
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

If you are in any doubt as to any aspect of about 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 Shanghai Fudan Microelectronics Group Company Limited, you should at once had this circular and the accompanying confirmation slip and form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

- (1) WORK REPORT OF THE BOARD OF 2023
- (2) WORK REPORT OF THE SUPERVISORY COMMITTEE OF 2023
- (3) FINAL ACCOUNT REPORT OF 2023
- (4) ANNUAL REPORT OF 2023
- (5) PROFIT DISTRIBUTION PLAN OF 2023
- (6) PROPOSAL OF UTILISATION OF THE SURPLUS FUNDS RAISED FROM THE A SHARE OFFERING FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL
- (7) RE-APPOINTMENT OF OVERSEAS AND DOMESTIC AUDITOR AND INTERNAL CONTROL AUDITOR OF 2024
- (8) REMUNERATION OF DIRECTORS AND SUPERVISORS OF 2024
- (9) PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT
- (10) PROPOSED AMENDMENTS TO RULES FOR PROCEDURES OF INDEPENDENT DIRECTORS
- (11) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION
- (12) GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES AND/OR H SHARES
AND
- (13) NOTICE OF ANNUAL GENERAL MEETING

Notice convening the AGM to be held at Conference Room, Building 4, Fudan National University Science and Technology Park, 127 Guotai Road, Shanghai, the People's Republic of China at 10:00 am on Tuesday, 28 May 2024 are set out on pages AGM-1 to AGM-2 of this circular.

Form of proxy for use at the AGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.fmsh.com.cn). Whether or not you are able to attend and/or vote at the AGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 24 hours before the time appointed for convening the AGM.

23 April 2024

* For identification purpose only

CONTENTS

| | <i>Page</i> |
|--|-------------|
| DEFINITIONS | 1 |
| LETTER FROM THE BOARD | |
| Introduction | 4 |
| 1. Work Report of the Board of 2023 | 5 |
| 2. Work Report of the Supervisory Committee of 2023 | 5 |
| 3. Final Account Report of 2023 | 5 |
| 4. Annual Report of 2023 | 5 |
| 5. Profit Distribution Plan of 2023 | 6 |
| 6. Proposal of utilization of the surplus funds raised from the A Share Offering for permanent replenishment of working capital | 6 |
| 7. Re-appointment of Overseas and Domestic Auditor and internal control Auditor of 2024 | 7 |
| 8. Remuneration of Directors and Supervisors of 2024 | 8 |
| 9. Purchase of Liability Insurance for Directors, Supervisors and Senior Management | 8 |
| 10. Proposed Amendments to Rules for Procedures of Independent Directors | 9 |
| 11. Proposed Amendments to Articles of Association | 9 |
| 12. General Mandate to Issue additional A Shares and/or H Shares | 9 |
| 13. Annual General Meeting | 11 |
| 14. Closure of Register of Members | 11 |
| 15. Recommendation | 12 |
| 16. Responsibility Statement | 12 |
| APPENDIX 1 – Work Report of the Board of 2023 | APP1-1 |
| APPENDIX 2 – Final Account Report of 2023 | APP2-1 |
| APPENDIX 3 – Proposed Amendments to Articles of Association | APP3-1 |
| APPENDIX 4 – Proposed Amendments to Rules for Procedures of Independent Directors | APP4-1 |
| NOTICE OF ANNUAL GENERAL MEETING | AGM-1 |

DEFINITIONS

| | |
|---------------------------|---|
| “AGM” | the annual general meeting of the Company to be held at Conference Room, Building 4, Fudan National University Science and Technology Park, 127 Guotai Road, Shanghai, the PRC on Tuesday, 28 May 2024 at 10:00 a.m. |
| “A Share(s)” | the ordinary share(s) of nominal value of RMB0.10 each of the Company which are subscribed for and traded in RMB which are listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange |
| “Articles of Association” | the articles of association of the Company |
| “Board” | the board of Directors of the Company |
| “Company” | 上海復旦微電子集團股份有限公司 (Shanghai Fudan Microelectronics Group Company Limited*), a joint stock limited company incorporated in the PRC and whose A shares are listed on the Sci-Tech Innovation Board and H shares are listed on the main board of the Stock Exchange |
| “Company Law” | the Company Law of the People’s Republic of China |
| “Connected Person(s)” | has the meaning ascribed to it under the Listing Rules |
| “CSRC” | the China Securities Regulatory Commission (中國證券監督管理委員會) |
| “Directors” | the director(s) of the Company |
| “General Mandate” | the proposed general mandate to be granted to the Directors at the AGM to permit the allotment and issue of new Shares in the Company of up to a maximum of 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of the relevant resolution granting such mandate |
| “H Share(s)” | foreign invested share(s) of nominal value of RMB0.10 each in the capital of the Company which are listed on main board of the Stock Exchange and subscribed for in HK\$ |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Latest Practicable Date” | 17 April 2024 being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

DEFINITIONS

| | |
|-----------------------------|---|
| “PRC” | the People’s Republic of China |
| “SFO” | The Securities and Futures Ordinance (Chapter 571) of the Laws of Hong Kong |
| “Sci-Tech Innovation Board” | The Sci-Tech Innovation Board of the Shanghai Stock Exchange |
| “Share(s)” | A Shares and H Shares |
| “Shareholder(s)” | registered holder(s) of the Shares |
| “Shanghai Stock Exchange” | the Shanghai Stock Exchange |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “Supervisory Committee” | the supervisor committee of the Company |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | Percent |

** For identification purpose only*

LETTER FROM THE BOARD



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

Executive Directors:

Mr. Jiang Guoxing (*Chairman*)

Mr. Shi Lei (*Managing Director*)

Mr. Yu Jun (*Deputy Managing Director*)

Registered Office:

No. 220 Handan Road

Shanghai

The PRC

Non-executive Directors:

Ms. Zhang Qianling

Mr. Wu Ping

Mr. Sun Zheng

Principal Place of Business:

In the PRC:

Building 4, Lane 127, Guotai Road

Shanghai, the PRC

Independent Non-executive Directors:

Mr. Cao Zhongyong

Mr. Cai Mingyong

Mr. Wang Pin

Ms. Zou Fuwen

In Hong Kong:

Flat 6, 5/F., East Ocean Centre

98 Granville Road

Tsimshatsui East

Kowloon

Hong Kong

Dear Sir or Madam:

* For identification purpose only

LETTER FROM THE BOARD

- (1) WORK REPORT OF THE BOARD OF 2023**
- (2) WORK REPORT OF THE SUPERVISORY COMMITTEE OF 2023**
- (3) FINAL ACCOUNT REPORT OF 2023**
- (4) ANNUAL REPORT OF 2023**
- (5) PROFIT DISTRIBUTION PLAN OF 2023**
- (6) PROPOSAL OF UTILISATION OF THE SURPLUS FUNDS RAISED FROM THE A SHARE OFFERING FOR PERMANENT REPLENISHMENT OF WORKING CAPITAL**
- (7) RE-APPOINTMENT OF OVERSEAS AND DOMESTIC AUDITOR AND INTERNAL CONTROL AUDITOR OF 2024**
- (8) REMUNERATION OF DIRECTORS AND SUPERVISORS OF 2024**
- (9) PURCHASE OF LIABILITY INSURANCE FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**
- (10) PROPOSED AMENDMENTS TO RULES FOR PROCEDURES OF INDEPENDENT DIRECTORS**
- (11) PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION**
- (12) GENERAL MANDATE TO ISSUE ADDITIONAL A SHARES AND/OR H SHARES**
- AND**
- (13) NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with further information regarding the resolutions to be proposed at the forthcoming AGM.

At the AGM, resolutions will be proposed to consider approve, among others:

- (1) work report of the Board of 2023;
- (2) work report of the Supervisory Committee of 2023;
- (3) final account report of 2023;
- (4) annual report of 2023;
- (5) profit distribution plan of 2023;
- (6) utilization of the surplus funds raised from the A Share Offering for permanent replenishment of working capital;
- (7) re-appointment of overseas and domestic auditor and internal control Auditor of 2024;

LETTER FROM THE BOARD

- (8) remuneration of Directors and Supervisors of 2024;
- (9) purchase of liability insurance for Directors, Supervisors and senior management;
- (10) amendments to rules for procedures of independent directors;
- (11) amendments to articles of association;
- (12) general mandate to issue additional A Shares and/or H Shares; and
- (13) to give you notice of AGM.

Details of the Resolutions:

(1) Work Report of the Board of 2023

An ordinary resolution will be proposed at the AGM to pass the Work Report of the Board of 2023. Full text of the Work Report of the Board of 2023 to be passed is set out in Appendix 1 to this circular.

(2) Work Report of the Supervisory Committee of 2023

An ordinary resolution will be proposed at the AGM to pass the Work Report of the Supervisory Committee of 2023. Please refer to the section headed “Report of the Supervisory Committee” of the 2023 Annual Report of the Company for full text of the Work Report of the Supervisory Committee of 2023 to be passed.

(3) Final Account Report of 2023

An ordinary resolution will be proposed at the AGM to pass the Final Account Report of 2023. Full text of the Final Account Report of 2023 to be passed is set out in Appendix 2 to this circular.

(4) Annual report of 2023

Pursuant to the requirements according to the appropriate laws and provisions of the Company Law, the “Guidelines for the Standards for the Content and Form of Information Disclosure by Companies Publicly Offering Securities No. 2 – Content and Form of Annual Reports (Revised in 2021)” released by the CSRC, the Rules for the Listing of Stocks on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (Revised in December 2023) and the Listing Rules, the preparation of the Annual Report of 2023 and its summary was completed and consists of audited financial statements of 2023 and the auditor’s report. An ordinary resolution will be proposed at the AGM to pass the Annual Report of 2023.

LETTER FROM THE BOARD

(5) Profit Distribution Plan of 2023

The net profit attributable to shareholders of the parent company of 2023 amounted to RMB719,494,375.58 and the Company's reserves available for distribution at 31 December 2023 amounted to RMB3,200,007,316.38. The Company will base on the total share capital of the Company on the record date for 2023 dividend distribution. The profit distribution proposal is as follows:

The Company proposed a cash final dividend of RMB1.00 (tax inclusive) for every 10 shares, based on total share capital of 819,060,400 shares in issue as at 31 December 2023, or a total proposed cash final dividend of RMB81,906,040 (tax inclusive) will be distributed and the cash final dividend represents 11.38% of the net profit attributable to shareholders of the parent company of 2023. This profit distribution will not carry out any distribution by way of bonus shares or conversion of capital surplus into share capital.

Final dividend will be declared and calculated in RMB, dividend for holders of A Shares will be paid in RMB whereas dividend for holders of H Shares will be paid in Hong Kong dollars. The exchange rate of cash dividend for converting RMB into Hong Kong Dollars shall be determined by the rate of average benchmark exchange rate of RMB against HKD published by the People's Bank of China five business days before the date declaring the distribution of dividend.

The aforementioned 2023 distribution plan was considered and approved at the Board meeting held on 22 March 2024 and will be put forward for approval at the AGM. Upon approval at the AGM, the Company expects to implement the distribution plan within 60 days after the AGM. The Company will publish further announcement on the arrangements for the distribution of the final dividend, including the record date for distribution of the dividend, the closure of the register of members and other relevant matters.

(6) Proposal of utilization of the surplus funds raised from the A Share Offering for permanent replenishment of working capital

As approved by the document "Approval in Relation to Registration of the Initial Public Offering of Shanghai Fudan Microelectronics Group Company Limited." (CSRC Approval 2021 No. 1874) granted by the CSRC, the Company was permitted to issue 120,000,000 A Shares at an issue price of RMB6.23 per share. The total amount of proceeds from the A Share Offering amounted to RMB747,600,000. The net proceeds have been fully received and verified by Pan-China Certified Public Accountants LLP, which has issued the Capital Verification report (Pan-China Verification (2021) No. 6-70). For the protection of investors, the proceeds are all held in a specialized bank account of the Company.

The net amount of funds raised from the A Share Offering is approximately RMB680,283,000. Since the amount of funds to be raised from the A Share Offering was originally estimated to be RMB600,000,000, the actual funds raised by the Company exceed the original estimate by approximately RMB80,283,000 (the "Surplus Funds"). The Company has approved the proposed utilization of RMB24,000,000 and RMB24,000,000 of the Surplus Funds for permanent replenishment

LETTER FROM THE BOARD

of working capital by way of poll at the extraordinary general meeting held on 5 November 2021 and at the 2022 annual general meeting held on 2 June 2023 respectively. As at the Latest Practicable Date, the balance of unutilised Surplus Funds amounted to RMB32,283,000.

In order to meet the Company's liquidity requirements, use the funds raised more effectively and reduce the financial costs, under the pre-condition that the capital requirements of the fund-raising projects and the normal implementation of the fund-raising projects are guaranteed, which pursuant to the “Regulatory Guidance for Listed Companies No. 2 – Regulatory Requirements for the Administration and Use of Proceeds of the Listed Companies”, the “Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of Shanghai Stock Exchange”, the “Guideline No. 1 on the Application of the Rules Governing the Self-Regulation of Listed Companies on the Shanghai Stock Exchange - Regulation of Operations”, relevant regulations, regulatory documents and the relevant rules of the Company's Fund Raising Management System, the Company intends to utilize RMB24,000,000 of the Surplus Funds for the permanent replenishment of working capital.

The Company undertakes that the aggregate amount of A Shares Surplus Funds intends for the replenishment of working capital within every twelve months will not exceed 30% of the A Shares Surplus Funds; the fund to be utilized will not affect the capital requirements of the projects in which the proceeds are intended to be used and will be used for the Company's operating activities in relation to its principal activities; and it will not carry out any high-risk investment or provide financial assistance for third-party entities, within twelve months following the approval of the utilization of Surplus Funds.

(7) Re-Appointment of Overseas and Domestic Auditor and internal control Auditor of 2024

Ernst & Young Hua Ming LLP (“Ernst & Young HM”) is the Company’s PRC auditor for 2023 and audited the Company’s financial statements of 2023 in accordance with the PRC Accounting Standards for Enterprises; and also undertook the role of overseas auditor in accordance with the Listing Rules. During the term of office as auditor of the Company, Ernst & Young HM performed their duties in accordance with the requirements under laws and regulations as well as professional standards of independence, and impartiality presented their independent audit opinion, and also implemented works according to the provisions of the business contract.

In order to maintain the continuity and stability of the external audit of the Company, the Board proposed to re-appoint Ernst & Young HM as the overseas and domestic auditor of the Company and to provide audit services on internal control for 2024 for a term of one year, and also propose at the AGM to authorize the Board to determine with Ernst & Young HM for the fees on the relevant audit and execute the relevant business contract.

LETTER FROM THE BOARD

(8) Remuneration of Directors and Supervisors of 2024

I. Remuneration of Directors and Supervisors of 2024

1. Executive Directors: directors' remuneration are determined in connection with their management positions and duties in the Company, remuneration comprise of fixed salaries and floating target;
2. Non-executive Directors: not entitled to any directors' remuneration;
3. In compliance with the regulatory provisions, the current Independent Non-executive Directors are entitled to an annual allowance of RMB200,000 (before tax);
4. Supervisors: the employee representative Supervisor is remunerated in according to her management position in the Company and performance appraisal, and no further Supervisor's allowance will be entitled. The Supervisors, Mr. Ren Junyan is entitled to an annual allowance of RMB200,000 (before tax) and Ms. Tang Xiaojie is not entitled to any Supervisor's allowance.

II. Others

1. Directors' remuneration and Supervisor's allowance are paid monthly;
2. The Company shall withhold and pay individual income tax in respect of the aforesaid remuneration and allowance on their behalf;
3. In the case of resignation due to expiry of board session, re-election and resignation during term of office, the Directors and Supervisors will be entitled to remuneration or allowance in accordance with actual term in office;
4. Pursuant to the "Rules for Independent Directors of Listed Companies" issued by the CSRC, the Company is responsible for the fees of professionals engaged by the Independent Non-executive Directors and imbursement of any expenses incurred for fulfilling their duties.

The above resolution was abstained from voting by all Directors at the meetings of the Board on 22 March 2024 and is now presented to the AGM for approval.

(9) Purchase of Liability Insurance for Directors, Supervisors and Senior Management

Pursuant to the requirements under the provisions of the "Code of Corporate Governance" released by the CSRS, directors, supervisors and senior management should be covered with liability insurance. The Company will renew the insurance cover for a term of one year with extension to cover liabilities in respect of both the listings of H Shares and A Shares with a renewal premium not exceeding HK\$200,000.

LETTER FROM THE BOARD

(10) Proposed Amendments to Rules for Procedures of Independent Directors

In view of the issuance of the Administrative Measures for Independent Directors of Listed Companies by the CSRC and the Rules Governing the Listing of Stocks on the Technology and Innovation Board of the Shanghai Stock Exchange (Revised in August 2023) by the Shanghai Stock Exchange, the Board has proposed to make certain amendments to the Rules for Procedures of Independent Directors in order to adapt to the changes in the regulatory rules and to improve the level of corporate governance continually. The details of the relevant amendments are set out in the Appendix 4 to this circular.

The amendments are subject to the approval of the Shareholders by way of a ordinary resolution at the AGM.

(11) Proposed Amendments to Articles of Association

In order to (1) bring the Articles of Association in line with the latest regulatory requirements in relation to the expanded paperless listing regime and electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules, as well as other housekeeping changes; (2) bring the Articles of Association in line with the amendments made by the China Securities Regulatory Commission in relation to the reform of the independent director system; and (3) in conjunction with the actual situation such as the change in share capital after the implementation of the A Share Restricted Share Incentive Scheme of the Company, the Board has proposed to make certain amendments to Articles of Association (the “Proposed Amendments”). The details of relevant Proposed Amendments are set out in the Appendix 3 to this circular.

The Proposed Amendments are subject to the approval of the Shareholders by way of a special resolution at the AGM and the obtaining of any required approval or endorsement from, or registration with, the relevant regulatory authorities.

(12) General Mandate to Issue Additional A Shares and/or H Shares

Pursuant to the requirements of the Listing Rules and the Article of Association, and in order to grasp market opportunities, ensure flexibility in issuing new shares and in line with the A+H listed company practices, the Board proposes to approve the grant of a general mandate to the Board by a special resolution at the AGM to authorize the Board to decide to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with new shares not exceeding 20% of the respective amount of A shares and/or H shares in issue at the date of the passing of such resolution at the AGM.

The proposed grant is according to usual practice of A+H shares companies, as of the date of this circular, the Board has no existing plan for issuing new shares pursuant to the general mandate.

LETTER FROM THE BOARD

Details of the General Mandate

The general mandate includes but not limited to:

1. Granting of an unconditional and general mandate to the Board (or the director(s) authorized by the Board) to, subject to market condition and the needs of the Company, separately or concurrently issue, allot and deal with additional shares in the share capital of the issued A shares and H shares and make or grant offers, agreements, or options in relation to such Shares during the relevant period (as defined below).
2. The aggregate nominal value of the A shares and/or H shares to be conditionally or unconditionally allotted by the Board (whether pursuant to the exercise of options or otherwise) shall not exceed:
 - i) 20% of the aggregate nominal value of the existing A shares issued as at the date of the passing of this resolution at the AGM; and/or
 - ii) 20% of the aggregate nominal value of the existing H shares issued as at the date of the passing of this resolution at the AGM.
3. The Board be authorized to, when exercising its power under the general mandate, formulate and implement a detailed issuance plan, including but not limited to the class of the new shares to be issued, pricing mechanism and/or issuance price (including price range), number of shares to be issued, allottees and use of proceeds, time of issuance, period of issuance and whether to place shares to existing Shareholders.
4. The Board be authorized to engage intermediate agencies for share issuance related matters, and to approve and execute all acts, deeds, documents or other matters necessary, appropriate, desirable or associated with the share issuances; approve and execute, on behalf of the Company, agreements related to share issuance, including but not limited to placing and underwriting agreement and engagement agreements of intermediate agencies.
5. The Board be authorized to approve and execute, on behalf of the Company, statutory documents in relation to share issuance to be submitted to regulatory authorities, to carry out relevant approval procedures as required by regulatory authorities and venues in which the Company is listed, and to complete all necessary filings, registrations and records with the relevant governmental authorities of Hong Kong and/or any other regions and jurisdictions (if applicable).
6. The Board be authorized to amend, as required by regulatory authorities within or outside the PRC, agreements and statutory documents referred to in (4) and (5) above.
7. The Board be authorized to increase the registered capital of the Company after share issuance, and to make corresponding amendments to the Articles of Association relating to the aggregate share capital and shareholdings, etc. and the Board be authorized to carry out the relevant procedures.

LETTER FROM THE BOARD

Validity Period of the General Mandate

The exercising of the mandate referred to above shall only be valid in the Relevant Period, except if the Board has made or granted offers, agreements or options during the Relevant Period in relation to the issuance of A shares and/or H shares, which may require further promotion or implementation after the Relevant Period. The “**Relevant Period**” refers to the period from the passing of this resolution as a special resolution at the AGM until whichever is the earliest of:

1. the conclusion of the 2024 annual general meeting of the Company;
2. the expiration of the 12-month period following the passing of this resolution as a special resolution at the AGM; and
3. the revocation or variation of the authority under this resolution by passing of a special resolution at a general meeting of the Company.

The exercising of the power granted under the abovementioned general mandate by the Board is subject to all the necessary approvals of the CSRC and/or the relevant authorities of the PRC and in accordance with the Company Law and the relevant requirements under the Listing Rules.

At the same time, if the above resolution is passed at the AGM and unless otherwise required by applicable laws, the Board is authorized to sign, execute, modify, complete, and submit all agreements, contracts and documents relating to the allotment, issuance and disposal of shares under the General Mandate.

The above resolution was considered and approved by the Board on 22 March 2024, and is hereby submitted to the AGM for its consideration and approval.

(13) Annual General Meeting

A notice convening the AGM is set out in pages AGM-1 to AGM-2 to this circular.

All of the resolutions set out in the notice of AGM will be voted by poll.

Under Rule 14A.36 of the Listing Rules, any shareholder who has a material interest in the transaction must abstain from voting on the resolution. As at the Latest Practicable Date, to the best of the Directors’ knowledge, information and belief, no Shareholder is required to abstain from voting on any resolution to be proposed at the AGM.

(14) Closure Of Register Of Members

For the purpose of AGM, the Register of Members of H Shares of the Company will be closed from 22 May 2024 to 28 May 2024 (both days inclusive) and during which no transfer of H Shares will be effected.

LETTER FROM THE BOARD

For holders of H shares whose names appear on the Register of Members of the Company as at 28 May 2024 shall be entitled to attend the AGM. To be qualified to attend the AGM, all transfers of H Shares accompanied by the relevant share certificates must be lodged at the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 21 May 2024.

(15) Recommendation

The Directors consider that the above proposals are in the best interests of the Company and its shareholders and, accordingly, recommend that all Shareholders to vote in favour of the above proposed resolutions in the AGM.

(16) Responsibility Statement

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 inquiries, 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 any statement herein or this circular misleading.

By order of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Jiang Guoxing
Chairman

Shanghai, the PRC, 23 April 2024

** For identification purpose only*

WORK REPORT OF THE BOARD OF 2023

In 2023, the Board of Directors of Shanghai Fudan Microelectronics Group Company Limited (the “Company” or “Fudan Microelectronics”) earnestly performed the duties of the Board of Directors granted by shareholders, and carried out various tasks diligently and responsibly in strict accordance with provisions of the Company Law, the Securities Law, the Rules Governing the Listing of Stock on Sci-Tech Innovation Board of Shanghai Stock Exchange (the “Sci-Tech Innovation Board Listing Rules”), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Articles of Association, the Rules of Procedures of the Board of Directors and other relevant laws and regulations, regulatory documents and corporate rules, which promoted sustainable, healthy and stable development of the Company. The major work of the Board in 2023 is hereby reported below:

I. MAJOR OPERATIONS OF THE COMPANY IN 2023

In 2023, the Company achieved revenue of approximately RMB3,536 million, representing a slight decrease of 0.07% when compared with the last year; the comprehensive gross profit margin declined to 61.21% due to the impact of the downward trend of some product lines; and the net profit attributable to shareholders of the parent company amounted to approximately RMB719 million, representing a decrease of 33.18% when compared with the last year.

In 2023, the Company’s management team is under a great pressure. The semiconductor industry is in a downward cycle, with demand for some chips, represented by consumer electronics products, showing a downward trend, which will have a greater impact on the sales of some of the Company’s products applied to consumer electronics, power electronics and other industries. Due to the Company’s past strategic business decisions, years of technology accumulation and market expansion, the Company’s FPGA product line and some non-volatile memory products applied in high-reliability scenarios have maintained a better growth trend, which has ensured the overall stability of the Company’s revenue. Although the increase in investment in research and development (R&D) was higher than that of previous years, it is of great significance to the Company’s sustainable development. As a R&D enterprise, the Company still needs to attach great importance to R&D work and improve the efficiency of R&D continuously.

II. DAILY WORK OF THE BOARD IN 2023

(I) Convening of general meetings and implementation of resolutions of general meetings by the Board

During 2023, the Board of Directors of the Company convened and held one general meeting and one extraordinary general meeting, and the meetings were held as follows:

| Session of meeting | Date of meeting | Query index of the designated website publishing the resolutions | Date of publishing the resolutions | Meeting resolutions |
|---|-----------------|--|------------------------------------|---------------------|
| 2022 annual general meeting | 2023.06.02 | www.sse.com.cn www.hkex.com.hk | 2023.06.02 | Note 1 for details |
| First extraordinary general meeting in 2023, First A Shareholders' class meeting in 2023, First H Shareholders' class meeting in 2023 | 2023.07.05 | www.sse.com.cn www.hkexnews.hk | 2023.07.05 | Note 1 for details |

Note 1:

Resolutions of the 2022 annual general meeting, all of which were passed:

1. resolution related to the Work Report of the Board of 2022
2. resolution related to the Work Report of the Supervisory Committee of 2022
3. resolution related to the Final Account Report of 2022
4. resolution related to the Annual Report of 2022
5. resolution related to the Profit Distribution Plan of 2022
6. resolution related to the Re-appointment of Overseas and Domestic Auditor and internal control Auditor of 2023
7. resolution related to the Remuneration of Directors And Supervisors of 2023
8. resolution related to the Purchase of Liability Insurance for Directors, Supervisors and Senior Management
9. resolution related to the proposed amendments to Articles of Association
10. resolution related to the proposed amendments to Corporate Governance Rules
11. resolution related to the General Mandate to issue additional A Shares and/or H Shares
12. resolution related to the proposal of utilization of the surplus funds raised from the A Share Offering for permanent replenishment of working capital

Resolutions of the first extraordinary general meeting of 2023, all of which were passed:

1. resolution related to the proposal in relation to the satisfaction of the conditions for the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
2. resolution related to the proposal on the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company

- 2.01 Type of securities to be issued
 - 2.02 Size of the Issuance
 - 2.03 Par value and issue price
 - 2.04 Bonds term
 - 2.05 Bond rate
 - 2.06 Term and method of principal and interest payment
 - 2.07 Conversion period
 - 2.08 Determination and adjustment of the conversion price
 - 2.09 Terms of downward adjustment to conversion price
 - 2.10 Method for determining the number of A Shares for conversion
 - 2.11 Terms of redemption
 - 2.12 Terms of sale back
 - 2.13 Entitlement to dividend upon conversion
 - 2.14 Method of the Issuance and target subscribers
 - 2.15 Subscription arrangement for the existing A Shareholders
 - 2.16 Relevant matters of the bondholders' meeting
 - 2.17 Use of proceeds
 - 2.18 Management and deposit account for proceeds raised
 - 2.19 Guarantee
 - 2.20 Rating
 - 2.21 Validity period of the Issuance plan
- 3. resolution related to the proposal in relation to the plan of the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
 - 4. resolution related to the proposal in relation to the Demonstration and Analysis Report regarding the Plan for the Issuance of A Share Convertible Corporate Bonds to Non Specific Investors of the Company
 - 5. resolution related to the proposal in relation to the feasibility report on the use of proceeds raised from the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
 - 6. resolution related to the proposal in relation to the remedial measures and undertakings from related entities in relation to dilutive impact of immediate returns by the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company

7. resolution related to the proposal in relation to the formulation of shareholder return program for next three years (years 2023-2025) of the Company
8. resolution related to the proposal in relation to the formulation of Rules for Meetings of Holders of A Share Convertible Corporate Bond of the Company
9. resolution related to the proposal in relation to the report on the use of proceeds previously raised by the Company
10. resolution related to the proposal in relation to the Authorisations to the Board and its authorised persons by the Shareholders' General Meetings to deal with the matters relating to the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors at their absolute discretion
11. resolution related to the proposal in relation to the Connected Transaction in relation to Possible Subscription for A Share Convertible Corporate Bonds by connected persons

Resolutions of the first A Shareholders' class meeting of 2023, all of which were passed:

1. resolution related to the proposal on the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
 - 1.01 Type of securities to be issued
 - 1.02 Size of the Issuance
 - 1.03 Par value and issue price
 - 1.04 Bonds term
 - 1.05 Bond rate
 - 1.06 Term and method of principal and interest payment
 - 1.07 Conversion period
 - 1.08 Determination and adjustment of the conversion price
 - 1.09 Terms of downward adjustment to conversion price
 - 1.10 Method for determining the number of A Shares for conversion
 - 1.11 Terms of redemption
 - 1.12 Terms of sale back
 - 1.13 Entitlement to dividend upon conversion
 - 1.14 Method of the Issuance and target subscribers
 - 1.15 Subscription arrangement for the existing A Shareholders
 - 1.16 Relevant matters of the bondholders' meeting
 - 1.17 Use of proceeds
 - 1.18 Management and deposit account for proceeds raised

- 1.19 Guarantee
- 1.20 Rating
- 1.21 Validity period of the Issuance plan
- 2. resolution related to the proposal in relation to the plan of the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
- 3. resolution related to the proposal in relation to the Authorisations to the Board and its authorised persons by the Shareholders' General Meetings to deal with the matters relating to the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors at their absolute discretion

Resolutions of the first H Shareholders' class meeting of 2023, all of which were passed:

- 1. resolution related to the proposal on the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
 - 1.01 Type of securities to be issued
 - 1.02 Size of the Issuance
 - 1.03 Par value and issue price
 - 1.04 Bonds term
 - 1.05 Bond rate
 - 1.06 Term and method of principal and interest payment
 - 1.07 Conversion period
 - 1.08 Determination and adjustment of the conversion price
 - 1.09 Terms of downward adjustment to conversion price
 - 1.10 Method for determining the number of A Shares for conversion
 - 1.11 Terms of redemption
 - 1.12 Terms of sale back
 - 1.13 Entitlement to dividend upon conversion
 - 1.14 Method of the Issuance and target subscribers
 - 1.15 Subscription arrangement for the existing A Shareholders
 - 1.16 Relevant matters of the bondholders' meeting
 - 1.17 Use of proceeds
 - 1.18 Management and deposit account for proceeds raised
 - 1.19 Guarantee

- 1.20 Rating
- 1.21 Validity period of the Issuance plan
2. resolution related to the proposal in relation to the plan of the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
3. resolution related to the proposal in relation to the Authorisations to the Board and its authorised persons by the Shareholders' General Meetings to deal with the matters relating to the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors at their absolute discretion

(II) Convening of Board Meetings

During the reporting period, the Company promoted the work of the Board in a standardized, efficient and pragmatic manner in accordance with the relevant provisions of laws and regulations, regulatory documents and the Articles of Association and the Rules of Procedure of the Board, and continuously improved standardized operation and scientific decision-making of the Board of the Company. The Board of Directors of the Company originally consisted of twelve directors. In July 2023, Ms. Liu Huayan, has resigned as non-executive director of the Company; and at the end of December 2023, Ms. Cheng Junxia has resigned as executive director of the Company. At present, the Board of Directors of the Company consists of ten directors which includes four independent non-executive directors. The number and composition of the Board of Directors are in compliance with the requirements of laws and regulations.

During the reporting period, the Company convened six Board meetings in total, and the methods of convening, procedures, voting methods and resolutions of each Board meeting were in compliance with the relevant laws, regulations, the Articles of Association and the Rules of Procedure of the Board. All Directors performed their duties and obligations diligently and dutifully in accordance with laws and regulations and the Articles of Association. The meetings of the Board were held as follows:

| Session of meeting | Date of meeting | Meeting resolution |
|--|------------------------|---------------------------|
| Seventh Meeting of the Ninth Session of the Board | 2023.01.17 | Note for details |
| Eighth Meeting of the Ninth Session of the Board | 2023.03.21 | Note for details |
| Ninth Meeting of the Ninth Session of the Board | 2023.04.28 | Note for details |
| Tenth Meeting of the Ninth Session of the Board | 2023.08.28 | Note for details |
| Eleventh Meeting of the Ninth Session of the Board | 2023.10.30 | Note for details |
| Twelfth Meeting of the Ninth Session of the Board | 2023.12.19 | Note for details |

Note:

At the Seventh Meeting of the Ninth Session of the Board, the following resolutions were considered and passed:

1. resolution related to the proposal of utilization of the surplus funds raised from the A Share Offering for permanent replenishment of working capital
2. resolution on appointment of senior management of the Company

At the Eighth Meeting of the Ninth Session of the Board, the following resolutions were considered and passed:

1. resolution related to the work report of the board of 2022
2. resolution related to the general manager's report of 2022
3. resolution related to the final account report of 2022
4. resolution related to the annual report of 2022
5. resolution related to the internal control evaluation report of 2022
6. resolution related to the ESG report of 2022
7. resolution related to the profit distribution plan of 2022
8. resolution related to the special report on the deposit and use of proceeds in year 2022
9. resolution related to the re-appointment of overseas and domestic auditor and internal control auditor of 2023
10. resolution related to the remuneration of directors and supervisors of 2023
11. resolution related to the remuneration package for senior management of 2023
12. resolution related to the purchase of liability insurance for directors, supervisors and senior management
13. resolution related to the application for 2023 consolidated credit facility
14. resolution related to the proposed amendments to articles of association
15. resolution related to the proposed amendments to corporate governance rules
16. resolution related to the provision for impairment of assets by the company in 2022
17. resolution related to the proposal to convene 2022 annual general meeting

Resolutions related to H Shares:

1. Consideration of the Hong Kong share registration date, with 2 June 2023 being confirmed as the shareholding registration date
2. Consideration of the closure of register of members period during which the register of members for H Shares will be closed from 26 May 2023 to 2 June 2023, both days inclusive

3. Shareholders' Circular of annual general meeting (H Shares Specific)
4. Review the implementation and effectiveness of the Shareholder Communications Policy
5. resolution related to the General Mandate to issue additional A Shares and/or H Shares

At the Ninth Meeting of the Ninth Session of the Board, the following resolutions were considered and passed:

1. resolution related to the proposal in relation to the satisfaction of the conditions for the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
2. resolution related to the proposal on the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
 - 2.01 Type of securities to be issued
 - 2.02 Size of the Issuance
 - 2.03 Par value and issue price
 - 2.04 Bonds term
 - 2.05 Bond rate
 - 2.06 Term and method of principal and interest payment
 - 2.07 Conversion period
 - 2.08 Determination and adjustment of the conversion price
 - 2.09 Terms of downward adjustment to conversion price
 - 2.10 Method for determining the number of A Shares for conversion
 - 2.11 Terms of redemption
 - 2.12 Terms of sale back
 - 2.13 Entitlement to dividend upon conversion
 - 2.14 Method of the Issuance and target subscribers
 - 2.15 Subscription arrangement for the existing A Shareholders
 - 2.16 Relevant matters of the bondholders' meeting
 - 2.17 Use of proceeds
 - 2.18 Management and deposit account for proceeds raised
 - 2.19 Guarantee
 - 2.20 Rating

2.21 Validity period of the Issuance plan

3. resolution related to the proposal in relation to the plan of the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
4. resolution related to the proposal in relation to the Demonstration and Analysis Report regarding the Plan for the Issuance of A Share Convertible Corporate Bonds to Non Specific Investors of the Company
5. resolution related to the proposal in relation to the feasibility report on the use of proceeds raised from the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
6. resolution related to the proposal in relation to the remedial measures and undertakings from related entities in relation to dilutive impact of immediate returns by the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors of the Company
7. resolution related to the proposal in relation to the formulation of shareholder return program for next three years (years 2023-2025) of the Company
8. resolution related to the proposal in relation to the formulation of Rules for Meetings of Holders of A Share Convertible Corporate Bond of the Company
9. resolution related to the proposal in relation to the report on the use of proceeds previously raised by the Company
10. resolution related to the proposal in relation to the Authorisations to the Board and its authorised persons by the Shareholders' General Meetings to deal with the matters relating to the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors at their absolute discretion
11. resolution related to propose the convening of the first extraordinary general meeting in 2023, the first A Shareholders' class meeting in 2023 and the first H Shareholders' class meeting in 2023
12. resolution related to the consideration of the first quarter report 2023
13. resolution related to the Company's 2020 Annual Audit Report

Resolutions related to H Shares:

1. resolution regarding to the proposal in relation to the Connected Transaction in relation to Possible Subscription for A Share Convertible Corporate Bonds by connected persons
2. resolution related to propose the convening of the first extraordinary general meeting in 2023, the first A Shareholders' class meeting in 2023 and the first H Shareholders' class meeting in 2023
3. consideration of the Hong Kong share registration date for H Share
4. consideration of the closure of register of members period for H Share

At the Tenth Meeting of the Ninth Session of the Board, the following resolutions were considered and passed:

1. resolution related to 2023 interim report and summary
2. resolution related to cash management using private funds

3. resolution related to the use of temporarily idle proceeds for cash management
4. resolution related to the report on the utilisation of the Company's previous proceeds
5. special report on the deposit and actual use of proceeds for the half year of 2023
6. resolution related to the application for new consolidated credit facility for 2023
7. resolution related to amendments to some management policies
8. special resolution for H Share – Not to declare 2023 interim dividend

At the Eleventh Meeting of the Ninth Session of the Board, the following resolutions were considered and passed:

1. resolution related to 2023 third quarterly report
2. resolution related to the remuneration of the auditor for the year 2023

At the Twelfth Meeting of the Ninth Session of the Board, the following resolutions were considered and passed:

1. resolution related to the compliance with vesting conditions for the second vesting period of the first grant portion of the Company's 2021 Restricted Share Incentive Scheme
2. resolution related to the compliance with vesting conditions for the first vesting period of the reserved grant portion of the Company's 2021 Restricted Share Incentive Scheme
3. resolution related to the cancellation of part of the granted and unvested restricted shares
4. resolution related to adjust the grant price of the 2021 Restricted Share Incentive Scheme
5. resolution related to the revision of the system of work of the Independent Directors
6. resolution related to the formulation of the working policies of the specialised meeting of Independent Directors
7. resolution related to the authorization of Audit Committee to develop a system for selecting and engaging accounting firms

(III) Performance of Duties of Directors

| Name of director | Independent directors or not | No. of board meetings required to attend | Attendance of board meeting | | | | Failure to attend the meeting in person on two consecutive occasions | General meetings attendance |
|------------------|------------------------------|--|-----------------------------|---------------------------------|------------------------------|----------|--|-----------------------------|
| | | | Attendance in person | Attendance by telecommunication | Times of attendance by proxy | Absences | | |
| Jiang Guoxing | No | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Shi Lei | No | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Yu Jun | No | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Cheng Junxia | No | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Zhang Qianling | No | 6 | 6 | 6 | 0 | 0 | No | 2 |
| Wu Ping | No | 6 | 6 | 5 | 0 | 0 | No | 2 |
| Liu Huayan | No | 3 | 3 | 2 | 0 | 0 | No | 2 |
| Sun Zheng | No | 6 | 6 | 5 | 0 | 0 | No | 2 |
| Cao Zhongyong | Yes | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Cai Minyong | Yes | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Wang Pin | Yes | 6 | 6 | 2 | 0 | 0 | No | 2 |
| Zou Fuwen | Yes | 6 | 6 | 3 | 0 | 0 | No | 2 |

Note: Ms. Liu Huayan resigned as non-executive director of the Company with effect from 11 July 2023. She should have participated in three Board meetings and two general meetings during the period from 1 January 2023 to 11 July 2023.

During the reporting period, no directors failed to attend board meetings for two consecutive times;

During the reporting period, the independent non-executive directors of the Company have no objection to the board resolutions or other resolutions of the Company for the year.

(IV) Performance of Duties of Special Committees under the Board

In accordance with the Company Law, the Guidelines for Corporate Governance of Listed Companies issued by China Securities Regulatory Commission, Sci-Tech Innovation Board Listing Rules and Hong Kong Listing Rules and other regulations, the Company has formulated the working rules of each special committee under the Board of Directors, and the establishment and composition, responsibilities and permissions, decision-making procedures and rules of procedures of each special committee are clearly stipulated. Details are as follows:

(1). Members of special committees under the Board

| Special committee | Name of member |
|---------------------------------------|---|
| Audit Committee | Wang Pin (<i>Chairman</i>), Cai Minyong, Cao Zhongyong |
| Nomination Committee | Cai Minyong (<i>Chairman</i>), Cheng Junxia, Zou Fuwen |
| Remuneration and Evaluation Committee | Cai Minyong (<i>Chairman</i>), Cheng Junxia, Zou Fuwen |
| Strategic and Investment Committee | Cheng Junxia (<i>Chairman</i>), Jiang Guoxing, Shi Lei, Yu Jun, Cai Minyong |
| ESG Committee | Jiang Guoxing (<i>Chairman</i>), Cheng Junxia, Cao Zhongyong |

Note: Ms. Cheng Junxia has resigned as executive Director of the Company and relevant position in the Nomination Committee, the Remuneration and Evaluation Committee, the Strategic and Investment Committee, and the Environmental, Social and Governance Committee of the Company with effect from 29 December 2023.

(2). The Audit Committee held 6 meetings during the Reporting Period

| Date of convention | Meeting content | Major opinions and suggestions |
|--------------------|--|--|
| 2023.03.20 | 2023 First Meeting of the Audit Committee of the Ninth session of the Board | <ol style="list-style-type: none"> 1. Audited consolidated results report for the year ended 31 December 2022 2. Preliminary results announcement for the year ended 31 December 2022 (H Shares) 3. Risk Management and Internal Control System 4. Execution of connected transactions in 2022 was review by all independent non-executive directors 5. The Committee has examined the following issues in accordance with the relevant rules for A Shares and H Shares: <ol style="list-style-type: none"> 5.1 Matters relating to the 2022 Annual Report and its Summary 5.2 Report on the 2022 Annual Financial Statements 5.3 Re-appointment of the Company's Internal and External Auditor and Internal Control Auditor for the year 2023 5.4 Matters relating to the verification of the deposit and actual use of proceeds in 2022 5.5 Matters relating to the report on internal control self-evaluation and the report on internal control audit for year 2022 5.6 Regarding the forecast of daily small related transactions in 2023 |
| 2023.04.28 | 2023 Second Meeting of the Audit Committee of the Ninth session of the Board | <ol style="list-style-type: none"> 1. Matters relating to the 2023 First Quarterly Report 2. Possible participation of substantial Shareholders, directors and supervisors of the Company and their associates in the subscription for the A-Share Convertible Bonds |
| 2023.06.02 | 2023 Third Meeting of the Audit Committee of the Ninth session of the Board | <ol style="list-style-type: none"> 1. To receive a briefing from the external auditor, Ernst & Young, on the arrangements for the Group's 2023 audit plan. |
| 2023.08.28 | 2023 Fourth Meeting of the Audit Committee of the Ninth session of the Board | <ol style="list-style-type: none"> 1. Unaudited consolidated results for the half year ended 30 June 2023 |
| 2023.10.27 | 2023 Fifth Meeting of the Audit Committee of the Ninth session of the Board | <ol style="list-style-type: none"> 1. Matters relating to the 2023 Third Quarterly Report 2. Review of annual audit fee |
| 2023.12.20 | 2023 Sixth Meeting of the Audit Committee of the Ninth session of the Board | <ol style="list-style-type: none"> 1. Resolution on the formulation of the "Rules Governing the Selection and Engagement of Accountancy Firms". 2. Communication with auditor regarding to the 2023 pre-audit |

(3). The Nomination Committee held 2 meetings during the Reporting Period

| Date of convention | Meeting content | Major opinions and suggestions |
|--------------------|---|--|
| 2023.01.17 | 2023 First Meeting of the Nomination Committee of the Ninth session of the Board | 1. Regarding to the appointment of the deputy general manager |
| 2023.03.21 | 2023 Second Meeting of the Nomination Committee of the Ninth session of the Board | 1. To review the structure, size and composition of the current Board of Directors |

(4). The Remuneration and Evaluation Committee held 3 meetings during the Reporting Period

| Date of convention | Meeting content | Major opinions and suggestions |
|--------------------|--|--|
| 2023.01.17 | 2023 First Meeting of the Remuneration and Evaluation Committee of the Ninth session of the Board | 1. Regarding to the remuneration package for the appointment of deputy general managers |
| 2023.03.21 | 2023 Second Meeting of the Remuneration and Evaluation Committee of the Ninth session of the Board | <ol style="list-style-type: none"> Review of the implementation of remuneration/allowances for directors, supervisors and senior management of the Company for year 2022 Approval of the remuneration/allowance package for directors and supervisors of the Company for year 2023 Approval of the remuneration/allowance package for senior management of the Company for year 2023 |
| 2023.12.18 | 2023 Third Meeting of the Remuneration and Evaluation Committee of the Ninth session of the Board | <ol style="list-style-type: none"> Resolution related to the compliance with vesting conditions for the second vesting period of the first grant portion of the Company's 2021 Restricted Share Incentive Scheme Resolution related to the compliance with vesting conditions for the first vesting period of the reserved grant portion of the Company's 2021 Restricted Share Incentive Scheme Resolution related to the cancellation of part of the granted and unvested restricted shares Resolution related to adjust the grant price of the 2021 Restricted Share Incentive Scheme |

(5). The Strategic and Investment Committee held 1 meeting during the Reporting Period

| Date of convention | Meeting content | Major opinions and suggestions |
|--------------------|--|--|
| 2023.03.21 | 2023 First Meeting of the Strategic and Investment Committee of the Ninth session of the Board | 1. Review the Company's investment project |

(6). The ESG Committee held 1 meeting during the Reporting Period

| Date of convention | Meeting content | Major opinions and suggestions |
|--------------------|--|---|
| 2023.03.21 | 2023 First Meeting of the Environmental, Social and Governance Committee of the Ninth session of the Board | 1. Review and approve the 2022 ESG report |

(V) Performance of Duties by Independent Non-executive Director

In 2023, the independent non-executive Directors of the Company performed their duties faithfully and diligently, actively attended relevant meetings, carefully reviewed various resolutions of the Board of Directors, and made objective and fair judgments and expressed independent opinions on the Company's financial reports, connected transactions, corporate governance, equity incentives, and replacement of directors and supervisors, which gave full play to the role of independent directors and safeguarded the overall interests of the Company and the interests of all shareholders.

In accordance with the general arrangement of the reform work of the independent director system of the CSRC, the Company has revised the Rules for Procedures of Independent Directors, which will be submitted to the shareholders for consideration at the 2023 annual general meeting.

The Board of Directors of the Company conducted a special review of the independence of the Independent Non-Executive Directors for the year 2023 at this Board Meeting.

(VI) Information Disclosure and Transparency

The Company disclosed relevant information in a true, accurate, complete, and timely manner in strict accordance with laws, regulations, Articles of Association and the listing rules of Shanghai and Hong Kong to offer equal access to information on the Company for all shareholders and other stakeholders.

(VII) Insiders Management

In accordance with the Registration and Management Rules for Insiders and other relevant Rules, the Company strives to keep insiders to a minimum, strengthens the confidentiality of insider information, and improves the registration and management of insiders. The directors, supervisors and senior management and other relevant personnel of the Company can strictly abide by the confidentiality obligations during the preparation of regular reports and temporary announcements and during the planning of major events.

III. WORK PLAN FOR THE YEAR 2024

In 2024, the Board of Directors and all Directors will continue to perform their duties and responsibilities diligently and give full play to their professional advantages for the development of the Company, with a focus on the following tasks:

1、Promote the Company’s ability to operate in a regulated manner under high standards

The Company will continue to improve the standard of corporate governance by considering the actual situation of the Company and adapting to the changes in the regulatory requirements of the “A+H” market. The Company will enhance internal control mechanisms to ensure that the Company’s operational processes are compliant and efficient.

2、Enhance communication with management to support the implementation of business strategies

Through regular evaluation of performance, communication with management, and keeping abreast of market trends, the Company ensures that its business strategies are in sync with market trends. The management will encourage and support the Company to innovate in technology, products and services to remain competitive in the industry.

3、Protect the Company’s investors

The Board of Directors of the Company will continue to fulfil its information disclosure obligations in strict accordance with the relevant rules of Shanghai and Hong Kong and the requirements and of the Articles of Association of the Company in a conscientious manner and enforce information disclosure strictly in order to enhance the Company’s regular operation and transparency. The Board will also supervise the Company’s dividend distribution in accordance with the requirements of the “Shareholders’ Dividend Return Plan for the Next Three Years (2023-2025)”.

FINAL ACCOUNT REPORT OF 2023

The Company's financial statements for the year 2023 have been audited by Ernst & Young Hua Ming LLP, and an unqualified auditor's report (Ernst & Young HM (2024) Shen Zi No. 70011746_B01) was issued on 22 March 2024. During the year of 2023, the Company achieved revenue of RMB3,536.2594 million, basically the same as compared with the same period of the previous year, and realized a net profit attributable to shareholders of the parent company of RMB719.4944 million, a decrease of 33.18% over the same period of the previous year. The Company's final account report of 2023 is as follows:

1. KEY FINANCIAL DATA AND INDICATORS

| RMB'0,000 | | | |
|--|------------------|------------------|--------------------------------------|
| Item | 2023 | 2022 | change (%) |
| Revenue | 353,625.94 | 353,890.89 | -0.07 |
| Operating profit | 75,141.71 | 112,139.96 | -32.99 |
| Comprehensive gross profit margin | 61.21 | 64.67 | Decreased by 3.46 percentage points |
| Total profit | 75,185.09 | 112,151.07 | -32.96 |
| Net profit attributable to shareholders of the parent company | 71,949.44 | 107,684.33 | -33.18 |
| Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses | 57,249.22 | 101,940.55 | -43.84 |
| Basic earnings per share(RMB/Share) | 0.88 | 1.32 | -33.33 |
| Weighted average rate of return on net assets | 14.68 | 28.48 | Decreased by 13.80 percentage points |
| Item | 31 December 2023 | 31 December 2022 | change (%) |
| Total assets | 841,135.09 | 611,088.81 | 37.65 |
| Net assets attributable to shareholders of the parent company | 530,297.62 | 453,123.04 | 17.03 |
| Net assets per share attributable to shareholders of the parent company (RMB/Share) | 6.47 | 5.55 | 16.58 |

Notes: The above financial data and indicators were extracted from data of the consolidated financial statements.

2. ANALYSIS OF FINANCIAL STATUS

(1) Analysis of major assets

RMB'0,000

| Item | 31 December 2023 | 31 December 2022 | change (%) |
|--------------------------|---------------------|---------------------|------------|
| Notes receivable | 39,094.62 | 25,214.41 | 55.05 |
| Accounts receivable | 92,961.93 | 73,020.43 | 27.31 |
| Prepayments | 11,068.20 | 47,470.22 | -76.68 |
| Inventories | 317,737.06 | 148,326.45 | 114.21 |
| Investment properties | – | 12,268.79 | -100.00 |
| Fixed assets | 111,545.43 | 69,444.67 | 60.62 |
| Construction in progress | 48,065.66 | 19,377.64 | 148.05 |
| Intangible assets | 14,327.69 | 8,575.06 | 67.09 |
| Development costs | 45,610.86 | 31,652.17 | 44.10 |
| Total assets | 841,135.09 | 611,088.81 | 37.65 |

Notes: The above financial data and indicators were extracted from data of the consolidated financial statements.

Analysis of major changes:

- 1) **Notes receivable:** The increase of 55.05% as compared to the end of the previous period was mainly attributable to the change in revenue and customer structure and the increase in notes-settled transactions.
- 2) **Accounts receivable:** The increase of 27.31% as compared to the end of the previous period was mainly attributable to the changes in revenue and customer structure, and the increase in accounts receivable as a result of the longer payment settlement cycle for customers of highly reliable products.
- 3) **Prepayments:** The decrease of 76.68% as compared to the end of the previous period was mainly due to the gradual delivery of prepaid orders from suppliers in the previous period during the reporting period.
- 4) **Inventories:** The increase of 114.21% as compared to the end of the previous period was mainly attributable to the proactive increase of the stock of certain product lines in order to secure continuous supply to customers and capture market opportunities.
- 5) **Investment properties:** The decrease of 100% as compared to the end of the previous period was mainly due to the leases were not renewed and the premises were reclassified to fixed assets.

- 6) **Fixed assets:** The increase of 60.62% as compared to the end of the previous period was mainly attributable to the purchase of equipment for the testing business of the subsidiary to expand its scale of operation and the reclassification of the Company's leased office buildings from investment properties to fixed assets.
- 7) **Construction in progress:** The increase of 148.05% as compared to the end of the previous period was mainly attributable to the fact that the testing business of the subsidiary had expanded its scale of operation and the purchased plants had not yet reached the operational status.
- 8) **Intangible assets:** The increase of 67.09% as compared to the end of the previous period was mainly attributable to the conversion of some of the Company's capitalised projects to intangible assets when they reached their pre-determined useable status and the increase in the acquisition of software and IP.
- 9) **Development costs:** The increase of 44.10% as compared to the end of the previous period was mainly attributable to the increase in expenditure as a result of the Company's continuous increase in investment in research and development ("R&D") and the enhancement of the technological process of the productised R&D projects.

(2) **Analysis of major liabilities**

| | <i>RMB'0,000</i> | | |
|---------------------------|------------------|------------------|------------|
| Item | 31 December 2023 | 31 December 2022 | change (%) |
| Short-term borrowings | 89,386.01 | 5,400.00 | 1,555.30 |
| Contract liabilities | 5,756.75 | 21,040.23 | -72.64 |
| Employee benefits payable | 25,111.83 | 19,234.01 | 30.56 |
| Other payables | 18,223.07 | 7,233.56 | 151.92 |
| Long-term borrowings | 53,006.37 | - | N/A |
| Total liabilities | 244,964.91 | 95,771.87 | 155.78 |

Notes: The above financial data and indicators were extracted from data of the consolidated financial statements.

Analysis of major changes:

- 1) **Short-term borrowings:** The increase of 1,555.30% as compared to the end of the previous period was mainly due to the increase in short-term bank loans as a result of working capital requirements.
- 2) **Contract liabilities:** The decrease of 72.64% as compared to the end of the previous period was mainly attributable to the decrease in receipts in advance due to the completion of pre-paid orders from customers which were recognised as sales revenue.

- 3) **Employee benefits payable:** The increase of 30.56% as compared to the end of the previous period was mainly due to the increase in the number of staff of the Company and the increase in the provision for staff remuneration.
- 4) **Other payables:** This was mainly attributable to the purchase of plant and equipment for the expansion of the subsidiary, for which part of the final payment had not been made.
- 5) **Long-term borrowings:** The significant change from the end of the previous period was mainly due to the increase in long-term bank loans as a result of working capital requirements.

(3) **Analysis of owners' equity**

RMB'0,000

| Item | 31 December 2023 | 31 December 2022 | change (%) |
|--|-----------------------------|-----------------------------|-----------------------|
| Capital surplus | 178,272.65 | 162,290.60 | 9.85 |
| Undistributed profits | 338,126.69 | 277,214.14 | 21.97 |
| Total equity attributable to shareholders of the parent company | 530,297.62 | 453,123.04 | 17.03 |

Notes: The above financial data and indicators were extracted from data of the consolidated financial statements.

Analysis of major changes:

- 1) **Capital surplus:** The increase of 9.85% as compared to the end of the previous period was mainly attributable to the implementation of the Company's share incentive scheme, recognition of share-based payments and the issuance of new shares at a premium.
- 2) **Undistributed profits:** The increase of 21.97% as compared to the end of the previous period was mainly due to the increase in net profit of the Company for the reporting period.

3. ANALYSIS OF OPERATING RESULTS

RMB'0,000

| Item | 2023 | 2022 | Change (%) |
|---|------------|------------|------------|
| Revenue | 353,625.94 | 353,890.89 | -0.07 |
| Cost of sales | 137,166.80 | 125,027.12 | 9.71 |
| Selling expenses | 25,174.20 | 22,281.89 | 12.98 |
| Administrative expenses | 15,793.58 | 13,893.55 | 13.68 |
| Finance expenses | 1,570.15 | -775.38 | N/A |
| Research and development expenses | 101,059.76 | 73,541.97 | 37.42 |
| Other income | 17,389.90 | 10,691.50 | 62.65 |
| Credit impairment losses | -1,363.05 | 110.99 | N/A |
| Assets impairment losses | -13,351.95 | -16,280.43 | -17.99 |
| Net profit attributable to shareholders of the parent company | 71,949.44 | 107,684.33 | -33.18 |

Notes: The above financial data and indicators were extracted from data of the consolidated financial statements.

Analysis of major changes:

- Revenue:** The decrease of 0.07% as compared to the corresponding period of the previous year due to a slight decrease in overall revenue as a result of the divergence in demand in the downstream markets of various product lines, changes in the structure of the products sold, growth in revenue from the design and sale of ICs, and decline in revenue from the testing services of ICs.
- Cost of sales:** The increase of 9.71% over the same period of the previous year was mainly due to the change in the structure of products sold by the Company and the increase in operating costs as a result of the increase in the proportion of sales of low gross profit margin products.
- Selling expenses:** The increase of 12.98% as compared to the corresponding period of the previous year was mainly attributable to the increase in staff remuneration as a result of the increase in the number of staff and the wage increase during the reporting period, as well as the increase in travelling and promotional expenses as a result of the enhancement of marketing efforts.
- Administrative expenses:** The increase of 13.68% over the corresponding period of the previous year was mainly attributable to the increase in staff remuneration and office expenses as a result of the expansion of the Company's scale of operation and the increase in the number of staff, as well as the increase in share incentive expenses as a result of the implementation of the share incentive scheme by a subsidiary during the reporting period.

5. **Finance expenses:** The significant change as compared to the corresponding period of the previous year was mainly attributable to the substantial increase in the Company's bank loans and the corresponding increase in interest expenses.
6. **Research and development expenses:** The increase of 37.42% over the corresponding period of the previous year was mainly attributable to the Company's continued strong investment in research and development, product iteration and product spectrum expansion, as well as the strengthening of product research and development based on diversified supply-side processes.
7. **Other income:** The increase of 62.65% as compared to the corresponding period of the previous year was mainly due to the increase in government grants recognised as a result of the completion of the acceptance of certain research and development projects during the reporting period.
8. **Credit impairment losses:** The significant change as compared to the same period of the previous year was mainly due to the increase in credit impairment loss as a result of the increase in the scale of accounts receivable.
9. **Assets impairment losses:** The decrease of 17.99% as compared to the corresponding period of the previous year was mainly due to the impairment loss on long-term equity investment in an associate was recorded in the previous year.

4. ANALYSIS OF CASH FLOES

RMB'0,000

| Item | 2023 | 2022 | Change (%) |
|--|------------|------------|------------|
| Net cash flows from operating activities | -70,816.66 | 32,128.55 | N/A |
| Net cash flows from investing activities | -73,159.68 | -13,251.45 | 452.09 |
| Net cash flows from financing activities | 131,027.07 | 50,458.69 | 159.67 |

Notes: The above financial data and indicators were extracted from data of the consolidated financial statements.

Analysis of major changes:

1. **Net cash flows from operating activities:** The change from positive to negative compared to the same period of the previous year was mainly due to the increase in cash outflow from operating activities as a result of the increase in production and procurement expenses due to the increase in stock of certain products.
2. **Net cash flows from investing activities:** The increase of 452.09% as compared to the corresponding period of the previous year was mainly attributable to the expansion of production scale and purchase of plant and equipment by a subsidiary, Sino IC.

3. **Net cash flows from financing activities:** The increase of 159.67% as compared to the corresponding period of the previous year was mainly due to the increase in the Company's bank loans in order to satisfy the increase in working capital requirements.

This Appendix 3 sets out the existing Articles of Association and proposed amendments thereto for the purpose of information. The terms used here in this Appendix 3 shall have the same meanings as defined in the Articles of Association.

The English version in this Appendix 3 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

| No. | Article | Before Amendments | After Amendments |
|-----|-------------------|---|---|
| 1. | Article 15 | The total share capital of the Company is <u>816,656,500</u> shares, with a capital structure of <u>532,326,500</u> Onshore-Listed Domestic-Invested Shares and 284,330,000 Overseas-Listed Foreign-Invested Shares. | The total share capital of the Company is <u>819,060,400</u> shares, with a capital structure of <u>534,730,400</u> Onshore-Listed Domestic-Invested Shares and 284,330,000 Overseas-Listed Foreign-Invested Shares. |
| 2. | Article 19 | The registered capital of the Company is Renminbi <u>81,665,650</u> . The registered capital has been registered with the relating Administration for Industry and Commerce, and put on records by the China Securities Regulatory Commission. | The registered capital of the Company is Renminbi <u>81,906,040</u> . The registered capital has been registered with the relating Administration for Industry and Commerce, and put on records by the China Securities Regulatory Commission. |
| 3. | Article 61 | <p>When the Company is to hold an annual shareholders' general meeting, it shall by way of public announcement and issue a written notice 20 business days (exclusive of both the dates of notice and meeting) prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting.</p> <p>When the Company convenes a shareholders' extraordinary general meeting, the shareholders shall be notified by way of public announcement and issue a written notice 15 days or 10 business days (whichever is the longest and exclusive of both the dates of notice and meeting) prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting.</p> <p>The "business day" mentioned in this Articles of Association shall mean the day of non-statutory public holiday both in the PRC and Hong Kong.</p> | <p>When the Company is to hold an annual shareholders' general meeting, it shall by way of public announcement and issue a written notice 20 business days (exclusive of both the dates of notice and meeting) prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. <u>For holders of H Shares, the Company may also give notice by sending an electronic communication to the electronic address of the holders of H Shares or by posting such notice or document on the Company's website and the website of the Hong Kong Stock Exchange.</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|-------------------|--|---|
| | | | <p>When the Company convenes a shareholders' extraordinary general meeting, the shareholders shall be notified by way of public announcement and issue a written notice 15 days or 10 business days (whichever is the longest and exclusive of both the dates of notice and meeting) prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. <u>For holders of H Shares, the Company may also give notice by sending an electronic communication to the electronic address of the holders of H Shares or by posting such notice or document on the Company's website and the website of the Hong Kong Stock Exchange.</u></p> <p>The "business day" mentioned in this Articles of Association shall mean the day of non-statutory public holiday both in the PRC and Hong Kong.</p> |
| 4. | Article 64 | <p>The notice of a shareholders' general meeting shall meet the following requirements:</p> <p>(1) it shall be made in writing;</p> <p>...</p> | <p>The notice of a shareholders' general meeting shall meet the following requirements:</p> <p>(1) it shall be made in writing (<u>including the sending of any form of electronic communication</u>);</p> <p>...</p> |

| No. | Article | Before Amendments | After Amendments |
|-----|--------------------|---|---|
| 5. | Article 103 | When the Company is to hold a class meeting, it shall by way of public announcement and issue a written notice within the time limit set out in Article 61 of this Articles of Association informing all the registered shareholders of that class of the matters to be examined at the meeting as well as the date and place of the meeting. | When the Company is to hold a class meeting, it shall by way of public announcement and issue a written notice within the time limit set out in Article 61 of this Articles of Association informing all the registered shareholders of that class of the matters to be examined at the meeting as well as the date and place of the meeting. <u>For holders of H Shares, the Company may also give notice by sending an electronic communication to the electronic address of the holders of H Shares or by posting such notice or document on the Company's website and the website of the Hong Kong Stock Exchange.</u> |
| 6. | Article 121 | The Company shall have a board of directors. The board of directors shall be composed of no more than 15 directors. Independent directors may directly report to the general meeting, CSRC and other relevant regulatory authorities. | The Company shall have a board of directors. The board of directors shall be composed of no more than 15 directors. Independent directors may directly report to the general meeting, CSRC and other relevant regulatory authorities. <u>The Board shall establish an Audit Committee, a Nomination Committee and a Remuneration and Evaluation Committee. The Strategy and Investment Committee and the Environment, Social and Governance Committee may be established as specialised committee of the Board as required. The Company shall formulate the rules for procedures of the specialised committee of the Board, specifying the composition of the specialized committee, its term of office, terms of reference, rules of procedures, file management and other relevant matters, which shall be disclosed by the Board of Directors.</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|--------------------|---|---|
| 7. | Article 175 | <p>...</p> <p>The Company shall, at least 21 days before convening of the annual general meeting, send by prepaid mail to all holders of <u>overseas listed foreign shares</u> the aforesaid reports or directors' reports and the balance sheet (including each document required by laws and regulations to be attached to the balance sheet) and income statement or income and expenditure statement; and <u>the addresses of addressees shall be those recorded in the shareholders' register.</u></p> | <p>...</p> <p>The Company shall, at least 21 days before convening of the annual general meeting, send by prepaid mail to all holders of <u>H Shares</u> the aforesaid reports or directors' reports and the balance sheet (including each document required by laws and regulations to be attached to the balance sheet) and income statement or income and expenditure statement; <u>the Company may also give notice or document by sending an electronic communication to the electronic address of the holders of H Shares or by posting such notice or document on the Company's website and the website of the Hong Kong Stock Exchange.</u></p> |
| 8. | Article 191 | <p>...</p> <p>The Company shall also send a copy of the abovementioned notice by announcement or postage prepaid mail to every member entitled to a copy of the Company's financial statement at the recipient's address shown in the register of shareholders.</p> <p>...</p> | <p>...</p> <p>The Company shall also send a copy of the abovementioned notice by announcement or postage prepaid mail to every member entitled to a copy of the Company's financial statement at the recipient's address shown in the register of shareholders. <u>For holders of H Shares, the Company may also send the document or notice via electronic communication to the electronic address of the holders of H Shares or by posting such notice or document on the Company's website and the website of the Hong Kong Stock Exchange.</u></p> <p>...</p> |

| No. | Article | Before Amendments | After Amendments |
|-----|--------------------|---|--|
| 9. | Article 192 | <p>...</p> <p>The abovementioned document shall be delivered to every <u>shareholder of Overseas-Listed Foreign-Invested Shares</u> by prepaid mail <u>at the recipient's address shown in the register of shareholders.</u></p> | <p>...</p> <p>The abovementioned document shall be delivered to every <u>holders of H Shares</u> by prepaid mail or <u>via electronic communication or posting such notice or document on the Company's website and the website of the Hong Kong Stock Exchange</u></p> |
| 10. | Article 205 | <p>...</p> <p>Save as otherwise specified in the Articles of Association, if the Company sends the notice to the holders of H shares by announcement, it shall, according to the requirements of the Hong Kong Listing Rules, submit an electronic version that can be immediately published to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange on the same day, so that it can be published on the website of the Hong Kong Stock Exchange, or publish the announcement in the newspapers and periodicals according to the requirements of the Hong Kong Listing Rules (including publishing ads in newspapers and periodicals). The announcement shall also be published on the Company's website. Moreover, save as otherwise specified in the Articles of Association, the notice shall be served by personal delivery or prepaid mail to the addresses of all the holders of overseas listed foreign shares in the shareholders' register, so that the shareholders are fully notified and have sufficient time to exercise their rights or act as per the notice.</p> <p>...</p> | <p>...</p> <p>Save as otherwise specified in the Articles of Association, if the Company sends the notice to the holders of H shares by announcement, it shall, according to the requirements of the Hong Kong Listing Rules, submit an electronic version that can be immediately published to the Hong Kong Stock Exchange via the electronic publication system of the Hong Kong Stock Exchange on the same day, so that it can be published on the website of the Hong Kong Stock Exchange, or publish the announcement in the newspapers and periodicals according to the requirements of the Hong Kong Listing Rules (including publishing ads in newspapers and periodicals). The announcement shall also be published on the Company's website. Moreover, save as otherwise specified in the Articles of Association, the notice shall be served by personal delivery or prepaid mail or <u>via electronic communication</u> to the addresses of all the holders of overseas listed foreign shares in the shareholders' register, so that the shareholders are fully notified and have sufficient time to exercise their rights or act as per the notice.</p> <p>...</p> |

| No. | Article | Before Amendments | After Amendments |
|-----|--------------------|---|---|
| | | <p>If any shareholder or director wants to prove he/she has sent any notice, document, information or written statement to the Company, he/she shall provide evidence proving that the relevant notice, document, information or written statement has been served in a usual way or by prepaid mail or via electronic communication to the correct address within the specified time.</p> <p>...</p> | <p>If any shareholder or director wants to prove he/she has sent any notice, document, information or written statement to the Company, he/she shall provide evidence proving that the relevant notice, document, information or written statement has been served in a usual way or by prepaid mail <u>or via electronic communication</u> to the correct address within the specified time.</p> <p>...</p> |
| 11. | Article 206 | <p>If the notice is sent by post, it is only required to specify the address and prepaid postage and put the notice in the envelope, and putting the envelope enclosing the said notice into the mailbox shall be deemed as sending out the notice, and the notice shall be deemed as served 48 hours after it is sent out.</p> | <p>(1) If the notice is sent by post, it is only required to specify the address and prepaid postage and put the notice in the envelope, and putting the envelope enclosing the said notice into the mailbox shall be deemed as sending out the notice, and the notice shall be deemed as served 48 hours after it is sent out.</p> <p>(2) <u>If the notice is sent by electronic communication, it shall be deemed to be given on the day on which the notice or document is transmitted from the server of the Company or its agent. If the notice, document or publication is placed on the Company's or the designated Stock Exchange's website is deemed given or served by the Company on the day on which it is first placed on the relevant website (unless a different date is specified in the listing rules of the place where the Company's shares are listed).</u></p> |

This Appendix 4 sets out the existing rules for procedures of independent directors and proposed amendments thereto for the purpose of information.

The English version in this Appendix 4 is not an official translation of the Chinese version. In the case of any discrepancies, the Chinese version shall prevail.

| No. | Article | Before Amendments | After Amendments |
|-----|---------------|--|--|
| 1. | Rule 1 | In order to further improve the governance structure of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) and fully utilised the roles of the independent directors on the board of directors, in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Guidelines for the Governance of Listed Companies, <u>the Rules for Independent Directors of Listed Companies</u> , Self-Regulatory Guidelines for Listed Companies on the Technology Innovation Board of the Shanghai Stock Exchange No. 1 – Regulatory Practices, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), the relevant listing rules of the Shanghai Stock Exchange and other laws and regulations, Regulatory documents and the Articles of Association of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Company’s Articles of Association”), the Company has formulated these rules. | In order to further improve the governance structure of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) and fully utilised the roles of the independent directors on the board of directors, in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Guidelines for the Governance of Listed Companies, <u>the Rules Governing Independent Directors of Listed Companies</u> , Self-Regulatory Guidelines for Listed Companies on the Technology Innovation Board of the Shanghai Stock Exchange No. 1 – Regulatory Practices, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”), the relevant listing rules of the Shanghai Stock Exchange and other laws and regulations, Regulatory documents and the Articles of Association of Shanghai Fudan Microelectronics Group Company Limited (hereinafter referred to as the “Company’s Articles of Association”), the Company has formulated these rules. |

| No. | Article | Before Amendments | After Amendments |
|-----|---------------|--|---|
| 2. | Rule 2 | Independent directors (also known as “independent non-executive directors”) are directors who do not hold positions other than directorships in the Company and do not have <u>relationships with the Company and its major shareholders that may impede their ability to exercise independent and objective judgement.</u> | Independent directors (also known as “independent non-executive directors”) are directors who do not hold positions other than directorships in the Company and do not have <u>direct or indirect interests in the Company, its major shareholders, or its de facto controllers, or other relationships that may affect their ability to make independent and objective judgements.</u> |
| 3. | Rule 3 | The independent directors owe a duty of <u>good faith</u> and diligence to the Company and all shareholders. The Independent Directors shall conscientiously perform their duties <u>to safeguard the interests of the Company as a whole, with particular attention paid to ensuring that the legitimate rights and interests of the small and medium-sized shareholders are not jeopardized in accordance with the relevant laws and regulations and the Company’s Articles of Association and requirements. Independent directors shall perform their duties independently and shall not be subject to the influence of the Company’s major shareholders, de facto controllers, or other entities or individuals with an interest in the Company.</u> | The independent directors owe a duty of <u>loyalty</u> and diligence to the Company and all shareholders. The independent directors shall conscientiously perform their duties <u>in accordance with the laws, administrative regulations, the requirements of the CSRC, the rules of the stock exchange in which they are listed and the Company’s Articles of Association. They shall play the roles in the Board of Directors of participation in decision-making, supervision, checks and balances, and professional consultation, to safeguard the overall interests of the Company and protects the legitimate rights and interests of small and medium-sized shareholders.</u> |
| 4. | Rule 4 | An independent director may <u>hold concurrent</u> independent directorships in a maximum of <u>five</u> listed companies and should ensure that he/she has sufficient time and energy to fulfil his/her duties as an independent director effectively. | An independent director may <u>principally serve as</u> independent directors in a maximum of <u>three</u> listed companies and should ensure that he/she has sufficient time and energy to fulfil his/her duties as an independent director effectively. |

| No. | Article | Before Amendments | After Amendments |
|-----|---------------|--|--|
| 5. | Rule 5 | The board of directors of the Company shall include at least one-third independent directors and <u>the number of independent directors shall be at least three. The independent directors shall include at least one accounting professional.</u> ... | The board of directors of the Company shall include at least one-third independent directors and shall include at least one accounting professional. ... |
| 6. | Rule 7 | <u>Candidates for independent directors should possess basic knowledge of company operations, be familiar with relevant laws, administrative regulations, departmental rules and other regulatory documents, have at least 5 years of working experience in law, economics, finance, management or other work experience necessary for the performance of their duties as independent directors, and have obtained a certificate of qualification for independent directors in accordance with the “Guidelines for the Training of Senior Management Personnel of Listed Companies” issued by China Securities Regulatory Commission and the relevant regulations.</u> | <u>The following conditions shall be met in order to serve as an independent director:</u> 1. <u>qualified to be a director of a listed company in accordance with laws, administrative regulations and other relevant provisions;</u> 2. <u>meets the independence requirements set out in Rule 10 of these rules;</u> 3. <u>with basic knowledge of the operation of listed companies and familiarity with relevant laws, regulations and rules;</u> 4. <u>with at least five years of working experience in law, accounting or economics necessary for the performance of duties as an independent director;</u> 5. <u>possesses good personal integrity and does not have any adverse records such as major breach of trust;</u> 6. <u>other conditions stipulated by laws, administrative regulations, CSRC regulations, rules of the stock exchange where the Company listed and the Articles of Association of the Company.</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------------|--|--|
| 7. | Rule 8 | Candidates for independent directors of the Company who have not <u>obtained the independent director qualification certificate</u> at the time of nomination shall undertake in writing to attend the latest independent director qualification training and obtain the <u>independent director qualification certificate.</u> | Candidates for independent directors of the Company who have not <u>attended the relevant training</u> at the time of nomination shall undertake in writing to attend the latest independent director qualification training and obtain the <u>evidence of independent director training.</u> |
| 8. | Rule 9 | <u>Independent directors of the Company shall participate in qualification training for their appointment, the duration of which shall not be less than 30 hours, and shall obtain a certificate of qualification for appointment as an independent director. After taking office, an independent director shall, in principle, participate in follow-up training once every two years, and the training time shall not be less than 30 hours.</u> | <p><u>The qualifications for appointment of independent director of the Company shall comply with the following requirements:</u></p> <ol style="list-style-type: none"> <li data-bbox="959 655 1396 810">1. <u>Provisions of the Company Law of the People's Republic of China and Other Provisions Concerning the Qualifications for Appointment of Directors;</u> <li data-bbox="959 846 1396 970">2. <u>Provisions of the Civil Service Law of the People's Republic of China on the concurrent duties of civil servants (where applicable);</u> <li data-bbox="959 1006 1396 1357">3. <u>Relevant provisions of the Administrative Measures for Independent Directors of Listed Companies of the China Securities Regulatory Commission, the self-regulatory rules of the Shanghai Stock Exchange and the Articles of Association of the Company in relation to the qualifications and conditions for appointment of independent directors;</u> <li data-bbox="959 1393 1396 1902">4. <u>The provisions of the Circular of the Discipline Committee of the Central Committee of the Communist Party of China and the Organisation Department of the Central Committee of the Communist Party of China on the Regulation of Cadres of the Central Management of the Communist Party of China Resigning from Public Offices or Taking up the Positions of Independent Directors and Independent Supervisors in Listed Companies and Fund Management Companies after Their Retirement (or Separation from Public Offices), where applicable;</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|--|
| | | | <p>5. <u>The relevant provisions of the Opinions of the Organisation Department of the Central Committee of the Communist Party of China on Further Regulating the Issue of Party and Government Leaders and Cadres Taking Up Part-Time Jobs in Enterprises (where applicable);</u></p> <p>6. <u>The provisions of the Opinions on Strengthening the Construction of Anti-Corruption and Integrity Initiatives in Higher Education Schools of the Central Commission for Discipline Inspection of the Communist Party of China, the Ministry of Education and the Ministry of Supervision (if applicable);</u></p> <p>7. <u>Relevant provisions of the Guidelines for Independent Directors and Outside Supervisors of Joint-Stock Commercial Banks of the People’s Bank of China, etc. (if applicable);</u></p> <p>8. <u>Relevant provisions of the “Measures for the Supervision and Administration of Directors, Supervisors, Senior Management and Practitioners of Securities Fund Operation Institutions” of the China Securities Regulatory Commission, where applicable;</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|---|---|
| | | | <p>9. <u>Relevant provisions of the Measures for the Administration of Qualifications for Appointment of Directors (Governors) and Senior Management Personnel of Banking Financial Institutions, the Provisions for the Administration of Qualifications for Appointment of Directors, Supervisors and Senior Management Personnel of Insurance Companies, and the Measures for the Administration of Independent Directors of Insurance Institutions (if applicable);</u></p> <p>10. <u>Other circumstances as stipulated by laws and regulations, departmental rules and regulations, regulatory documents and the stock exchange where the Company listed.</u></p> |
| 9. | Rule 10 | Deleted | |
| 10. | Rule 11 | <p>Candidates for independent directors shall be independent and shall not be:</p> <ol style="list-style-type: none"> 1. persons working in the Company or its subsidiaries and their <u>immediate family members</u> and major social relations; 2. natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or are among the top 10 shareholders of the Company and their <u>immediate family members</u>; 3. persons who work in shareholder units that directly or indirectly hold more than 5% of the Company's outstanding shares or in the top 5 shareholder units of the Company and their <u>immediate family members</u>; 4. persons working for the Company's de facto controller and its subsidiaries; 5. <u>those who provide financial, legal and advisory services to the Company and its controlling shareholders or their respective</u> | <p>Changed as Rule 10</p> <p>Candidates for independent directors shall be independent and shall not be:</p> <ol style="list-style-type: none"> 1. persons working in the Company or its subsidiaries and their <u>spouses, parents, children,</u> and major social relations; 2. natural person shareholders who directly or indirectly hold more than 1% of the Company's issued shares or are among the top 10 shareholders of the Company and their <u>spouses, parents, children</u>; 3. persons who work in shareholder units that directly or indirectly hold more than 5% of the Company's outstanding shares or in the top 5 |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|---|---|
| | | <p><u>subsidiary undertakings, including all staff of the project team of the intermediary organisation providing the services, all levels of reviewers, those who sign the report, partners and principals;</u></p> <p>6. <u>who serve as a director, supervisor or senior management staff of a unit that has significant business dealings with the Company and its controlling shareholders or their respective subsidiaries, or to serve as a director, supervisor or senior management staff of a unit that is a controlling shareholder of such business dealings;</u></p> <p>7. <u>who have been involved in any of the situations listed in the previous six items within the last year;</u></p> <p>8. <u>other circumstances which the Shanghai Stock Exchange has determined to be non-independent.</u></p> <p>The term “serving or serve” in the preceding paragraph refers to serving as directors, supervisors, senior management and other staff. <u>“immediate family”, means spouse, parents, children.</u> “Major social relations” refers to siblings, <u>parents-in-law, daughter-in-law and son-in-law,</u> spouses of siblings, and siblings of spouses. “Significant Business Dealings” means matters which are required to be submitted to a shareholders’ meeting for consideration in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market or the Articles of Association of the Company, or any other material matters as recognised by the <u>Shanghai Stock Exchange.</u></p> | <p>shareholder units of the Company and their spouses, parents, children;</p> <p>4. <u>persons working for the Company’s controlling shareholder or de facto controller and its subsidiaries and their spouses, parents, children;</u></p> <p>5. <u>persons who have significant business dealings with the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, or who hold positions in entities with which they have significant business dealings and their controlling shareholders or de facto controllers;</u></p> <p>6. <u>Persons providing financial, legal, advisory and sponsorship services to the Company, its controlling shareholders, de facto controllers or their respective subsidiary undertakings, including, but not limited to, all staff of the project team of the intermediary organisations providing the services, all levels of reviewers, persons signing the report, partners, directors, senior management and key persons in charge;</u></p> <p>7. <u>who has been involved in any of the situations listed in the previous six items within the last twelve months;</u></p> <p>8. <u>who are not independent as stipulated by laws, administrative regulations, CSRC regulations, stock exchanges in the place of listing and the Articles of Association of the Company.</u></p> <p>The term “serving or serve” in the preceding paragraph refers to serving as directors, supervisors, senior management and other staff. “Major social relations” refers to siblings, spouses of siblings, <u>parents of spouses, siblings of spouses, spouses of children, parents of children’s spouses, etc.</u> “Significant Business Dealings” means matters which are required to be submitted</p> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|---|
| | | | <p>to a shareholders' meeting for consideration in accordance with the Rules Governing the Listing of Securities on the Growth Enterprise Market or the Articles of Association of the Company, or any other material matters as recognised by the <u>stock exchanges in the place of listing.</u></p> <p><u>The independent directors shall conduct a self-examination of their independence on an annual basis and submit the self-examination to the Board of Directors. The Board of Directors shall evaluate the independence of the incumbent independent directors on an annual basis and issue a specialised opinion, which shall be disclosed at the same time as the annual report.</u></p> |
| 11. | | (Blank) | <p>Rule 11</p> <p><u>Candidates for independent directors should be of good personal character and should not be subject to any of the prohibitions against being nominated as a director of a listed company as set out in the “Self-Regulatory Guidelines for Listed Companies on the Science and Technology Innovation Board of the Shanghai Stock Exchange No. 1 – Regularisation of Operation”, and should not have the following adverse records:</u></p> <ol style="list-style-type: none"> <li data-bbox="959 1293 1390 1485">1. <u>who have been subject to administrative penalties by the CSRC or criminal penalties by the judicial authorities for securities and futures offences within the last 36 months;</u> <li data-bbox="959 1519 1390 1634">2. <u>who are suspected of committing securities and futures offences and are under investigation by the CSRC or are being investigated by the</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|--|
| | | | <p><u>judicial authorities and have not yet reached a definitive conclusion;</u></p> <p>3. <u>who have been publicly reprimanded or notified of criticism by the stock exchange more than 3 times within the last 36 months;</u></p> <p>4. <u>who have an adverse record such as major breach of trust;</u></p> <p>5. <u>who have been relieved of his/her duties during his/her previous term of office as an independent director for less than 12 months due to his/her failure to attend two consecutive Board meetings in person or to appoint another independent director to attend the Board meetings on his/her behalf at the proposal of the Board to convene a general meeting of the shareholders;</u></p> <p>6. <u>other circumstances as recognised by the stock exchange where the Company listed.</u></p> <p><u>The term of office of each independent director is the same as the term of office of other directors of the Company, and upon expiration of the term of office, he/she may be re-elected for a second consecutive term of office, provided that the period of re-election shall not exceed six years. Anyone who has served as an independent director of the Company for a continuous period of six years shall be prohibited from being nominated as a candidate for the position of independent director of the Company for a period of 36 months from the date of occurrence of such fact.</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|--|---|
| 12. | Rule 12 | <p>Candidates for independent director must not be in any of the following situations:</p> <ol style="list-style-type: none"> 1. <u>who have been subject to administrative penalties imposed by the China Securities Regulatory Commission (CSRC) in the past 3 years;</u> 2. <u>during the period when who was publicly recognised by the stock exchange as unsuitable to be a director of a listed company;</u> 3. <u>who have been publicly reprimanded or criticised by the stock exchange on more than two occasions in the past three years;</u> 4. <u>who during the period in which served as an independent director, he failed to attend two consecutive Board meetings, or the number of times who failed to attend the Board meetings in person accounted for more than one-third of the number of Board meetings held in that year;</u> 5. <u>who was an independent director and expressed independent opinions that were clearly inconsistent with the facts.</u> | <p><u>Those who have already served as independent directors in three domestic listed companies are, in principle, not eligible for re-nomination as independent director candidates of the Company.</u></p> |
| 13. | Rule 13 | Deleted | |
| 14. | Rule 14 | <p>The Company's Board of Directors, Supervisory Committee, and shareholders who individually or collectively own more than 1% of the Company's issued shares may propose candidates for election as independent directors to be determined by the shareholders at a general meeting.</p> | <p>Changed as Rule 13</p> <p>The Company's Board of Directors, Supervisory Committee, and shareholders who individually or collectively own more than 1% of the Company's issued shares may propose candidates for election as independent directors to be determined by the shareholders at a general meeting. <u>Investor protection organisations established by law may publicly request shareholders to appoint them to exercise the right to nominate independent directors on their behalf.</u></p> <p><u>A nominee as provided in paragraph 1 shall not nominate as a candidate for independent director if any person with whom he or she</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|--|--|
| | | | <u>has an interest or any other close relationship that may affect the independent performance of his or her duties.</u> |
| 15. | Rule 15 | Nominees for independent directors shall obtain the consent of the nominee before making the nomination. The nominator should fully understand the nominee's occupation, academic qualifications, title, detailed working experience, all part-time jobs, etc., and express an opinion on his/her qualifications and independence as an independent director. The nominee should <u>confirm in writing that there is no relationship between himself/herself and the Company that would affect his/her independent and objective judgement and make a public statement to that effect.</u> | Changed as Rule 14 Nominees for independent directors shall obtain the consent of the nominee before making the nomination. The nominator should fully understand the nominee's occupation, academic qualifications, title, detailed working experience, all part-time jobs, <u>any material breach of trust or other adverse record</u> , etc., and express an opinion on his/her qualifications and independence as an independent director. The nominee should <u>make a public statement that they meet the independence and other requirements to be an independent director.</u> |
| 16. | Rule 16 | Deleted | |
| 17. | Rule 17 | Deleted | |
| 18. | | (Blank) | Rule 15 <u>When the Company convenes a shareholders' meeting to elect an independent director, the Board of Directors of the Company shall explain whether the independent director candidate has been objected to by the stock exchange of the place of listing.</u> |
| 19. | | (Blank) | Rule 16 <u>Where a general meeting of the Company elects two or more independent directors, a cumulative voting system shall be implemented. The votes of small and medium-sized shareholders shall be counted and disclosed separately.</u> |
| 20. | | (Blank) | Rule 17 <u>The Company shall submit the relevant materials of the independent director candidates through the business management system of the Shanghai Stock Exchange at the latest when the Company publishes the notice of the general meeting for the election of independent directors, including written documents such as "Declaration and Undertaking of Independent Director Candidates", "Declaration and Undertaking of</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|--|--|
| | | | <p><u>Independent Director Nominees” and “Resume of Independent Director Candidates”. The Company shall disclose the relevant declarations and undertakings and the review opinions of the Nomination Committee or the special meeting of independent directors, and assurance that the contents of the announcement are true, accurate and complete.</u></p> <p><u>The qualifications for appointment as an independent director are subject to approval by the relevant state authorities, the obligations in the preceding paragraph shall be fulfilled from the date of obtaining such approval.</u></p> |
| 21. | Rule 18 | Deleted | |
| 22. | Rule 19 | Deleted | |
| 23. | Rule 20 | <p>An independent director of a company who, after serving as an independent director, <u>encounters circumstances that do not qualify him or her to serve as an independent director as stipulated in this section, shall resign from his or her position as an independent director within 30 days from the date of the occurrence of such circumstances.</u> If he/she fails to resign upon request, the Board of Directors of the Company shall activate the decision-making process to remove him/her from his/her position as an independent director within 2 days.</p> <p>If the proportion of independent directors to the total number of members of the Board of Directors is less than one-third as a result of the resignation of an independent director, the resigning independent director shall continue to perform his or her duties until the date on which a new independent director is appointed, except for resignation due to a loss of independence and removal from office in accordance with the law. The original nominee of such independent director or the board of directors of the Company shall nominate a new candidate for independent director within <u>90</u> days from the date of resignation of such independent director.</p> | <p>Changed as Rule 18</p> <p>An independent director of a company who, after serving as an independent director, <u>fails to satisfy the laws, regulations and other relevant requirements, does not possess the qualifications to serve as a director of a listed company, or fails to meet the independence requirements stipulated in rule 10 of these Rules, shall immediately cease to perform his or her duties and resign.</u> If he/she fails to resign upon request, the Board of Directors of the Company shall activate the decision-making process to remove him/her from his/her position as an independent director within 2 days <u>after it knows or ought to have known of the occurrence of such a fact.</u></p> <p>If the proportion of independent directors to the total number of members of the Board of Directors is less than one-third as a result of the resignation of an independent director <u>or where there is a lack of accounting professionals among the independent directors,</u> the resigning independent director shall continue to perform his or her duties until the date on which a new independent director is appointed, except for resignation due to a loss of independence and removal from office in accordance with the law. The original nominee of such independent</p> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|--|
| | | | director or the board of directors of the Company shall nominate a new candidate for independent director within <u>60</u> days from the date of resignation of such independent director. |
| 24. | | (Blank) | <p>Rule 19</p> <p><u>Matters that can only be submitted to the Board for consideration with the approval of a majority of all independent directors shall be considered in the form of an ad hoc meeting of independent directors.</u></p> |
| 25. | | (Blank) | <p>Rule 20</p> <p><u>The independent directors perform the following duties:</u></p> <ol style="list-style-type: none"> <li data-bbox="959 857 1390 981">1. <u>Participate in the decisions of the Board of Directors and express a clear opinion on the matters discussed;</u> <li data-bbox="959 1017 1390 1495">2. <u>To supervise potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors and senior management as set out in Articles 23, 26, 27 and 28 of the Administrative Measures for Independent Directors of Listed Companies, so as to ensure that the decisions of the Board of Directors are in line with the interests of the Company as a whole, and to protect the lawful rights and interests of the small and medium-sized shareholders;</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|---|---|
| | | | <p>3. <u>To provide professional and objective advice on the Company's operation and development, and to promote the improvement of the Board's decision-making standard;</u></p> <p>4. <u>Other duties as stipulated by laws, administrative regulations, requirements of the CSRC, stock exchanges in the place of listing and the Articles of Association of the Company.</u></p> |
| 26 | Rule 21 | <p>In addition to the duties and powers conferred on directors by the Company Law and other laws, regulations and the Articles of Association, independent directors shall have the following special duties and powers:</p> <p>1. <u>Significant connected transactions (defined as connected transactions that the Company intends to enter into with connected persons in an aggregate amount of more than HK\$3,000,000 or more than 5% of the Company's most recent audited net asset value) should be endorsed by the independent directors in advance; before the independent directors make their judgement, they may engage an intermediary institution to issue an independent financial adviser's report to serve as a basis for their judgement;</u></p> <p>2. <u>To propose to the Board the appointment or dismissal of the Accounting Firm;</u></p> <p>3. <u>To propose to the Board the convening of an extraordinary general meeting;</u></p> <p>4. <u>Propose to convene a meeting of the Board of Directors;</u></p> | <p>In addition to the duties and powers conferred on directors by the Company Law and other laws, regulations and the Articles of Association, independent directors shall have the following special duties and powers:</p> <p>1. <u>To engage an independent intermediary organisation to audit, consult or verify specific matters of the Company;</u></p> <p>2. <u>To propose to the Board to convene an extraordinary general meeting;</u></p> <p>3. <u>To propose a meeting of the Board of Directors;</u></p> <p>4. <u>solicit Shareholders' rights from shareholders openly in accordance with the law;</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|---|---|
| | | <p>5. <u>Solicited voting rights openly from shareholders prior to a general meeting;</u></p> <p>6. <u>Engage external auditors and consulting organisations independently to audit and consult on specific matters of the Company.</u></p> <p><u>The exercise by an independent director of the powers and duties set out in paragraphs (1) to (5) of the preceding paragraph shall be subject to the approval of more than one-half of all the independent directors. The exercise of the powers and duties referred to in paragraph (6) of the preceding paragraph shall be subject to the approval of all the independent directors. Items (1) and (2) shall be submitted to the Board of Directors for discussion only with the consent of one-half or more of the independent directors.</u></p> <p><u>If the above proposals of the independent directors are not adopted or if their duties cannot be properly exercised, the Company shall disclose the situation.</u></p> | <p>5. <u>Express independent opinions on matters that may prejudice the interests of the Company or small and medium-sized shareholders;</u></p> <p>6. <u>Other duties and responsibilities as stipulated by laws, administrative regulations, the CSRC, the stock exchange where the Company listed and the Articles of Association of the Company.</u></p> <p><u>In the event that an independent director exercises the powers and duties set forth in paragraphs (1) to (3) of the preceding paragraph, the exercise of such powers and duties shall be subject to the approval of a majority of all the independent directors.</u></p> <p><u>The Company shall disclose in a timely manner any exercise of the powers and duties listed in the (1) paragraph by an independent director. In the event that the said powers and duties cannot be exercised properly, the Company shall disclose the specific circumstances and reasons thereof.</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|---|---|
| 27. | Rule 22 | <p>Independent director should give an independent opinion to the board of directors or a general meeting of shareholders on the following matters:</p> <ol style="list-style-type: none"> 1. <u>Nominate, appoint and remove directors;</u> 2. <u>Appointment or dismissal of senior management;</u> 3. <u>Remuneration of directors and senior management of the Company;</u> 4. <u>Employment and termination of employment of Accountant;</u> 5. <u>Change in accounting policy, a change in accounting estimate or a correction of a material accounting error occurs for reasons other than a change in accounting standard;</u> 6. <u>Company's financial accounting reports were issued a non-standard unqualified audit opinion by certified public accountants;</u> 7. <u>The change of commitment by the relevant parties;</u> 8. <u>The effect of the Preferred Share Issue on the interests of each class of shareholders of the Company;</u> 9. <u>The formulation of profit distribution policy, profit distribution and capitalisation of capital reserves, in particular, should pay attention to whether the legitimate rights and interests of small and medium-sized investors are undermined;</u> | <p>Independent director should give an independent opinion to the board of directors or a general meeting of shareholders on the following matters:</p> <ol style="list-style-type: none"> 1. <u>Employment and termination of employment of Accountant;</u> 2. <u>Change in accounting policy, a change in accounting estimate or a correction of a material accounting error occurs for reasons other than a change in accounting standard;</u> 3. <u>The change of commitment by the relevant parties;</u> 4. <u>The effect of the Preferred Share Issue on the interests of each class of shareholders of the Company;</u> 5. <u>The formulation of profit distribution policy, profit distribution and capitalisation of capital reserves, in particular, should pay attention to whether the legitimate rights and interests of small and medium-sized investors are undermined;</u> 6. <u>Material matters requiring disclosure such as connected transactions, external guarantees, entrustment of finance, provision of financial assistance, use of proceeds, investment in stocks and their derivatives;</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|--|---|
| | | <p>10. <u>Material matters requiring disclosure such as connected transactions, external guarantees, entrustment of finance, provision of financial assistance, use of proceeds, commencement of new business, investment in stocks and their derivatives;</u></p> <p>11. <u>Major asset restructuring programme, share incentive scheme, employee share ownership scheme, share buyback programme;</u></p> <p>12. <u>The Company intends to decide that its shares will no longer be traded on the Shanghai Stock Exchange;</u></p> <p>13. <u>Matters which, in the opinion of the independent directors, may prejudice the legitimate interests of the Small and Medium Shareholders;</u></p> <p>14. <u>Relevant laws, administrative regulations, departmental rules, normative culture, rules of the Shanghai Stock Exchange and the Articles of Association of the Company, or other matters as recognised by the CSRC.</u></p> | <p>7. <u>Major asset restructuring programme, share incentive scheme, employee share ownership scheme, share buyback programme;</u></p> <p>8. <u>Matters which, in the opinion of the independent directors, may prejudice the legitimate interests of the Small and Medium Shareholders;</u></p> <p>9. <u>Relevant laws, administrative regulations, departmental rules, normative culture, rules of the Shanghai Stock Exchange and the Articles of Association of the Company, or other matters as recognised by the CSRC.</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|--|--|
| 28 | Rule 23 | <p><u>Independent directors should express one of the following types of opinion on the above matters:</u></p> <ol style="list-style-type: none"> 1. <u>Agree;</u> 2. <u>Qualified opinion and the reason;</u> 3. <u>Objection opinion and the reason;</u> 4. <u>Cannot express opinion and the obstacles.</u> | <p><u>Independent director's independent opinion on a material matter should include at least the following:</u></p> <ol style="list-style-type: none"> 1. <u>The underlying circumstances of the significant events;</u> 2. <u>The basis for the opinion, including the procedures performed, documents verified, contents of on-site inspections, etc;</u> 3. <u>The legal compliance of the material matters;</u> 4. <u>The impact on the interests of the Company and the small and medium-sized shareholders, the possible risks and the effectiveness of the measures taken by the Company;</u> 5. <u>Conclude the opinion. Where qualified opinion, objections or inability to express an opinion on a material matter are raised, the relevant independent director shall clearly state the reasons and the impediments to the expression of the opinion.</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|---|
| 29 | | (Blank) | <p>Rule 26</p> <p><u>Prior to the convening of a Board meeting, independent directors may communicate with the secretary of the Board to enquire about matters to be considered, request for supplementary materials, and offer opinions and suggestions. The Board of Directors and relevant personnel shall seriously study the questions, requests and opinions raised by the independent directors and provide timely feedback to the independent directors on the status of implementation, such as amendments to motions.</u></p> |
| 30 | | (Blank) | <p>Rule 27</p> <p><u>Independent Directors should attend Board meetings in person. If, for any reason, he or she is unable to attend the meeting in person, the independent director shall review the meeting materials in advance, form a clear opinion and appoint in writing other independent directors to attend the meeting on his or her behalf. If an independent director fails to attend two consecutive Board meetings in person and does not appoint another independent director to attend on his/her behalf, the Board shall propose to convene a shareholders' meeting within thirty days from the date of occurrence of such fact to remove such independent director from office.</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|--|
| 31. | | (Blank) | <p>Rule 28</p> <p><u>If an independent director votes against or abstains from voting on a board meeting motion, he or she shall state the specific reasons and basis thereof, the legality and compliance of the matter to which the motion relates, the risks that may exist and the impact on the interests of the Company and the small and medium-sized shareholders. The dissenting opinion of the independent directors should be disclosed at the same time when the Company discloses the resolution of the board of directors and should be set out in the resolution of the board of directors and the minutes of the meeting.</u></p> |
| 32. | | (Blank) | <p>Rule 29</p> <p><u>The independent directors should spend not less than fifteen days a year on-site at the Company.</u></p> |
| 33 | | (Blank) | <p>Rule 30</p> <p><u>The independent directors shall submit an annual report on their duties to the annual general meeting of the Company to explain how they have performed their duties. The annual duty report shall include the following contents:</u></p> <ol style="list-style-type: none"> <li data-bbox="959 1308 1390 1432">1. <u>Number of Board meetings attended, how they were conducted and how they voted, and number of shareholders' meetings attended;</u> <li data-bbox="959 1470 1390 1559">2. <u>Participation in specialised board committees and specialised meetings of independent directors;</u> |

| No. | Article | Before Amendments | After Amendments |
|-----|---------|-------------------|--|
| | | | <p>3. <u>Deliberations on the matters set out in Articles 23, 26, 27 and 28 of the Measures for the Administration of Independent Directors of Listed Companies and the exercise of the special powers and duties of the independent directors as set out in paragraph 1 of Rule 21 of these rules;</u></p> <p>4. <u>Significant matters, manner and results of communication with the internal audit organisation and the accounting firm undertaking the Company's audit on the Company's financial and business conditions;</u></p> <p>5. <u>Communication with small and medium-sized shareholders;</u></p> <p>6. <u>The time and content that worked on-site at the Company;</u></p> <p>7. <u>Other circumstances of performing duties.</u></p> <p><u>The annual report of the independent directors should be disclosed no later than when the company gives notice of its annual general meeting.</u></p> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|---|---|
| 34. | Rule 26 | | Changed as Rule 31 |
| 35 | Rule 27 | <p>The company should <u>ensure that independent directors enjoy the same right to information as other directors.</u> For all matters requiring a decision by the Board of Directors, the Company must notify the independent directors in advance and provide sufficient information at the same time in accordance with the statutory timeframe, and the independent directors may request for additional information if they consider the information to be insufficient. When two or more Independent directors consider that the information is insufficient or the arguments are not clear, they may jointly propose in writing to the Board to adjourn the Board meeting or to postpone the consideration of the matter, and the Board shall adopt such proposal.</p> <p>Information provided by the company to the independent directors should be retained by the company and the independent directors themselves for at least five years.</p> | <p>Changed as Rule 32</p> <p>The company should <u>secure the right to information enjoyed by independent directors shall be the same as other directors. In order to ensure the effective exercise of the independent directors' powers and duties, the Company shall keep the independent directors regularly informed of the Company's operations, provide them with information, and organise or co-operate with them in carrying out on-site inspections and other work.</u></p> <p><u>The Company may organise independent directors to participate in research and discussion sessions before the Board considers major and complex matters, so as to fully listen to the views of the independent directors and provide timely feedback to the independent directors on the adoption of their views.</u></p> <p>For all matters requiring a decision by the Board of Directors, the Company must notify the independent directors in advance and provide sufficient information at the same time in accordance with the statutory timeframe, and the independent directors may request for additional information if they consider the information to be insufficient. When two or more independent directors consider that the information is insufficient or the arguments are not clear, they may jointly propose in writing to the Board to adjourn the Board meeting or to postpone the consideration of the matter, and the Board shall adopt such proposal.</p> |

| No. | Article | Before Amendments | After Amendments |
|-----|----------------|--|--|
| | | | Information provided by the company to the independent directors should be retained by the company and the independent directors themselves for at least ten years. |
| 36. | Rule 28 | | Changed as Rule 33 |
| 37. | Rule 29 | When an independent director exercises his or her duties and powers, the relevant personnel of the Company shall <u>actively</u> co-operate with him or her and shall not refuse, obstruct or conceal, or interfere with, his or her independent exercise of his or her duties and powers. | Changed as Rule 34 When an independent director exercises his or her duties and powers, the <u>directors, senior management and other</u> relevant personnel of the Company shall co-operate with him or her and shall not refuse, obstruct or conceal <u>the relevant information</u> , or interfere with, his or her independent exercise of his or her duties and powers. |
| 38. | Rule 30 | | Changed as Rule 35 |
| 39. | Rule 31 | | Changed as Rule 36 |
| 40. | Rule 32 | | Changed as Rule 37 |
| 41. | Rule 33 | | Changed as Rule 38 |
| 42. | Rule 34 | | Changed as Rule 39 |
| 43. | Rule 35 | | Changed as Rule 40 |

NOTICE OF ANNUAL GENERAL MEETING



上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “AGM”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) will be held at Conference Room, Building 4, Fudan National University Science and Technology Park, 127 Guotai Road, Shanghai, the People’s Republic of China (the “PRC”) on Tuesday, 28 May 2024 at 10:00 a.m. for the following purposes:–

ORDINARY RESOLUTIONS

1. To consider and approve the Work Report of the Board of 2023;
2. To consider and approve the Work Report of the Supervisory Committee of 2023;
3. To consider and approve the Final Account Report of 2023;
4. To consider and approve the Annual Report of 2023;
5. To consider and approve the Profit Distribution Plan of 2023;
6. To consider and approve the proposal of utilization of the surplus funds raised from the A Share Offering for permanent replenishment of working capital;
7. To consider and approve the Re-appointment of Overseas and Domestic Auditor and internal control Auditor of 2024;
8. To consider and approve the Remuneration of Directors and Supervisors of 2024;
9. To consider and approve the Purchase of Liability Insurance for Directors, Supervisors and Senior Management;
10. To consider and approve the proposed amendments to Rules for Procedures of Independent Directors;

SPECIAL RESOLUTIONS

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

* For identification purpose only

NOTICE OF ANNUAL GENERAL MEETING

12. To consider and approve the General Mandate to issue additional A Shares and/or H Shares.

By order of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Jiang Guoxing
Chairman

Shanghai, the PRC, 23 April 2024

Notes:

1. Persons who hold shares of the Company and whose names appear on the Register of Members of the Company as at 28 May 2024 shall be entitled to attend the AGM.
2. Any member entitled to attend and vote at the AGM is entitled to appoint one or more person(s) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. The instrument appointing a proxy must be in writing of a Shareholder or his attorney duly authorized in writing. If the Shareholder is a legal person, that instrument must be executed either under its seal or in writing by its director or other attorney duly authorized to sign the same. To be valid, a form of proxy, 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, must be deposited not less than 24 hours before the time appointed for the holding of the AGM at the Company's principal place of business in the PRC at Building 4, Lane 127, Guotai Road, Shanghai, the PRC (for holders of A Shares) or the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for holders of H Shares) as stipulated in the proxy form.
4. For holders of H Shares, the Register of Members of H Shares of the Company will be closed from 22 May 2024 to 28 May 2024 (both dates inclusive) during which period no transfer of H Shares will be registered. To be qualified to attend the AGM, all transfers of H Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 21 May 2024.
5. Shareholders or their proxies shall provide their identification documents when attending the AGM. If corporate Shareholders appoint authorized representative to attend the AGM, the authorized representative shall produce his/her identity documents and a notarially certified copy of the relevant authorization instrument signed by the board of directors or other authorized parties of the corporate Shareholders or other notarially certified documents allowed by the Company. Proxies shall produce their identity documents and the proxy form signed by the Shareholders or their attorney when attending the AGM.
6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the AGM if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.
7. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
8. Information containing further details regarding the proposed resolutions set out in the above notice as required by the Listing Rules are set out in this circular and appendix 1 to 4 of this circular.

* *For identification purpose only*