THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution 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 hand this circular together with the accompanying form of proxy to the purchaser or transferee, or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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FUDAN MICRO

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) PROPOSALS FOR (a) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REVISION OF 2025 ANNUAL CAP AND THE NEW COOPERATION AGREEMENT; AND (b) RELATED PARTY TRANSACTIONS WITH SHANGHAI HUAHONG (GROUP) COMPANY LIMITED; AND (2) NOTICE OF THE EGM

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS

AMASSE CAPITAL
寶積資本

A letter from the board of directors of Shanghai Fudan Microelectronics Group Company Limited is set out on pages 5 to 19 of this circular.

The notice of the EGM of the Company 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 a.m. on Friday, 5 September 2025 is set out on pages EGM-1 to EGM-2 of this circular.

The form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fmsh.com). Whether or not you are able to attend and/or vote at the EGM, 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 EGM.

15 August 2025

* *For identification purposes only*

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

"2021 Cooperation Agreement"	the sales agency cooperation agreement in respect of reconfigurable devices and memory IC chips entered into between the Company and Fudan Communication on 26 March 2021 and effective on 12 June 2021
"2025 Annual Cap"	the annual cap for the year ending 31 December 2025 under the Old Cooperation Agreement
"2026 – 2027 Annual Caps"	the annual caps for the years ending 31 December 2026 and 2027 under the New Cooperation Agreement
"A Shares"	the ordinary share(s) of the Company of nominal value of RMB0.10 each subscribed and traded in RMB
"A Shareholder(s)"	holder(s) of A Shares
"Articles"	articles of association of the Company, as amended, modified or otherwise supplemented from time to time
"associate"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors of the Company
"Company"	Shanghai Fudan Microelectronics Group Company Limited* (上海復旦微電子集團股份有限公司), a joint stock limited company incorporated in the PRC, whose A Shares are listed on the Sci-Tech Innovation Board of the Shanghai Stock Exchange and H Shares are listed on the Main Board of the Stock Exchange
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"EGM"	the extraordinary general meeting of the Company to be convened for the approval of, among others, (i) the Proposed Continuing Connected Transactions; and (ii) the Proposed Related Party Transactions
"FPGA"	Field-Programmable Gate Array

"Fudan Communication"	Shanghai Fudan Communication Company Limited* (上海復旦通訊股份有限公司), a 30%-controlled company (as defined under Rule 14A.06 of the Listing Rules) of Fudan Fukong
"Fudan Fukong"	Shanghai Fudan Fukong Technology Enterprise Holdings Limited* (上海復旦復控科技產業控股有限公司), a Substantial Shareholder of the Company
"Fuxin Fangao"	Shanghai Fuxin Fangao IC Technology Co. Ltd.* (上海復芯凡高集成電路技術有限公司)
"Group"	the Company and its subsidiaries from time to time
"H Share(s)"	overseas listed foreign share(s) of nominal value of RMB0.10 each in the share capital of the Company which are listed on Main Board of the Stock Exchange and subscribed and traded in HK$
"H Shareholder(s)"	holders of H Share(s)
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive Directors, namely Ms. Shi Yanling, Ms. Wang Meijuan and Mr. Hu Xue, has been formed to advise the Independent Shareholders in respect of the Proposed Continuing Connected Transactions
"Independent Financial Advisor"	Amasse Capital Limited, registered with the Securities and Futures Commission in Hong Kong as a licensed corporation under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and appointed as the independent financial adviser of the Company to provide advice to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Continuing Connected Transactions
"Independent Shareholders"	any Shareholder(s) of the Company who is not required to abstain from voting at the EGM
"Independent Third Party(ies)"	any entity or person who, to the best of our Directors' knowledge, information and belief having made all reasonable enquiries, is not a connected person of the Company within the meaning ascribed thereto under the Listing Rules

"Latest Practicable Date"	11 August 2025, being the latest practicable date prior to the issuance of this circular for ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"New Cooperation Agreement"	the sales agency cooperation agreement in respect of reconfigurable devices and memory IC chips entered into between the Company and Fudan Communication on 28 July 2025
"Old Cooperation Agreement"	the sales agency cooperation agreement in respect of reconfigurable devices and memory IC chips entered into between the Company and Fudan Communication on 22 March 2024 and effective on 12 June 2024
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Proposed Continuing Connected Transactions"	the proposed continuing connected transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement
"Proposed Related Party Transactions"	the proposed related party transactions with Shanghai Huahong pursuant to the Rules Governing the Listing of Stocks on the Sci-Tech Innovation Board of the Shanghai Stock Exchange
"RMB"	Renminbi, the lawful currency of the PRC
"Sci-Tech Innovation Board"	The Shanghai Stock Exchange Science and Technology Innovation Board
"SFO"	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong)
"Share(s)"	A Share(s) and H Share(s)
"Shareholder(s)"	holders of the Company's Shares including A Share(s) and H Share(s)
"Shanghai Huahong"	Shanghai Huahong (Group) Company Limited* (上海華虹(集團)有限公司)
"Shanghai Stock Exchange"	Shanghai Stock Exchange of the PRC
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"%"	percent.



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. Zhang Wei *(Chairman and Managing Director)*
Mr. Shen Lei *(Deputy Managing Director)*

Non-Executive Directors:
Ms. Yan Na
Mr. Zhuang Qifei
Ms. Zhang Rui
Mr. Song Jiale

Independent Non-Executive Directors:
Ms. Shi Yanling
Ms. Wang Meijuan
Mr. Hu Xue

Registered office:
No. 220 Handan Road
Shanghai
The PRC

Principal Place of Business:
In the PRC:
Building 4, Lane 127, Guotai Road
Shanghai, the PRC

In Hong Kong:
Flat 6, 5/F., East Ocean Centre
98 Granville Road
Tsimshatsui East
Kowloon
Hong Kong

15 August 2025

Dear Sir or Madam:

(1) PROPOSALS FOR
(a) CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REVISION OF 2025 ANNUAL CAP AND THE NEW COOPERATION AGREEMENT; AND
(b) RELATED PARTY TRANSACTIONS WITH SHANGHAI HUAHONG (GROUP) COMPANY LIMITED; AND
(2) NOTICE OF THE EGM

INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS

AMASSE CAPITAL
寶 積 資 本

* *for identification purposes only*

1. INTRODUCTION

Reference is made to the announcement of the Company dated 28 July 2025 concerning, among others, the Proposed Continuing Connected Transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement and the Proposed Related Party Transactions with Shanghai Huahong, respectively.

The purpose of this circular is to provide you with information in relation to the details of (i) the Proposed Continuing Connected Transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement; and (ii) the Proposed Related Party Transactions with Shanghai Huahong; (iii) the letter from the Independent Financial Adviser to the Independent Shareholders; (iv) the recommendation of the Independent Board Committee as advised by the Independent Financial Adviser; and (v) other information relevant to the proposals to be tabled at the EGM as required under the Listing Rules, in order to enable you to make an informed decision on whether to vote for or against the proposals at the EGM.

2. PROPOSED CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REVISION OF 2025 ANNUAL CAP AND THE NEW COOPERATION AGREEMENT

Reference is made to the announcement of the Company dated 28 July 2025 in relation to the entering into the cooperation agreement between the Company and Fudan Communication for the agency of selling the reconfigurable devices and memory IC chips and the setting of the relevant annual caps.

The Company entered into the New Cooperation Agreement with Fudan Communication on 28 July 2025 after assessing the market demand, sales track record and product life cycle for reconfigurable devices and memory IC chips under the Old Cooperation Agreement. Details of the New Cooperation Agreement are as follows:

New Cooperation Agreement

(i) Date

28 July 2025 (after the trading hours)

(ii) Contracting parties

(a) the Company; and

(b) Fudan Communication

(iii) Nature of Agreement

According to the New Cooperation Agreement, the Company agreed to continue the appointment of Fudan Communication as the qualified agent to sell the reconfigurable devices and memory IC chips manufactured by the Company. The Company will sell related chips to Fudan Communication, and Fudan Communication will then promote the chips and solutions to its end customers. The Company will set product sales guide prices of the products based on the principle of product costs and related expenses plus a certain profit. Fudan Communication shall purchase relevant products from the Company at the prices, policies and terms which are consistent with other agents and uniformly formulated by the Company. Meanwhile, Fudan Communication shall not sell the relevant products at a price higher than the product sales guide prices. The specific business of both parties shall be executed separately by signing a purchase and sale contract.

(iv) Duration

From the date of EGM where the Independent Shareholders having approved the resolution on the Proposed Continuing Connected Transactions to 31 December 2027.

(v) Payment method

Payment will be made before the delivery of the products to Fudan Communication's designated location. No credit period will be provided.

(vi) Conditions precedent and termination of the Old Cooperation Agreement

The New Cooperation Agreement is subject to and will become effective upon the approval of the Independent Shareholders at the EGM. The Old Cooperation Agreement will be terminated upon the New Cooperation Agreement becoming effective.

Revision of the 2025 Annual Cap and the Proposed 2026-2027 Annual Caps

1. According to the announcement of the Company dated 22 March 2024, the 2025 Annual Cap proposed by the Directors for the Old Cooperation Agreement was RMB280,000,000. In terms of the sales track record, the actual transaction amount under the Old Cooperation Agreement with Fudan Communication from 1 January 2025 to 30 June 2025 was approximately RMB184,328,000, whilst the outstanding sales under the Old Cooperation Agreement is approximately RMB236,045,000, which is expected to be completed on or before 31 December 2025. Accordingly, the total transaction amount of actual transactions and outstanding sales was approximately RMB420,373,000 (the "**Total Transaction Amount**"), representing around 150.1% of the 2025 Annual Cap of RMB280,000,000. The differences in the amount between (i) the Total Transaction Amount and (ii) Fudan Communication's interest in purchasing the Company's reconfigurable devices and memory IC chips of RMB520,000,000 for the year ending 31 December 2025 comprise: (a) sales orders worth around RMB37,700,000 which are under negotiation and (b) the remaining amount being the estimated sales order to be entered in the second half of 2025 and such orders will be completed before 31 December 2025. In

terms of market demand, FPGA and certain types of non-volatile memory used in high-reliability scenarios have benefited from advanced and reliable technology, continuous expansion of fields of application, and steady growth in demand from major customers, resulting in increased sales. In terms of product life cycle, the Company has supplied Fudan Communication with nine new models among the latest reconfigurable devices and memory IC chips during 2024, followed by two additional new products during 2025. These new models and products are expected to maintain stable market demand throughout the next three years. The abovementioned sales track record, market demand and product life cycle for reconfigurable devices and memory IC chips under the Old Cooperation Agreement have been assessed when entering into the New Cooperation Agreement. It is expected that transaction amount under the Old Cooperation Agreement for the period from 1 January 2025 up to (but excluding) the date of EGM will not exceed the existing annual cap of RMB280,000,000. In signing the New Cooperation Agreement with Fudan Communication, Fudan Communication is interested in purchasing the Company's reconfigurable devices and memory IC chips, with an estimated transaction value of approximately RMB520,000,000 from 1 January 2025 to 31 December 2025. The industry has demonstrated steady recovery since early 2025, driving significantly high demand for reconfigurable devices and memory IC chips among Fudan Communication's downstream customers. Consequently, Fudan Communication has increased its interest in purchasing the Company's reconfigurable devices and memory IC chips for the year ending 31 December 2025 in order to meet the needs of its downstream customers. The Board believes that the revised 2025 Annual Cap therefore corresponds to the estimated purchase amount under the New Cooperation Agreement with Fudan Communication and is a reasonable estimate compared with historical transaction data. After entering into the New Cooperation Agreement, it is proposed to revise the 2025 Annual Cap to reflect the increase in the transaction amount under the New Cooperation Agreement.

2. The 2026 – 2027 Annual Caps proposed by the Directors were based on the sales history of the type of products, and were made after taking into account of information such as the number of products that have passed the evaluation and assessment of potential customers and the completion of required procedures for the supplier register, as well as the sales intentions between Fudan Communication and its customers. With regards to the sales history of the type of products, please refer to the previous paragraph. In terms of the number of products supplied by the Company, the Company has supplied Fudan Communication with nine new models among the latest reconfigurable devices and memory IC chips during 2024, followed by two additional new products during 2025, which have passed the evaluation and assessment of certain potential ultimate customers and the completion of procedures for the supplier register when determining the basis of the 2026-2027 Annual Caps.

   The Directors expect that the market demand of such products will continue due to favorable factors such as industry recovery, customer demand and wide application. The Board believes that the semiconductor industry is recovering, and shall continue to increase in 2025 and subsequent years. In the medium and long term, the semiconductor industry has a solid foundation and is gradually improving its capacity in Mainland China. The Board believes that the shortage of middle and high-end chips represented by new energy vehicles, industrial control and high-performance computing is still continuing, and the wave of domestic substitution is also gradually moving towards the field of middle and high-end chips. Fudan

Communication has entered into a letter of intent with the Company for the period from 2025 to 2027 in respect of its customers' requirements with an expected transaction amount of RMB520,000,000 for the said period. Such expected transaction amount was determined by the sales history and market demand as mentioned above. Based on the amount of the sales contracts to be entered into under the letter of intent, the proposed revised 2025 Annual Cap and the 2026-2027 Annual Caps for the relevant three years from 2025 to 2027 covered by the New Cooperation Agreement shall not exceed the amount shown in the below table:

	For the year ending 31 December		
	2025	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*
	(Note 1)		
Annual caps of the New Cooperation Agreement	520,000	520,000	520,000
	520,000	520,000	520,000

Note:

1. 2025 Annual Cap is RMB280,000,000 according to the Old Cooperation Agreement. The Old Cooperation Agreement will be terminated once the New Cooperation Agreement becomes effective upon the approval of the Independent Shareholders at the EGM, and the revised 2025 Annual Cap will become RMB520,000,000.

3. Fudan Communication entered into two letters of intent with the Company for the period from 2021 to 2024, and 2024 to 2027, respectively. The annual caps for the period from 1 January 2024 to 11 June 2024 under the 2021 Cooperation Agreement, the period from 12 June 2024 to 31 December 2024, the two years ending 31 December 2026, and the period from 1 January 2027 to 11 June 2027 under the Old Cooperation Agreement are shown in the below table:

	For the year ending 31 December			
	2024	**2025**	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 2)			*(Note 3)*
Annual caps of the 2021 Cooperation Agreement and the Old Cooperation Agreement	350,000	280,000	300,000	150,000
	350,000	280,000	300,000	150,000

Note:

2. According to the Old Cooperation Agreement, the trading cap for the period from 12 June 2024 to 31 December 2024 is RMB150,000,000. According to the 2021 Cooperation Agreement, the trading cap for the period from 1 January 2024 to 11 June 2024 is RMB200,000,000. Thus the total trading cap for the year ended 31 December 2024 is RMB350,000,000.

3. According to the Old Cooperation Agreement, the trading cap for the period from 1 January 2027 to 11 June 2027 (being the ending date of the Old Cooperation Agreement) is RMB150,000,000.

4. The following table sets out the historical transaction amounts occurred and up to 30 June 2025:

	For the year ended 31 December			**For the period ended 30 June**
	2022	**2023**	**2024**	**2025**
	RMB'000 (Audited)	*RMB'000* (Audited)	*RMB'000* (Audited)	*RMB'000*
Historical transaction amounts	236,196	262,334	305,701	184,328

Reasons for Entering into the New Cooperation Agreement

It is the Company's overall business objective to become a leader in the IC design and system integration business in the PRC with keen determination to be one of the global leading application specific IC design companies. One of the business objectives of the Company is to develop diversified industrial chains. The Company vigorously invested in the research and development of reconfigurable devices and memory IC chips several years ago. With fully developed techniques and the expanding market demand, the Directors believe that these products will help increase turnover and profits of the Company. Fudan Communication possesses a considerable proportion of market shares in the ultimate markets of relevant products with wide sales channels, and meanwhile the capability to provide application solutions. The Directors consider that the Company can save time for the lengthy market exploration and reduce cost of sales after entering into the New Cooperation Agreement. It also helps with the prompt penetration into relevant markets, increasing market shares and achievement of synergies.

In recent years, the cyclical fluctuation of semiconductor industry has increased due to the influence of fluctuating economic conditions, trade friction and other impacts. As a result, the domestic IC market was further affected by cost changes and delay of raw material supply and product delivery. Therefore, Fudan Communication has to lockup the Company's supply to meet its orders in coming years in order to secure the supply of goods and meet the growth of end-user demand. On the other hand, the Company also used to secure the orders placed by Fudan Communication in order to minimize its business risk in production.

The Board (including the independent non-executive Directors, who provide their opinions after having received the advice from the Independent Financial Adviser) considers the transactions contemplated under the New Cooperation Agreement to be in the ordinary course of business of the Group, are on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole since (i) the turnover and profits of the Company can be raised with the help of the sales channel of reconfigurable devices and memory IC chips and application solutions provided by Fudan Communication; (ii) the Company can save selling costs; and (iii) the Company can shorten the time taken to marketing but penetrate into relevant markets promptly, increase market shares and help the long-term development of reconfigurable devices aspect.

Pricing Policies

The Company has established a product pricing system with a "Product Pricing Guide" which covers pricing of products and is applicable to customers, qualified agents and connected enterprises. The product selling prices which are set in accordance with the terms and regulations of the Product Pricing Guide, will be based on the market situation, the acceptance by customers and the price set by competitors, and also with the consideration of product costs and related expenses plus profits of not less than 30%. The product selling prices and updated adjustments from time to time are set by the relevant divisions and approved by the management, then the unified product catalogs and prices will be offered to qualified agents respectively. All sales of products will be conducted in accordance with the ranges of profit margin, the same selling prices and same terms offered to qualified agents. These procedures can ensure that the transactions will be conducted on normal commercial terms and on terms and prices no less favourable to the Company than those offered to independent qualified agents.

Internal Control

Pursuant to the internal control system established by the Company, the internal control division will be responsible to monitor and review the continuing connected transactions contemplated under the New Cooperation Agreement to ensure that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy of the Company. Also, it will report the transactions to the independent non-executive Directors on a regular basis or from time to time, if necessary. In addition, the internal control division will pay close attention to the sales contracts in order to control the aggregate transaction amount under the annual caps or to alert the relevant division to publish revision announcement when the aggregate transaction amounts are close to the revised 2025 Annual Cap and the 2026 – 2027 Annual Caps in order to comply with the Listing Rules.

In respect of the pricing, the pricing for the products will be referred to the "Product Pricing Guide". Based on the "Product Pricing Guide", an actual price list for different products under different bulk purchase quantity will be decided by the sales department and then approved by the management of the Company to ensure the products prices are no less favourable to the Company than that to be sold to Independent Third Parties.

In respect of monitoring the aggregate amount for transactions contemplated under the New Cooperation Agreement, the sales department would inform the financial department before entering into sales contracts with Fudan Communication and the financial department as well as the internal control division would monitor the remaining quota of the annual caps to ensure that the aggregated amounts will not exceed the revised 2025 Annual Cap and the 2026–2027 Annual Caps.

Information of the Company, Fudan Communication and Fudan Fukong

The Group's principal activities are design, development and sales of IC products in the PRC.

Fudan Communication is mainly engaged in design, development and production of telecommunication devices in the PRC. As at the Latest Practicable Date, the Company holds approximately 16.34% equity interest of Fudan Communication. Fudan Fukong, a Substantial Shareholder of the Company, holds approximately 33.84% equity interest of Fudan Communication and other Independent Third Parties hold approximately 49.82% of its equity interest.

To the best of the Directors' knowledge and belief, having made all reasonable enquiries and as at the Latest Practicable Date, Fudan Fukong holds 101,732,384 Shares of the Company, representing approximately 12.38% of the issued share capital of the Company and is a Substantial Shareholder of the Company. Fudan Fukong also holds approximately 33.84% of the issued share capital of Fudan Communication, which is an associate of Fudan Fukong. As defined in Chapter 14A of the Listing Rules, Fudan Fukong and Fudan Communication are connected persons of the Company, therefore the transactions under the New Cooperation Agreement constitute connected transactions of the Company.

Mr. Zhuang Qifei, Ms. Zhang Rui and Mr. Song Jiale, non-executive Directors of the Company, who are the Directors related with Fudan Fukong have abstained from voting on the Board resolution approving the New Cooperation Agreement in the Board meeting on 28 July 2025. None of the other Directors has any material interest in the connected transactions. In addition, no other Directors have abstained from voting on the related Board resolutions at the abovementioned Board meeting.

Listing Rules Implications

As the revised 2025 Annual Cap of the continuing connected transactions contemplated under the New Cooperation Agreement and the 2026-2027 Annual Caps of the continuing connected transactions contemplated under the New Cooperation Agreement exceed the applicable percentage ratios of 5% (except for profits ratio), the continuing connected transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

4. PROPOSED RELATED PARTY TRANSACTIONS WITH SHANGHAI HUAHONG

A. Basic information on ordinary related party transactions

(I) Consideration and approval procedures performed for the ordinary related party transactions

References are made to the announcement of the Company dated 28 July 2025 in relation to, among others, the Proposed Related Party Transactions with Shanghai Huahong. The Company convened the second meeting of the Tenth Session of the Board of Directors of the Company and the twentieth meeting of the Ninth Session of the Supervisory Committee of the Company on 28 July 2025, which considered and approved the "Resolution on ordinary related party transactions with Shanghai Huahong (Group) Company Limited".

Mr. Zhang Wei, Chairman and Managing Director, abstained from voting in the Board meeting on 28 July 2025 due to a related party relationship (for details of the related party relationship, please refer to the following paragraph headed "B. Basic Information on Related Party and Related Party Relationship"). The directors without related party relationship presented at the meeting unanimously agreed to the resolution; the Supervisors without related party relationship presented at the meeting unanimously agreed to the resolution. The independent directors of the Company (who are Ms. Shi Yanling, Ms. Wang Meijuan and Mr. Hu Xue) reviewed this transaction at the special meeting of the independent directors convened beforehand and agreed that the matter should be submitted to the Board and the shareholders general meeting for approval.

(II) Estimated transaction amount and type of ordinary related party transactions

The Group entered into ordinary related party transactions with Shanghai Huahong and its subsidiaries in an aggregate amount not exceeding RMB358.7 million from 19 June 2025 to the date of 2025 Annual General Meeting, details of which are set out below:

All amounts in RMB'000

Type of related party transactions	Related party	Estimated transaction amount from 19 June 2025 to the date of 2025 Annual General Meeting	Transaction amount from 1 January 2025 to 18 June 2025	Actual amount incurred in the previous year	Reasons for the large difference between the current estimate and the actual amount incurred in the previous year
Purchase of wafers, masks and other materials from related party	Shanghai Huahong (Group) Company Limited and its subsidiaries	338,000.00	79,564.70	223,436.00	N/A
Sales of products to related party	Shanghai Huahong (Group) Company Limited and its subsidiaries	19,500.00	4,108.60	12,523.60	N/A
Provision of services to related party	Shanghai Huahong (Group) Company Limited and its subsidiaries	1,200.00	47.20	1,080.90	N/A
Total		358,700.00	83,720.50	237,040.50	

B. Basic Information on Related Party and Related Party Relationship

(I) Basic Information on Related Party

Company Name	Shanghai Huahong (Group) Company Limited
Legal Representative	Qin Jian
Unified Social Credit Code	91310000132263312B
Type of corporate	Limited liability company (state-owned)
Date of incorporation	9 April 1996
Registered Capital	RMB13,448,545,247
Register Address	No. 177, Bibo Road, Pilot Free Trade Zone, China (Shanghai)

Shareholder Composition and Controlling status	51.48128% held by Shanghai Municipal State-owned Assets Supervision and Administration Commission; 15.36826% held by Shanghai Guosheng (Group) Co.; 15.36826% held by Shanghai International Group Co.; 9.78221% held by Shanghai INESA(Group) Co., Ltd.; 8% held by Shanghai Lingang Economic Development (Group) Co., Ltd.
Business activities	Organization of development, design, processing, manufacture and sale of integrated circuits and related products, investment in integrated circuit design, manufacture, sale, application and related high-tech industries, consulting services, asset management, leasing of own premises, parking lot (warehouse) operation. Items subject to approval in accordance with the law can be operated only after approval by the relevant departments
Relationship	For details, please refer to "(II) Relationships with the Company"
Key Financial Data for the Latest Financial Year	Except from disclosure due to trade secret

(II) Relationships with the Company

Pursuant to the definition of related parties under Chapter 15 of the Rules Governing the Listing of Securities on the Shanghai Stock Exchange Technology and Innovation Board, given that Mr. Zhang Wei, the Chairman and Managing Director of the Company, also serves as an independent director of Shanghai Huahong (Group) Company Limited, the Huahong Related Party Transaction constitutes a related party transaction. The aforementioned Director abstained from voting.

(III) Analysis of capacity of performance obligation

The related party in the Proposed Related Party Transactions and its subsidiaries are state-owned 8+12-inch integrated circuit manufacturing industrial groups in China with advanced chip manufacturing mainstream technology, and are in good credit standing, continue to operate in accordance with the law, and have good ability to fulfill their contractual obligations. The transaction is an ordinary related party transaction and the

risk is manageable. The Company will enter into contracts or agreements with the related parties in respect of the expected ordinary related party transactions and execute them in strict accordance with the terms thereof, and are legally protected.

C. Main contents of ordinary related party transactions

(I) Main contents of related party transactions

Shanghai Huahong and its subsidiaries are an important integrated circuit manufacturing industry group in China. The Company has a long-term cooperative relationship with them, and the current relationship is solely due to one of the directors of the Company also serving as their independent director. The related transactions between the Company and its subsidiaries are mainly for the purchase of raw materials, which are determined by negotiation with reference to market prices in accordance with the principle of fair pricing.

(II) Signature of the Related Party Transaction Agreement

After the transaction amount of the Proposed Related Party Transactions has been reviewed and approved at the EGM, the Company will sign specific transaction contracts or agreements with the relevant connected parties in accordance with its business operation.

D. Purpose of the ordinary related party transactions and impact on the listed company

(I) Necessity of the related party transactions

The above estimated Proposed Related Party Transactions are routine transactions of the Company, which are normal business in the operation of the Company with normal commercial practices, which are favorable to the Company's operations.

(II) Analyzing the fairness of the pricing of related party transactions

The related party transactions between the Company and the related parties of the Proposed Related Party Transactions will be conducted in accordance with the principle of fair pricing so as to be consistent with business practice and there will be no acts detrimental to the interests of the Company and all shareholders, in particular the small and medium-sized shareholders. The cooperative related parties have good business reputation and financial status, which is favorable to the continuous development of the Company's normal business.

(III) Continuity of related party transactions

The transactions between the Company and the related parties of the Proposed Related Party Transactions will be conducted in accordance with the principles of consensus, fair dealing and mutual benefit, and will not adversely affect the independence of the

Company, and the main business of the Company will not become dependent on the related parties as a result of the transactions, and there will be no behavior that will be detrimental to the interests of the Company and the shareholders, in particular the small and medium-sized shareholders. Due to the characteristics of the IC industry, the Company maintains a good cooperative relationship with the abovementioned related parties and the related party transactions with the abovementioned related parties will continue to exist for a certain period of time.

E. Listing Rules Implications

The related party relationship of the Huahong Related Party Transactions is solely due to, Mr. Zhang Wei, the Chairman and Managing Director of the Company, is also an independent director of Shanghai Huahong. Therefore, it does not fall within the ambit of, and is not subject to, the regulations of Chapter 14A of the Listing Rules and therefore is not subject to the notification, announcement and shareholder approval requirements under Chapter 14A of the Listing Rules.

Pursuant to paragraph (15) (7) of Chapter 15 of the Rules Governing the Listing of Stocks on the Science and Technology Board of the Shanghai Stock Exchange (Revised as of April 2025), the Proposed Related Party Transactions are ordinary related party transactions. Pursuant to 7.2.3 and 7.2.4 of the Rules Governing the Listing of Stocks on the Science and Technology Board of the Shanghai Stock Exchange (Revised as of April 2025), the Proposed Related Party Transactions which accounted for more than 1% of the Group's audited total assets for the most recent period and transaction amount exceeded RMB30 million are required to be submitted to the shareholders' meeting for consideration.

5. THE EGM

The EGM will be held at 10:00 a.m. on Friday, 5 September 2025 at Conference Room, Building 4, Fudan National University Science and Technology Park, 127 Guotai Road, Shanghai, the People's Republic of China. The notice of convening the EGM is set out on pages EGM-1 to EGM-2 of this circular. The respective form of proxy for use at the EGM is enclosed with this circular and such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fmsh.com).

Fudan Fukong (including its ultimate beneficial owners), who holds 101,732,384 Shares of the Company which represent approximately 12.38% of the issued share capital of the Company, shall abstain from voting in respect of the resolutions relating to the Proposed Continuing Connected Transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement at the EGM.

Save for the above, to the best of the knowledge, information and belief of the Directors, no other Shareholders have material interests in the proposed transactions, and are hence required to abstain from voting at the EGM in respect of relevant resolutions to approve such transactions. In addition, to the best of the knowledge, information and belief of the Directors, no Shareholders are required to abstain from voting in respect of other resolutions.

6. BOOK CLOSURE PERIOD

For the purpose of EGM, the register of members of H Shares will be closed from 2 September 2025 to 5 September 2025 (both days inclusive) and during which no transfer of H Shares will be effected.

For H Shareholders whose names appear on the register of members of the Company as at 5 September 2025 shall be entitled to attend the EGM. To be qualified to attend the EGM, all transfers of H Shares accompanied by the relevant share certificates must be lodged at the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on 1 September 2025.

7. VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Listing Rules, all votes of the Shareholders at the general meetings must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to vote at the EGM in accordance with the Articles. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

8. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Board has formed the Independent Board Committee comprising all the independent non-executive Directors to give advice to the Independent Shareholders in respect of the following matters: (i) whether or not the terms of the Proposed Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) whether or not the Proposed Continuing Connected Transactions are in the interest of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Company.

As required by the Listing Rules, the Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Proposed Continuing Connected Transactions. The Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they were included.

9. RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the Proposed Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company, and they are in the interests of the Company and the Shareholders as a whole. Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders which are set out on pages 20 to 38 of this circular.

The Directors consider that the proposals for (i) the Proposed Continuing Connected Transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement; and (ii) the Proposed Related Party Transactions with Shanghai Huahong (Group) Company Limited, 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 EGM.

10. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,
By order of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Zhang Wei
Chairman

* *For identification purposes only*

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)

15 August 2025

To the Independent Shareholders

Dear Sir/Madam

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REVISION OF 2025 ANNUAL CAP AND THE NEW COOPERATION AGREEMENT

We refer to the circular dated 15 August 2025 (the "Circular") issued by Shanghai Fudan Microelectronics Group Company Limited* (上海復旦微電子集團股份有限公司) (the "Company"), of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein.

We have been appointed to constitute the Independent Board Committee to make a recommendation to you as to whether the Proposed Continuing Connected Transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned and in the interest of the Company and the Shareholders as a whole.

Amasse Capital Limited has been appointed as the Independent Financial Adviser of the Company to give its advice to us and you in this regard. Details of the advice together with principal factors and reasons considered in arriving at such advice are set out in the letter from Amasse Capital Limited as set out on pages 22 to 38 of the Circular.

Your attention is also drawn to the letter from the Board as set out on pages 5 to 19 of the Circular.

Having considered the information set out in the letter from the Board, the interests of the Independent Shareholders and the advice and recommendations from Amasse Capital Limited, we believe (i) the terms of the Proposed Continuing Connected Transactions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the Proposed Continuing Connected Transactions are conducted in the ordinary and usual course of business of the Company, and they are in the interests of the Company and the Shareholders as a whole. We therefore recommend that you

vote in favour of the relevant resolution to be proposed at the EGM to approve the Proposed Continuing Connected Transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement.

Yours faithfully,
The Independent Board Committee of
Shanghai Fudan Microelectronics Group Company Limited*
Ms. Shi Yanling
Ms. Wang Meijuan
Mr. Hu Xue
Independent Non-executive Directors

* *For identification purposes only*

Set out below is the text of a letter received from Amasse Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders regarding the Proposed Continuing Connected Transactions, which has been prepared for the purpose of incorporation in this circular.

AMASSE CAPITAL
寶 積 資 本

15 August 2025

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO THE REVISION OF 2025 ANNUAL CAP AND THE NEW COOPERATION AGREEMENT

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Proposed Continuing Connected Transactions, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in the circular of the Company dated 15 August 2025 (the "**Circular**"), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

Continuing connected transactions in relation to the revision of 2025 Annual Cap and the New Cooperation Agreement

Reference is made to the announcement of the Company dated 28 July 2025 (the "**CCT Announcement**") in respect of, among other things, the New Cooperation Agreement and the transactions contemplated thereunder (including the revision of 2025 Annual Cap and the proposed 2026 – 2027 Annual Caps).

The Independent Board Committee comprising all of the independent non-executive Directors has been formed to advise the Independent Shareholders on the New Cooperation Agreement and the transactions contemplated thereunder (including the revision of 2025 Annual Cap and the proposed 2026 – 2027 Annual Caps). We have been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect, and such appointment has been approved by the Independent Board Committee.

Listing rules implications

With reference to the Letter from the Board, as at the Latest Practicable Date, Fudan Fukong held approximately 12.38% of the issued share capital of the Company and was a Substantial Shareholder of the Company. Fudan Fukong also held approximately 33.84% of the issued share capital of Fudan

Communication which is an associate of Fudan Fukong. As defined in Chapter 14A of the Listing Rules, Fudan Fukong and Fudan Communication are connected persons of the Company, therefore the transactions under the New Cooperation Agreement constitute connected transactions of the Company.

As the revised 2025 Annual Cap of the continuing connected transactions contemplated under the New Cooperation Agreement and the 2026 – 2027 Annual Caps of the continuing connected transactions contemplated under the New Cooperation Agreement exceed the applicable percentage ratios of 5% (except for profits ratio), the continuing connected transactions are subject to the reporting, annual review, announcement, circular and Independent Shareholders' approval requirements under Chapter14A of the Listing Rules.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as an independent financial adviser to the independent board committee and the independent shareholders of the Company regarding (i) the continuing connected transactions in relation to the Old Cooperation Agreement and the revision of the annual cap for the year ending 31 December 2024 under the sales agency cooperation agreement dated 26 March 2021; and (ii) the connected transaction in relation to the extension of the validity period of the resolution in respect of the issuance of A Share convertible corporate bonds to non-specific investors and the validity period of the relevant authorisation and possible subscription for A Share convertible corporate bonds by connected persons (the "**Previous Appointment**"), details of which are set out in the circular of the Company dated 9 May 2024. Except for the service of independence financial adviser as stated above, we had not provided any other services to the Company in the past two years that would affect our independence as an independence financial adviser to the Proposed Continuing Connected Transactions.

With regard to our independence from the Company, it is noted that, apart from normal professional fees paid or payable to us in connection with the Previous Appointment as well as the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have reviewed, among others, (i) the CCT Announcement, the annual report (the "**2024 Annual Report**") of the Company for the year ended 31 December 2024 (the "**FY2024**"), the interim report (the "**2024 Interim Report**") of the Company for the six months ended 30 June 2024, the annual report (the "**2023 Annual Report**") of the Company for the year ended 31 December 2023 (the "**FY2023**") and the annual report (the "**2022 Annual Report**") of the Company for the year ended 31 December 2022 (the "**FY2022**") in relation to the information of the Group; (ii) the information contained or referred to in the Circular; and (iii) relevant public information. We have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the "**Management**"). We have assumed that all information and representations that have been provided by the Management, for which the Directors are

solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Proposed Continuing Connected Transactions. We have reviewed and discussed with the Company on the information provided as well as sought and received confirmation from the Management that all information and representations provided to us by the Management are true, accurate, complete and not misleading in all respects at the time they were made and as at the Latest Practicable Date. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the 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 in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Proposed Continuing Connected Transactions or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Proposed Continuing Connected Transactions and the transactions contemplated thereunder. We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be constructed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons.

1. BACKGROUND INFORMATION

(a) Information of the Group

The Group's principal activities consist of design, developing and selling products of application-specific IC.

Set out below is a summary of the financial information of the Group as extracted from 2024 Annual Report, 2024 Interim Report, 2023 Annual Report and the 2022 Annual Report, details of which are as follows:

	For the year ended 31 December		
	2024	**2023**	**2022**
		RMB'million	
		(audited)	
Revenue	3,590.23	3,536.26	3,538.91
Operating profit	558.94	751.42	1,121.40
Net profit attributable to shareholders of the parent company	572.60	719.49	1,076.84

	As at 31 December 2024	**As at 30 June 2024**
	RMB'million	
	(audited)	*(unaudited)*
Total assets	9,041.11	8,665.83
Total Liabilities	2,496.99	2,425.16
Total shareholder's equity	6,544.12	6,240.67

For the year ended 31 December 2024

For the FY2024, the Group recorded revenue of approximately RMB3,590.23 million, representing an increase of 1.53% as compared to that of approximately RMB3,536.26 million for the FY2023. The increase in revenue was mainly attributable to (i) the launch of new products; and (ii) expansion of markets actively.

For the FY2024, the operating profit of the Group was approximately RMB558.94 million, representing a decrease of 25.62% as compared to that of approximately RMB751.42 million for the FY2023. The decrease in operating profit was mainly attributable to the comprehensive gross profit margin of the products affected by the price of certain products, which decreased by 5.26 percentage points as compared with that of FY2023 and thus cost of sales increased by approximately RMB209 million when compared with the last year.

For the FY2024, the net profit attributable to shareholders of the parent company was approximately RMB572.60 million, representing a decrease of 20.42% when compared to that of approximately RMB719.49 million for the FY2023 due to reasons disclosed as above.

For the year ended 31 December 2023

For the FY2023, the Group recorded revenue of approximately RMB3,536.26 million, representing a decrease of 0.07% as compared to that of approximately RMB3,538.91 million for the FY2022. The decrease in revenue was mainly attributable to (i) divergent market demands in the downstream markets of various product lines (especially for Smart Meter Chips), (ii) changes in the product mix of products; (iii) growth in revenue from the design and sale of integrated circuits; and (iv) offset by the impact of a decline in revenue from IC testing services.

For the FY2023, the operating profit of the Group was approximately RMB751.42 million, representing a decrease of 32.99% as compared to that of approximately RMB1,121.40 million for the FY2022. The decrease in operating profit was mainly attributable to the (i) slightly decrease of revenue mentioned above; (ii) the comprehensive gross profit margin affected by the prices of certain product lines, representing a decrease of 3.46 percentage points and thus cost of sales increased by approximately RMB121 million when compared with the previous year; and (iii) the research and development expenses increased by approximately 37.42% or RMB275 million when compared with the previous year.

For the FY2023, the net profit attributable to shareholders of the parent company was approximately RMB719.49 million, representing a decrease of 33.18% when compared to that of approximately RMB1,076.84 million for the FY2022 due to reasons disclosed as above.

For the year ended 31 December 2022

For the FY2022, the Group recorded revenue of approximately RMB3,538.91 million, representing an increase of approximately 37.31% as compared to that of approximately RMB2,577.26 million for the year ended 31 December 2021. The increase in revenue was mainly attributable to the Group achieved various level of revenue growth in major product lines of IC design business because the Group adjusted its product mix in a timely manner and explored new products and customers actively, with the facts that there were wide variation in demand for some product lines for downstream applications during the year.

For the FY2022, the operating profit of the Group was approximately RMB1,121.40 million, representing an increase of approximately 95.58% as compared to that of approximately RMB573.36 million for the year ended 31 December 2021. The increase in operating profit was mainly attributable to the increase in revenue and gross profit margin, offset by the increment of assets impairment losses.

For the FY2022, the net profit attributable to shareholders of the parent company was approximately RMB1,076.84 million, representing an increase of 109.31% when compared to that of approximately RMB514.47 million for the year ended 31 December 2021 due to the reasons mentioned above for the increment of revenue and operating profit.

Financial position as at 31 December 2024

The total assets of the Group was approximately RMB9,041.11 million as at 31 December 2024, representing an increase of approximately 4.33% as compared to that of approximately RMB8,665.83 million as at 30 June 2024.

The total liabilities of the Group was approximately RMB2,496.99 million as at 31 December 2024, representing an increase of approximately 2.96% as compared to that of approximately RMB2,425.16 million as at 30 June 2024.

The total shareholder's equity of the Group was approximately RMB6,544.12 million as at 31 December 2024, representing an increase of approximately 4.86% as compared to that of approximately RMB6,240.67 million as at 30 June 2024.

(b) Information of Fudan Communication

As stated in the Letter from the Board, Fudan Communication is mainly engaged in design, development and production of telecommunication devices in the PRC. With reference to the Letter from the Board, as at the Latest Practicable Date, the Company holds approximately 16.34% equity interest of Fudan Communication. Fudan Fukong, a Substantial Shareholder of the Company, holds approximately 33.84% equity interest of Fudan Communication and other Independent Third Parties hold approximately 49.82% equity interest of Fudan Communication.

2. THE PROPOSED CONTINUING CONNECTED TRANSACTION

2.1 Principal terms of the New Cooperation Agreement

(i) Date

28 July 2025 (after trading hours)

(ii) Contracting parties

(a) the Company; and

(b) Fudan Communication

(iii) Nature of Agreement

According to the New Cooperation Agreement, the Company agreed to continue the appointment of Fudan Communication as the qualified agent to sell the reconfigurable devices and memory IC chips manufactured by the Company. The Company will sell related chips to Fudan Communication, and Fudan Communication will then promote the chips and solutions to its end customers. The Company will set product sales guide prices of the products based on the principle of product costs and related expenses plus a certain profit. Fudan Communication shall purchase relevant products from the Company at the prices, policies and terms which are consistent with other agents and uniformly formulated by the Company. Meanwhile, Fudan Communication shall not sell the relevant products at a price higher than the product sales guide prices. The specific business of both parties shall be executed separately by signing a purchase and sale contract.

(iv) Period

From the date of EGM where the Independent Shareholders having approved the resolution on the Proposed Continuing Connected Transactions to 31 December 2027.

(v) Payment method

Payment will be made before the delivery of the products to Fudan Communication's designated location. No credit period will be provided.

(vi) Conditions Precedent and termination of the Old Cooperation Agreement

The New Cooperation Agreement is subject to and will become effective upon the approval of the Independent Shareholders at the EGM. The Old Cooperation Agreement will be terminated upon the New Cooperation Agreement becoming effective.

2.2 Pricing Policy

The Company has established a product pricing system with a "Product Pricing Guide" which covers pricing of products and is applicable to customers, qualified agents and connected enterprises. The selling price of the products which are set in accordance with the terms and regulations of the Product Pricing Guide, will be based on the market situation, the acceptance by customers and the price set by competitors, and also with the consideration of product costs and related expenses plus profits of not less than 30%. The product selling prices and updated adjustments from time to time are set by the relevant divisions and approved by the management, then the unified product catalogs and prices will be offered to qualified agents respectively. All sales of products will be conducted in accordance with the ranges of profit

ranges, the same prices and same terms offered to qualified agents. These procedures can ensure that the transactions will be conducted on normal commercial terms and on terms and prices no less favourable to the Company than those offered to independent qualified agents.

Our view on the pricing policy

We have reviewed the terms of the New Cooperation Agreement. Based on our review and as advised by the Management, we understand that, as one of the terms of the New Cooperation Agreement, the pricing of the products follow the "Product Pricing Guide". As advised by the Management, the Company has formulated an actual product price list based on the "Product Pricing Guide" which applies to both Fudan Communication and Independent Third Parties. We have reviewed the actual product price list and noted that the unit prices of the products would be different under different bulk purchase quantity which is applicable to both Fudan Communication as well as Independent Third Parties.

We have also reviewed a transaction list covering over 27,000 transaction records (setting out the date, name of customers, product name, product model number and price) of Fudan Communication and Independent Third Parties provided by the Company for the six months ended 30 June 2025 (the "**Transactions Record**") and we have reviewed all the transaction records under the transaction list. As advised by the Management, the said transaction list covered all the transaction records to Fudan Communication and Independent Third Parties during the aforesaid period of which approximately 5.0% of the transactions belong to Fudan Communication and the remaining approximately 95.0% of the transactions involves other Independent Third Parties, which is considered to be an exhaustive list and is fair and representative. Based on our review, we noted that the unit price of the products sold to Fudan Communication and the Independent Third Parties is based on the actual product price list and thus is no less favourable than that of Independent Third Parties.

2.3 Reasons for the transaction

It is the Company's overall business objective to become a leader in the IC design and system integration business in the PRC with keen determination to be one of the global leading application specific IC design companies. One of the business objectives of the Company is to develop diversified industrial chains. The Company vigorously invested in the research and development of reconfigurable devices and memory IC chips several years ago. With fully developed techniques and the expanding market demand, the Directors believe that these products will help to increase turnover and profits of the Company. Fudan Communication possesses a considerable proportion of market shares in the ultimate markets of relevant products with wide sales channels, and meanwhile the capability to provide application solutions. The Directors consider that the Company can save time for the lengthy market exploration and reduce cost of sales after entering into the New Cooperation Agreement. It also helps with the prompt penetration into relevant markets, increasing market shares and achievement of synergies.

The Board considers the transactions contemplated under the New Cooperation Agreement are in the ordinary course of business of the Group, are on normal commercial terms which are fair and reasonable and are in the interests of the Company and the Shareholders as a whole since (i) the turnover and profits of the Company can be raised with the help of the sales channel of reconfigurable devices and memory IC chips and application solutions provided by Fudan Communication; (ii) the Company can save selling costs; and (iii) the Company can shorten the time taken to marketing but penetrate into relevant markets promptly, increase market shares and help the long-term development of reconfigurable devices aspect.

2.4 Historical Amounts

With reference to the Letter from the Board, the historical transaction amounts for the provision of the aforesaid products to Fudan Communication were approximately, RMB236,196,000, RMB262,334,000 and RMB305,701,000 for the three years ended 31 December 2024 respectively and approximately RMB184,328,000 for the six months ended 30 June 2025.

The following table sets out the historical transaction amounts occurred and up to 30 June 2025:

	For the year ended 31 December			For the period ended 30 June
	2022	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Audited)	*(Audited)*	*(Audited)*	
Historical transaction amounts	236,196	262,334	305,701	184,328

The utilisation rates of the historical annual caps for the three years ended 31 December 2024 were approximately 84.4%, 70.9% and 87.3% respectively and for the year ending 31 December 2025 was approximately 65.8% (based on the existing annual caps of RMB280 million under the Old Cooperation Agreement).

2.5 Revision of the 2025 Annual Cap and the proposed 2026 - 2027 Annual Caps

The revised annual cap for the year ending 31 December 2025 and the proposed 2026 - 2027 Annual Caps for the two years ending 31 December 2026 and 2027 are set out in the table below:

	For the year ending 31 December			
	2024	**2025**	**2026**	**2027**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 1)			*(Note 2)*
Annual caps of the 2021 Cooperation Agreement and the Old Cooperation Agreement	350,000	280,000	300,000	150,000
Annual caps of the New Cooperation Agreement	–	520,000	520,000	520,000

Note: 1. According to the 2021 Cooperation Agreement, the trading cap for the period from 1 January 2024 to 11 June 2024 was RMB200,000,000. According to the Old Cooperation Agreement, the trading cap for the period from 12 June 2024 to 31 December 2024 is RMB150,000,000. Thus, the total trading cap for the year ended 31 December 2024 was RMB350,000,000.

2. According to the Old Cooperation Agreement, the trading cap for the period from 1 January 2027 to 11 June 2027 (being the ending date of the Old Cooperation Agreement) is RMB150,000,000.

Basis of caps

According to the Letter from the Board, the Board determines the above revised 2025 Annual Cap and the proposed 2026 – 2027 Annual Caps based on the following reasons:

1. According to the announcement dated 22 March 2024 of the Company, the 2025 Annual Cap proposed by the Directors for the Old Cooperation Agreement was RMB280,000,000. The actual transaction amount under the Old Cooperation Agreement with Fudan Communication from 1 January 2025 to 30 June 2025 was approximately RMB184,328,000, whilst the outstanding sales under the Old Cooperation Agreement is approximately RMB236,045,000, which is expected to be completed on or before 31 December 2025.

2. The 2026 – 2027 Annual Caps proposed by the Directors were based on the sales history of the type of products, and were made after taking into account information such as the number of products that have passed the evaluation and assessment of potential customers and the completion of required procedures for the supplier register, as well as the sales intentions between Fudan Communication and its customers.

As advised by the Management, the Management had considered the following factors for proposing the 2025 – 2027 Annual Caps. The Management had considered the sales history of the products and conduct evaluation and assessment of potential customers. By analysing the sales history of the products, evaluation and assessment of potential customers, the Company would be able to identify and evaluate the suitable downstream customers and gain insights into the demand of the end-customers and market trends of the reconfigurable devices and memory IC chips products. We understand from the Management that the Company had gradually completed the development of latest series of reconfigurable devices and IC chips products and 9 new products of those latest models had offered to Fudan Communication during 2024 and additionally 2 new products had offered to Fudan Communication during 2025.

We also understand from the Management that they also taken into account the number of products to be distributed by Fudan Communication and the sales potential of such products in determine the 2026 – 2027 Annual Caps. As advised by the Management, being one of the registered suppliers of Fudan Communication, the Company had completed the supplier register process provided by Fudan Communication and the Company's products are eligible to promote by the sales channels of Fudan Communication with a shorten administrative procedure. Furthermore, Fudan Communication had entered into the Letter of Intent (as defined below) with the Company regarding its purchase intention for the three years ending 31 December 2027. According to the discussion between Fudan Communication and the Management, the intended purchasing amounts under the Letter of Intent was estimated based on the sales intentions of Fudan Communication and its customers which directly affect the purchasing amount of Fudan Communication.

Overview on the revised 2025 Annual Cap

We noted that the revision of the 2025 Annual Cap is RMB520,000,000 for the year ending 31 December 2025. In assessing the reasonableness of the revision of 2025 Annual Cap, we have discussed with the Management and understand that the revised 2025 Annual Cap are determined with reference to the following:

(i) Utilisation of the existing annual cap for the year ending 31 December 2025

The 2025 Annual Cap proposed by the Directors for the Old Cooperation Agreement was RMB280,000,000. According to the Letter from the Board, the historical transaction amounts occurred for the six months ended 30 June 2025 was approximately RMB184.3 million. Furthermore, as per advised by the Management, the outstanding sales orders placed by Fudan Communication as at 30 June 2025 amounted to approximately RMB236.0 million which were expected to be completed on or before 31 December 2025. The aggregated transactions amount of the historical transactions and the outstanding sales orders amounted to approximately RMB420.2 million which represents approximately 150.1% of the existing 2025 Annual Cap of RMB280 million.

(ii) New sales order to be entered by the Company for 2025

Apart from the aforesaid outstanding sales orders, as advised by the Management, as at the Latest Practicable Date, the Company was negotiating with Fudan Communication for new sales orders amounted to approximately RMB37.7 million which were expected to be delivered and completed in 2025. Considering the historical transactions amount and the outstanding sales orders as mentioned in the paragraph headed "*Utilisation of the existing annual cap for the year ending 31 December 2025*" above and the new sales orders under negotiation with Fudan Communication, the expected transaction amounts would be approximately RMB457.9 million which represents approximately 163.5% of the existing 2025 Annual Cap of RMB280 million.

(iii) Purchase intention of Fudan Communication

On 28 July 2025, the Company had received a non-legally binding letter of intent (the "**Letter of Intent**") from Fudan Communication regarding its purchase intention for the three years ending 31 December 2027. Pursuant to the Letter of Intent, Fudan Communication intended to purchase the reconfigurable devices and memory IC chips from the Company in an expected transaction amounts of approximately RMB520 million for the year ending 31 December 2025 (the "**Estimated 2025 Purchasing Amount**"). The Estimated 2025 Purchasing Amount was determined by Fudan Communication and the Company based on (i) the historical transaction amounted to approximately RMB184.3 million for the six months ended 30 June 2025; (ii) the outstanding sales orders which were expected to be completed on or before 31 December 2025 amounted to approximately RMB236.0 million; (iii) the sales orders under negotiate with Fudan Communication amounted to approximately RMB37.7 million; and (iv) the estimated demand driven by the market conditions for reconfigurable devices and memory IC chips. The additional amount of the revised 2025 Annual Cap is therefore matched with the expected amounts to be purchased by Fudan Communication as set out in the Letter of Intent.

As advised by the Management, the Estimated 2025 Purchasing Amount increased from RMB280 million under the previous letter of intent dated 22 March 2024 (the "**Previous Letter of Intent**") to RMB520 million was mainly due to the unexpected increase in demand of Fudan Communication's clients in relation to the offering of latest series of reconfigurable devices and IC chips products to Fudan Communication and the industry has demonstrated steady recovery since early 2025, driving significantly high demand for reconfigurable devices and memory IC chips among Fudan Communication's downstream customers, which was not foreseeable while Fudan Communication and the Company negotiating for the purchasing amount under the Previous Letter of Intent. Consequently, Fudan Communication had increased its interest in purchasing the Company's reconfigurable devices and memory IC chips for the year ending 31 December 2025 in order to meet the needs of its downstream customers.

Based on (i) the historical transaction amount for the six months ended 30 June 2025 and the outstanding sales orders between the Group and Fudan Communication as at 30 June 2025 was approximately RMB420.2 million; (ii) the new sales order to be entered by the Company and Fudan Communication amounted to approximately RMB37.7 million which were expected to be delivered and completed in 2025; and (iii) the historical transaction amounts between Fudan Communication and the Company as mentioned in the subsection headed "*2.4 Historical Amounts*" above, we considered that the Estimated 2025 Purchasing Amount was reasonably estimated.

Overview on the proposed 2026 – 2027 Annual Caps

We noted that the proposed 2026 – 2027 Annual Caps for the two years ending 31 December 2026 and 2027 is RMB520,000,000 per year. In assessing the reasonableness of the 2026 – 2027 Annual Caps, we have discussed with the Management and understand that the 2026 – 2027 Annual Caps for the three years ending 31 December 2027 are determined with reference to the following:

(i) Prospect of the IC chips industry in the PRC

We have researched from the public domain as to the outlook of the IC chips industry in the PRC. In July 2020, the State Council of the PRC published《新時期促進集成電路產業和軟件產業高質量發展的若干政策》(Several Policies to Promote the High-quality Development of the IC Industry and the Software Industry in the New Era*), the PRC Government had encouraged the development of IC chips industry by creating a more favorable policy environment. Those favorable policies including, among others, investment and financing policy, import and export policy and application policy which provided incentives for the sales and purchases of IC chips.

According to the《中華人民共和國國民經濟和社會發展第十四個五年規劃和2035年遠景目標綱要》(The 14th Five-Year Plan for the National Economic and Social Development of the People's Republic of China*) announced by The 19th Central Committee of the Communist Party of China in March 2021, the development of IC industry was listed as a priority of the PRC Government. Furthermore, in January 2022, the State Council of the PRC published《"十四五"數字經濟發展規劃》(The 14th Five-Year Plan for Digital Economy Development*), it identified integrated circuits as one of the core technologies which are essential for developing capabilities of digital technologies. The PRC IC chips industry has experienced rapid growth in recent years and based on the statistics published by the National Bureau of Statistics of China, the total number of IC chips produced in the PRC increased from approximately 779.6 billion chips to 4,514.2 billion chips from 2012 to 2024, at a compound annual growth rate of approximately 15.8%. These statistics demonstrate that the PRC IC chips industry has experienced a steady growth trend in recent years.

In view of the favorable policies and steady growth trend of the IC chips industry in the PRC, it would benefit the sales of Fudan Communication, and therefore may further strengthen the transactions under the New Cooperation Agreement.

(ii) Upgrading process of the reconfigurable devices and IC chips products

We understand from the Management that the Company has gradually completed the development of its latest series of reconfigurable devices and IC chip products, with commercial sales commencing in January 2024. According to the Management, a total of 11 new products from the latest series have been offered to Fudan Communication during 2024 and 2025. Following the launch, the Management anticipates that the new product series will be progressively introduced and gain broader market acceptance, owing to enhanced features, improved performance, and greater compatibility with evolving technologies. Accordingly, the sales of the new product series are anticipated to enter a stable phase during 2026 and 2027.

(iii) Purchase intention of Fudan Communication

As mentioned above, the Company had received the Letter of Intent from Fudan Communication regarding its purchase intention for the three years ending 31 December 2027. As advised by the Management, the intended purchasing amounts for the three years ending 31 December 2027 under the Letter of Intent were determined by Fudan Communication and the Company with reference to (i) the historical transaction amounts for the three year ended 31 December 2024; (ii) the actual sales and sales intention between Fudan Communication and its customers for the year ending 31 December 2025 of approximately RMB505 million; and (iii) the industry outlook of the PRC IC industry. Pursuant to the Letter of Intent, Fudan Communication intended to purchase the reconfigurable devices and memory IC chips from the Company an expected transaction amounts of approximately RMB520,000,000 per year for the two years ending 31 December 2026 and 2027 (the "**Estimated 2026 – 2027 Purchasing Amounts**"). The 2026 – 2027 Annual Caps are therefore matched with the expected amounts to be purchased by Fudan Communication as set out in the Letter of Intent.

Based on (i) the positive industry outlook and the steady growth trend of the PRC IC chips industry in recent years based on the data from statistics published by the National Bureau of Statistics of China as mentioned above; (ii) the expected upgrading process of the Company's reconfigurable devices and IC chips products; and (iii) the historical transaction amounts between Fudan Communication and the Company as mentioned in the subsection headed "*2.4 Historical Amounts*" above, we considered that the Estimated 2026 – 2027 Purchasing Amounts were reasonably estimated.

(iv) Historical growth of transaction amounts

With reference to the Letter from the Board, we noted that the historical transaction amounts for the provision of the aforesaid products to Fudan Communication were approximately RMB262.3 million for the year ended 31 December 2023 represents an increase of approximately 11.0% when compared to that of approximately RMB236.2 for the year ended 31 December 2022. The transaction amounts with Fudan Communication further increase to approximately RMB305.7 million for the year ended 31 December 2024, represents an increase of approximately 16.5% as compared

to that of approximately RMB262.3 million for the year ended 31 December 2023. As advised by the Management, the growth of the transaction amounts was mainly attributed to the launch of new reconfigurable devices and memory IC chips products and the increase of downstream customers' demand and thus the revenue in relation to the field programmable gate array (FPGA) products and products applied in both high-reliability scenarios and non-high-reliability application scenarios which are included in the products that distributed by Fudan Communication under the Old Cooperation Agreement. With reference to the 2023 Annual Report and the 2024 Annual Report, we noted that the revenue recorded from external transactions regarding the non-volatile memory products, FPGA and other chips was approximately RMB2,211.7 million for the year ended 31 December 2023, representing an increase of approximately 26.9% when compared to that of approximately RMB1,743.5 million for the year ended 31 December 2022. The revenue recorded from external transactions regarding the non-volatile memory products, FPGA and other chips further increased to approximately RMB2,269.5 million for the year ended 31 December 2024, representing an increase of approximately 2.61% as compared to that of approximately RMB2,211.7 million for the year ended 31 December 2023. In view of above, we concur with the Management that the sales of the Group's FPGA products and non-volatile memory products maintained a growth trend with a decreasing rate during the past three years.

Taking into account the above, in particular (i) the historical growth of transaction amounts and the growth trend with a decreasing rate of the Group's FPGA products and non-volatile memory products for the three years ended 31 December 2024; (ii) the actual sales and sales intention between Fudan Communication and its customers for the year ending 31 December 2025 of approximately RMB505 million; (iii) the actual sales and outstanding sales order between Fudan Communication and the Company as at 30 June 2025 amounted to approximately RMB420.2 million, which exceeded the existing 2025 Annual Cap of RMB280 million; (iv) the Estimated 2025 Purchasing Amounts under the Letter of Intent, which was determined by Fudan Communication and the Company based on (w) the historical transaction amounted to approximately RMB184.3 million for the six months ended 30 June 2025; (x) the outstanding sales orders which were expected to be completed on or before 31 December 2025 amounted to approximately RMB236.0 million; (y) the sales orders under negotiate with Fudan Communication amounted to approximately RMB37.7 million; and (z) the estimated demand driven by the market conditions for reconfigurable devices and memory IC chip; (v) the favorable policies and positive outlook of the IC chips industry in the PRC supports the feasibility of maintaining the 2026 – 2027 Annual Caps at RMB520 million; and (vi) the Company has completed the development of latest series of reconfigurable devices and IC chips products and launched new series of products since 2024 and the Management expected that those new models and products would maintain a stable market demand throughout the next three years and the proposed 2026 – 2027 Annual Caps was expected to reflect the steady demand of those new products, we are of the view that the revised 2025 Annual Cap and the 2026 – 2027 Annual Caps are fair and reasonable.

2.6 Internal control measures

As stated in the Letter from the Board, the Company has established an internal control system and pursuant to the system, an internal control division (the "**Internal Control Division**") will be responsible to monitor and review the continuing connected transactions contemplated under and the New Cooperation Agreement to ensure that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy of the Company. In addition, the Internal Control Division will pay close attention to the sales contracts so as to control the aggregate transaction amount under the annual cap or to alert the relevant division to publish revision announcement when the transaction amounts nearly reach the revised 2025 Annual Cap and 2026 – 2027 Annual Caps in order to comply with the Listing Rules.

In respect of the pricing, as discussed in the section headed "*2.2 Pricing Policy – Our view on the pricing policy*" above, the pricing for the products will be referred to the "Product Pricing Guide". Based on the "Product Pricing Guide", an actual price list for different products under different bulk purchase quantity will be decided by the sales department and then approved by the Management to ensure the products prices are no less favourable to the Company than that to be sold to Independent Third Parties. As aforementioned, we have reviewed the Transactions Record. Based on our review, we noted that the unit price of the products sold to Fudan Communication and the Independent Third Parties is based on the actual product price list and thus is no less favourable to the Company than that to be sold to Independent Third Parties.

In respect of monitoring the aggregate amount for transactions contemplated under the New Cooperation Agreement, we understand from the Management that the sales department would inform the financial department before entering into sales contracts with Fudan Communication and the financial department would monitor the remaining quota of the annual caps by computing an aggregate transactions amount list which setting out actual transaction amounts and the utilised annual caps to ensure that the aggregated amounts have not exceeded the revised 2025 Annual Cap and the 2026 – 2027 Annual Caps. We have reviewed the aforementioned aggregate transactions amount list for the six months ended 30 June 2025, based on our review, we noted that the aggregate actual transactions amounts for the six months ended 30 June 2025 were matched with the Transactions Record between Fudan Communication and the Group.

In consideration of the above, we concur with the Management that the internal control system and the internal control adopted are sufficient to ensure transactions under the Old Cooperation Agreement and the New Cooperation Agreement will be conducted on normal commercial terms and shall safeguard the interests of the Independent Shareholders.

RECOMMENDATION

Having considered the above principal factors and reasons, we consider that the New Cooperation Agreement and the transactions contemplated thereunder (including the revision of 2025 Annual Cap and the proposed 2026 – 2027 Annual Caps) are (i) in the ordinary and usual course of business of the Group; and (ii) on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are

concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend you to vote in favour of the resolution(s) to be proposed at the EGM to approve the New Cooperation Agreement and the transactions contemplated thereunder (including the revision of 2025 Annual Cap and the proposed 2026 – 2027 Annual Caps).

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Stephen Lau
Director

*Mr. Stephen Lau ("**Mr. Lau**") is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Amasse Capital to carry out Type 6 (advising on corporate finance) and a representative of Amasse Capital to carry out Type 1 (dealing in securities) regulated activities under the SFO. Mr. Lau is also a representative of Amasse Asset Management Limited licensed to carry our Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO and he has over 10 years of experience in the finance industry.*

1. 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.

2. DISCLOSURE OF INTERESTS BY DIRECTORS AND SUPERVISORS AND CHIEF EXECUTIVES IN THE COMPANY

As at the Latest Practicable Date, the interests and short positions of the Directors or Supervisors or chief executive of the Company in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules ("Model Code") to be notified to the Company and the Stock Exchange, were as follows:

Long positions in A shares of the Company:

	Number of issued shares held, capacity and nature of interest				
	Directly beneficially owned	**Through spouse or minor children**	**Through controlled corporation**	**Total**	**Percentage of the Company's issued share capital**
Supervisor					
Ms. Wang Xiaoyan	16,258	–	–	16,258	0.002

Long positions in associated corporations of the Company:

	Number of issued shares held, capacity and nature of interest				
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Total	Percentage of the associated corporation's issued share capital
Sino IC Technology Co., Ltd					
Director					
– Mr. Shen Lei	481,950	–	–	481,950	0.18
Shanghai Fuwei Xunjie Digital Technology Co., Ltd.					
Director					
– Mr. Shen Lei (through Shanghai Fuwei Xinxun Enterprise Management Consulting Partnership (Limited partnership))	–	–	156,830	156,830	0.31
Shanghai Fukong Hualong Microsystem Technology Co., Ltd					
Director					
– Mr. Shen Lei (through Zhoushanshi Kangxin Investment Partners Enterprise (Limited partnership))	–	–	150,000	150,000	0.21

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Supervisors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code to be notified to the Company and the Stock Exchange.

3. DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long or short positions in shares of the Company:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Class of shares	Percentage of shareholding on relevant class of shares	Percentage of the Company's issued share capital
Shanghai Fuxin Fangao IC Technology Co. Ltd. ("Fuxin Fangao")	(1)	Directly beneficially owned	106,730,000 (L)	A shares	19.87 (L)	12.99 (L)
Shanghai Fudan Asset Management Co., Ltd. ("Fudan Asset")	(1)	Interest of corporation controlled	106,730,000 (L)	A shares	19.87 (L)	12.99 (L)
Fudan University	(1)	Interest of corporation controlled	106,730,000 (L)	A shares	19.87 (L)	12.99 (L)
Shanghai Fudan Fukong Technology Enterprise Holdings Limited ("Fudan Fukong")	(2)	Directly beneficially owned	101,732,384 (L)	A shares	18.94 (L)	12.38 (L)
Shanghai Commerce and Invest (Group) Corporation ("SCI")	(2)	Interest of corporation controlled	101,732,384 (L)	A shares	18.94 (L)	12.38 (L)
Bailian Group Company Limited ("Bailian Group")	(2)	Interest of corporation controlled	101,732,384 (L)	A shares	18.94 (L)	12.38 (L)
Shanghai Zhengben Corporate Management Consultant Partnership Enterprise ("Shanghai Zhengben")	(3)	Directly beneficially owned	35,682,011 (L)	A shares	6.64 (L)	4.34 (L)
Shanghai Yikun Investment Consultant Partnership Enterprise ("Shanghai Yikun")	(3)	Interest of corporation controlled	35,682,011 (L)	A shares	6.64 (L)	4.34 (L)
Zhang Yong	(3)	Interest of corporation controlled	35,682,011 (L)	A shares	6.64 (L)	4.34 (L)

Notes:

(1) Fuxin Fangao is a state-owned enterprise wholly owned by Fudan Asset and Fudan Asset is wholly owned by Fudan University.

(2) Bailian Group is a state-owned enterprise wholly owned by the Shanghai Municipal Government and wholly owned SCI, and SCI held 70.2% of the equity interest of Fudan Fukong. Accordingly, each of SCI and Bailian Group is deemed to be interested in Fudan Fukong's interest in the Company.

(3) Zhang Yong held 95% of the equity interest in Shanghai Yikun, and Shanghai Yikun held 99.81% of the equity interest in Shanghai Zhengben. Accordingly, each of Shanghai Yikun and Zhang Yong is deemed to be interested in Shanghai Zhengben's interest in the Company.

Save as disclosed above, the Directors and the chief executive of the Company are not aware of any person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which fall to be disclosed to

the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly interested in 10% or more of the issued voting shares of any member of the Group or had any option in respect of such capital.

4. MATERIAL ADVERSE CHANGE

As of the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2024, being the date to which the latest published audited consolidated financial statements of the Company have been made up.

5. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered, or proposed to enter into a service contract or service agreement with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

6. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors, controlling shareholders or their respective associates (as defined in the Listing Rules) had any interests in businesses which competed or might compete with the businesses of the Group or had any other conflict of interests with the Group.

7. DIRECTORS' INTEREST IN ASSETS/CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any interest, directly or indirectly, in any asset which had been, since 31 December 2024 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

There was no contract or arrangement subsisting at the date of this circular in which a Director was materially interested and which was significant in relation to the business of the Group.

8. EXPERTS AND CONSENTS

The following is the qualifications of the expert who has given opinions or advice, which is contained in this circular:

Names	Qualifications
Amasse Capital Limited	A licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporation finance) regulated activities under the SFO

(i) Amasse Capital Limited did not have any shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group as at the Latest Practicable Date;

(ii) Amasse Capital Limited has given and has not withdrawn its written consent to the issue of this Circular with the inclusion herein of its letter/report and reference to its name in the form and context in which they are included; and

(iii) Amasse Capital Limited did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any members of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2024, the date to which the latest published audited consolidated accounts of the Company were made up.

9. MISCELLANEOUS

(a) The secretary of the Company is Mr. Chong Hing Cheong, who is a member of the Hong Kong Institute of Certified Public Accountants.

(b) The registered office of the Company is located at No. 220, Handan Road, Shanghai, the People's Republic of China.

(c) The principal place of business of the Group in Hong Kong is located at Flat 6, 5/F., East Ocean Centre, 98 Granville Road, Tsimshatsui East, Kowloon, Hong Kong.

(d) The H Share share registrar and transfer office of the Company is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(e) This circular has been prepared in both English and Chinese. In the case of any discrepancies, the English text shall prevail over their respective Chinese text.

10. DOCUMENT ON DISPLAY

A copy of the New Cooperation Agreement will be published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.fmsh.com) for a period of not less than 14 days from the date of this circular.

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 EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the "EGM") 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 Friday, 5 September 2025 at 10:00 a.m. for the following purposes:–

1. Ordinary Resolution: "(i) To consider and approve and confirm the New Cooperation Agreement and the transactions contemplated thereunder and any other accompanying documents, (ii) to consider and approve and confirm the 2026-2027 Annual Caps of the transactions contemplated under the New Cooperation Agreement and to revise the 2025 Annual Cap of the transactions contemplated under the Old Cooperation Agreement and the New Cooperation Agreement (the capitalised terms in the aforesaid paragraph are defined or described with details in the Company's circular dated 15 August 2025), and (iii) to consider and authorize any Director on behalf of the Company to give effect to the New Cooperation Agreement and the transactions contemplated thereunder or to do such acts and things as the Director in his/her discretion may consider appropriate, necessary or desirable to implement, and sign or seal to execute any agreement, deed, written form and other documents or to make relevant arrangements, under the circumstances in the interests of the Company and its shareholders as a whole, to approve and make the relevant insignificant adverse change, revise, supplement or waive insignificant issues"; and

2. Ordinary Resolution: "To consider and approve and confirm the proposed related party transactions with Shanghai Huahong (Group) Company Limited pursuant to the Rules Governing the Listing of Stocks on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (details of the aforesaid related party transactions are described in the Company's circular dated 15 August 2025)".

By order of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Zhang Wei
Chairman

Hong Kong, 15 August 2025

Notes:

1. Persons who hold shares of the Company and whose names appear on the Register of Members of the Company as at 5 September 2025 shall be entitled to attend the EGM. For Non-Registered Shareholders of H Shares, please consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for the voting arrangements.

2. Any member entitled to attend and vote at the EGM 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 EGM at the Company's principal place of business in the PRC at Building 4, Lane 127, Guotai Road, Shanghai, the PRC (for A Shareholders) or the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong (for H Shareholders) as stipulated in the proxy form.

4. For H Shareholders, the Register of Members of H Shares of the Company will be closed from 2 September 2025 to 5 September 2025 (both dates inclusive) during which period no transfer of H Shares will be registered. For H Shareholders whose names appear on the register of members of the Company as at 5 September 2025 shall be entitled to attend the EGM. To be qualified to attend the EGM, all transfers of H Shares accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on 1 September 2025.

5. Shareholders or their proxies shall provide their identification documents when attending the EGM. If corporate Shareholders appoint authorised representative to attend the EGM, the authorised representative shall produce his/her identity documents and a notarially certified copy of the relevant authorisation instrument signed by the board of directors or other authorised 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 EGM.

6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the EGM if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

7. Shareholders attending the EGM 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 the circular of the Company dated 15 August 2025.

* *For identification purposes only*