated by laws and regulations;

(4) he/she has committed any other act that the Board deems seriously detrimental to the interests of the Group;

(5) there is any other circumstance as determined by the Board to be necessary to protect the Group's interests and ensure compliance with applicable laws and regulations governing the operation of the H Share Equity Share Incentive Scheme.

Eligible Participants under the H Share Equity Share Incentive Scheme include any Employee Participant, Service Provider, and Related Entity Participant.

1. Employee Participants and the Basis of Eligibility

When evaluating the eligibility of Employee Participants (including part-time employees), the Board and persons authorised by the Board will, at their discretion, consider all relevant factors, including:

(1) His/her skills, knowledge, experience, and other relevant personal qualities;

(2) His/her performance, hours of service (full-time or part-time), duties or terms of employment, as well as current market practice and industry standards (including, where applicable, the compensation packages of employees in similar positions with comparable experience within comparable industries);

(3) His/her contributions, whether made or expected to be made, to the development of the Group;

(4) His/her educational background, professional qualifications, and industry knowledge.

In assessing the eligibility of the Employee Participants, the Board believes that:

(1) Including employees of the Company or any of its subsidiaries as Eligible Participants is consistent with the purpose of the H Share Equity Share Incentive Scheme and is in the best interests of the Group and its Shareholders as a whole;

(2) Including part-time employees as Eligible Participants will drive the Group's long-term growth and profitability by enhancing employee engagement, retention, and inclusivity. Extending incentive programs to part-time employees helps foster a culture of shared success and motivates them to make greater contributions to the Group. Aligning all employees with strategic objectives helps build a cohesive, high-performing team. By recognizing the value of part-time positions on an equal footing, the Group can maximize productivity and operational flexibility. The Board is confident that this policy will sustain growth, enhance efficiency, and create long-term value for employees and the Shareholders.

2. Service Providers and the Basis of Eligibility

A Service Provider is any person (whether a natural person or a corporate entity) who provides services to the Group on a continuing and recurring basis in the ordinary and usual course of business which are in the interests of the long term growth of the Group, including:

(1) Suppliers or business partners (including joint venture partners or other contracting parties) that are significant to the Group's business or are expected to make significant contributions to the Group's future financial or business performance;

(a) Suppliers. Suppliers who provide services to the Group on a periodic or regular basis. The Group believes that it is necessary to continue maintaining close business relationships with these suppliers and considers that encouraging them to hold equity interests in the Company and participate in the Group's future development will be beneficial to the Group's business relationships. This category mainly includes raw material suppliers, equipment suppliers, and other contract manufacturers of the products.

(b) Agents and Contractors. The Group believes that maintaining close and ongoing cooperative relationships with organizations that provide periodic or recurring other professional/consulting services to the Group (namely, research and development, market development, strategic planning, recruitment, and cutting-edge technology services) is of paramount importance; encouraging such organizations to hold equity interests in the Company will facilitate cooperation between the Group and its agents or contractors and promote the Group's future development. This category mainly includes (i) technical consultants: who provide expertise in advanced technology research and development, product and solution development, and manufacturing processes; (ii) strategic and business consultants: who support corporate development, business partnerships, joint ventures, and market expansion plans; (iii) supply chain and operations experts: who assist with production capacity agreements, production planning, logistics, quality assurance, and supplier management; and (iv) ecosystem partners and solution providers: who contribute to technology development, workflow optimization, and operational efficiency within the Group's value chain. These Service Providers are strategically important to the Group's long-term development, as they assist the Group in identifying and capturing business development opportunities with value-added potential, enhance decision-making and operational efficiency, and strengthen the Group's technological and digital capabilities, thereby enabling the Group to maintain its competitive advantage at the forefront of innovation in an increasingly complex and technology-driven environment.

(2) Any independent contractor, consultant, agent, and/or adviser who (a) provides advisory, consulting, sales and marketing, technical, or administrative services to the Group, where the continuity and frequency of such services are similar to those provided by employees, or (b) provides advisory and consulting services after terminating their employment relationship with the Group or resigning from a directorship;

Excluding (1) placing agents or financial advisers providing advisory services in connection with fundraising, mergers, or acquisitions, or (2) professional Service Providers, including auditors or valuers who provide assurance services or are required to perform their services in an impartial and objective manner.

In respect of services in areas such as marketing and administrative services, the Board believes that these services constitute a regular, routine, and important part of the Group's core business, day-to-day operations, and listed company governance. As the Group's business continues to grow rapidly and it expands its customer base and service scenarios, the necessity and importance of these marketing and administrative support services are expected to continue to increase.

The Board believes that other alternatives classified as "one-off" incentives (such as cash bonuses) may not necessarily encourage the Service Providers to remain employed by the Group or to provide services to the Group on a long-term basis; in contrast, the grant of Awards enables the Group to use equity-based incentives to encourage external persons of the Group to contribute to the Group and to align the interests of all parties, allowing both the Group and the Service Providers to benefit jointly from the Group's long-term growth through their holdings of Awards. In addition, by granting equity-based incentives to the Service Providers in the form of the grant of shares, the returns granted to the Service Providers will increase if the Company's share price rise in the future, thereby aligning their interests with those of the Group. The Board has also taken into account that equity-based incentives offer unique advantages for the Group's long-term objectives, as alternative cash incentives may adversely impact the Group's cash reserves which could otherwise be used for the Group's business operations and development. When evaluating the qualifications of the Service Providers, the Board and persons authorised by the Board will, at their discretion, consider all relevant factors, including but not limited to: (1) their professional expertise, professional qualifications, and relevant experience; (2) their performance and track record, including their ability to provide high-quality services; (3) the duration and scope of the business relationship between the Service Provider and the Group; (4) the scale of business and transactions between the Service Provider and the Group, as well as the assessment, by the Board and/or persons authorised by the Board, of the Service Provider's contribution to the Group's performance; (5) their actual contributions to reducing the Group's costs or increasing revenue/profits; (6) the profits and revenues the Service Provider will generate, as well as the benefits and strategic value of such profits and revenues; and (7) the business opportunities and external resources the Service Provider has brought or may bring to the Group.

3. Related Entity Participants and the Basis of Eligibility

In assessing the eligibility of the Related Entity Participants, the Board will, at its discretion, consider all relevant factors, including (1) the significance and nature of the business relationship between the Related Entity and the Group, as well as the contribution of the Related Entity Participants to that Related Entity (which may benefit the Group's core business through the partnership); (2) the duration of the partnership established between the Related Entity and the Group; (3) the support, assistance, guidance, advice, input, and contributions that such Eligible Participant has made or is likely to make to the Group's business achievements; and (4) the extent of such participant's involvement in and contribution to the Group's development, and/or the benefits and synergies brought to the Group. Based on the aforesaid criteria, the Board has classified the Related Entity Participants as employees or directors of certain investee companies of the Group. The Group may invest in companies whose business areas are generally complementary to the

Group's core business. Through investments in these companies, the Group is positioned to procure innovative technologies, proprietary know-how as well as seasoned research and development and management teams. By granting equity interests in the Company to key directors and employees of these investee companies, the Group can further incentivise close collaboration, knowledge sharing, and resource integration. In light of the scope of Related Entity Participants and the corresponding eligibility criteria, and taking into account the Group's hiring practices and organizational structure, the Directors (including the independent non-executive Directors) believe that it is in the Group's best interests to allow the Group to maintain flexibility in granting incentives to the Related Entity Participants to recognize their contributions to the Group's long-term growth and development.

This measure also enables the Group to conserve cash resources and use share-based incentives to encourage individuals outside the Group to render contribution to the Group. Establishing sustainable and stable relationships with the Related Entity Participants is of critical importance to the Group. Including non-employee Eligible Participants in the H Share Equity Share Incentive Scheme will align their interests with those of the Group, motivate them to provide better services, thereby creating more opportunities for the Group and/or contributing to the Group's long-term success, which in turn will drive the Group's growth and development and achieve the objectives of the H Share Equity Share Incentive Scheme. Therefore, the Directors (including the independent non-executive Directors) believe that including the Related Entity Participants is in the long-term interests of the Group and its Shareholders.

Except as described above, the Board or persons authorised by the Board will consider various factors when evaluating the eligibility of the Related Entity Participants and their contributions (or potential contributions) that have been made or will be made. The Board or persons authorised by the Board may also, at their discretion, impose different terms and conditions (including, but not limited to, performance targets) on Awards granted to Eligible Participants, thereby granting the Board greater flexibility to impose appropriate conditions in considering the specific circumstances of each award, so as to make the Awards more meaningful in recognizing the actual or potential contributions made by the Service Providers and the Related Entity Participants. Therefore, the Board (including the independent non-executive Directors) believes that the inclusion of Service Providers and Related Entity Participants is consistent with the objectives of the H Share Equity Share Incentive Scheme, the Group's business needs, and industry practices; it is commercially desirable and necessary, and will help maintain and/or enhance the Group's competitiveness. Through the granting of Awards, these Eligible Participants will share common objectives regarding the growth and development of the Group's business and will share in additional returns through their ongoing contributions, which is in the best interests of the Group and its Shareholders as a whole.

III. Scheme Limit

As at the Latest Practicable Date, the Company does not have any share schemes subject to the provisions of Chapter 17 of the Listing Rules.

Unless Shareholders approve a further refreshment in the Scheme Limit or Shareholder approval is obtained in accordance with the Listing Rules, the Group shall not grant any further Awards such that the total number of Award Shares in respect of all Awards granted by the Group after the Adoption Date under the H Share Equity Share Incentive Scheme and any other share schemes adopted by the Group (excluding Awards that have lapsed in accordance with the rules of the relevant schemes) would exceed the Scheme Limit as approved by the Shareholders (i.e., 10% of the total number of issued shares, excluding Treasury Shares (if any)). As of the Latest Practicable Date, the Company's issued share capital consisted of 304,289,725 shares with a nominal value of RMB0.20 each, comprising 287,534,442 H Shares and 16,755,283 Domestic Shares. Subject to Shareholders' approval and assuming there are no changes in the number of issued shares between the Latest Practicable Date and the Adoption Date, the Scheme Limit will be 30,428,972 shares.

IV. Service Provider Sublimit

As the scope of Eligible Participants in the H Share Equity Share Incentive Scheme will be expanded to include the Service Providers, the Board considers it appropriate to establish a sublimit for Service Providers within the Scheme Limit, in accordance with Rule 17.03B(2) of the Listing Rules. Unless Shareholders approve a further refreshment in the Service Provider sublimit, or Shareholder approval is obtained in accordance with the Listing Rules, the Group shall not grant any further Awards to the Service Providers, such that the total number of Award Shares in connection with all Awards granted by the Group after the Adoption Date under the H Share Equity Share Incentive Scheme and other share schemes adopted by the Group (excluding Awards that have lapsed in accordance with the rules of the relevant schemes) would exceed 1% of the total number of issued shares (excluding Treasury Shares) as of the date on which the Shareholders approved the Service Provider Sublimit. As of the Latest Practicable Date, the Company's issued share capital consisted of 304,289,725 shares with a nominal value of RMB0.20 each, comprising 287,534,442 H Shares and 16,755,283 Domestic Shares. Subject to Shareholders' approval and assuming there are no changes in the number of issued shares between the Latest Practicable Date and the Adoption Date, the Service Provider Sublimit will be 3,042,897 shares.

V. 1% Individual Limit

During any 12-month period up to and including the relevant grant date, the total number of shares in connection with all Awards granted to each Eligible Participant under the H Share Equity Share Incentive Scheme (excluding Awards that have lapsed in accordance with the rules of the relevant scheme) shall not exceed 1% of the total number of issued shares at the relevant time (excluding Treasury Shares, if any). With respect to all Awards granted and proposed to be granted to Eligible Participants (including vested and unvested Awards, but excluding any Awards that have lapsed in accordance with the terms of the Company's share scheme), if any proposed grant to an Eligible Participant would result in the total number of shares issued and to be issued during any 12-month period up to or including the proposed date of such grant exceeding the 1% individual limit, any further grant of Awards shall not take effect until such grants have been separately approved by the Shareholders at general meetings of the Company in accordance with the Listing Rules.

In addition, any grant of Awards to any Director, chief executive officer (as defined in the Listing Rules), or substantial Shareholders (as defined in the Listing Rules) of the Company (or any of their respective associates (as defined in the Listing Rules)) must be approved in advance by the independent non-executive Directors (excluding any independent non-executive Director who is the proposed recipient of the award).

VI. 0.1% Limit

If any Award is granted to a Director (other than an independent non-executive Director), a chief executive officer, or any of their associates, which will result in, for any 12-month period up to and including the relevant grant date, the total number of shares issued and to be issued in connection with all Awards granted by the Group under the H Share Equity Share Incentive Scheme and all Awards granted under the Company's other share schemes (excluding Awards that have lapsed in accordance with the rules of the relevant schemes) exceeding 0.1% of the total number of shares issued at the relevant time (excluding Treasury Shares, if any) (or such higher percentage as the Stock Exchange may prescribe from time to time), then such further grants of Awards must be approved in advance by the Shareholders at general meetings and must comply with the provisions of the Listing Rules. If an Award is granted to an independent non-executive Director or a substantial Shareholder of the Company, or to any of their respective associates, and such grant would result in the total number of shares issued and to be issued in connection with all options and Awards granted by the Group to such person (excluding Awards that have lapsed in accordance with the rules of the relevant scheme) during any 12-month period up to and including the date of the relevant grant, exceeding 0.1% of the total number of shares issued at the relevant time (excluding Treasury Shares, if any) (or such higher percentage as the Stock Exchange may prescribe from time to time), then such further grants of Awards must be approved in advance by the Shareholders at general meetings and must comply with the provisions of the Listing Rules.

VII. Source of Shares

The shares under the H Share Equity Share Incentive Scheme shall be held by the Trustee (acting on behalf of and for the benefit of the Eligible Participants) in accordance with the Company's instructions and the relevant provisions of the H Share Equity Share Incentive Scheme Rules, through the following methods: acquisition via on-exchange and/or over-the-counter transactions on the secondary market at prevailing market prices using scheme funds. The Company shall adopt the necessary procedures to comply with the provisions relating to off-market share buy-backs as set out in the Code on Share Buy-Backs issued by the Securities and Futures Commission (as amended, supplemented or otherwise modified from time to time). The source of fund for purchasing the Award Shares shall be the Group's internal funds or the cash income of the Trust.

VIII. Purchase Price

The Board may, at its sole discretion and in accordance with the objectives of the H Share Equity Share Incentive Scheme, determine the Purchase Price payable for the Award Shares (for the avoidance of doubt, such purchase price may be the nominal value of the H Shares). Such decisions shall be based on and take into account (including, but not limited to): (1) the standard practices of comparable companies; (2) other terms and conditions relating to any grant or vesting; and (3) the effectiveness of the Company's share scheme in attracting talent and incentivizing Eligible Participants to contribute to the Group's long-term development.

The Board believes that, in the best interests of the Group, it should exercise its discretion and judgment and retain the flexibility to impose appropriate conditions in the specific circumstances of each grant, so that the contributions or potential contributions of selected Eligible Participants may be rewarded more meaningfully. In addition, allowing the Company to grant Awards under the H Share Equity Share Incentive Scheme on a case-by-case basis, in accordance with the terms set forth in the Award Letter and at the Purchase Price (if any), will enable the Group to better retain such selected Eligible Participants to continue serving the Group, while providing them with further incentives to achieve the Group's objectives. This discretion allows the Board to set the Purchase Price of the Award Shares when necessary and to strike a balance between the purpose of the Awards and the interests of Shareholders. Therefore, the aforementioned provisions regarding the Purchase Price are consistent with the objectives of the H Share Equity Share Incentive Scheme.

IX. Administration of the H Share Equity Share Incentive Scheme and the Trustee

The H Share Equity Share Incentive Scheme should be administered by the following administrative bodies:

1. The Company's general meeting is the Company's highest organ of authority and is responsible for the review and approval of the adoption of the H Share Equity Share Incentive Scheme, while the Company's Board serves as the executive body for the Scheme. The Board is responsible for establishing and amending the H Share Equity Share Incentive Scheme. After the Board reviews and approves the plan, the H Share Equity Share Incentive Scheme will be submitted to general meetings for approval and implementation. The Board and/or persons authorised by the Board may handle and implement all matters related to the H Share Equity Share Incentive Scheme within the scope of the authorisation granted by the general meetings;

2. Independent non-executive Directors shall oversee whether the H Share Equity Share Incentive Scheme is conducive to the Company's sustainable development, whether the H Share Equity Share Incentive Scheme is detrimental to the interests of the Company and its Shareholders as a whole, and whether the implementation of the H Share Equity Share Incentive Scheme complies with applicable laws, regulations, normative documents, and relevant regulatory rules of the Company's place of incorporation and listing;

3. Any grant of Awards to the Company's Directors, chief executive officer, other connected persons, or senior management must comply with all applicable laws, rules, and regulations, including the Listing Rules and any codes or securities trading restrictions adopted by the Company;

4. The Trust was established to serve the H Share Equity Share Incentive Scheme; pursuant to the relevant provisions of the Trust Deed and in accordance with the Company's instructions, the Trustee shall acquire H Shares and hold any Award Shares on behalf of and for the benefit of Eligible Participants in accordance with the terms of the H Share Equity Share Incentive Scheme and the provisions of the Trust Deed. Upon fulfillment of the vesting conditions for the relevant Awards, the corresponding H Shares will be transferred to the relevant Eligible Participants upon vesting of such Awards in accordance with the terms of the H Share Equity Share Incentive Scheme and will no longer be held by the Trustee under the Trust. With respect to the H Share Equity Share Incentive Scheme, the Trustee shall, in accordance with the terms of the H Share Equity Share Incentive Scheme and the provisions of the Trust Deed, carry out vesting, sale and other matters in respect of the Award Shares in accordance with such instructions from the Board, persons authorised by the Board, and/or the Grantees (if applicable) as made through the Company;

Without prejudice to the Board's general management powers, the Board may delegate the authority to administer the H Share Equity Share Incentive Scheme (including the authority to grant Awards under the H Share Equity Share Incentive Scheme) to such persons authorised and designated by the Board. The term of office, scope of authority, and compensation (if any) of persons authorised by the Board shall be determined by the Board from time to time in its sole discretion. For the avoidance of doubt, any decision made by the Board and/or a person authorised by the Board shall be final and binding on all persons under the H Share Equity Share Incentive Scheme.

X. Grant of Award Shares

Subject to the terms and conditions of the H Share Equity Share Incentive Scheme, the Board and/or a person authorised by the Board may, in their sole discretion and on such terms and conditions as it deems appropriate, grant Award Shares to any Eligible Participant at a Purchase Price determined by the Board and/or a person authorised by the Board and set forth in the Award Letter. Any grant of Award Shares to a Director or senior management of the Company shall be approved in advance by the Remuneration and Appraisal Committee and the Board. In addition, any grant of Award Shares to any Director, chief executive officer, or substantial Shareholders of the Company (or their respective associates) must be approved in advance by the Company's independent non-executive Directors. Upon a decision by the Board and/or a person authorised by the Board to grant Award Shares to any Grantee, the Company shall issue an Award Letter to such Grantee setting forth the details of the grant, including but not limited to the name and identification of the Grantee, the number of Award Shares granted, the vesting criteria and conditions, the vesting commencement date, the vesting date, the Purchase Price, the lapse and clawback mechanism (if any) of Award Shares, and such other terms and conditions as determined by the Board and/or persons authorised by the Board that do not conflict with the H Share Equity Share Incentive Scheme. The Grantee must confirm acceptance of the grant in the manner set forth in the Award Letter, subject to compliance with the H Share Equity Share Incentive Scheme and the Listing Rules, as well as applicable laws and regulations: (1) the Board and/or persons authorised by the Board may, from time to time and in their sole discretion, impose any conditions on the vesting of the Grantee's Award Shares (including, but not limited to the period of continuous service with the Group from the grant date), and shall notify the Trustee and the relevant Grantee of the vesting conditions applicable to the Award; and (2) the Board and/or persons authorised by the Board shall have the discretion to waive any vesting conditions set forth in the Award Letter. Following the grant of any performance-linked Awards, if circumstances change, the Board and/or a person authorised by the Board shall have the right to make fair and reasonable adjustments to the established performance targets during the vesting period, provided that any such adjustments must be deemed fair and reasonable by the Board and/or a person authorised by the Board. Performance targets may cover the Group's various business segments' operations, financial performance, business performance, and capital value creation (such as revenue and net profit growth), as well as individual performance metrics established based on the responsibilities and functions of the relevant Eligible Participants. The Board and/or persons authorised by the Board will conduct assessments from time to time to compare actual performance against predetermined targets in order to determine whether and to what extent such targets have been met. If, following assessments, the Board and/or a person authorised by the Board determine(s) that any established performance targets has not been met, the unvested Awards will automatically lapse. Therefore, the Board considers this arrangement to be appropriate and consistent with the purpose of the H Share Equity Share Incentive Scheme.

No consideration is required for the acceptance of any of the Award Shares granted.

XI. Time Limit for Grant

The Board and/or persons authorised by the Board shall not grant any Award Shares after inside information has come to its knowledge until (and including) the trading day after it has announced the information or during the period commencing 30 days immediately before the earlier of: (i) the date of the Board meeting (as such date is first notified to the Stock Exchange under the Listing Rules) for approving the Company's results for any year, half-year or any other interim period (whether or not required under the Listing Rules); and (ii) the deadline for the Company to announce its results for any year or half-year under the Listing Rules, or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement.

XII. Lapse of Awards

If, prior to or on the vesting date of any Award, any of the following circumstances arise, resulting in the relevant Grantee no longer qualifying as an Eligible Participant, the unvested Award Shares will immediately and automatically lapse, unless approved by the Board and/or a person authorised by the Board; provided that this shall not affect Award Shares that have already vested but have not yet been paid to the Grantee; except in the case of termination for cause, in which case vested Award Shares shall also immediately lapse, including but not limited to: (1) the Eligible Participant (who was an Employee Participant as of the grant date) ceases to be an Employee Participant due to the following reasons: his/her labour or employment contract is terminated as a result of retirement, death, or permanent physical or mental disability; either party decides not to renew the labour or employment contract upon its expiration; or the Eligible Participant unilaterally terminates the contract; dismissed due to position elimination or adjustments made for efficiency optimization, the Employee Participant is not at fault; the Eligible Participant fails to meet key performance indicators and shows no signs of improvement; or any other circumstances determined at the sole discretion of the Board, the Nomination Committee, or a person authorised by the Board; (2) termination for cause; (3) failure to satisfy the vesting conditions specified by the Board or a person authorised by the Board; (4) the Grantee engages in or attempts to engage in any material transaction involving the Award Shares; (5) failure to accept the grant of the relevant Award Shares within the period specified in the grant letter or designated by the Board and/or a person authorised by the Board; and (6) triggering of any clawback event. For the purposes of calculating the Scheme Limit and/or the Service Provider Sublimit, Award Shares that have lapsed in accordance with the terms of the scheme rules will not be counted.

"Termination for cause" refers to an eligible participant who is an employee participant as at the grant date ceasing to be an employee participant as a result of the termination of his or her labour or employment agreement due to: breach of any agreement entered into between the Group and the relevant Grantee, the rules and regulations of the Group and other labour disciplines; breach of any applicable confidentiality agreement, intellectual property rights agreement, labour agreement, non-competition agreement, conflict of interest regulations or any similar agreement; the relevant Grantee divulging the business secrets of the Group, or procuring any illegitimate interests for him/her or any other persons using his/her position; the relevant Grantee has committed any fraud, misconduct, embezzlement or other acts detrimental to the interests of the Group; and/or any other circumstances of misconduct as determined by the Board, the Nomination Committee or authorised person(s) by the Board in their full discretion.

XIII. Clawback Mechanism

In the sole discretion of the Board or a person authorised by the Board, if certain events occur or the Grantee engages in any conduct that would make it unfair for the Grantee to retain the relevant Award Shares or any related interests, including but not limited to: (1) material misstatements or omissions in the Group's financial reports; (2) breach of any agreement entered into between the Group and the relevant Grantee (including but not limited to any applicable intellectual property rights agreement, employment agreement, non-competition agreement, confidentiality agreement, or any similar agreement); (3) the relevant Grantee discloses the Group's trade secrets or uses his/her position to obtain any improper benefit for himself/herself or any other person; (4) engages in any conduct that causes actual or potential adverse effects on the Group's name, reputation, or interests; (5) violates any applicable laws and/or regulations and, as a result, is subject to sanctions by any competent authority (including criminal and/or administrative penalties); (6) the relevant Grantee engages in any fraudulent or improper conduct; (7) if the relevant Grantee joins any company that the Board, or a person authorised by the Board, in its sole discretion, determines and reasonably believes to be a competitor of the Group; (8) if, upon termination of employment, the Grantee refuses to cooperate with the Group in fulfilling reasonable and necessary departure and handover procedures, including refusing to return core business documents, refusing to sign any termination agreement and/or non-competition agreement, or refusing to comply with the vesting or cancellation arrangements of the H Share Equity Share Incentive Scheme; and/or (9) any other circumstances that the Board or a person authorised by the Board, in its sole discretion, determines may result in unfairness.

In such circumstances, unless the Board or a person authorised by the Board determines in its sole discretion, any unvested Award Shares shall automatically lapse, and any related rights shall thereby terminate. The Company reserves the right to: (1) claw back from the Grantee of all proceeds derived from the sale or transfer of vested Award Shares; and (2) demand the return of and forfeit all vested Award Shares.

The Board believes that by establishing the clawback mechanism, the Company retains the option to claw back granted equity incentives from Eligible Participants who have committed misconduct. The Board believes that the clawback mechanism is consistent with the purpose of the H Share Equity Share Incentive Scheme and is in the best interests of all Shareholders.

XIV. Vesting of Award Shares

Subject to compliance with all applicable laws, rules, or regulations, the Board and/or a person authorised by the Board may determine the vesting criteria, conditions, and vesting period for the Award Shares granted to each Grantee under the H Share Equity Share Incentive Scheme. Unless otherwise resolved by the Board, the vesting period for any Award Shares granted shall not be less than twelve months from the date of grant (inclusive). For Award Shares granted to Employee Participants, the vesting period may be determined based on the shorter of the following:

1. If the Grantee is a Director or senior management member of the Company, the Remuneration and Appraisal Committee may decide to: (1) grant Awards to new Directors or new senior management to replace Award Shares forfeited upon leaving their previous employers; (2) grant to Directors or senior management whose employment is terminated due to death, disability or events beyond their control; (3) grant Awards subject to performance-based vesting conditions in lieu of time-based vesting criteria; (4) grant Awards in installments in one year for administrative and compliance reasons; in such cases, the vesting period may be shortened to reflect the timing of the original Award grant; (5) grant Awards with mixed or accelerated vesting arrangements, such as Awards that vest on an average basis over 12 months; and (6) grant Awards with a total vesting and holding period exceeding twelve months;

2. Or, if the Grantee is not a Director or senior management member of the Company, the Board may decide to: (1) grant Awards to new Employee Participants to replace Award Shares forfeited upon leaving their previous employer; (2) grant to Employee Participants whose employment is terminated due to death, disability, or events beyond their control; (3) grant Awards subject to performance-based vesting conditions in lieu of time-based vesting criteria; (4) grant Awards in installments in one year for administrative and compliance reasons; in such cases, the vesting period may be shortened to reflect the timing of the original Award grant; (5) grant Awards with mixed or accelerated vesting arrangements, such as Awards that vest on an average basis over 12 months; and (6) grant Awards with a total vesting and holding period exceeding twelve months.

To ensure the feasibility of fully achieving the purpose of the H Share Equity Share Incentive Scheme, the Board and the Remuneration and Appraisal Committee believe that: (1) in certain circumstances, strictly requiring a 12-month vesting period may not be feasible or may be unfair to the Award holders (as set out in the circumstances above); (2) the Company needs to retain flexibility in certain circumstances to offer competitive remuneration packages to attract and retain talents, ensure effective succession planning and the handover of employee responsibilities, and provide accelerated vesting under special circumstances or for individuals with outstanding performance; and (3) the vesting period complies with the requirements of the Listing Rules and market practice. The shortened vesting period applies only to Awards granted to Employee Participants under the circumstances described above.

Accordingly, the Board and the Remuneration and Appraisal Committee believe that the shorter vesting period specified is in line with market practice, is appropriate, and is consistent with the purpose of the H Share Equity Share Incentive Scheme. Unless otherwise notified in writing by the Board and/or a person authorised by the Board, the vesting of each Grantee's Awards shall be subject to the vesting conditions set forth in the Award Letter and the terms of the H Share Equity Share Incentive Scheme. If a selected Grantee fails to satisfy any vesting conditions applicable to the Award Shares, unless waived by the Board and/or a person authorised by the Board, the Award Shares that would otherwise have vested during the vesting period shall not vest, and such Award Shares shall lapse and be returned to the Trustee (acting on behalf of and for the benefit of the Eligible Participants) for use as other Awards under the H Share Equity Share Incentive Scheme. For the purposes of calculating the Scheme Limit and/or the Service Provider Sublimit, Award Shares that have lapsed in accordance with the terms of the scheme rules will not be counted. In such circumstances, the Board and/or a person authorised by the Board shall have the right to notify and instruct the Trustee to sell the aforementioned unvested Award Shares on the open market at market price within a reasonable period, or to grant them to other Grantees, with such period to be determined in the sole discretion of the Board and/or the person authorised by the Board. The Board and/or persons authorised by the Board shall (barring any unforeseen circumstances) or (if applicable) shall direct and procure the Trustee to issue a vesting notice ("**Vesting Notice**") to the relevant Grantee prior to any vesting date, within a reasonable period as may be agreed from time to time by the Board and/or persons authorised by the Board (or, if applicable, together with the Trustee). The Vesting Notice must include confirmation that the Grantee has met the vesting conditions, the vesting date, confirmation of the payment method for the Purchase Price, and confirmation of the Grantee's bank account information, in order to pay the Grantee the cash amount corresponding to the actual sale price (net of the Purchase Price and any taxes borne by the Grantee, if applicable). Upon the formal vesting of the relevant Award Shares in accordance with the procedures described above, and subject to compliance with the relevant laws, regulations, rules, and regulatory documents of the place where the Company are incorporated and listed, as well as the Company's Articles of Association, the Trustee shall, in accordance with the instructions of the Company and/or the Grantee, upon the Grantee's express request and confirmation that the he/she will bear the corresponding tax consequences, transfer all or part of the Award Shares vested to the Grantee to an entity designated by the Grantee, or sell all or part of the vested Award Shares through market transactions at the current market price, and pay the Grantee cash amount corresponding to the actual sale price (net of any taxes borne by the Grantee, if applicable).

XV. Transferability, Cancellation, and Status of Awards

During the term of the scheme, unless the Award Shares have vested in accordance with the H Share Equity Share Incentive Scheme Rules (if applicable) and have been actually transferred to the Grantee, the Grantee may not dispose of the granted Award Shares in any manner, including but not limited to selling, transferring, pledging, mortgaging, encumbering, or creating any interests for another party, or entering into any agreement to perform any of the foregoing acts. The Board or a person authorised by the Board may cancel any granted Award that has not yet been vested, provided that the Grantees of such Award are notified in writing or by mail. The Company may grant Awards to Eligible Participants in lieu of their canceled Awards, provided that the Scheme Limit and Service Provider Sublimit, as approved by the Shareholders from time to time, remain available. Awards that have been canceled will be considered as having been used for the calculation of the Scheme Limit and the Service Provider Sublimit. However, the Grantee shall have no voting rights and shall not be entitled to participate in any dividends or distributions declared, proposed, or resolved to be paid to Shareholders on or before the date on which the Grantee becomes the registered holder of the relevant H Shares (including dividends or distributions arising upon the liquidation of the Company). With respect to voting on matters requiring Shareholders' approval under the Listing Rules, the Trustee shall not exercise the voting rights attached to any unvested shares held under the H Share Equity Share Incentive Scheme (acting on behalf of and for the benefit of Eligible Participants), unless any applicable laws and regulations otherwise require the Trustee to vote in accordance with the instructions of the beneficial owners of such Shares, and such instructions have actually been given. Once the Award Shares are vested and transferred to the Grantee (where applicable), they shall rank pari passu in all aspects with other fully-paid H Shares in issue.

XVI. Performance Targets

The vesting of the Award Shares is subject to performance targets (if any) determined by the Board from time to time, which must be met by the Grantee. Following the grant of any performance-linked Awards, if circumstances change, the Board shall have the right to make fair and reasonable adjustments to the established performance targets during the vesting period, provided that any such adjustments must be deemed fair and reasonable by the Board and/or persons authorised by the Board. Performance targets may include business, financial, operational, and capital value creation (such as revenue and net profit growth) across the Group's various business segments, as well as individual performance metrics determined based on the roles and responsibilities of the relevant Eligible Participants. The Board and/or persons authorised by the Board will conduct assessments from time to time to compare actual performance against predetermined targets in order to determine whether and to what extent such targets have been met. If, following assessments, the Board and/or a person authorised by the Board determine(s) that any established performance targets have not been met, the unvested Award Shares will automatically lapse.

The Board believes that the above arrangements will provide the Board with greater flexibility in setting performance targets in specific grant situations and will help the Board provide appropriate incentives to attract and retain high-caliber personnel who are valuable to the development of the Group. In addition, the Board believes that the setting of performance targets provides Grantees with sufficient motivation and incentives to enhance their performance and promote the overall development and business success of the Group.

Taking into consideration the above, the Board believes that the performance targets are consistent with the purpose of the H Share Equity Share Incentive Scheme and are in the best interests of the Group and its Shareholders as a whole.

XVII. Reorganisation of the Capital Structure

In the event of any change in the capital structure of the Company, such as capitalisation issue, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company (excluding any change in the capital structure of the Company resulting from a transaction to which the Company is a party and in which Shares are issued as consideration), the administrator shall, at its discretion, make appropriate corresponding adjustments (if any) to reflect the impact of such change on: (1) the number or nominal value of the Shares subject to Awards that have not yet been exercised; or (2) the exercise price or any combination thereof. The adjustment will be made in accordance with the provisions of the Appendix 1 to Frequently Asked Questions FAQ13 No.16 published by the Stock Exchange. Any such adjustment (other than any adjustment made in connection with the capitalisation issue) must be confirmed in writing by the independent financial adviser or the Company's auditors to ensure that participants and related persons are granted the same proportion of the Company's share capital (or the same proportion of rights) to which they were previously entitled, provided that such adjustment shall not result in the shares being issued at a price lower than their nominal value.

XVIII. Conditions Precedent of the H Share Equity Share Incentive Scheme

The adoption of the H Share Equity Share Incentive Scheme is subject to the fulfillment of the following conditions:

The Shareholders passed the special resolution(s) at the Company's general meetings to: (1) approve and adopt the H Share Equity Share Incentive Scheme; (2) authorise the Board and/or persons authorised by the Board to grant Awards under the H Share Equity Share Incentive Scheme; and (3) authorise the Board to handle matters relating to the H Share Equity Share Incentive Scheme.

XIX. Term and Termination

Provided that the Board has resolved against early termination pursuant to the H Share Equity Share Incentive Scheme Rules, the H Share Equity Share Incentive Scheme shall remain in full force and effect for the scheme period (ten (10) years commencing on the Adoption Date), and no additional Award Shares shall be granted upon expiry of the scheme period. If, upon the expiration of the H Share Equity Share Incentive Scheme, there are still granted but unvested Award Shares, the H Share Equity Share Incentive Scheme will be extended until such Award Shares have fully vested.

XX. Amendments and Revisions

Subject to compliance with the Listing Rules, the Board may amend any term of the H Share Equity Share Incentive Scheme from time to time. Any material amendment to the terms and conditions of the H Share Equity Share Incentive Scheme, or any amendment to the provisions regarding the matters set forth in Rule 17.03 of the Listing Rules that is favorable to Eligible Participants, must be approved by the Shareholders at general meetings. Any change involving the authority of the Directors or the scheme administrator to amend the terms of the H Share Equity Share Incentive Scheme must be approved by the Shareholders at general meetings. The terms of the H Share Equity Share Incentive Scheme as modified or amended and the Awards granted thereunder must comply with the provisions of Chapter 17 of the Listing Rules.

The Trustee and the Grantee shall be notified in writing of any such amendments or additions. When the Board amends the H Share Equity Share Incentive Scheme Rules, the independent non-executive Directors must oversee whether such amendments are conducive to the sustainable development of the Company and whether they harm the interests of the Company and its Shareholders as a whole. If the initial grant of an Award is approved by the Board or its authorised representative, the Remuneration and Appraisal Committee, the independent non-executive Directors, and/or the Shareholders (as applicable), any amendment to the terms of an Award granted must be approved by the Board or its authorised representative, the Remuneration and Appraisal Committee, the independent non-executive Directors, and/or the Shareholders (as applicable). Any dispute arising from the H Share Equity Share Incentive Scheme shall be resolved by the Board, and the Board's decision shall be final and binding.

XXI. Trustee

The Company will appoint a Trustee and establish a Trust pursuant to the Trust Deed for the purpose of administering the H Share Equity Share Incentive Scheme. The Trust will serve as the vehicle for holding and managing the Award Shares on behalf of the Eligible Participants until such Award Shares vest, at which time the H Shares will be delivered to the Eligible Participants in accordance with the H Share Equity Share Incentive Scheme Rules. The Trustee shall be a third party independent of the Company and its connected persons; no Director is or shall be the Trustee of the H Share Equity Share Incentive Scheme, nor shall any Director have any direct or indirect interest in the Trustee of the H Share Equity Share Incentive Scheme. The Trustee of the H Share Equity Share Incentive Scheme must abstain from voting or refrain from exercising any voting rights with respect to any unvested shares held directly or indirectly under the Trust or as a nominee in connection with matters requiring Shareholders' approval under the Listing Rules, unless applicable law otherwise requires voting in accordance with the instructions of the beneficial owner and such instructions have been given. For the avoidance of doubt, all grants are made to the relevant Eligible Participants individually. The Trustee is not an Eligible Participant but holds the Award Shares on behalf of and for the benefit of the Eligible Participants solely in accordance with the H Share Equity Share Incentive Scheme and the Trust Deed.

(III) PROPOSED AUTHORISATION TO THE BOARD AND/OR ITS AUTHORISED PERSON(S) TO HANDLE MATTERS RELATING TO THE H SHARE EQUITY SHARE INCENTIVE SCHEME

In order to ensure the successful implementation of the H Share Equity Share Incentive Scheme, the Board proposed that subject to the Shareholders' approval at the general meeting, grant an authorisation to the Board and/or the person(s) authorised by the Board matters relating to the H Share Equity Share Incentive Scheme, including:

1. The H Share Equity Share Incentive Scheme;

2. The relevant resolutions related to the adoption and administration of such share schemes of the Group, the Shareholders also grant an authorisation to the Board and/or its authorised person to handle matters relating to the H Share Equity Share Incentive Scheme, including but not limited to: (1) pursuant to the H Share Equity Share Incentive Scheme, to grant the Award Shares; (2) in their full discretion, pursuant to the H Share Equity Share Incentive Scheme and under the Listing Rules, to handle and decide the relevant matters, including but not limited to the vesting of Award Shares, ascertaining of the Grantees, purchase price, lapse, evaluation, and resolution of disputes; (3) to make such corresponding amendments to the Articles of Association as it deems appropriate; (4) to adopt and formulate all necessary or appropriate actions or arrangements for the H Share Equity Share Incentive Scheme of the Company to take into effect, and to sign and execute all arrangements, deeds and documents necessary for the H Share Equity Share Incentive Scheme of the Company; (5) to apply for the necessary approvals, registrations, filings, qualifications, consents, and other procedures with the relevant governments and institutions (if any), and to sign, execute, amend, and complete the documents submitted to the relevant governments, institutions, organizations, and individuals; (6) to appoint Trustees, banks, auditors, solicitors, advisers and any other professional institutions, and to determine all relevant matters related to the Trust arrangements; (7) to interpret the H Share Equity Share Incentive Scheme and, subject to adjustments to the restrictions from time to time in compliance with the Listing Rules, to amend and/or modify the Scheme; such amendments and/or modifications shall be made in accordance with the relevant provisions of the H Share Equity Share Incentive Scheme and shall comply with the Listing Rules; (8) to evaluate Eligible Participants and grant Award Shares to such Eligible Participants, to determine the terms of such grants, including but not limited to the purchase price payable for the Award Shares (if applicable), the vesting period, and the vesting conditions, and to enter into agreements on behalf of the Company with Eligible Participants relating to the Award Shares, such as Grant Letter and Award Letter (if applicable); (9) subject to the approval of the Board, the Remuneration and Appraisal Committee, the independent non-executive Directors and/or the Shareholders (as the case may be), to amend from time to time, in light of market conditions, the purchase price payable (if applicable), the vesting period and the vesting conditions for the Award Shares as specified in the Grant Letter and Award Letter (if applicable), in order to better achieve the purpose of the H Share Equity Share Incentive Scheme.

In this case, notice setting out the amendments shall be given to the relevant Eligible Participants. For the avoidance of doubt, this requirement does not apply where the amendments take effect automatically under the existing terms of the H Share Equity Share Incentive Scheme (if applicable) with respect to: (1) determining the vesting method for Award Shares; and (2) dealing with any matters necessary for the administration and execution of the H Share Equity Share Incentive Scheme, except the matters required by the applicable laws and regulations or the Listing Rules to be resolved by the general meeting.

The aforementioned authorisation to the Board and/or its authorised person shall be valid for the scheme period.

(IV) PROPOSED GRANT OF GENERAL MANDATE TO THE BOARD FOR THE ISSUANCE OF H SHARES

To adapt to market changes and actual operating needs, and enable the Company to issue new shares in a timely and flexible manner, in accordance with relevant laws and regulations, normative documents and the provisions of the Articles of Association, the Company proposes to grant the Board a general mandate to issue, allot, and deal with (including the sale and transfer of Treasury Shares, if applicable) H Shares and/or securities convertible into such H Shares, options, warrants, and similar rights to subscribe for H shares (hereinafter referred to as "**Similar Rights**"). Details regarding such mandate are as follows:

(1) To authorise the Board, subject to applicable laws and regulations and based on market conditions and the Company's actual circumstances, to decide, during the mandate period, the issuance, allotment, and dealing with (including the sale and transfer of Treasury Shares, if applicable) of additional shares and/or Similar Rights by the Board, either individually or concurrently, conditionally or unconditionally, within a limit not exceeding 20% of the number of shares issued as of the date on which the Company obtained the general mandate to issue H Shares as considered and approved at the EGM (excluding any Treasury Shares), and to formulate issuance plans;

(2) The Board may formulate specific plans for relevant share issuance in accordance with relevant laws and regulations, including but not limited to the issuance scale, issue price, use of proceeds from issuance, issue objects, issue place and time, etc.;

(3) To handle relevant approval/filing/registration matters in accordance with applicable laws, regulations, normative documents and other relevant provisions, including but not limited to authorising, signing, executing, modifying and completing all necessary documents, contracts and agreements related to the issuance of H Shares;

(4) To authorise to the board of the Company and the persons authorised by the Board to make corresponding adjustment(s) to the specific plan for the issuance of H Shares and other related matters if there is any change in the policies of the regulatory authorities in respect of issuance of shares or any change in the market conditions (except for the matters that should be re-voted on at the general meeting according to the relevant laws and regulations and the Articles of Association);

(5) Subject to the actual circumstances of the issuance, to authorise the Board to handle all matters related to the issue of shares, including but not limited to amending the Articles of Association and other information and documents that may involve changes in relation to the increase of the registered capital of the Company, and to handle matters such as the amendment of the Articles of Association and the increase of registered capital;

(6) Except for the matters that should be re-voted on at the general meeting according to the relevant laws and regulations and the Articles of Association, to authorise the Board to decide to adjust, continue implementing or terminate the implementation of the issuance plan according to the actual situation of the Company and other comprehensive factors within the issuance limit in Article (1);

(7) In accordance with the applicable laws and regulations and the relevant provisions of the regulatory authorities, to handle other matters not listed above but necessary for the issuance of H Shares, such as opening an overseas securities account, handling foreign exchange and fund allocation and other specific matters;

(8) Except for matters expressly required by laws, regulations or the Articles of Association to be approved by a resolution of the Board, the Board authorises the Chairman or the person(s) authorised by the Chairman to sign and handle documents and matters related to the issuance of H Shares within the scope of the above authorisation;

(9) The term of authorisation shall commence on the date when this resolution is considered and approved by the EGM and continue until the conclusion of the next annual general meeting of the Company, or the date on which any resolution revoking or varying the authorisation granted under this resolution is passed at any general meeting of the Company (whichever is earlier).

The Company shall only exercise the general mandate to issue H Shares in compliance with Rule 10.08 of the Listing Rules and shall not issue any new shares within six months commencing from July 8, 2026 (being the date on which dealings in the H Shares commence on the Stock Exchange).

(V) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated July 7, 2026 in relation to the final offer price and allotment results in respect of the total issued share capital of 304,289,725 shares, comprising 287,534,442 H Shares and 16,755,283 Domestic Shares. As a result, the registered capital and total number of Shares of the Company have been changed to RMB60,857,945 and 304,289,725 shares, respectively. The Board proposes to amend the relevant contents of the Articles of Association. The amended Articles of Association will take effect from the date of approval by the Shareholders by special resolution at the EGM.

The Company's legal advisers have respectively confirmed that the proposed amendments to the Articles of Association comply with the Listing Rules and the relevant PRC laws and regulations. The Company also confirms that the proposed amendments to the Articles of Association are not unusual for a company listed in Hong Kong.

Details of the proposed amendments to the Articles of Association are set out in Appendix II to this circular.

EGM AND PROXY ARRANGEMENT

The notice convening the EGM is set out on pages 39 to 41 of this circular, and is also published and available for download on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.basicsemi.com). The form of proxy for use at the EGM is also published and available for download on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.basicsemi.com).

To be valid, the form of proxy must be completed and signed in accordance with the instructions printed thereon and returned, together with the power of attorney or other authority (if any) under which it is signed or a certified copy of that power of attorney or authority at the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for H Shareholders), or to the registered office of the Company at Room 801, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC (for Domestic Shareholders), as soon as possible but in any event not less than 24 hours before the time appointed for holding the EGM (i.e., before 2:30 p.m. on Thursday, August 27, 2026) or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM if you so wish.

According to the Listing Rules, except where the Chairman of the meeting, acting in good faith, permits a resolution concerning purely procedural or administrative matters to be voted on by a show of hands, any vote of Shareholders at a general meeting must be taken by poll. Therefore, any vote of Shareholders at the EGM will be taken by poll.

To the best of the knowledge, information and belief of the Directors, no Shareholder is required to abstain from voting at the EGM.

CLOSURE OF REGISTER OF H SHARE MEMBERS

For the purpose of determining the entitlement of the H Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Tuesday, August 25, 2026 to Friday, August 28, 2026, both days inclusive, during which period no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Friday, August 28, 2026 shall be entitled to attend and vote at the EGM.

In order to be eligible to attend and vote at the EGM, holders of H Shares whose transfer documents have not been registered are required to deposit all properly completed share transfer forms together with the relevant H Share certificates to the Company's H Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (for holders of H Shares) for registration not later than 4:30 p.m. on Monday, August 24, 2026.

RESPONSIBILITY STATEMENTS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this circular or any statement herein misleading.

RECOMMENDATION

The Directors consider that all the resolutions proposed for consideration and approval by Shareholders at the EGM are in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that shareholders vote in favour of such resolutions to be proposed at the EGM, as set forth in the notice of the EGM.

By order of the Board
BASiC Semiconductor Co., Ltd.
Dr. Wang Zhihan
Chairman

Shenzhen, the PRC

The following is an explanatory statement required by the Listing Rules to provide Shareholders with the information reasonably necessary to enable them to make an informed decision on the resolution to be proposed at the EGM in relation to the grant of the H Share Repurchase Mandate.

1. SHARE CAPITAL

As at the Latest Practicable Date, the total issued share capital of the Company was 304,289,725 Shares with a nominal value of RMB0.20 each, comprising 287,534,442 H Shares and 16,755,283 Domestic Shares.

Subject to the passing of the special resolution for the grant of the H Share Repurchase Mandate set out in the EGM notice and on the basis that the Company's issued share capital remains unchanged as at the date of the EGM, the Directors shall be authorised to repurchase a maximum of 28,753,444 H Shares during the Mandate Period (as defined below) under the H Share Repurchase Mandate, representing 10% of the total issued H Shares (excluding Treasury Shares, if any) as at the date of the EGM.

"Mandate Period" refers to the period commencing from the date on which the resolution is passed at the EGM to the earlier of:

(i) the conclusion of the Company's 2026 annual general meeting; or

(ii) the date on which the H Share Repurchase Mandate is revoked or varied by a resolution approved at any general meeting of the Company.

2. REASONS FOR SHARE REPURCHASE

The Directors firmly believe that the general mandate granted by the Shareholders will maintain the value of the Company and the interests of its shareholders, adapt to market changes and actual operational needs, and enable the Company to repurchase H Shares in a timely and flexible manner. Depending on current market conditions and funding arrangements, such repurchases may increase the Company's net asset value per share and/or earnings per share and will only be made if the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

3. FUNDING OF SHARE REPURCHASE

The Company intends to use its own funds to repurchase its H Shares. For the avoidance of doubt, the Company will not use the proceeds from its listing to repurchase shares. The Company may only apply funds legally available for such purpose in accordance with the Articles of Association, the Listing Rules and the applicable laws and regulations of the PRC. The Directors shall not repurchase shares on the Stock Exchange for a consideration other than cash or for settlement other than in accordance with the Listing Rules. Subject to the aforesaid provisions, the Directors may use the Company's profits, and, if any premium is payable in respect of the repurchase, the Company's profits or the credit balance of the Company's share premium account or (if permitted by the Articles of Association and in compliance with applicable Chinese law) the Company's share capital for the purpose of such repurchase.

4. IMPACT OF SHARE REPURCHASE

The Directors believe that there might be a material adverse impact on the working capital or gearing levels of the Company (as compared with the financial position as disclosed in the financial statements for the year ended 31 December 2025) in the event the H Share Repurchase Mandate was exercised in full at any time. However, the Board of the Company will, in light of the then prevailing market conditions and funding arrangements, prudently determine the repurchase plan (including but not limited to the repurchase quantity and price, among other things). The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements or the gearing levels of the Company which in the opinion of the Directors are from time to time appropriate for the Company.

5. MARKET PRICES OF SHARES

The highest and lowest prices per H Share at which H Shares were traded on the Stock Exchange during each of the previous twelve months (from the listing date) prior to the Latest Practicable Date were as follows:

Month	**H Share Prices**	
2026	**Highest**	**Lowest**
	HK$	*HK$*
July *(from the listing date)*	57.75	32.70
August *(as of the Latest Practicable Date)*	56.20	42.20

6. GENERAL INFORMATION

To the best of their knowledge and having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the Listing Rules) currently does intend to sell any H Shares to the Company in the event that the granting of the H Share Repurchase Mandate is approved by the Shareholders.

The Company has not been notified by any core connected persons (as defined in the Listing Rules) of the Company that they have a present intention to sell any H Shares to the Company, or that they have undertaken not to do so in the event that the granting of the H Share Repurchase Mandate is approved by the Shareholders.

The Directors will exercise the power of the Company to repurchase H Shares pursuant to the H Share Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the PRC.

The Company may, based on market conditions at the time of the repurchase and the Group's capital management needs, cancel such repurchased H Shares or hold them as Treasury Shares.

Upon the Company's repurchase of H Shares, the shareholder rights attached to the repurchased H Shares will be suspended. For any H Shares repurchased and held as Treasury Shares, the Company will issue clear written instructions to its Hong Kong H Share Registrar, Computershare Hong Kong Investor Services Limited, and the relevant brokers upon completion of the share repurchase, requesting that the records be updated to clearly designate the repurchased H Shares held in the Central Clearing and Settlement System (CCASS) as Treasury Shares.

The Company confirms that neither the explanatory statement nor the proposed H Share Repurchase has any unusual features.

7. TAKEOVERS CODE AND PUBLIC FLOAT

If a Shareholder's proportionate interest in the Company increases on the Company exercising its powers to repurchase H Shares pursuant to the H Share Repurchase Mandate, such increase will be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code.

As at the Latest Practicable Date, to the best knowledge of the Directors, Dr. Wang Zhihan, Ms. Wang Yongmiao, Shenzhen Bronze Holding Partnership (Limited Partnership)(深圳青銅劍控股合夥企業 (有限合夥)), Shenzhen InteBridge Technology Limited (深圳英倫博智科技有限公司), Bronze Technologies Group Co., Ltd. (深圳青銅劍科技股份有限公司), Shenzhen BASiC Principle Holding Partnership (Limited Partnership)(深圳基本原理控股合夥企業(有限合夥)), Shenzhen BASiC Createnjoy Holding Partnership (Limited Partnership)(深圳基本創享控股合夥企業(有限合夥)), Shenzhen BASiC Innovation Technology Partnership (Limited Partnership)(深圳基本創新技術合夥企業(有限合夥)), Shenzhen BASiC Creation Holding Partnership (Limited Partnership)(深圳基本創造控股合夥企業(有限合夥)), Shenzhen BASiC Entrepreneur Management Partnership (Limited Partnership)(深圳基本創業管理合夥企業(有限合夥)) and Shenzhen BASiC Original Holding Partnership (Limited Partnership)(深圳基本原創控股合夥企業(有限合夥)), members of the Controlling Shareholders Group of the Company, are interested in 127,320,916 Shares of the Company, and entitled to exercise and/or control the exercise of approximately 41.84% of the voting rights in the general meetings of the Company. In the event that the Directors exercise in full the power to repurchase H Shares pursuant to the H Share Repurchase Mandate, the voting rights of the Controlling Shareholder in the Company would increase to approximately 46.21%. Such increase will give rise to an obligation to make a mandatory offer under Rule 26 or Rule 32 of the Takeovers Code. The Directors have no intention to exercise the power to repurchase H Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rule 26 of the Takeovers Code.

Save as disclosed above, the Directors are not aware of any Shareholder or group of Shareholders acting in concert, who may become obliged to make a mandatory offer under Rule 26 of the Takeovers Code as a consequence of any repurchase of Shares pursuant to the Repurchase Mandate.

In addition, the Directors will not repurchase H Shares if such repurchase would result in a failure to comply with the public float requirement under the Rule 19A.28B(1) of the Listing Rules.

8. SHARE REPURCHASE MADE BY THE COMPANY

The Company had not repurchased any Shares on the Stock Exchange or otherwise during the six months prior to the Latest Practicable Date.

Article Number in the Articles of Association	Before Amendments	After Amendments
Article 4	Upon filing with the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on November 26, 2025 and approval by the Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Stock Exchange) on [•], the Company conducted its initial public offering of [•] overseas listed foreign shares (H Shares), which were listed on the Main Board of the Hong Kong Stock Exchange on [•].	Upon filing with the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") on November 26, 2025 and approval by ~~t~~**T**he Stock Exchange of Hong Kong Limited (hereinafter referred to as Hong Kong Stock Exchange) on ~~[•]~~ **July 7, 2026**, the Company conducted its initial public offering of ~~[•]~~ **27,386,200** overseas listed foreign shares (H Shares)**. At the same time, 260,148,242 unlisted Domestic Shares were converted into H Shares by way of full circulation. The aforementioned H Shares**, which were listed on the Main Board of the Hong Kong Stock Exchange on **July 8, 2026**.
Article 7	The registered capital of the Company is RMB[•].	The registered capital of the Company is RMB~~[•]~~**60,857,945**.
Article 22	The Company has issued [•] shares, all of which are ordinary shares.	The Company has issued ~~[•]~~ **304,289,725** shares, all of which are ordinary shares.

BASiC Semiconductor Co., Ltd.
深圳基本半導體股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 9971)

NOTICE OF THE 2026 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2026 first extraordinary general meeting (the "**EGM**") of BASiC Semiconductor Co., Ltd. (the "**Company**") will be held at the meeting room of 12/F, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, the PRC, at 2:30 p.m. on Friday, August 28, 2026, for the purposes of considering and, if thought fit, approving the following resolutions. Unless the context otherwise requires, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated August 11, 2026.

SPECIAL RESOLUTIONS

1. To consider and approve the proposed grant of general mandate to the Board to repurchase H Shares;

2. To consider and approve the proposed adoption of the H Share Equity Share Incentive Scheme;

3. To consider and approve the proposed authorisation to the Board and/or its authorised person(s) to handle matters relating to the H Share Equity Share Incentive Scheme;

4. To consider and approve the proposed grant of general mandate to the Board to issue H Shares;

5. To consider and approve the proposed amendments to the Articles of Association.

By order of the Board
BASiC Semiconductor Co., Ltd.
Dr. Wang Zhihan
Chairman

Shenzhen, China, August 11, 2026

Notes:

1. ENTITLEMENT TO ATTEND THE EGM AND REGISTER DATE FOR THE SHAREHOLDERS

The record date for determining the entitlement of the H Shareholders and Domestic Shareholders to attend and vote at the EGM is Friday, August 28, 2026.

In order to determine the entitlement of the H Shareholders to attend and vote at the EGM, the Register of Members of the Company will be closed from Tuesday, August 25, 2026, to Friday, August 28, 2026 (both days inclusive), and during which period no transfer of H Shares will be registered. The H Shareholders whose names appear on the Register of Members as on Friday, August 28, 2026 are entitled to attend and vote at the EGM.

In order to qualify to attend and vote at the EGM, the H Shareholders must lodge all transfer documents together with the relevant share certificates with Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, August 24, 2026.

2. PROXY

(1) Any Shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies (whether a Shareholder or not) to attend and vote on his/her behalf. If more than one proxy is appointed by a Shareholder, such proxies shall only exercise the voting rights represented by them by way of poll.

(2) A form of proxy must be signed by the Shareholder or his/her attorney duly authorized in writing or, in case of a legal person, must either be executed under its seal or under the hand of its legal representative or other attorney duly authorized to sign the same. If the proxy form is signed by an attorney of the appointor, the power of attorney authorizing that attorney to sign, or other document of authorization, must be notarially certified.

(3) To be valid, Shareholders must deliver the form of proxy and the notarially certified copy of that attorney or other authority to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for H Shareholders), or at Room 801, Building 1, Bronze Technology Tower, No. 6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC (for Domestic Shareholders), not less than 24 hours before the time appointed for holding of the EGM (i.e. before 2:30 p.m. on Thursday, August 27, 2026).

(4) In the case of joint registered holders of any shares of the Company, only the holder whose name appears first on the Register of Members of the Company may vote at the EGM either in person or by proxy in respect of such shares as if he/she were solely entitled thereto.

3. REGISTRATION PROCEDURES FOR ATTENDING THE EGM

The Shareholders or their proxies should present proof of identity when attending the EGM. If a Shareholder is a legal person, its legal representative or other person authorized by the Board or other governing body of such Shareholder may attend the EGM by providing a copy of the resolution of the Board or other governing body of such Shareholder appointing such person to attend the meeting.

4. VOTING BY POLL

According to the Listing Rules, except where the Chairman of the meeting, acting in good faith, permits a resolution concerning purely procedural or administrative matters to be voted on by a show of hands, any vote of Shareholders at a general meeting must be taken by poll. Therefore, the resolutions set forth in the EGM Notice shall be voted by poll.

5. MISCELLANEOUS

(1) The EGM is expected to be held for no more than half a day and will be conducted in Mandarin.

(2) Please be advised that no gifts or marketable securities will be distributed at the EGM. Shareholders who attend the EGM in person or by proxy shall bear their own travelling, dining, and accommodation expenses.

(3) For details of resolutions submitted at the EGM for consideration and approval, please refer to the circular of the Company dated August 11, 2026.

If you have any questions regarding the EGM, please contact Computershare Hong Kong Investor Services Limited at (852) 2862 8555.

The office hours are from 9:00 a.m. to 6:00 p.m., Monday to Friday (excluding public holidays).

As of the date of this notice, the Board of the Company comprises: (i) Dr. Wang Zhihan, Dr. He Weiwei, Mr. Fu Junyin and Ms. Yan Rui as executive Directors; and (ii) Mr. Li Juping, Mr. Ye Xiang and Mr. Wang Susheng as independent non-executive Directors.