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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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) PROPOSED ADOPTION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME AND THE PROPOSED ISSUE OF RESTRICTED SHARES UNDER THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME; (2) PROPOSED ADOPTION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME ASSESSMENT MANAGEMENT MEASURES; (3) PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH MATTERS RELATING TO THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME; AND (4) NOTICE OF THE 2026 FIRST EGM AND H SHAREHOLDERS' CLASS MEETING

A letter from the board of directors of Shanghai Fudan Microelectronics Group Company Limited is set out on pages 4 to 50 of this circular.

The notice of the 2026 first EGM and H Shareholders' Class Meeting 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 1:30 p.m. and 2:00 p.m. respectively on Monday, 16 March 2026 is set out on pages EGM-1 to EGM-2 and HCM-1 to HCM-2 of this circular respectively.

The forms of proxy for use at the 2026 first EGM and H Shareholders' Class Meeting are enclosed with this circular and such forms of proxy are 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 2026 first EGM and H Shareholders' Class Meeting, you are requested to complete and return the enclosed forms of proxy in accordance with the instructions printed thereon as soon as possible but in any event not less than 48 hours before the time appointed for convening the 2026 first EGM and H Shareholders' Class Meeting.

27 February 2026

* *For identification purposes only*

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

"2021 A Share Restricted Share Incentive Scheme"	the 2021 A Share Restricted Share Incentive Scheme which was implemented on 6 December 2021
"2026 A Share Restricted Share Incentive Scheme" or "Incentive Scheme"	the 2026 A Share Restricted Share Incentive Scheme of the Company, as amended from time to time
"2026 A Share Restricted Share Incentive Scheme Assessment Management Measures"	the Management Measures for Assessment for the Implementation of the 2026 A Share Restricted Share Incentive Scheme
"2026 first EGM"	the extraordinary general meeting of the Company to be convened for the approval of, among others, (1) proposed adoption of the 2026 A Share Restricted Share Incentive Scheme and the proposed issue of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme; (2) proposed adoption of the 2026 A Share Restricted Share Incentive Scheme assessment management measures; and (3) proposed authorization to the Board to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme
"A Share(s)"	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
"A Shareholders' Class Meeting"	the class meeting of A Shareholders
"Articles"	articles of association of the Company, as amended, modified or otherwise supplemented from time to time
"Board"	the board of Directors of the Company
"Class Meetings"	the A Shareholders' Class Meeting and the H Shareholders' Class Meeting
"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
"Company Law"	the Company Law of the People's Republic of China
"Connected Participant(s)"	Participant(s) who is a connected person of the Company

"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"Director(s)"	the director(s) of the Company
"First Grant"	the proposed grant of not more than 11,160,000 Restricted Shares, representing approximately 80.40% of the total number of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme
"Grant Date(s)"	the date(s) on which the Company grants the Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme
"Grant Price"	the price of each Restricted Share under the 2026 A Share Restricted Share Incentive Scheme
"Group"	the Company and its subsidiaries from time to time
"Guidelines for Self-Discipline"	the Guidelines for Self-Discipline of Companies Listed on the STAR Market No. 4 – Information Disclosure of Equity Incentive (《科創板上市公司自律監管指南第4號 – 股權激勵信息披露》)
"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)
"H Shareholders' Class Meeting"	the class meeting of H Shareholders
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Independent Directors"	the independent non-executive Directors
"Latest Practicable Date"	11 February 2026, 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
"Management Measures"	the Management Measures for Share Incentives of Listed Companies (《上市公司股權激勵管理辦法》)

"Participant(s)"	the persons considered by the Board of Directors to be required to be incentivized by the Company, who shall be granted the Restricted Shares pursuant to the 2026 A Share Restricted Share Incentive Scheme
"PRC"	the People's Republic of China which, for the purpose of this circular, excludes Hong Kong, Macau and Taiwan
"Reserved Grant"	the reserved grant of not more than 2,720,000 Restricted Shares, representing approximately 19.60% of the total number of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme
"Restricted Share(s)"	Type II Restricted Share(s) to be granted to the Participants by the Company at the Grant Price stipulated under the 2026 A Share Restricted Share Incentive Scheme
"RMB"	Renminbi, the lawful currency of the PRC
"Securities Law"	the Securities Law of the PRC (《中華人民共和國證券法》), as amended from time to time
"Sci-Tech Innovation Board"	The Shanghai Stock Exchange Science and Technology Innovation Board
"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 Stock Exchange"	Shanghai Stock Exchange of the PRC
"STAR Market Listing Rules"	the Rules Governing the Listing of Stocks on the STAR Market of Shanghai Stock Exchange (《上海證券交易所科創板股票上市規則》)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Substantial Shareholder"	has the meaning ascribed to it under the Listing Rules
"%"	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
Mr. Zhang Yu Ming

Employee Director:
Mr. Shen Mingjie

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

27 February 2026

To the Shareholders

Dear Sir or Madam:

(1) PROPOSED ADOPTION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME AND THE PROPOSED ISSUE OF RESTRICTED SHARES UNDER THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME;
(2) PROPOSED ADOPTION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME ASSESSMENT MANAGEMENT MEASURES;
(3) PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH MATTERS RELATING TO THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME; AND
(4) NOTICE OF THE 2026 FIRST EGM AND H SHAREHOLDERS' CLASS MEETING

* *for identification purposes only*

1. INTRODUCTION

Reference is made to the announcement of the Company dated 11 February 2026 in relation to (1) proposed adoption of the 2026 A Share Restricted Share Incentive Scheme and the proposed issue of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme; (2) proposed adoption of the 2026 A Share Restricted Share Incentive Scheme assessment management measures; and (3) proposed authorization to the Board to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme. The 2026 A Share Restricted Share Incentive Scheme involves the grant of share awards and the source of shares is the new A Shares to be issued by the Company. Currently, the Company does not have any share scheme other than the 2021 A Share Restricted Share Incentive Scheme.

The purpose of this circular is to provide you with the notice of the 2026 first EGM and H Shareholders' Class Meeting and the information reasonably necessary to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the 2026 first EGM and H Shareholders' Class Meeting.

The following special resolutions will be proposed at the 2026 first EGM and the Class Meetings for the Shareholders to consider, and if thought fit, to approve:

(1) proposed adoption of the 2026 A Share Restricted Share Incentive Scheme and the proposed issue of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme;

(2) proposed adoption of the 2026 A Share Restricted Share Incentive Scheme assessment management measures; and

(3) proposed authorization to the Board to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme.

2. PROPOSED ADOPTION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME

The principal terms of the 2026 A Share Restricted Share Incentive Scheme are set out below:

I. Purpose of the 2026 A Share Restricted Share Incentive Scheme

After more than two decades of development, the Company has evolved into one of China's leading chip design enterprises with a comprehensive product portfolio and advanced technological capabilities. In the current context of growing external uncertainties, the Company and its employees remain unwavering in their commitment to contributing to the development of China's integrated circuit industry. To further enhance its long-term incentive mechanism, the Company plans to introduce a multi-faceted incentive system aimed at attracting and retaining key talent, motivating employees, and effectively aligning the interests of shareholders, the Company, and the core team. Through these efforts, all parties will work together to usher in a new phase of rapid growth. The 2026 A Share Restricted Share Incentive Scheme is formulated following the principle of incentives equivalent to constraints in

accordance with the relevant laws, regulations and regulatory documents including the Company Law, the Securities Law, the Management Measures, the STAR Market Listing Rules, the Listing Rules and Guidelines for Self-Discipline and the relevant provisions of the Articles.

After obtaining the approval of the Shareholders in respect of the First Grant and the Reserved Grant, the Company does not have intention to refresh the scheme mandate limit under 2026 A Share Restricted Share Incentive Scheme.

As the shares to be issued under the 2026 A Share Restricted Share Incentive Scheme are identical to the existing A Shares, they are not required to be separately designated.

II. Basis for Determining Participants

(1) Legal basis for determining Participants

The Participants under the 2026 A Share Restricted Share Incentive Scheme are determined in accordance with the provisions of relevant laws, administrative regulations, normative documents such as the Company Law, the Securities Law, the Administrative Measures, the STAR Market Listing Rules, and Guidelines for Self-Discipline as well as the Articles, in combination with the actual situation of the Company.

(2) Positional basis for determining Participants

The Participants of the 2026 A Share Restricted Share Incentive Scheme are directors, senior management personnel, core technical personnel and other personnel deemed by the Board of Directors to be eligible for incentives (excluding Independent Directors, foreign employees, shareholders or actual controllers holding 5% or more of the Company's shares alone or in aggregate, and their spouses, parents and children) who are employed by the Company (including its branches and holding subsidiaries) when the Company announces the 2026 A Share Restricted Share Incentive Scheme. The above Participants are management personnel and business backbones who have a direct impact on the Company's operating performance and future development, which is consistent with the purpose of the 2026 A Share Restricted Share Incentive Scheme. The Participants do not include part-time employees of the Company and its subsidiaries.

(3) Scope of Participants

1. The First Grant of the 2026 A Share Restricted Share Incentive Scheme involves a total of 308 Participants, accounting for 14.83% of the total number of employees of the Company as of 31 December 2024 (2,077 employees), including:

   (1) Directors and senior management personnel;

(2) Core technical personnel;

(3) Other personnel deemed by the Board of Directors to be eligible for incentives.

The above Participants do not include Independent Directors, foreign employees, shareholders or actual controllers holding 5% or more of the Company's shares alone or in aggregate, and their spouses, parents and children. Directors and senior management personnel of the Company must be elected by the general meeting or appointed by the Board of Directors. All Participants must have an employment or labor relationship with the Company, its branches or holding subsidiaries and receive remuneration at the time of the grant of the Restricted Shares and during the assessment period specified in the 2026 A Share Restricted Share Incentive Scheme.

2. The Participants for the Reserved Grant portion shall be determined within 12 months after the 2026 A Share Restricted Share Incentive Scheme is deliberated and approved by the general meeting. After being proposed by the Board of Directors, receiving a clear opinion from the Remuneration and Evaluation Committee, and obtaining a professional opinion and legal opinion from lawyers, the Company shall disclose the relevant information of the Participants in a timely and accurate manner on the designated website in accordance with requirements. Where the Participants are not determined within 12 months, the reserved Restricted Shares shall become invalid. The criteria for determining the Participants of the reserved Restricted Shares shall refer to those for the First Grant.

3. The Participants for the First Grant of the 2026 A Share Restricted Share Incentive Scheme do not include Independent Directors, foreign employees, shareholders or actual controllers holding 5% or more of the Company's shares alone or in aggregate, and their spouses, parents and children. Participants shall not fall under any of the following circumstances that disqualify them from being Participants:

(1) Being identified as an inappropriate person by the stock exchange within the most recent 12 months;

(2) Being identified as an inappropriate person by the CSRC and its local offices within the most recent 12 months;

(3) Being subject to administrative penalties or market entry bans by the CSRC and its local offices due to major violations of laws and regulations within the most recent 12 months;

(4) Falling under any circumstances specified in the Company Law that disqualify them from serving as directors or senior management personnel of the Company;

(5) Being prohibited by laws and regulations from participating in equity incentive schemes of listed companies;

(6) Other circumstances identified by the CSRC.

Where an Participant falls under any of the above circumstances during the implementation of the 2026 A Share Restricted Share Incentive Scheme, the Company shall terminate their right to participate in the 2026 A Share Restricted Share Incentive Scheme. The Restricted Shares that have been granted but not yet vested shall be cancelled and become invalid.

(4). Verification of Participants

(1) After the 2026 A Share Restricted Share Incentive Scheme is deliberated and approved by the Board of Directors, the Company shall publicly disclose the names and positions of the Participants internally for a period of not less than 10 days.

(2) The Remuneration and Evaluation Committee of the Board of Directors shall review the list of Participants, fully listen to the opinions from the public disclosure, and disclose an explanation on the review and public disclosure of the list of Participants 5 days before the general meeting deliberates on the 2026 A Share Restricted Share Incentive Scheme. The list of Participants adjusted by the Board of Directors shall also be verified by the Remuneration and Evaluation Committee.

III. Incentive Method and Source of Shares under the 2026 A Share Restricted Share Incentive Scheme

The 2026 A Share Restricted Share Incentive Scheme is a share award scheme. The source of shares of the share awards is the ordinary A Shares to be issued by the Company to the Participants and no H Share will be issued under the 2026 A Share Restricted Share Incentive Scheme.

13,880,000 Restricted Shares may be granted to the Participants under the 2026 A Share Restricted Share Incentive Scheme, representing approximately 1.69% of the total share capital of the Company of 823,713,250 shares as at the date of the announcement of the draft 2026 A Share Restricted Share Incentive Scheme, among which, 11,160,000 Restricted Shares will be granted under the First Grant, which accounts for approximately 1.35% of the total share capital of the Company as at the date of the announcement of the draft 2026 A Share Restricted Share Incentive Scheme and 80.40% of the total Restricted Shares to be granted under the 2026 A Share Restricted Share Incentive Scheme; 2,720,000 Restricted Shares are

reserved for grant, which accounts for approximately 0.33% of the total share capital of the Company as at the date of the announcement of the draft 2026 A Share Restricted Share Incentive Scheme and 19.60% of the total Restricted Shares to be granted under the 2026 A Share Restricted Share Incentive Scheme.

The total number of options, shares and the restricted shares to be granted under the 2021 Restricted Share Incentive Scheme, the 2026 Restricted Share Incentive Scheme and any other share schemes during the entire Valid Period of all schemes does not exceed 10.00% of the relevant class of shares of the Company (excluding treasury shares) in aggregate at the time of the announcement date and the date of approval by the Shareholders of the draft 2026 A Share Restricted Share Incentive Scheme. The cumulative number of shares of the Company granted to any one Participants during the entire Valid Period does not exceed 1.00% of the total share capital of the Company in aggregate at the time of submitting the 2026 A Share Restricted Share Incentive Scheme to the general meeting.

The Company implemented the 2021 A Share Restricted Share Incentive Scheme on 6 December 2021. As at the Latest Practicable Date, the Company had 6,000 Restricted Shares granted and outstanding for vesting under the 2021 A Share Restricted Share Incentive Scheme. Therefore, the total number of shares which may be issued in respect of all options, awards and Restricted Shares to be granted under the 2026 A Share Restricted Share Incentive Scheme, the 2021 A Share Restricted Share Incentive Scheme and any other share schemes are 13,886,000 shares, which represents approximately 1.69% of the total issued shares (excluding treasury shares) of the Company as at the date of the announcement and the date of approval by the Shareholders of the draft 2026 A Share Restricted Share Incentive Scheme.

The 2021 A Share Restricted Share Incentive Scheme will be expired on 5 December 2026 which is five years after the date of the first grant of the restricted shares. No Restricted Shares will be further granted under the 2021 A Share Restricted Share Incentive Scheme. The 2021 A Share Restricted Share Incentive Scheme will be terminated after the vesting of the outstanding 6,000 Restricted Shares. The details of the outstanding 6,000 Restricted Shares are set out in the following table:

Grantees	**Dates of Grant**	**Vesting Period**	**Vesting Price**	**No. of Restricted Shares Granted**
1 employee	6/12/2021 and 28/10/2022	Before 4/12/2026	RMB17.62	6,000

The details of the movement of the 2021 A Share Restricted Share Incentive Scheme are set out in the following table:

Movement	Number of Restricted Shares
Restricted Shares granted on 6/12/2021	8,934,000
Restricted Shares granted on 28/10/2022	1,066,000
Restricted Shares cancelled on 7/12/2022	(307,750)
Restricted Shares vested on 15/12/2022	(2,154,500)
Restricted Shares cancelled on 19/12/2023	(219,750)
Restricted Shares vested on 25/12/2023	(2,403,900)
Restricted Shares cancelled on 11/12/2024	(81,000)
Restricted Shares vested on 18/12/2024	(2,366,900)
Restricted Shares cancelled on 30/12/2025	(174,250)
Restricted Shares vested on 13/1/2026	(2,285,950)
Number of Restricted Shares granted and outstanding for vesting	6,000

In the 2021 A Share Restricted Share Incentive Scheme, performance assessment targets for restricted shares vesting comprised two metrics: operating revenue and gross profit. Two sets of performance assessment targets were established: Target A and Target B. Ultimately, the Company achieved Target A (the highest target) for each vesting period. The 2021 A Share Restricted Share Incentive Scheme successfully enhanced employee motivation and driven the Company's performance and delivered favourable investment returns and earnings for Shareholders and the Company. The first grant and reserved grant under the 2021 A Share Restricted Share Incentive Scheme comprised 565 and 83 participants respectively, with 469 and 72 participants respectively remaining in service as of 31 December 2025. The Company considers that the 2021 A Share Restricted Share Incentive Scheme has effectively retained core talents, aligning shareholders interests, corporate interests and the personal interests of the core team to drive the Company's business development.

The 2026 A Share Restricted Share Incentive Scheme draws upon the successful implementation and outcomes of the 2021 A Share Restricted Share Incentive Scheme. The Participants comprise management personnel and key operational staff whose roles directly impact the Company's operating performance and future development. The performance assessment targets have been optimised and adjusted from the Company's overall revenue and gross profit growth to focus on the growth of revenue of FPGA and high reliable memory chips. This adjustment is primarily based on macroeconomic conditions, the Company's historical performance, industry development trends, market competition dynamics, and the Company's future development plans. This adjustment facilitates strategic focus, prevents resource dispersion, ensures the realisation of the Company's future development strategy and operational objectives, and delivers more favourable investment returns and benefits for shareholders and the Company.

IV. Allocation of the Restricted Shares to the Participants

No.	Name	Nationality	Position	Number of Restricted Shares to be granted (in ten thousand)	Percentage to the total proposed granted (%)	Percentage to the Company's total share capital as at the date of announcement of the 2026 A Share Restricted Share Incentive Scheme (%)
I. Director, senior management personnel, core technical personnel						
1	Zhang Wei	China	chairman and general manager	50	3.60	0.06
2	Shen Lei	China	director, executive deputy general manager, core technical personnel	30	2.16	0.04
3	Xu Liewei	China	deputy general manager	30	2.16	0.04
4	Yu Jian	China	deputy general manager	30	2.16	0.04
5	Meng Xiangwang	China	deputy general manager, core technical personnel	30	2.16	0.04
6	Zheng Kezhen	China	secretary of the Board	20	1.44	0.02
7	Jin Jianwei	China	chief financial officer	20	1.44	0.02
8	Shen Mingjie	China	employee director	20	1.44	0.02
9	Yu Jun	China	core technical personnel	15	1.08	0.02
10	Wang Lihui	China	core technical personnel	10	0.72	0.01
II. Other personnel considered by the Board to be motivated						
Other core management personnel and backbone personnel of the company (298 persons in total)				861	62.03	1.05
Total Restricted Shares under the First Grant (308 persons in total)				1,116	80.40	1.35
III. Reserved Grant						
Total of the Reserved Grant				272	19.60	0.33

Notes: 1. The number of shares of the Company granted to any one Participants above during the entire Valid Period does not exceed 1.00% of the total share capital of the Company. The total number of underlying shares involved in all equity 2026 A Share Restricted Share Incentive Schemes of the Company during the entire Valid Period does not exceed 10.00% of the total share capital of the Company in aggregate. The reserved interest's ratio does not exceed 10.00% of the total interest to be granted under the 2026 A Share Restricted Share Incentive Scheme.

2. The Participants under the First Grant of the 2026 A Share Restricted Share Incentive Scheme exclude Independent Directors, shareholders individually or collectively holding 5% or more of the shares of the Listed Company, de facto controller, and their respective spouses, parents and children, as well as foreign employees, and exclude other individuals deemed ineligible as Participants under the Management Measures.

3. The Participants under the Reserved Grant will be determined within 12 months after the 2026 A Share Restricted Share Incentive Scheme is considered and approved by the general meeting. Details of Participants of the Reserved Grant shall be disclosed in a timely and accurate manner on the designated website as required following nomination by the Board, taking into account the views of the Remuneration and Evaluation Committee and having received the professional advice and legal opinions of legal advisors. If the Participants are not determined for more than 12 months, the reserved interests will lapse.

4. The above identified Participants are fixed and cannot be increased or altered, except where downward adjustments can be made in accordance with the terms of the 2026 A Share Restricted Share Incentive Scheme (e.g. clawback mechanism and termination of employment relationship).

5. The date of grant under the First Date and the Reserved Grant will be within 60 days and 12 months respectively after the date of approval of Shareholders at 2026 first EGM.

V. Validity period, grant date, vesting arrangement and black-out period of 2026 A Share Restricted Share Incentive Scheme

(1). Validity Period of the 2026 A Share Restricted Share Incentive Scheme

The Validity Period of the 2026 A Share Restricted Share Incentive Scheme commences from the date of the First Grant of the Restricted Shares until the date on which all Restricted Shares granted to the Participants have been vested or cancelled. The Validity Period shall not exceed 48 months.

(2). Grant Date of the 2026 A Share Restricted Share Incentive Scheme

The Grant Date shall be determined by the Board after the 2026 A Share Restricted Share Incentive Scheme is considered and approved at the general meeting of the Company. The Grant Date must be a trading day. If the date determined in accordance with the foregoing principles fall on a non-trading day, the Grant Date shall be postponed to the first subsequent trading day.

(3). Vesting arrangements of the 2026 A Share Restricted Share Incentive Scheme

The Restricted Shares granted under the 2026 A Share Restricted Share Incentive Scheme may be vested in tranches as per the agreed proportions upon the Participants satisfying the corresponding Vesting Conditions. The Vesting Date must be a trading day but shall not occur during the following periods:

1. Within fifteen days prior to the announcement of the Company's annual reports and semi-annual reports, or in the event of postponement in publishing the above-mentioned annual reports and semi-annual reports for special reasons, fifteen days prior to the original announcement date and ending on one day prior to the announcement date;

2. Five days prior to the release of the Company's quarterly reports, results forecast or preliminary report;

3. From the date of a major event which may have a material impact on the trading price of the Company's securities and derivatives or the date on which the decision-making process commences until the date of legal disclosure of the same;

4. Other periods stipulated by the CSRC, Shanghai Stock Exchange and the Stock Exchange.

The aforementioned "major events" are transactions or other major events that should be disclosed by the Company in accordance with the STAR Market Listing Rules.

Where relevant laws, administrative regulations, or departmental rules stipulate otherwise regarding periods that may not be vested, such stipulations shall prevail.

(I) The vesting period and vesting arrangements for the First Grant of the Restricted Shares are as follows:

Vesting arrangement	Vesting period	Percentage of vesting numbers to the vested interests (%)
First Vesting Period	Commencing from the first trading day upon the expiry of 12 months from the date of completion of the Grant to the last trading day upon the expiry of 24 months from the date of completion of the Grant	20
Second Vesting Period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of the Grant to the last trading day upon the expiry of 36 months from the date of completion of the Grant	30
Third Vesting Period	Commencing from the first trading day upon the expiry of 36 months from the date of completion of the Grant to the last trading day upon the expiry of 48 months from the date of completion of the Grant	50

(II) The vesting period and vesting arrangements for the Reserved Grant of the Restricted Shares are as follows:

If the Reserved Grant is granted in full prior to the disclosure of the third-quarter report for 2026, the vesting period and vesting arrangement of the reserved grant shall be the same as those of the First Grant;

If the Reserved Grant is granted in full following disclosure of the third-quarter report for 2026 (inclusive of the disclosure date), the vesting period and vesting arrangement of the reserved grant shall be as set out in the table below:

Vesting arrangement	Vesting period	Percentage of vesting numbers to the vested interests (%)
First Vesting Period	Commencing from the first trading day upon the expiry of 12 months from the date of completion of the Grant to the last trading day upon the expiry of 24 months from the date of completion of the Grant	50
Second Vesting Period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of the Grant to the last trading day upon the expiry of 36 months from the date of completion of the Grant	50

Prior to the vesting, the Restricted Shares granted to the Participants under the 2026 A Share Restricted Share Incentive Scheme shall not be transferred or used to guarantee or repay debts. For the Restricted Shares granted to the Participants but not yet vested, shares increased due to capitalisation issue, bonus issue, etc. are also subject to the vesting conditions, and shall not be transferred or used to guarantee or repay debts prior to the vesting. Where the Restricted Shares are not allowed to be vested at that time, shares obtained for the aforementioned reasons shall also not be vested.

(4). Black-out Period under the 2026 A Share Restricted Share Incentive Scheme

The black-out period refers to the period during which the Restricted Shares granted to the Participants are restricted to be sold after the vesting. There is no black-out period for the Restricted Share granted under the 2026 A Share Restricted Share Incentive Scheme after they are vested. For the Participants who are directors and senior management of the Company, the black-out provisions shall be implemented in accordance with the Company Law, the Securities Law, the Interim Measures on the Management of Shareholding Reduction by Shareholders of Listed Companies, Guidelines No. 15 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Shareholding Reduction by Shareholders, Directors and Senior Management and other relevant laws, regulations and regulatory documents and the Articles, details of which are as follows:

1. For the Participants who are directors and senior management of the Company, the shares transferred annually during their term of office as determined upon appointment and within six months after the expiry of their term shall not exceed

25% of the total shares held by them in the company. No shares of the Company held by them may be transferred after their termination of office within six months.

2. For Participants who are directors and senior management of the Company, if they have sold the Company's shares held by them within 6 months after purchasing such shares, or if they have purchased the shares within 6 months after selling their shares, the gains obtained therefrom shall be attributed to the Company and the Board of the Company shall forfeit the gains.

3. During the Validity Period of the 2026 A Share Restricted Share Incentive Scheme, if the relevant requirements under the relevant laws, regulations, regulatory documents including the Company Law, the Securities Law, the Interim Measures on the Management of Shareholding Reduction by Shareholders of Listed Companies, Guidelines No. 15 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Shareholding Reduction by Shareholders, Directors and Senior Management as well as the Articles regarding the transfer of shares held by the directors and senior management of the Company are changed, the transfer of the shares of the Company held by the Participants under this section shall comply with the requirements as amended at the time of transfer.

VI. Grant price of Restricted Shares and the method for determining the grant price

(1). Grant Price of Restricted Shares

The first and reserved Grant Price for Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme is RMB41.59 per share. Upon satisfying the granting conditions and vesting conditions, the Participants may purchase the Company's ordinary A Shares granted to them at the corresponding price.

(2). Method for Determining the Grant Price of Restricted Shares

According to the requirements of Article 23 of the Management Measures, the grant price of restricted shares shall not be lower than the highest of the 50% of the average trading price a listed company's shares for the preceding day, last 20 days, last 60 days and 120 days prior to the announcement of the draft of the share incentive scheme.

The Company proposed to implement this share incentive scheme for the purpose of establishing long-term incentive and constraint mechanism and attracting and retaining key talents. The Grant Price of the Restricted Shares is fixed at a price of RMB41.59 which is close to the 50% standard price determined under the aforesaid requirements. The proposed Grant Price can motivate proactivity and creativity of the Participants which is in alignment with the purpose of this share incentive scheme and in the interests of the Company and the Shareholders as a whole.

The first Grant Price for Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme shall not be lower than the par value of the shares and shall not be lower than the higher of the following prices:

1. 50% of the average trading price of the Company's shares of RMB83.18 per share on the trading day prior to the announcement of the draft of the 2026 A Share Restricted Share Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares on the preceding trading day), amounting to RMB41.59 per share;

2. 50% of the average trading price of the Company's shares of RMB81.69 per share for 20 trading days prior to the announcement of the draft of the 2026 A Share Restricted Share Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares for the last 20 trading days), amounting to RMB40.85 per share;

3. 50% of the average trading price of the Company's shares of RMB76.23 per share for 60 trading days prior to the announcement of the draft of the 2026 A Share Restricted Share Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares for the last 60 trading days), amounting to RMB38.12 per share;

4. 50% of the average trading price of the Company's shares of RMB67.92 per share for 120 trading days prior to the announcement of the draft of the 2026 A Share Restricted Share Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares for the last 120 trading days), amounting to RMB33.96 per share.

(3). Method for Determining the Grant Price of Reserved Restricted Shares

The Grant Price for the reserved Restricted Shares shall be determined by reference to the first grant price, i.e. RMB41.59 per share. Upon satisfying the granting conditions and vesting conditions, the Participants may purchase the Company's ordinary A Shares granted to them at a price of RMB41.59 per share. Prior to granting the reserved Restricted Shares, a Board meeting shall be convened to deliberate and approve the relevant resolutions, and disclose the grant details.

VII. Granting and vesting conditions for Restricted Shares

(1). Granting conditions for Restricted Shares

The Company shall grant the Restricted Shares to the Participants upon satisfaction of all of the following granting conditions; or conversely, if any of the following granting conditions has not been satisfied, no Restricted Shares shall be granted to the Participants.

(I) None of the following has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles and public undertakings;

4. laws and regulations stipulate that share incentives shall not be implemented;

5. other circumstances as determined by the CSRC.

(II) None of the following has occurred on the part of the Participants:

1. being identified as an inappropriate candidate by the Shanghai Stock Exchange within the most recent 12 months;

2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;

3. being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;

4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;

5. being prohibited from participation in share schemes of listed companies by laws and regulations;

6. other circumstances as determined by the CSRC.

(2). Vesting conditions of the Restricted Shares

Restricted Shares granted to the Participants need to satisfy all of the following Vesting conditions before they are vested in tranches:

(I) None of the following has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles and public undertakings;

4. laws and regulations stipulate that equity incentives shall not be implemented;

5. other circumstances as determined by the CSRC.

(II) None of the following has occurred on the part of the Participants:

1. the Participant has been determined as an inappropriate candidate by relevant stock exchange within the most recent 12 months;

2. the Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;

3. the Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the most recent 12 months;

4. the Participant shall not act as a director or member of the senior management of a company according to the PRC Company Law;

5. applicable laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies;

6. other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in (I) above arises, the Restricted Shares that have been granted but have not yet been vested to all of the Participants under the 2026 A Share Restricted Share Incentive Scheme shall not be vested and shall be cancelled. In the event that the Restricted Shares shall not be granted to a Participant as specified in the above subparagraph (II), the

Restricted Shares that have been granted but have not yet been vested to such Participant under the 2026 A Share Restricted Share Incentive Scheme shall not be vested and shall be cancelled.

(III) Requirements on length of employment of the Participants for vesting of Restricted Shares

Before each tranche of Restricted Shares granted to the Participants can be vested, the Participant must be employed for more than 12 months.

(IV) Performance assessment requirements at the Company level

1. First Grant

Under the 2026 A Share Restricted Share Incentive Scheme, the Company's performance indicators will be evaluated on an annual basis for the financial years of 2026 to 2028, and the achievement of performance assessment target will be one of the vesting conditions for the Participants for the current year. The performance assessment objectives and Company vesting factor of 2026 A Share Restricted Share Incentive Scheme are set out below:

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment Target
First Vesting Period	2026	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2026 shall represent an increase of not less than 15% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2026 shall represent an increase of not less than 10% compared to that of 2024.

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment Target
Second Vesting Period	2027	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 155% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 30% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 140% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 20% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 125% compared to that of 2024.
Third Vesting Period	2028	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 65% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 320% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 50% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 290% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 265% compared to that of 2024.

Note: As referred to in the table above, "revenue" means audited consolidated revenue of the Company. The revenue for the FPGA chips and high reliable memory chips in 2024 amounted to RMB1,800,207,700.

2. Reserved Grant

If the Reserve Grant is granted on or before the date of disclosure of the 2026 third quarter report, the performance assessment requirements of the Reserved Grant will be the same as the First Grant;

If the Reserve Grant is granted after and including the date of disclosure of the 2026 third quarter report, the performance assessment requirements of the Reserved Grant will be evaluated on an annual basis for the 3 financial years of 2027 to 2028, and the achievement of performance assessment target will be one of the vesting conditions for the Participants for the current year. The performance assessment objectives of 2026 A Share Restricted Share Incentive Scheme are set out below:

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment Target
First Vesting Period	2027	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 155% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 30% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 140% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 20% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 125% compared to that of 2024.

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment Target
Second Vesting Period	2028	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 65% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 320% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 50% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 290% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 265% compared to that of 2024.

Note: As referred to in the table above, "revenue" means audited consolidated revenue of the Company. The revenue for the FPGA chips and high reliable memory chips in 2024 amounted to RMB 1,800,207,700.

During each vesting period, if the Company fails to reach the minimum Performance Assessment Target, the Restricted Shares actually attributable to the Participant in the current year shall not be vested or deferred to the next period, and shall be cancelled.

(V) Performance assessment requirements at department, business unit, branch company and subsidiary levels

1. The number of the Restricted Shares that actually may be vested by the Participants for the period is linked to the performance assessment at their business unit, branch company and subsidiary levels (the "Department"). The content, approach and target of performance assessment at each Department level shall be determined by the Company at the beginning of each assessment year. The Company will conduct annual performance assessment of each Department during the assessment period. Restricted Shares granted to the Participants shall be vested in parts of fully if their Department passes the performance assessment. The performance

assessment results at each Department level are classified into four levels: Excellent, Good, Average and To be improved. The vesting coefficients corresponding to each level are as follows:

Level of Department's annual assessment	**Excellent**	**Good**	**Average**	**To be improved**
Vesting coefficient at department level	100%	80%	50%	0%

Department's total number of actual vesting for the year = Department's total number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level x vesting coefficient at Department level

During each vesting period, if the Restricted Shares that the Participants belong to in the current plan cannot be vested due to assessment reasons, the Restricted Shares shall become invalid and shall not be deferred to the next vesting period.

2. Each functional department shall not establish separate department-level performance assessment requirements. If the company-level performance assessment indicators during the assessment year are achieved, Department's total number of the Restricted Shares actually to be vested for the year = Department's number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level.

   If the reserve grant of the Restricted Shares is granted, the performance assessment targets at Department level during each vesting period will be the same as the first grant.

(VI) Performance assessment requirements at the Participants' individual level:

Each Department shall establish individual performance assessment scheme for the year applicable to all Participants of the Department and such scheme shall be reported to the Company for approval upon the audit of the human resource department.

After the end of the performance assessment period, the Participants shall be scored based on their Department's actual performance achievement and the Participants' actual work performance. The individual performance assessment results of the Participants are divided into four levels: "Excellent", "Good", "Pass" and "Fail". The vesting coefficients corresponding to each level are as follows:

Assessment standards	Excellent	Good	Pass	Fail
Vesting coefficient at individual level	100%	80%	50%	0

If the Company reaches performance assessment target, the Participants' number of the Restricted Shares actually to be vested for the year = individual's number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level x vesting coefficient at Department level x vesting coefficient at individual level.

The following principles shall be complied with in respect of the Participants' number of the Restricted Shares actually to be vested for the year:

1. The Participants' number of the Restricted Shares actually to be vested for the year shall not exceed the number of the Restricted Shares intended to be vested for the year;

2. All Participants' number of the Restricted Shares actually to be vested for the year within the Department shall not exceed the Department's total number of the Restricted Shares actually to be vested for the year;

3. If the Participants are transferred across the Department during the Valid Period of the 2026 A Share Restricted Share Incentive Scheme, the number of the Restricted Shares granted but not yet vested shall be allocated to the original and new Department's vesting quota based on the duration of service in each, respectively. The vesting number shall be linked to the performance results of the original and new Department, and recorded based on the duration of service in each Department.

If the Restricted Shares that the Participants belong to in the current plan cannot be vested due to assessment reasons, the Restricted Shares shall become invalid and shall not be deferred to the next year.

Performance assessment requirements at the company level, departmental, business unit, branch company and subsidiary levels, as well as performance assessment requirements at the Participants' individual level, shall not include prior financial years (i.e., 2025 or earlier years) within the scope of performance assessment.

(3). Explanation on reasonableness of the performance appraisal indicators of the Restricted Shares of the Company

The Company is a professional company engaged in the design, development and testing of very large integrated circuits as well as provision of system solutions to customers. The Company has established and improved product lines such as security and identification IC chips, high reliable memory chips, smart meter ASIC chips, FPGA chips and testing services for IC products, and the products are widely used in numerous fields such as finance, social security, urban public transportation, electronic certificates, mobile payment, anti-counterfeiting traceability, smart phones, security monitoring, industrial control, signal processing and smart computing. As a light-asset company under the Fabless model, the Company built its core competitiveness in design and research and development of IC areas.

At present, the global integrated circuit industry landscape is undergoing profound adjustments. Geopolitical conflicts are intensifying, posing challenges to supply chain stability. Concurrently, domestic industry competition is becoming increasingly fierce, technological iteration is accelerating, and market demands for chip product performance, power consumption, and cost continue to rise. The Company faces dual pressures from a severe external environment and intense market competition. The Company aims to retain its core team through this 2026 A Share Restricted Share Incentive Scheme, enhance employees motivation, foster a competitive and progressive work environment, and ensure the realisation of its future strategic development and operational objectives. Having comprehensively considered relevant factors including the macroeconomic environment, the Company's historical performance, industry development trends, market competition, and future development plans, the Company has established the performance assessment targets for the 2026 A Share Restricted Share Incentive Scheme. The performance assessment targets established under this scheme are deliberately challenging, serving to enhance the Company's competitive edge and galvanise staff motivation. This ensures the fulfilment of the Company's future strategic development and operational objectives. This framework not only bolsters the Company's core competitiveness, optimises operational efficiency, and enhances profitability, but also fully stimulates the initiative and proactivity of key personnel. This drives the Company towards high-quality development, thereby securing the smooth implementation of its future strategic direction and operational objectives, ultimately delivering more efficient and enduring returns for Shareholders.

In addition to the performance assessment at the company level, the Company has also set up a stringent performance assessment mechanism for the Department and each individual employee. By combining quantitative metrics with qualitative assessments, a comprehensive, objective and accurate evaluation of the Participants' working performance during the assessment period can be achieved. During the actual assessment process, the Company shall strictly adhere to the established assessment procedures and standards to evaluate performance at the company, department and

individual levels. Ultimately, based on the annual performance appraisal results of the Participants, it shall be determined whether they have met the vesting conditions for restricted shares.

In summary, the Company's appraisal mechanism under the 2026 A Share Restricted Share Incentive Scheme is integrated, comprehensive and practicable. In terms of performance assessment scope, it achieves comprehensive coverage across three levels: company, department, and individual. This approach focuses on the Company's overall operational outcomes while also taking into account departmental collaborative effectiveness and individual work performance. Meanwhile, the Participants are subject to the scientific and reasonable performance indicators, through which the appraisal purpose of the 2026 A Share Restricted Share Incentive Scheme can be achieved.

VIII. Procedures of implementation of the 2026 A Share Restricted Share Incentive Scheme

(1). Procedures for the 2026 A Share Restricted Share Incentive Scheme to take effect

(I) The Remuneration and Evaluation Committee under the Board is responsible for preparing the draft of the 2026 A Share Restricted Share Incentive Scheme and its summary.

(II) The Board of the Company shall adopt at a resolution on the 2026 A Share Restricted Share Incentive Scheme in accordance with laws. When the Board considers the 2026 A Share Restricted Share Incentive Scheme, any director who is also a Participant or is a related party to a Participant shall abstain from voting. The Board shall, after reviewing and passing the 2026 A Share Restricted Share Incentive Scheme and performing the publicity and announcement procedures therefor, submit the 2026 A Share Restricted Share Incentive Scheme to the general meeting for consideration. The Board shall seek approval from the general meeting for the implementation of the grant, vesting and registration of the Restricted Shares.

(III) The Remuneration and Evaluation Committee under the Board shall give opinions of whether the 2026 A Share Restricted Share Incentive Scheme is beneficial to the sustainable development of the Company or whether there is any noticeable damage to the interests of the Company and all shareholders as a whole. The lawyer engaged by the Company shall issue legal letter to give professional opinions regarding the 2026 A Share Restricted Share Incentive Scheme according to the laws, administrative regulations and the Management Measures.

(IV) The Company shall conduct a self-examination regarding the trading of the Company's shares by insiders with knowledge of inside information during the six-month period preceding the announcement of the 2026 A Share Restricted Share Incentive Scheme.

(V) The 2026 A Share Restricted Share Incentive Scheme shall be implemented upon consideration and approval at the general meeting (including the A Shareholders' class meeting and H Shareholders' class meeting, the same below). Before convening the general meeting, the Company shall announce the name and position of the Participants internally via Company website or other channels for not less than 10 days. The Remuneration and Evaluation Committee under the Board shall review the list of the Participants and consider public opinions. The Company shall disclose the explanation of the Remuneration and Evaluation Committee under the Board regarding the review of the list of Participants under the 2026 A Share Restricted Share Incentive Scheme and the status of announcement 5 days prior to the consideration of the 2026 A Share Restricted Share Incentive Scheme at the general meeting.

(VI) At the general meeting, it is required to vote on the 2026 A Share Restricted Share Incentive Scheme under clause 9 of the Management Measures, and the 2026 A Share Restricted Share Incentive Scheme shall be passed by not less than 2/3 of the voting rights held by the shareholders present at the meeting. Except for the directors and senior management of the Company, as well as the shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other shareholders shall be separately counted and disclosed.

When the 2026 A Share Restricted Share Incentive Scheme is considered at the Company's general meeting, shareholders who are Participants or shareholders who have a related relationship with the Participants shall abstain from voting thereon.

(VII) The Company shall grant the Restricted Shares to the Participants within the prescribed period upon approval of the 2026 A Share Restricted Share Incentive Scheme at the general meeting of the Company and the fulfilment of grant conditions stipulated under the 2026 A Share Restricted Share Incentive Scheme. The Board shall be responsible for the implementation of the grant and vesting of the Restricted Shares in accordance with the mandate granted at the general meeting.

(2). Procedures for Granting of the Restricted Shares

(I) Upon consideration and approval of the 2026 A Share Restricted Share Incentive Scheme at the general meeting and passing the resolution of interest granted to the Participants at the board meeting, the Company shall sign an Agreement on Grant of the Restricted Shares with the Participants in order to define their respective rights and obligations.

(II) The Board shall consider and announce whether the conditions of a grant to a Participant as set out in the 2026 A Share Restricted Share Incentive Scheme have been satisfied before the Company makes a grant to such Participant, and

the grant plan for reserved restricted share awards shall be determined and approved by the Board. The Remuneration and Evaluation Committee under the Board shall express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the granting of interests to the Participants are fulfilled or not.

(III) The Remuneration and Evaluation Committee under the Board of the Company shall verify and provide opinions on the grant date of Restricted Shares and the list of Participants.

(IV) If there is any deviation in the grant of the interest to the Participants and the administration of the 2026 A Share Restricted Share Incentive Scheme, the Remuneration and Evaluation Committee under the Board (in case of change of the Participants) and law firm shall all both express their views explicitly.

(V) The Company shall grant Participants with part of the Restricted Shares under the initial grant and complete the announcement within 60 days after the 2026 A Share Restricted Share Incentive Scheme is considered and approved at general meeting. In the event the Company fails to complete the procedures within such 60 days, the 2026 A Share Restricted Share Incentive Scheme shall be terminated, and the Board shall promptly disclose the reason for such failure timely and no incentive scheme will be considered in the following three months (the period in which listed companies are not allowed to grant interest in accordance with the Management Measures and relevant laws and regulations is not included in the 60 days).

Participants eligible for reserved interest shall be confirmed within 12 months after the 2026 A Share Restricted Share Incentive Scheme is considered and approved at the general meeting. If Participants are not confirmed within 12 months, the reserved interest will lapse.

The Participants shall not be required to pay the price upon the acceptance or grant of the Restricted Shares. Upon satisfying the vesting conditions, the price shall be paid into the Company's designated account prior to the vesting date.

(3). Procedures for the vesting of the Restricted Shares

(I) Before the vesting of the Restricted Shares, the Board shall consider whether the vesting conditions of the Participants as set out in the 2026 A Share Restricted Share Incentive Scheme have been fulfilled, and the Remuneration and Evaluation Committee under the Board shall simultaneously issue clear opinions, and the law firm shall issue legal opinions on whether the vesting conditions for the exercise of the Participants have been fulfilled. For the Participants who have fulfilled the vesting conditions, the Company shall handle the vesting in a unified manner, and for the Participants who have not fulfilled the vesting conditions, the Restricted Shares in the relevant tranche shall not be

vested and shall be cancelled by the Company. The issuer shall disclose the announcement of the resolutions of the Board in a timely manner after the vesting of the Participants, and announce the opinions of the Remuneration and Evaluation Committee under the Board and the law firm and the relevant implementation thereof.

Due to administrative arrangements by PRC regulatory authorities concerning company capital verification and securities registration changes, the Company will handle the vesting in a unified manner. The Company will take an active role to take actions to handle the vesting instead of allowing the Participants to apply to the securities registration institute directly for such matters. The Company will implement the procedures for handling vesting in a unified manner which include: (1) the Company determines the period of payment of purchase price by the Participants, (2) the Company will verify the payment, and (3) the Company will arrange the registration of the new A Shares under the names of the Participants.

(II) Before handling the vesting of the Restricted Shares in a unified manner, the Company shall apply to the stock exchange. After confirmation by the stock exchange, the securities depository and clearing institution shall handle the matters regarding the vesting of the Restricted Shares.

(III) The vesting of Restricted shares shall not be accelerated under any circumstances.

(4). Procedures for amendments to the 2026 A Share Restricted Share Incentive Scheme

(I) If the Company intends to amend the 2026 A Share Restricted Share Incentive Scheme before it is considered at the general meeting, such amendment shall be considered and approved by the Board.

(II) If the Company intends to amend the 2026 A Share Restricted Share Incentive Scheme after it is considered at the general meeting, such amendment shall be considered and approved at the general meeting, and shall not result in the following:

1. accelerating the vesting;

2. reducing the Grant/vesting Price (except for circumstances where the Grant/vesting Price is lowered due to capitalisation issue, bonus issue, rights issue and other reasons).

(III) The Remuneration and Evaluation Committee under the Board of the Company shall express their opinions on whether the amended scheme is beneficial to the sustainable development of the Company, and whether there is any obvious damage to the interests of the Company and the shareholders as a whole. The law

firm shall issue professional opinions on whether the amended scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and the shareholders as a whole.

(5). Procedures for termination of the 2026 A Share Restricted Share Incentive Scheme

(I) If the Company intends to terminate the implementation of the 2026 A Share Restricted Share Incentive Scheme before it is considered at the general meeting, such termination shall be considered and approved by the Board.

(II) If the Company intends to terminate the implementation of the 2026 A Share Restricted Share Incentive Scheme after it is considered and approved at the general meeting, such termination shall be considered and approved at the general meeting.

(III) The law firm shall issue professional opinions on whether the Company's termination of the 2026 A Share Restricted Share Incentive Scheme complies with the provisions of the measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and the shareholders as a whole.

(IV) Upon termination of the 2026 A Share Restricted Share Incentive Scheme, all of the Restricted Shares that have not yet been vested shall be cancelled by the Company.

IX. Adjustment method and procedures of the 2026 A Share Restricted Share Incentive Scheme

(1). Adjustment method of the number of Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division of shares, rights issue or share consolidation of the Company in the period from the announcement date of the draft 2026 A Share Restricted Share Incentive Scheme to the completion of vesting and registration of Restricted Shares granted to the Participants, the number of Restricted Shares (grant/vest) shall be adjusted accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of shares

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of Restricted Shares (grant/vest) before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue or sub-division of shares (i.e., the number of shares increased per share upon capitalisation issue, bonus issue or sub-division); Q represents the adjusted number of Restricted Shares (grant/vest).

(II) Rights issue

$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$

Where: Q_0 represents the number of Restricted Shares (grant/vest) before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares (grant/vest).

(III) Share consolidation

$Q = Q_0 \times n$

Where: Q_0 represents the number of Restricted Shares (grant/vest) before the adjustment; n represents the ratio of consolidation of shares (i.e., one share of the Company shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares (grant/vest).

(IV) Addition issue

Under the circumstance of additional issue of new shares, no adjustment will be made on the number of Restricted Shares (grant/vest).

(2). Adjustment method of the Grant/vesting Price of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division of shares, rights issue, share consolidation or dividend distribution of the Company in the period from the announcement date of the draft 2026 A Share Restricted Share Incentive Scheme to the completion of vesting and registration of Restricted Shares granted to the Participants, an adjustment to the Grant/vesting Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of shares

$P = P_0 \div (1 + n)$

Where: P_0 represents the Grant/vesting Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue or sub-division of shares; P represents the adjusted Grant/vesting Price.

(II) Rights issue

$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$

Where: P_0 represents the Grant/vesting Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant/vesting Price.

(III) Share consolidation

$P = P_0 \div n$

Where: P_0 represents the Grant/vesting Price before the adjustment; n represents the proportion of a share that may result from consolidation; P represents the adjusted Grant/vesting Price.

(IV) Dividend distribution

$P = P_0 - V$

Where: P_0 represents the Grant/vesting Price before the adjustment; V represents the declared dividend per share; P represents the adjusted Grant/vesting Price. P shall be greater than 0.1 after the adjustment for dividend distribution.

(V) Addition issue

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant/vesting Price of the Restricted Shares.

(3). Adjustment procedures of the 2026 A Share Restricted Share Incentive Scheme

In the event of the above circumstances, the Board of the Company shall consider and approve the resolution on the adjustment of the number of Restricted Shares and the Grant/vesting Price (if the number and price of Restricted Shares to be granted/vested needs to be adjusted for matters other than the above circumstances, such resolution shall be submitted to the general meeting of the Company for consideration, in addition to the consideration of the relevant resolution by the Board). The Company shall engage a law firm to issue professional opinions on whether the above adjustments are in compliance with the Management Measures, the Articles and the 2026 A Share Restricted Share Incentive Scheme. After the adjustment proposal is considered and approved by the Board, the Company shall timely disclose the announcement of the resolutions of the Board and the legal opinion issued by the law firm.

X. Accounting treatment on the Restricted Shares

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (《企業會計準則第11號 – 股份支付》) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial

Instruments (《企業會計準則第22號 – 金融工具確認和計量》), the Company shall, on each balance sheet date during the period from the Grant Date to the vesting date, revise the number of Restricted Shares expected to be vested according to the latest information such as the change in the number of persons entitled to be vested and the completion of performance indicators, and recognize the services obtained in the current period in relevant costs or expenses and capital reserve according to the fair value of the Restricted Shares on the Grant Date.

(1). Fair value of the Restricted Shares and the determination method

In accordance with the Application Case of Share-Based Payments Standards – Grant of Restricted Shares (《股份支付準則應用案例 – 授予限制性股票》) issued by the Accounting Department of the Ministry of Finance of the People's Republic of China and relevant provisions under Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號 – 金融工具確認和計量》), an appropriate valuation model must be selected by the Company to measure the fair value of share-based payments for Type II Restricted Shares. On the measurement date of 11 February 2026 (a formal calculation will be performed upon grant), the Company selected the Black-Scholes model to calculate the fair value of share-based payments for Type II Restricted Share. Relevant parameters selected are as follows:

1. Underlying share price: RMB83.21 per share (assuming the closing price of the Company on the Grant Date is the closing price as at 11 February 2026);

2. Validity Period: 12 months, 24 months and 36 months (the period from the Grant Date to the first Exercise Date of each tranche);

3. Historical volatility: 37.93%, 34.32%, 32.27% (using the annualized volatility of Wind semiconductor industry for the latest 12 months, 24 months and 36 months, respectively);

4. Risk-free interest rate: 1.32%, 1.36%, 1.38% (using the 1-year, 2-year and 3-year Treasury Rate of China Government Bond, respectively);

5. Dividend yield: 0.16% (using the 2025-year average dividend yield of the Shenwan Semiconductor Industry).

(2). Estimated impact on operating performance in each period due to implementation of the Restricted Shares

The fair value of the Restricted Shares on the Grant Date will be determined by the Company in accordance with the requirements of accounting standards, and the share-based payments under the 2026 A Share Restricted Share Incentive Scheme will be further determined accordingly, which will be amortized according to the vesting ratio

during the implementation of the 2026 A Share Restricted Share Incentive Scheme. The costs of incentive arising from the 2026 A Share Restricted Share Incentive Scheme will be charged to the recurring profit and loss.

According to the requirements of the PRC Accounting Standards, assuming the Company makes the grant of the Restricted Shares on 11 February 2026, the impact of the Restricted Shares under the First Grant of the 2026 A Share Restricted Share Incentive Scheme on the accounting costs for each period is as follows:

Total share-based payments RMB486.65 million

2026	2027	2028	2029
RMB228.55 million	RMB162.78 million	RMB88.45 million	RMB6.87 million

Note 1: The above calculation results do not represent the final accounting costs. The actual accounting costs are related to the Grant Date, the Grant Price and the number of Restricted Shares vested. If a Participant resigns before vesting, or fails to meet the corresponding standards of the performance assessment of the Company or personal performance assessment, the actual number of shares vested will be reduced accordingly and thus lower the share payment. Besides, the possible dilutive effects are brought to the attention of shareholders;

Note 2: The final result of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

The above calculation does not include the Reserved Grant of Restricted Shares, which amounts to 2,720,000 shares and additional share payment fees will be incurred when the reserved shares are granted.

According to the preliminary evaluation by the Company based on the information available, the amortization of expenses of the Restricted Shares will have an impact on the net profit each year within the validity period. But at the same time, the implementation of the 2026 A Share Restricted Share Incentive Scheme will further enhance the cohesion of employees and team stability, and effectively motivate management team, thereby improving operating efficiency and bringing higher operating performance and intrinsic value to the Company.

XI. Other rights and obligations of the Company/Participants

(1). Rights and obligations of the Company

(I) The Company has the right to interpret and implement the 2026 A Share Restricted Share Incentive Scheme, and to conduct performance appraisal on the Participants in accordance with the provisions of the 2026 A Share Restricted Share Incentive Scheme. If the Participants fail to meet the vesting conditions as determined in the 2026 A Share Restricted Share Incentive Scheme, according to

the principles stipulated in the 2026 A Share Restricted Share Incentive Scheme, the Restricted Shares that have been granted to the Participants but have not yet been vested shall not be vested and shall be cancelled.

(II) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Participants to obtain relevant Restricted Shares according to the 2026 A Share Restricted Share Incentive Scheme.

(III) The Company shall timely report and disclose the documents related to the 2026 A Share Restricted Share Incentive Scheme in accordance with relevant regulations.

(IV) In accordance with the 2026 A Share Restricted Share Incentive Scheme and relevant requirements of the CSRC, the Shanghai Stock Exchange and China Securities Depository and Clearing Co., Ltd., the Company shall proactively procure the vesting of Restricted Shares for the Participants that meet the vesting conditions. However, the Company shall not be held liable if the Participants fails to complete the vesting of Restricted Shares and causes losses to the Participants due to the reasons on the part of the CSRC, the Shanghai Stock Exchange and the China Securities Depository and Clearing Co., Ltd.

(V) The Company shall withhold and pay the individual income tax and other taxes payable by the Participants according to the national tax regulations.

(VI) The Company's determination of the Participants under the 2026 A Share Restricted Share Incentive Scheme does not mean to ensure that the Participants enjoy the right to continue to serve the Company, and does not constitute the Company's commitment to the term of employment of employees. The Company's employment and employment management of employees are still implemented in accordance with the employment contract or labour contract signed between the Company and the Participants. It also does not constitute any commitment by the Company to the Participants regarding the benefits they may obtain pursuant to the 2026 A Share Restricted Share Incentive Scheme.

(VII) If the Participants violate the laws and professional ethics, divulge company secrets, and neglect their duty or malfeasance or have other acts that seriously damage the Company's interests or reputation, upon being reviewed by the Remuneration and Evaluation Committee and reported to the Board for approval, the Restricted Shares that have been granted to the Participants but have not yet been vested, shall not be vested and shall be cancelled. If the circumstances are serious, the Company may also seek compensation for the losses incurred in accordance with the provisions of relevant laws.

(VIII) Other relevant rights and obligations stipulated in laws, regulations and the 2026 A Share Restricted Share Incentive Scheme.

(2). Rights and Obligations of the Participants

(I) The Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions the Company recruits for.

(II) The source of funds for the Participants is their self-financing.

(III) The Restricted Shares granted to the Participants shall not be transferred, pledged for guarantees or used for repayment of debt before vesting. Such Restricted Shares are not entitled to voting power before vesting, and they are not entitled to participate in the distribution of share bonuses and dividends.

(IV) The income received by the Participants as a result of the 2026 A Share Restricted Share Incentive Scheme shall be subject to individual income tax and other taxes in accordance with national tax regulations.

(V) The Participants promise that, if there are false records, misleading statements or major omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting interest or vesting, the Participants shall return all the benefits obtained from the 2026 A Share Restricted Share Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.

(VI) Upon consideration and approval of the 2026 A Share Restricted Share Incentive Scheme at the general meeting, and passing the resolution of granting interest to the Participants at the Board meeting, the Company shall sign an "Agreement on Grant of Restricted Shares" with the Participants in order to set out their respective rights and obligations as well as other matters.

(VII) Other relevant rights and obligations stipulated in laws, regulations and the 2026 A Share Restricted Share Incentive Scheme.

XII. Handling unusual changes to the Company/the Participants

(1). Handling unusual changes to the Company

(I) In the event that any of the circumstances below occurs in respect of the Company, the 2026 A Share Restricted Share Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Participants but not yet vested shall not be vested:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles and public undertakings;

4. laws and regulations stipulate that share incentives shall not be implemented;

5. other circumstances where the 2026 A Share Restricted Share Incentive Scheme should be terminated as determined by the CSRC.

(II) The 2026 A Share Restricted Share Incentive Scheme shall remain unchanged if any of the following events occurs to the Company:

1. a change of control of the Company without reorganisation of major assets;

2. a merger or division of the Company, where the Company continues to exist.

(III) If any of the following events occurs to the Company, the general meeting of the Company shall decide whether to amend or adjust the Scheme:

1. a change of control of the Company involving reorganisation of major assets;

2. a merger or division of the Company, where Company no longer exists.

(IV) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions for the grant or vesting of Restricted Shares, the Restricted Shares granted to Participants but not yet vested shall not be vested. In respect of the Restricted Shares already vested, the Participants concerned shall return to the Company all interests gained. The Board of the Company shall recover the income of Participants in accordance with the provisions of the preceding paragraph. The Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of interests may seek compensation from the Company or responsible parties.

(2). Change in personal particulars of the Participants

(I) Before the vesting date, if a Participant has undergone a normal change of position but he/she still works in the Company or controlling subsidiaries of the Company, the vesting of Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the 2026 A Share Restricted Share Incentive Scheme prior to the change of his/her position(s). However, if the Participant's position(s) has changed due to his/her incompetence to his/her position, failure to meet performance standards, violation of laws, violation of professional ethics, leakage of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company or controlling subsidiaries of the Company terminate the labour or employment relationship with the Participant due to the above reasons, the Restricted Shares that have been granted to the Participant but not yet vested shall not be vested and shall be cancelled by the Company. The individual income tax and other taxes involved in the vested Restricted Shares shall be paid in full before any transfer or resignation.

(II) Before the vesting date, if a Participant resigns, including circumstances of voluntary resignation, dismissal, resignation due to layoffs of the Company, labour contract/employment agreement expired and no longer renewed, negotiated termination of labour contract/employment agreement, Restricted Shares that have been granted to the Participant but not yet vested since the date of resignation shall not be vested and shall be cancelled by the Company. The Participant shall pay the Company the individual income tax involved in the vested Restricted Shares before resignation.

(III) Before the vesting date, if a Participant retires normally in accordance with national laws and regulations and the Company's requirements and is subsequently re-employed by the Company or continues to provide labour services for the Company in other forms, and provided that such participant complies with the confidentiality obligation and has no behaviour that harms the Company's interests, the Restricted Shares granted to him/her shall remain valid and shall be vested in accordance with the procedures stipulated in the 2026 A Share Restricted Share Incentive Scheme.

If a Participant retires and is not re-employed by the Company, Restricted Shares that have been granted to him/her but not yet vested shall be cancelled by the Company. The individual income tax and other taxes involved in the vested Restricted Shares shall be paid in full before such retirement.

(IV) Prior to the vesting date, the resignation of a Participant due to his/her incapacity shall be dealt with in the following two circumstances:

1. When a Participant resigns due to incapacity in performing his/her duties, the vesting of Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the 2026 A Share Restricted Share Incentive Scheme prior to the incapacity. The Board of the Company may determine that his/her personal performance assessment conditions shall not be included in the vesting conditions, while other vesting conditions remains effective. The Participants shall pay to the Company the individual income tax in relation to the Restricted Shares that have been vested before they leave the Company.

2. When a Participant leaves the Company due to incapacity not resulting from performance of duties, the Restricted Shares that have been granted to the Participant but not yet vested shall not be vested. Prior to the resignation of the Participants, the Participants shall pay to the Company the individual income tax involved in the Restricted Shares that have been vested.

(V) Prior to the vesting date, the death of a Participant shall be dealt with in the following two circumstances:

1. If a Participant dies in the course of performing his/her duties, the Restricted Shares granted to him/her shall be inherited by his/her designated successor or legal successor and shall be vested in accordance with the procedures stipulated in the Scheme prior to the death of the Participant. The Board of the Company may determine that his/her personal performance assessment conditions shall no longer be included in the vesting conditions. The successor shall pay to the Company the individual income tax in respect of the Restricted Shares vested before the inheritance.

2. If a Participant dies other than due to his/her duty, the Restricted Shares that have been granted to the Participant but have not yet been vested shall not be vested on the date of occurrence of such event. The Company is entitled to request the successors to pay the individual income tax in respect of the Restricted Shares that have been vested before the inheritance.

   If the above-mentioned Restricted Shares cannot be inherited or registered due to reasons with respect to the CSRC, the Shanghai Stock Exchange, or the China Securities Depository and Clearing Corporation Limited and cause losses to Participants or their successors, the Company shall disclaim any liability, and such Restricted Shares that cannot be inherited or registered shall not be vested and shall be cancelled by the Company.

(VI) Other unspecified circumstances not stipulated in the 2026 A Share Restricted Share Incentive Scheme shall be determined by the Board of the Company and its treatment method shall be determined.

To accurately understand the term of "prior to the vesting date", in addition to situations where the vesting period has not yet begun, the 2026 A Share Restricted Share Incentive Scheme further clarifies that "prior to the vesting date" also includes the following two circumstances: (1) although the vesting period has begun, the Board of the Company has not yet reviewed the vesting matters; (2) although the Board of the Company has reviewed the vesting matters, the vesting registration has not yet been completed.

If a Participant leaves the Company during either of the above two periods, regardless of whether the Participant meets the performance assessment for the current period, and regardless of whether the Participant has paid the share purchase price, the Company has the right to cancel and void all Restricted Shares of the Participant that have not yet been registered as vested, and to refund the share purchase price paid by the Participant (if applicable).

(3). Settlement mechanism for relevant disputes between the Company and Participants

The disputes between the Company and the Participants arising from the execution of the 2026 A Share Restricted Share Incentive Scheme and/or the "Agreement on the Grant of Restricted Shares" signed by the parties or in relation to the 2026 A Share Restricted Share Incentive Scheme and/or the "Agreement on the Grant of Restricted Shares" shall be solved through negotiation and communication by both parties, or mediation by the Remuneration and Evaluation Committee of the Board of the Company. If relevant disputes are not solved through the above-mentioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people's court with jurisdiction in the place where the Company is located.

Other than the proposed authorizations to the Board to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme, which the authorizations are not of material nature but administrative measures (details are set out in pages 47 to 49 in this circular), the Directors cannot change any specific term of the 2026 A Share Restricted Share Incentive Scheme without the approval of the Shareholders in general meeting.

The resolution in relation to the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme was considered and approved at the meeting of the Board held on 11 February 2026. On the same date, the Board has also resolved to propose the 2026 A Share Restricted Share Incentive Scheme to be approved by the Shareholders at the 2026 first EGM and the Class Meetings. A special resolution will be proposed at the 2026 first EGM and the Class Meetings to consider and, if thought fit, approve the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme.

Details of the 2026 A Share Restricted Share Incentive Scheme are set out in Appendix I to this circular. The 2026 A Share Restricted Share Incentive Scheme was prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the 2026 A Share Restricted Share Incentive Scheme, the Chinese version shall prevail.

Purposes and Reasons for and Benefits of the Adoption of the 2026 A Share Restricted Share Incentive Scheme

The purpose of the 2026 A Share Restricted Share Incentive Scheme is to improve the Company's incentive mechanism, further enhance the enthusiasm, creativity, and cohesion of employees, promote the continuous growth of Company's business, and achieve development by enhancing the value of the Company and granting benefits to the employees. The 2026 A Share Restricted Share Incentive Scheme is formulated in accordance with the relevant rules and regulations and the Articles.

The Company is of the view that the adoption and implementation of the 2026 A Share Restricted Share Incentive Scheme is beneficial to the Company and its Shareholders as a whole, and the terms and conditions of the 2026 A Share Restricted Share Incentive Scheme are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Given the nature of the business of the Company and the highly competitive industry in which it operates, it is extremely important for the Company to recruit and retain talents, and the Company's long-term development plan will highly depend on the loyalty and contribution of the Participants. The 2026 A Share Restricted Share Incentive Scheme is considered a critical component of the Company's employee appraisal system and effectively aligns the employee's achievements at the individual level with the Company's overall performance. The Company is of the view that the adoption of the 2026 A Share Incentive Restricted Share Scheme will aid in achieving the aforesaid goals. The terms of the 2026 A Share Restricted Share Incentive Scheme are consistent with the Group's actual conditions and the industry norm, which aligns with the purpose of the 2026 A Share Restricted Share Incentive Scheme.

Listing Rules Implications

The 2026 A Share Restricted Share Incentive Scheme constitutes a share scheme under Chapter 17 of the Listing Rules. The Company will comply with the applicable requirements under Chapter 17 of the Listing Rules in respect of the operation of the 2026 A Share Restricted Share Incentive Scheme.

Pursuant to the 2026 A Share Restricted Share Incentive Scheme, the Participants of the 2026 A Share Restricted Share Incentive Scheme include three Directors, namely, Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie, who are connected persons of the Company pursuant to Chapter 14A of the Listing Rules. Therefore, the grant of the Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme involves the grant of the Restricted Shares to connected persons of the Company. The number of Restricted Shares proposed to be granted to Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie represent about 0.09%, 0.06% and 0.04% of the issued A Shares in the share capital of the Company respectively. The aggregated total number of Restricted Shares to be granted and other share awards and options which would result in the shares issued and to be issued in respect of all awards and options granted to Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie in the 12-

month period up to and including the date of such grant being all less than 0.1% of the issued A Shares in the share capital of the Company respectively, and thus such grant is not required to be approved by the Shareholders under Rule 17.04(2) of the Listing Rules.

The participation of the above connected persons in the 2026 A Share Restricted Share Incentive Scheme will facilitate the stability and motivation of the Company's core personnel, thereby contributing to the long-term development of the Company, the Directors (including the Independent Directors) are of the view that the proposed grant of Restricted Shares to Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie under the grant of the 2026 A Share Restricted Share Incentive Scheme will achieve the purpose of the 2026 A Share Restricted Share Incentive Scheme, and the terms and conditions of the proposed grant of Restricted Shares to Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie under the First Grant of the 2026 A Share Restricted Share Incentive Scheme are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Mr. Shen Mingjie, as Connected Participant under the First Grant of the 2026 A Share Restricted Share Incentive Scheme, abstained from voting on the resolutions in relation to the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme, the 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures and the review and verification of the list of Participants at the Remuneration and Evaluation Committee meeting.

Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie, as Connected Participates under the First Grant of the 2026 A Share Restricted Share Incentive Scheme, have declared their interests in the 2026 A Share Restricted Share Incentive Scheme and abstained from voting on the resolutions in relation to the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme, the 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures and the proposed issue of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme at the Board meeting as a result of their interests. Save for the abovementioned Directors, there is no other Director who is required to abstain from voting on the Board resolutions in relation to the 2026 A Share Restricted Share Incentive Scheme. The Board (including all the Independent Directors) has approved the A Share Restricted Share Incentive Scheme that proposed to grant Restricted Shares to Mr. Zhang Wei, Mr. Shen Lei and Mr. Shen Mingjie.

In the event that any grant of the Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme (i) will result in any grant of awards granted to any Participant(s) representing in aggregate over 1% of the issued Shares of the Company (excluding treasury shares) over any 12-month period up to and including the relevant Grant Date; and/or (ii) will cause the Restricted Shares granted to any Participant(s) who is a Director, chief executive, substantial shareholder of the Company or any of their respective associates, representing in aggregate over 0.1% of the issued Shares of the Company (excluding treasury shares) over any 12-month period up to and including the relevant Grant Date, the Company will comply with the relevant requirements under Chapter 17 of the Listing Rules.

Pursuant to Rule 17.03(13) of the Listing Rules, in the case of capitalization issue, bonus issue, share split, share consolidation or reduction of capital, the scheme documents shall include provisions for adjustments to be made to the exercise or purchase price and/or the number of shares granted as awards under the 2026 A Share Restricted Share Incentive Scheme.

In addition to the adjustment to the Grant Price as required under Rule 17.03(13) of the Listing Rules, the 2026 A Share Restricted Share Incentive Scheme also provides for an adjustment to the Grant Price upon dividend distribution (the "Proposed Adjustment"). The Proposed Adjustment is a mandatory requirement for the Company to comply with under Article 46 of the Management Measures, which states that "where adjustments to the equity price or quantity are required due to stock split or dividend distribution, or for other reasons, the board of directors of the listed company shall make such adjustments in accordance with the principles, methods and procedures stipulated in the equity incentive plan".

The Company has applied for and has been granted by the Hong Kong Stock Exchange a waiver from strict compliance with Rule 17.03(13) of the Listing Rules in relation to the Proposed Adjustment due to the following factors:

(1) the 2026 A Share Restricted Share Incentive Scheme only entitles the Participants to acquire A Shares but not H Shares of the Company. According to the opinion from Shanghai Landing Law Office (上海蘭迪律師事務所), the legal advisor to the Company as to the PRC laws, (i) the proposed terms of the 2026 A Share Restricted Share Incentive Scheme are prepared in accordance with the related regulations of the PRC laws and the requirements of the relevant regulatory authorities of the PRC (including but not limited to the the CSRC and the Shanghai Stock Exchange), including Company Law, Securities Law, Management Measures, STAR Market Listing Rules and Guidelines for Self-Discipline, and (ii) the Board shall make adjustments and discharge disclosure obligations in relation to Proposed Adjustment in accordance with the requirements of Management Measures;

(2) the Proposed Adjustment is in line with the market practice in the PRC;

(3) the proposed terms of the 2026 A Share Restricted Share Incentive Scheme, including the Proposed Adjustment, have been reviewed by Shanghai Landing Law Office (上海蘭迪律師事務所), and approved by the Independent Directors and the Board;

(4) the adjusted grant price will be equal to the Grant Price (i.e. RMB41.59 per Share) minus the dividend paid. For information purposes only, the Company's dividend distributed in the past three financial years ranged from RMB0.08 per Share to RMB0.135 per Share. The Company does not expect that the Proposed Adjustment will have any material adverse impact on the interests of Shareholders; and

(5) the terms of the Restricted Share Incentive Scheme will be under close scrutiny by the aforesaid regulatory authorities of the PRC, and they are also subject to approval by the Shareholders at the general meeting and the Class Meetings. The Shareholders will be given the opportunity to make an informed decision as to the adoption of the 2026 A Share Restricted Share Incentive Scheme at the general meeting and the Class Meetings.

Proposed Issue of Restricted Shares Under the 2026 A Share Restricted Share Incentive Scheme

The Company proposed to issue no more than 13,880,000 Restricted Shares to the Participants (including those under the First Grant of the 2026 A Share Restricted Share Incentive Scheme and the Reserved Grant of the 2026 A Share Restricted Share Incentive Scheme) under the 2026 A Share Restricted Share Incentive Scheme, representing approximately 1.69% of the total issued share capital of the Company as of the Latest Practicable Date, which is subject to, among other things, the approval at the 2026 first EGM and the Class Meetings.

Subject to the approval at the 2026 first EGM and the Class Meetings, the Board will grant no more than 13,880,000 A Shares under the 2026 A Share Restricted Share Incentive Scheme at the Grant Price of RMB41.59 per A Share. Accordingly, the total amount to be paid by the Participants to purchase no more than 13,880,000 A Shares will be no more than RMB577,269,200.

In addition to the principal terms of the 2026 A Share Restricted Share Incentive Scheme summarized in the section above, further information in relation to the issue and allotment of the Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme are set out below.

Total funds to be raised and the proposed use of proceeds

No more than RMB577,269,200 will be paid by the Participants to subscribe for no more than 13,880,000 Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme. The proceeds from the subscription of the Restricted Shares to be issued under the 2026 A Share Restricted Share Incentive Scheme are intended to supplement working capital of the Group.

Dilution Effect

The shareholding structure of the Company before and after the vesting of the Restricted Shares granted under the 2026 A Share Restricted Share Incentive Scheme to the Participants is set out as follows:

	As of the Latest Practicable Date	**Assuming full vesting and issue of the Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme** *(note)*
Number of A Shares	539,383,250	553,263,250
Number of H Shares	284,330,000	284,330,000
Total	**823,713,250**	**837,593,250**

Notes:

Assuming that all Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme are issued by the Company and no other Shares are issued or repurchased by the Company.

The dilution impact on the share capital of the Company upon the issuance of all Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme is about 1.66%.

Grant Price

The Grant Price of the Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme shall be RMB41.59 per A Share, which was determined with reference to the basis set out in the section headed "Principal Terms of the 2026 A Share Restricted Share Incentive Scheme" above.

Aggregate nominal value

The nominal value of the A Shares is RMB0.1 per A Share. The aggregate nominal value of the Restricted Shares to be granted under the 2026 A Share Restricted Share Incentive Scheme shall be no more than RMB1,388,000.

Further announcements

The Company will publish announcements when the First Grant and the Reserved Grant occur in accordance with the requirements set out in Rules 17.06A, 17.06B and 17.06C of the Listing Rules.

3. PROPOSED ADOPTION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME ASSESSMENT MANAGEMENT MEASURES

To ensure the smooth implementation of the 2026 A Share Restricted Share Incentive Scheme, the 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures has been formulated according to the Company Law, the Securities Law, the Management Measures and other relevant laws, administrative regulations, normative documents, the relevant requirements of the Articles as well as the actual situation of the Company.

The full text of the 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures is set out in Appendix II to this circular. The 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures was prepared in Chinese language. In the event of any discrepancy between the English translation and the Chinese version of the 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures, the Chinese version shall prevail.

A special resolution will be proposed at the 2026 first EGM and the Class Meetings to consider and, if thought fit, approve the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme Assessment Management Measures.

4. PROPOSED AUTHORIZATION TO THE BOARD TO DEAL WITH MATTERS RELATING TO THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME

To ensure the smooth implementation of the 2026 A Share Restricted Share Incentive Scheme, it is proposed at the 2026 first EGM and the Class Meetings that the Board shall be authorized to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme, including but not limited to the following:

(a) to propose at the 2026 first EGM and the Class Meetings that the Board be authorized to be responsible for the following matters in relation to the implementation of the 2026 A Share Restricted Share Incentive Scheme:

(i) to authorize the Board to determine the Grant Date under the 2026 A Share Restricted Share Incentive Scheme;

(ii) to authorize the Board to adjust the number of the Restricted Shares to be granted/vested according to the terms of the 2026 A Share Restricted Share Incentive Scheme in the event of conversion of capital reserve into share capital, distribution of stock dividend, share split or share consolidation and share allotment of the Company;

(iii) to authorize the Board to adjust the Grant/vesting for Restricted Shares according to the terms of the 2026 A Share Restricted Share Incentive Scheme in the event of conversion of capital reserve into share capital, distribution of stock dividend, share split or share consolidation, share allotment and dividend distribution;

(iv) to authorize the Board to grant the Restricted Shares to a Participant upon his/her fulfillment of the conditions of grant, and to handle all necessary matters in connection with the grant of the Restricted Shares, including entering into agreement on the grant of Restricted Shares with the Participants;

(v) to authorize the Board to review and confirm the qualification of the Participants for vesting and the number of the Restricted Shares to be vested, and to agree to the Board delegating such rights to the Remuneration and Evaluation Committee;

(vi) to authorize the Board to handle all matters necessary in connection with the vesting of the Restricted Shares to the Participants, including but not limited to the submission of application to a stock exchange in respect of the vesting of the Restricted Shares, applying to securities registration and clearing company for registration and clearing services, amending the Articles; and applying to register the change in registered capital of the Company;

(vii) to authorize the Board to make decisions on the amendment and termination of the 2026 A Share Restricted Share Incentive Scheme, including but not limited to disqualification of the Participants for vesting, cancellation of the Restricted Shares of the Participants

that have not yet been vested, and handling of the inheritance of Restricted Shares for the Participants who are deceased in the course of their employment, where such shares remain unallocated;

(viii) to authorize the Board to determine the Participants, number of grant, Grant Price, Grant Date and all other matters in respect of the 2026 A Share Restricted Share Incentive Scheme;

(ix) to authorize the Board to execute, implement, revise and terminate any agreement relating to the 2026 A Share Restricted Share Incentive Scheme and other relevant agreements;

(x) to authorize the Board to manage and adjust the 2026 A Share Restricted Share Incentive Scheme, and from time to time formulate or amend the management and implementation rules of the 2026 A Share Restricted Share Incentive Scheme, subject to compliance with the terms of the 2026 A Share Restricted Share Incentive Scheme. However, if such amendments are subject to approval at the general meeting or/and by relevant regulatory authorities under the requirements of laws, regulations or relevant regulatory authorities, such amendments by the Board shall be subject to such approvals; and

(xi) to authorize the Board to implement all other necessary matters in connection with the 2026 A Share Restricted Share Incentive Scheme, except such rights as expressly required under the relevant documents to be exercised at a general meeting;

(b) to propose at the 2026 first EGM and the Class Meetings to authorize the Board to complete procedures with relevant governments and authorities in relation to the 2026 A Share Restricted Share Incentive Scheme including review, registration, filing, approval and consent; to sign, execute, amend and complete documents submitted to relevant governments, authorities, organizations, and individuals; to amend the Articles and handle the registration of the change in registered capital of the Company; and to carry out all actions deemed to be necessary, appropriate, or expedient in relation to the 2026 A Share Restricted Share Incentive Scheme;

(c) to propose at the 2026 first EGM and the Class Meetings to authorize the Board to engage intermediaries, such as financial consultant, receiving bank, accountants, lawyers or securities companies, for the implementation of the 2026 A Share Restricted Share Incentive Scheme;

(d) to propose at the 2026 first EGM and the Class Meetings to approve the period of authorization given to the Board to be consistent with the validity period of the 2026 A Share Restricted Share Incentive Scheme;

(e) the aforementioned authorisations, except for matters expressly stipulated by laws, administrative regulations, rules and normative documents of the CSRC, the 2026 A Share Restricted Share Incentive Scheme, or the Articles as requiring approval by the Board, are

hereby submitted to the Company's general meeting for authorisations to the Board. The Board shall further authorise the Remuneration and Evaluation Committee of the Board or its duly authorised personnel to exercise such authorisations.

A special resolution will be proposed at the 2026 first EGM and the Class Meetings to consider and, if thought fit, approve the proposed Authorization to the Board to deal with Matters relating to the 2026 A Share Restricted Share Incentive Scheme.

5. DOCUMENT ON DISPLAY

A copy of the scheme document of the 2026 A Share Restricted Share Incentive Scheme will be published on the websites of Hong Kong Stock Exchange and the Company for display for a period of not less than 14 days before the date of the 2026 first EGM and H Shareholders' Class Meeting, and the scheme document of the 2026 A Share Restricted Share Incentive Scheme will be made available for inspection at the 2026 first EGM and H Shareholders' Class Meeting.

6. THE 2026 FIRST EGM AND H SHAREHOLDERS' CLASS MEETING

The 2026 first EGM and H Shareholders' Class Meeting will be held at 1:30 p.m. and 2:00 p.m. respectively on Monday, 16 March 2026 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 2026 first EGM and H Shareholders' Class Meeting is set out on pages EGM-1 to EGM-2 and HCM-1 to HCM-2 of this circular respectively. The respective form of proxy for use at the 2026 first EGM and H Shareholders' Class Meeting are enclosed with this circular and such forms of proxy are also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.fmsh.com).

To the best of the knowledge, information and belief of the Directors, no Shareholders have material interests in the proposed transactions, and are hence required to abstain from voting at the 2026 first EGM and H Shareholders' Class Meeting in respect of relevant resolutions.

7. BOOK CLOSURE PERIOD

For the purpose of 2026 first EGM and H Shareholders' Class Meeting, the register of members of H Shares will be closed from 10 March 2026 to 16 March 2026 (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 16 March 2026 shall be entitled to attend the 2026 first EGM and H Shareholders' Class Meeting. To be qualified to attend the 2026 first EGM and H Shareholders' Class Meeting, 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 9 March 2026.

8. 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 2026 first EGM and H Shareholders' Class Meeting in accordance with the Articles. An announcement on the poll results will be made by the Company after the 2026 first EGM and H Shareholders' Class Meeting in the manner prescribed under Rule 13.39(5) of the Listing Rules.

9. RECOMMENDATION

The Board considers that the resolutions set out in the notice of 2026 first EGM and H Shareholders' Class Meeting are in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the resolutions.

10. 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 information contained herein with regard to the Company has been provided by the Directors, the Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any declaration or statement herein or this circular misleading.

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

* *For identification purposes only*

Note: Any discrepancies in the last digit between the totals presented in this circular and the sum of the individual figures are due to rounding.

SPECIAL NOTES

1. The 2026 Restricted Share Incentive Scheme of Shanghai Fudan Microelectronics Group Company Limited (Draft) (the "Incentive Scheme") is formulated by Shanghai Fudan Microelectronics Group Company Limited* ("Fudan Microelectronics" or the "Company") in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Management of Shares Incentives of Listed Companies, the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, the Science and Technology Innovation Board Listed Company Self-Regulatory Guide No. 4 – Information Disclosure for Equity Incentives, other relevant laws, administrative regulations, normative documents, and the relevant requirements of the Articles of Shanghai Fudan Microelectronics Group Company Limited.

2. The Incentive Scheme takes the form of Restricted Shares. The shares are derived from the issuance of ordinary A shares of the Company to the Incentive Participants by the Company.

   The Incentive Participants who satisfy the grant conditions under the Incentive Scheme shall, upon fulfilling the corresponding Vesting Conditions, be granted with ordinary A shares newly issued by the Company in multiple installments at the Grant Price. Such shares will be registered with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. The Restricted Shares granted to the Incentive Participants do not carry shareholder rights of the Company before they are vested, and such Restricted Shares may not be transferred, used for guarantee or repayment of debts, etc.

3. The Incentive Scheme proposes to grant the Incentive Participants with 13,880,000 Restricted Shares, representing approximately 1.69% of the total share capital of the Company of 823,713,250 shares as at the announcement date of the draft Incentive Scheme. Among them, 11,160,000 Restricted Shares are to be granted firstly, representing approximately 1.35% of the total share capital of the Company as at the announcement date of the draft Incentive Scheme and approximately 80.40% of the total Restricted Shares proposed to be granted under the Incentive Scheme; 2,720,000 Restricted Shares are reserved for future grant, representing approximately 0.33% of the total share capital of the Company as at the announcement date of the draft Incentive Scheme and approximately 19.60% of the total Restricted Shares proposed to be granted under the Incentive Scheme.

   As of the announcement date of the draft Incentive Scheme, the 2021 Restricted Share Incentive Scheme of the Company is still in its Valid Period, under which 10 million Restricted Shares have been granted. The total number of the underlying shares under the 2021 Restricted Share Incentive Scheme, the Incentive Scheme and any other share schemes of the Company, in aggregate, does not exceed 10.00% of the relevant class of shares in issue of the Company (excluding treasury shares) at the time when the Incentive Scheme is submitted to the general meeting. The cumulative number of shares of the Company under the Scheme granted to any of the Incentive Participants under all valid equity incentive schemes does not exceed 1.00% of the total share capital of the Company.

From the announcement date of the draft Incentive Scheme until the completion of the vesting registration of the Restricted Shares granted to the Incentive Participants, if the conversion of capital reserve into share capital, distribution of share dividends, share subdivision, allotment or consolidation, and other matters occur on the Company, the quantity of Restricted Shares shall be adjusted according to the relevant provisions of the Incentive Scheme.

4. The Grant Price of the Restricted Shares under the Incentive Scheme (including reserved shares) is RMB41.59 per share.

   From the announcement date of the draft Incentive Scheme until the completion of the vesting registration of the Restricted Shares granted to the Incentive Participants, if the conversion of capital reserve into share capital, distribution of share dividends, share subdivision, allotment or consolidation, or distribution of cash dividends, and other matters occur on the Company, the Grant Price of the Restricted Shares shall be adjusted according to the relevant provisions of the Incentive Scheme.

5. The Incentive Participants for the first grant under the Incentive Scheme total 308 individuals, include directors, senior management, core technical personnel, and other personnel whom the board of directors of the Company considers necessary to incentivize, who are employed by the Company (including its branches and holding subsidiaries, the same below) at the time of the Company's announcement of the Incentive Scheme. Independent directors of Fudan Microelectronics are excluded.

   Reserved Incentive Participants refer to those Incentive Participants not yet identified at the time when the Scheme is approved by the general meeting but included in the Incentive Scheme during the duration of the Scheme. They shall be identified within 12 months after the Scheme is approved by the general meeting. The criteria for identifying reserved Incentive Participants shall be determined by reference to the criteria for the first grant.

6. The Valid Period of the Incentive Scheme shall be from the date of the first grant of Restricted Shares until the date when all the Restricted Shares granted to the Incentive Participants are either vested or invalidated/forfeited, with a maximum term not exceeding 48 months. The Restricted Shares granted to the Incentive Participants will vest in installments according to the agreed proportions, and each vesting shall be conditional upon the satisfaction of the corresponding Vesting Conditions.

7. The Company does not fall under any of the circumstances specified in Article 7 of the Measures for the Management of Shares Incentives of Listed Companies that would prohibit any equity incentive:

   (1) An audit report with an adverse opinion or a disclaimer of opinion was issued by certified public accountants on the financial accounting report for the most recent accounting year;

   (2) An audit report with an adverse opinion or a disclaimer of opinion was issued by certified public accountants on the internal control of the financial report for the most recent accounting year;

(3) There has been an instance of profit distribution not conducted in accordance with laws and regulations, the Articles or public commitments within the 36 months immediately following the listing;

(4) There are circumstances where the implementation of equity incentives is prohibited by laws and regulations;

(5) There are other circumstances identified by the China Securities Regulatory Commission.

8. The Incentive Participants under the Incentive Scheme do not include the Independent Directors or foreign employees of the Company, nor shareholders (individually or collectively) holding 5% or more of the Company's shares, or the actual controller and their spouses, parents or children. The Incentive Participants comply with Article 8 of the Measures for the Management of Shares Incentives of Listed Companies and Rule 10.4 of the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange, and none of them fall under the following circumstances that would disqualify them from being Incentive Participants:

(1) Being identified as an inappropriate candidate by a stock exchange in the past 12 months;

(2) Being identified as an inappropriate candidate by the China Securities Regulatory Commission (CSRC) or its local offices in the past 12 months;

(3) Being subjected to administrative penalties or market entry bans by the CSRC or its local offices due to significant violations of laws or regulations in the past 12 months;

(4) Falling under the circumstances specified in the Company Law that disqualify them from serving as directors or senior management of the Company;

(5) Falling under the circumstances where participation in equity incentives of listed companies is prohibited by laws or regulations;

(6) Other circumstances identified by the CSRC.

9. The Company undertakes not to provide loans or any other form of financial assistance to the Incentive Participants for acquiring Restricted Shares under the Incentive Scheme, including providing guarantees for their loans.

10. All Incentive Participants of the Company commit that if the Company's information disclosure documents contain false records, misleading statements or major omissions, resulting in non-compliance with the grant or vesting arrangements, the Incentive Participants shall return all benefits obtained under the Incentive Scheme to the Company after such information disclosure documents are confirmed to contain false records, misleading statements or major omissions.

11. The Incentive Scheme will be implemented only after approval at the general meeting of the Company. Within 60 days from the date of approval of the Incentive Scheme at the general meeting, the Company will convene a board meeting to complete the procedures for the first grant of Restricted Shares to Incentive Participants and make relevant announcements. If the Company fails to complete the above procedures within 60 days, the Incentive Scheme will be terminated, and any Restricted Shares not yet granted will become void. Reserved Restricted Shares shall be granted within 12 months after the Incentive Scheme is approved at the general meeting of the Company.

12. The implementation of the Incentive Scheme will not result in the shareholding distribution of the Company failing to meet the requirements of the listing conditions.

CHAPTER I DEFINITIONS

Unless otherwise specified, capitalised terms shall have the same meanings as those hereinafter defined:

Terms	Definitions
Fudan Microelectronics, the Company, Listed Company	上海復旦微電子集團股份有限公司 (Shanghai Fudan Microelectronics Group Company Limited*)
Restricted Share Incentive Scheme, the Incentive Scheme, the Scheme	the 2026 Restricted Share Incentive Scheme of Shanghai Fudan Microelectronics Group Company Limited*
Restricted Share(s), Type II Restricted Share(s)	the Share(s) of the Company to be obtained in tranches and registered by the Incentive Participants who meet the conditions for grant under the Incentive Scheme after meeting the corresponding Vesting Conditions
Incentive Participant(s)	Pursuant to the provisions of the Incentive Scheme, directors, the senior management, core technical backbones employed with the Company (including its subsidiaries and holding subsidiaries), and other personnel deemed eligible for incentive by the board of directors of the Company to receive the Restricted Shares
Grant Date	the date on which the Company grants the Restricted Shares to the Incentive Participants, which must be a trading day
Grant Price	The price at which the Incentive Participant acquires Shares of the Company, as determined by the Company when granting Restricted Shares to such Incentive Participant
Vesting	the act of registering the Restricted Shares by the Listed Company to the account of an Incentive Participant after the Vesting Conditions having been satisfied by the Incentive Participant

Terms	Definitions
Vesting Date	the date on which the registration of the granted Restricted Shares is completed after the Vesting Conditions having been satisfied by the Incentive Participant, which must be a trading day
Vesting Conditions	the Vesting Conditions as stipulated under the Restricted Share Incentive Scheme which must be satisfied by the Incentive Participant in order to obtain the Incentive Shares
Valid Period	the period commencing on the date of the first grant and ending on the date on which all Restricted Shares granted to the Incentive Participants have been vested or cancelled
Remuneration and Evaluation Committee	the Remuneration and Evaluation Committee of the board of directors of the Company
CSRC	the China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Depository and Clearing Company	Shanghai Branch of China Securities Depository and Clearing Corporation Limited
Company Law	the Company Law of the People's Republic of China
Securities Law	the Securities Law of the People's Republic of China
Listing Rules	the Rules Governing the Listing of Shares on the Science and Technology Innovation Board of the Shanghai Stock Exchange
Management Measures	the Measures for the Management of Shares Incentives of Listed Companies
Regulatory Guide No. 4	the Science and Technology Innovation Board Listed Company Self-Regulatory Guide No. 4 – Information Disclosure for Equity Incentives
Articles	articles of association of Shanghai Fudan Microelectronics Group Company Limited*
RMB/RMB0,000/RMB00,000,000	RMB/RMB0,000/RMB00,000,000, the legal currency unit of the People's Republic of China

Notes:

1. Unless otherwise stated, the financial data and financial indicators referenced herein shall mean the financial data on a consolidated basis and financial indicators calculated based on such financial data.

2. Some figures shown as totals herein may not be an arithmetic aggregation of the figures preceding them due to rounding adjustments.

CHAPTER II PURPOSE OF THE INCENTIVE SCHEME

I. PURPOSE OF THE INCENTIVE SCHEME

After more than two decades of development, the Company has evolved into one of China's leading chip design enterprises with a comprehensive product portfolio and advanced technological capabilities. In the current context of growing external uncertainties, the Company and its employees remain unwavering in their commitment to contributing to the development of China's integrated circuit industry. To further enhance its long-term incentive mechanism, the Company plans to introduce a multi-faceted incentive system aimed at attracting and retaining key talent, motivating employees, and effectively aligning the interests of shareholders, the Company, and the core team. Through these efforts, all parties will work together to usher in a new phase of rapid growth. The Incentive Scheme is formulated following the principle of incentives equivalent to constraints in accordance with the relevant laws, regulations and regulatory documents including the Company Law, the Securities Law, the Management Measures, the Listing Rules and the Regulatory Guide No. 4 and the relevant provisions of the Articles.

II. SUMMARY OF OTHER INCENTIVE SCHEMES AND LONG-TERM INCENTIVE MECHANISM

As of the date of the announcement of the draft Incentive Scheme, the Company is implementing the 2021 Restricted Share Incentive Scheme, the brief details of which are as follows:

The Company convened its Second Extraordinary General Meeting of 2021, Second A Shareholders' Class Meeting of 2021, and Second H Shareholders' Class Meeting of 2021 on 5 November 2021, at which the Resolution in relation to the Company's 2021 Restricted Share draft Incentive Scheme and its Summary and other resolutions were considered and approved. On 6 December 2021, the Company carried out the first grant of 8,934,000 shares of Type II Restricted Shares to 565 Incentive Participants at the Grant Price of RMB18.00 per share. On 28 October 2022, the Company granted 1,066,000 shares of the reserved grant of Type II Restricted Shares to 83 Incentive Participants at the Grant Price of RMB17.935 per share (adjusted). As of the date of the announcement of the draft Incentive Scheme, the 2021 Restricted Share Incentive Scheme has cumulatively vested 9,211,250 share, and cancelled 782,750 shares.

The Incentive Scheme is independent of the Company's existing 2021 Restricted Share Incentive Scheme and is not related thereto.

CHAPTER III ADMINISTRATIVE BODIES OF THE INCENTIVE SCHEME

I. The general meeting, as the highest authority of the Company, is responsible for deliberating and approving the implementation, modification and termination of the Incentive Scheme. It may authorize the board of directors to handle certain matters related to the Incentive Scheme within its scope of authority.

II. The board of directors is the executive and administrative body of the Incentive Scheme, responsible for its implementation. The Remuneration and Evaluation Committee established under the board of directors shall formulate and revise the Incentive Scheme and submit it to the Board for deliberation. After the Board approves the Incentive Scheme, it shall be submitted to the general meeting for approval. The Board shall handle matters related to the Incentive Scheme within the scope authorized by the general meeting.

III. The Remuneration and Evaluation Committee of the board of directors is the supervisory body of the Incentive Scheme. It shall express opinions on whether the Incentive Scheme is conducive to the sustainable development of the Company and whether there are circumstances that obviously harm the interests of the Company and all shareholders. The Committee shall supervise the implementation of the Incentive Scheme to ensure compliance with relevant laws, administrative regulations, normative documents and the business rules of the stock exchange, and review the list of Incentive Participants.

Where the Company modifies the equity Incentive Scheme before it is deliberated and approved by the general meeting, the Remuneration and Evaluation Committee shall express opinions on whether the modified plan is conducive to the Company's sustainable development and whether there are circumstances that obviously harm the interests of the Company and all shareholders.

Before the Company grants equity interests to Incentive Participants, the Remuneration and Evaluation Committee shall express a clear opinion on the conditions for Incentive Participants to obtain equity interests as set out in the equity Incentive Scheme. If there is any discrepancy between the equity interests granted by the Company to Incentive Participants and the arrangements under the Incentive Scheme, the Remuneration and Evaluation Committee (when there is a change in Incentive Participants) shall also express a clear opinion.

Before the restricted shares granted to Incentive Participants vest, the Remuneration and Evaluation Committee shall express a clear opinion on whether the vesting conditions for Incentive Participants as set out in the equity Incentive Scheme have been met.

IV. Where there are changes to the requirements for administrative bodies stipulated by relevant laws, administrative regulations, departmental rules and the Articles, the modified provisions shall prevail.

CHAPTER IV BASIS FOR DETERMINING AND SCOPE OF INCENTIVE PARTICIPANTS

I. BASIS FOR DETERMINING INCENTIVE PARTICIPANTS

(1) Legal basis for determining Incentive Participants

The Incentive Participants under the Incentive Scheme are determined in accordance with the provisions of relevant laws, administrative regulations, normative documents such as the Company Law, the Securities Law, the Administrative Measures, the Listing Rules, and Regulatory Guide No. 4, as well as the Articles, in combination with the actual situation of the Company.

(2) Positional basis for determining Incentive Participants

The Incentive Participants of the Incentive Scheme are directors, senior management personnel, core technical personnel and other personnel deemed by the board of directors to be eligible for incentives (excluding independent directors of Fudan Microelectronics, foreign employees, shareholders or actual controllers holding 5% or more of the Company's shares alone or in aggregate, and their spouses, parents and children) who are employed by the Company (including its branches and holding subsidiaries) when the Company announces the Incentive Scheme. The above Incentive Participants are management personnel and business backbones who have a direct impact on the Company's operating performance and future development, which is consistent with the purpose of the Incentive Scheme.

II. SCOPE OF INCENTIVE PARTICIPANTS

1. The first grant of the Incentive Scheme involves a total of 308 Incentive Participants, accounting for 14.83% of the total number of employees of the Company as of 31 December 2024 (2,077 employees), including:

   (1) Directors and senior management personnel;

   (2) Core technical personnel;

   (3) Other personnel deemed by the board of directors to be eligible for incentives.

   The above Incentive Participants do not include Independent Directors, foreign employees, shareholders or actual controllers holding 5% or more of the Company's shares alone or in aggregate, and their spouses, parents and children. Directors and senior management personnel of the Company must be elected by the general meeting or appointed by the board of directors. All Incentive Participants must have an employment or labor relationship with the Company, its branches or holding subsidiaries and receive remuneration at the time of the grant of restricted shares and during the assessment period specified in the Incentive Scheme.

2. The Incentive Participants for the reserved grant portion shall be determined within 12 months after the Incentive Scheme is deliberated and approved by the general meeting. After being proposed by the board of directors, receiving a clear opinion from the Remuneration and Evaluation Committee, and obtaining a professional opinion and legal opinion from lawyers, the Company shall disclose the relevant information of the Incentive Participants in a timely and accurate manner on the designated website in accordance with requirements. Where the Incentive Participants are not determined within 12 months, the reserved equity interests shall become invalid. The determination criteria for the Incentive Participants of the reserved restricted shares shall be established in accordance with those for the first grant.

3. The Incentive Participants for the first grant of the Incentive Scheme do not include Independent Directors, shareholders or actual controllers holding 5% or more of the Company's shares alone or in aggregate, and their spouses, parents and children, and foreign employees. Incentive Participants shall not fall under any of the following circumstances that disqualify them from being Incentive Participants:

   (1) Being identified as an inappropriate person by the stock exchange within the most recent 12 months;

   (2) Being identified as an inappropriate person by the CSRC and its local offices within the most recent 12 months;

   (3) Being subject to administrative penalties or market entry bans by the CSRC and its local offices due to major violations of laws and regulations within the most recent 12 months;

   (4) Falling under any circumstances specified in the Company Law that disqualify them from serving as directors or senior management personnel of the Company;

   (5) Being prohibited by laws and regulations from participating in equity Incentive Schemes of listed companies;

   (6) Other circumstances identified by the CSRC.

   Where an Incentive Participant falls under any of the above circumstances during the implementation of the Incentive Scheme, the Company shall terminate their right to participate in the Incentive Scheme. The restricted shares that have been granted but not yet vested shall be cancelled and become invalid.

III. VERIFICATION OF INCENTIVE PARTICIPANTS

(1) After the Incentive Scheme is deliberated and approved by the board of directors, the Company shall publicly disclose the names and positions of the Incentive Participants internally for a period of not less than 10 days.

(2) The Remuneration and Evaluation Committee of the board of directors of the Company shall review the list of Incentive Participants, fully listen to the opinions from the public disclosure, and disclose an explanation on the review and public disclosure of the list of Incentive Participants 5 days before the general meeting deliberates on the Incentive Scheme. The list of Incentive Participants adjusted by the board of directors shall also be verified by the Remuneration and Evaluation Committee.

CHAPTER V INCENTIVE METHOD, SOURCE, NUMBER AND ALLOCATION OF RESTRICTED SHARES

I. INCENTIVE METHOD AND SOURCE OF SHARES UNDER THE INCENTIVE SCHEME

The incentive instruments adopted in the Incentive Scheme are Type II Restricted Shares, the source of shares is the ordinary A shares to be issued by the Company to the Incentive Participants.

II. NUMBER OF RESTRICTED SHARES TO BE GRANTED

13,880,000 Restricted Shares may be granted to the Incentive Participants under the Incentive Scheme, representing approximately 1.69% of the total share capital of the Company of 823,713,250 shares as at the date of the announcement of the draft Incentive Scheme, among which, 11,160,000 Restricted Shares will be granted under the first grant, which accounts for approximately 1.35% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme and 80.40% of the total Restricted Shares to be granted under the Incentive Scheme; 2,720,000 Restricted Shares are reserved for grant, which accounts for approximately 0.33% of the total share capital of the Company as at the date of the announcement of the draft Incentive Scheme and 19.60% of the total Restricted Shares to be granted under the Incentive Scheme.

As of the announcement date of the draft Incentive Scheme, the total number of the underlying shares under the 2021 Restricted Share Incentive Scheme, the Incentive Scheme and any other share schemes of the Company, in aggregate, does not exceed 10.00% of the relevant class of shares in issue of the Company (excluding treasury shares) at the time of the announcement date of the draft Incentive Scheme. The cumulative number of shares of the Company granted to any one Incentive Participants during the entire Valid Period does not exceed 1.00% of the total share capital of the Company in aggregate at the time of submitting the Incentive Scheme to the general meeting.

III. ALLOCATION OF THE RESTRICTED SHARES TO THE INCENTIVE PARTICIPANTS

No.	Name	Nationality	Position	Number of Restricted Shares to be granted (in ten thousand)	Percentage to the total proposed granted (%)	Percentage to the Company's total share capital as at the date of announcement of Incentive Scheme (%)
I. Director, senior management personnel, core technical personnel						
1	Zhang Wei	China	chairman and general manager	50	3.60	0.06
2	Shen Lei	China	director, executive deputy general manager, core technical personnel	30	2.16	0.04
3	Xu Liewei	China	deputy general manager	30	2.16	0.04
4	Yu Jian	China	deputy general manager	30	2.16	0.04
5	Meng Xiangwang	China	deputy general manager, core technical personnel	30	2.16	0.04
6	Zheng Kezhen	China	secretary of the Board	20	1.44	0.02
7	Jin Jianwei	China	chief financial officer	20	1.44	0.02
8	Shen Mingjie	China	employee director	20	1.44	0.02
9	Yu Jun	China	core technical personnel	15	1.08	0.02
10	Wang Lihui	China	core technical personnel	10	0.72	0.01
II. Other personnel considered by the Board to be motivated						
Other core management personnel and backbone personnel of the Company (298 persons in total)				861	62.03	1.05
Total Restricted Shares under the First Grant (308 persons in total)				1,116	80.40	1.35
III. Reserved Grant						
Total of the Reserved Grant				272	19.60	0.33

Notes: 1. The number of shares of the Company granted to any one Incentive Participants above under the equity incentive schemes during the entire Valid Period does not exceed 1.00% of the total share capital of the Company. The total number of underlying shares involved in all equity incentive schemes of the Company during the entire Valid Period does not exceed 10.00% of the total share capital of the Company in aggregate. The reserved interest's ratio does not exceed 20.00% of the total interest to be granted under the Incentive Scheme.

2. The Incentive Participants under the first grant of the Incentive Scheme exclude Independent Directors, shareholders individually or collectively holding 5% or more of the shares of the Listed Company, de facto controller, and their respective spouses, parents and children, as well as foreign employees, and exclude other individuals deemed ineligible as Incentive Participants under the Management Measures.

3. The Incentive Participants under the reserved grant will be determined within 12 months after the Incentive Scheme is considered and approved by the general meeting. Details of Incentive Participants of the reserved grant shall be disclosed in a timely and accurate manner on the designated website as required following nomination by the Board, taking into account the views of the Remuneration and Evaluation Committee and having received the professional advice and legal opinions of legal advisors. If the Incentive Participants are not determined for more than 12 months, the reserved interests will lapse.

CHAPTER VI VALIDITY PERIOD, GRANT DATE, VESTING ARRANGEMENT AND BLACK-OUT PERIOD OF INCENTIVE SCHEME

I. VALIDITY PERIOD OF THE INCENTIVE SCHEME

The Validity Period of the Incentive Scheme commences from the date of the first grant of the Restricted Shares until the date on which all Restricted Shares granted to the Incentive Participants have been vested or cancelled. The Validity Period shall not exceed 48 months.

II. GRANT DATE OF THE INCENTIVE SCHEME

The Grant Date shall be determined by the board of directors after the Incentive Scheme is considered and approved at the general meeting of the Company. The Grant Date must be a trading day. If the date determined in accordance with the foregoing principles fall on a non-trading day, the Grant Date shall be postponed to the first subsequent trading day.

III. VESTING ARRANGEMENTS OF THE INCENTIVE SCHEME

The Restricted Shares granted under the Incentive Scheme may be vested in tranches as per the agreed proportions upon the Incentive Participants satisfying the corresponding Vesting Conditions. The Vesting Date must be a trading day but shall not occur during the following periods:

1. Within fifteen days prior to the announcement of the Company's annual reports and semi-annual reports, or in the event of postponement in publishing the above-mentioned annual reports and semi-annual reports for special reasons, fifteen days prior to the original announcement date and ending on one day prior to the announcement date;

2. Five days prior to the release of the Company's quarterly reports, results forecast or preliminary report;

3. From the date of a major event which may have a material impact on the trading price of the Company's securities and derivatives or the date on which the decision-making process commences until the date of legal disclosure of the same;

4. Other periods stipulated by the CSRC and Shanghai Stock Exchange.

The aforementioned "major events" are transactions or other major events that should be disclosed by the Company in accordance with the Listing Rules.

Where relevant laws, administrative regulations, or departmental rules stipulate otherwise regarding periods that may not be vested, such stipulations shall prevail.

(1) The vesting period and vesting arrangements for the first grant of the Restricted Shares are as follows:

Vesting arrangement	Vesting period	Percentage of vesting numbers to the vested interests (%)
First Vesting Period	Commencing from the first trading day upon the expiry of 12 months from the date of completion of the Grant to the last trading day upon the expiry of 24 months from the date of completion of the Grant	20
Second Vesting Period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of the Grant to the last trading day upon the expiry of 36 months from the date of completion of the Grant	30
Third Vesting Period	Commencing from the first trading day upon the expiry of 36 months from the date of completion of the Grant to the last trading day upon the expiry of 48 months from the date of completion of the Grant	50

(2) The vesting period and vesting arrangements for the reserved grant of the Restricted Shares are as follows:

If the reserved grant is granted in full prior to the disclosure of the third-quarter report for 2026, the vesting period and vesting arrangement of the reserved grant shall be the same as those of the first grant;

If the reserved grant is granted in full following disclosure of the third-quarter report for 2026 (inclusive of the disclosure date), the vesting period and vesting arrangement of the reserved grant shall be as set out in the table below:

Vesting arrangement	Vesting period	Percentage of vesting numbers to the vested interests (%)
First Vesting Period	Commencing from the first trading day upon the expiry of 12 months from the date of completion of the Grant to the last trading day upon the expiry of 24 months from the date of completion of the Grant	50
Second Vesting Period	Commencing from the first trading day upon the expiry of 24 months from the date of completion of the Grant to the last trading day upon the expiry of 36 months from the date of completion of the Grant	50

Prior to the Vesting, the Restricted Shares granted to the Incentive Participants under the Incentive Scheme shall not be transferred or used to guarantee or repay debts. For the Restricted Shares granted to the Incentive Participants but not yet vested, shares increased due to capitalisation issue, bonus issue, etc. are also subject to the Vesting Conditions, and shall not be transferred or used to guarantee or repay debts prior to the Vesting. Where the Restricted Shares are not allowed to be vested at that time, shares obtained for the aforementioned reasons shall also not be vested.

IV. BLACK-OUT PERIOD UNDER THE INCENTIVE SCHEME

The black-out period refers to the period during which the Restricted Shares granted to the Incentive Participants are restricted to be sold after the Vesting. There is no black-out period for the Restricted Share granted under the Incentive Scheme after they are vested. For the Incentive Participants who are directors and senior management of the Company, the black-out provisions shall be implemented in accordance with the Company Law, the Securities Law, the Interim Measures on the Management of Shareholding Reduction by Shareholders of Listed Companies, Guidelines No. 15 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Shareholding Reduction by Shareholders, Directors and Senior Management and other relevant laws, regulations and regulatory documents and the Articles, details of which are as follows:

1. For the Incentive Participants who are directors and senior management of the Company, the shares transferred annually during their term of office as determined upon appointment and within six months after the expiry of their term shall not exceed 25% of the total shares held by them in the company. No shares of the Company held by them may be transferred after their termination of office within six months.

2. For Incentive Participants who are directors and senior management of the Company, if they have sold the Company's shares held by them within 6 months after purchasing such shares, or if they have purchased the shares within 6 months after selling their shares, the gains obtained therefrom shall be attributed to the Company and the board of directors of the Company shall forfeit the gains.

3. During the Validity Period of the Incentive Scheme, if the relevant requirements under the relevant laws, regulations, regulatory documents including the Company Law, the Securities Law, the Interim Measures on the Management of Shareholding Reduction by Shareholders of Listed Companies, Guidelines No. 15 of the Shanghai Stock Exchange for Self-regulation of Listed Companies – Shareholding Reduction by Shareholders, Directors and Senior Management as well as the Articles regarding the transfer of shares held by the directors and senior management of the Company are changed, the transfer of the shares of the Company held by the Incentive Participants under this section shall comply with the requirements as amended at the time of transfer.

CHAPTER VII GRANT PRICE OF RESTRICTED SHARES AND THE METHOD FOR DETERMINING THE GRANT PRICE

I. GRANT PRICE OF RESTRICTED SHARES

The initial and reserved Grant Price for Restricted Shares under the Incentive Scheme is RMB41.59 per share. Upon satisfying the granting conditions and Vesting Conditions, the Incentive Participants may purchase the Company's ordinary A shares granted to them at the corresponding price.

II. METHOD FOR DETERMINING THE GRANT PRICE OF RESTRICTED SHARES

The initial Grant Price for Restricted Shares under the Incentive Scheme shall not be lower than the par value of the shares and shall not be lower than the higher of the following prices:

1. 50% of the average trading price of the Company's shares of RMB83.18 per share on the trading day prior to the announcement of the draft of the Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares on the preceding trading day), amounting to RMB41.59 per share;

2. 50% of the average trading price of the Company's shares of RMB81.69 per share for 20 trading days prior to the announcement of the draft of the Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares for the last 20 trading days), amounting to RMB40.85 per share;

3. 50% of the average trading price of the Company's shares of RMB76.23 per share for 60 trading days prior to the announcement of the draft of the Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares for the last 60 trading days), amounting to RMB38.12 per share;

4. 50% of the average trading price of the Company's shares of RMB67.92 per share for 120 trading days prior to the announcement of the draft of the Incentive Scheme (i.e. the total trading value of shares divided by the total trading volume of shares for the last 120 trading days), amounting to RMB33.96 per share.

III. METHOD FOR DETERMINING THE GRANT PRICE OF RESERVED RESTRICTED SHARES

The Grant Price for the reserved Restricted Shares shall be determined by reference to the initial grant price, i.e. RMB41.59 per share. Upon satisfying the granting conditions and Vesting Conditions, the Incentive Participants may purchase the Company's ordinary A shares granted to them at a price of RMB41.59 per share. Prior to granting the reserved Restricted Shares, a Board meeting shall be convened to deliberate and approve the relevant resolutions, and disclose the grant details.

CHAPTER VIII GRANTING AND VESTING CONDITIONS FOR RESTRICTED SHARES

I. GRANTING CONDITIONS FOR RESTRICTED SHARES

The Company shall grant the Restricted Shares to the Incentive Participants upon satisfaction of all of the following granting conditions; or conversely, if any of the following granting conditions has not been satisfied, no Restricted Shares shall be granted to the Incentive Participants.

(1) None of the following has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles and public undertakings;

4. laws and regulations stipulate that share incentives shall not be implemented;

5. other circumstances as determined by the CSRC.

(2) None of the following has occurred on the part of the Incentive Participants:

1. being identified as an inappropriate candidate by the SSE within the most recent 12 months;

2. being identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;

3. being subject to administrative penalties or market ban measures by the CSRC and its delegated institutions due to material non-compliance with laws and regulations in the most recent 12 months;

4. being prohibited from acting as a director or a member of the senior management of the Company under the Company Law;

5. being prohibited from participation in share schemes of listed companies by laws and regulations;

6. other circumstances as determined by the CSRC.

II. VESTING CONDITIONS OF THE RESTRICTED SHARES

Restricted Shares granted to the Incentive Participants need to satisfy all of the following Vesting Conditions before they are vested in tranches:

(1) None of the following has occurred on the part of the Company:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles and public undertakings;

4. laws and regulations stipulate that equity incentives shall not be implemented;

5. other circumstances as determined by the CSRC.

(II) None of the following has occurred on the part of the Participants:

1. the Participant has been determined as an inappropriate candidate by relevant stock exchange within the most recent 12 months;

2. the Participant has been identified as an inappropriate candidate by the CSRC and its delegated institutions within the most recent 12 months;

3. the Participant has been subject to administrative punishment or market ban measures by the CSRC and its delegated institutions due to major breach of laws and regulations in the most recent 12 months;

4. the Participant shall not act as a director or member of the senior management of a company according to the PRC Company Law;

5. applicable laws and regulations stipulate that the Participant shall not participate in the equity incentives of listed companies;

6. other circumstances as determined by the CSRC.

In the event that any one of the circumstances specified in (I) above arises, the Restricted Shares that have been granted but have not yet been vested to all of the Participants under the Incentive Scheme shall not be vested and shall be cancelled. In the event that the Restricted Shares shall not be granted to an Incentive Participant as specified in the above subparagraph (II), the Restricted Shares that have been granted but have not yet been vested to such Participant under the Incentive Scheme shall not be vested and shall be cancelled.

(III) Requirements on length of employment of the Participants for vesting of Restricted Shares

Before each tranche of Restricted Shares granted to the Participants can be vested, the Participant must be employed for more than 12 months.

(IV) Performance assessment requirements at the Company level

1. First Grant

Under the Share Incentive Scheme, the Company's performance indicators will be evaluated on an annual basis for the financial years of 2026 to 2028, and the achievement of performance assessment target will be one of the vesting conditions for the Participants for the current year. The performance assessment objectives and Company vesting factor of Share Incentive Scheme are set out below:

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment Target
First Vesting Period	2026	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2026 shall represent an increase of not less than 15% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2026 shall represent an increase of not less than 10% compared to that of 2024.
Second Vesting Period	2027	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 155% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 30% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 140% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 20% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 125% compared to that of 2024.

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment Target
Third Vesting Period	2028	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 65% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 320% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 50% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 290% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 265% compared to that of 2024.

Note: As referred to in the table above, "revenue" means audited consolidated revenue of the Company. The revenue from FPGA chips and high reliable memory chips in 2024 amounted to RMB1,800,207,700.

2. Reserved Grant

If the Reserve Grant is granted on or before the date of disclosure of the 2026 third quarter report, the performance assessment requirements of the Reserved Grant will be the same as the First Grant;

If the Reserve Grant is granted after and including the date of disclosure of the 2026 third quarter report, the performance assessment requirements of the Reserved Grant will be evaluated on an annual basis for the 2 financial years of 2027 to 2028, and the

achievement of performance assessment target will be one of the vesting conditions for the Participants for the current year. The performance assessment objectives of Share Incentive Scheme are set out below:

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment target
First Vesting Period	2027	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 155% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 30% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 140% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 20% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 125% compared to that of 2024.

Vesting Period	Assessment year	Performance assessment indicator categories	Performance assessment target
Second Vesting Period	2028	Revenue growth rate	A. 100% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 65% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 320% compared to that of 2024. B. 80% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 50% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 290% compared to that of 2024. C. 60% Vesting coefficient at company level: the revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 265% compared to that of 2024.

Note: The above-mentioned "revenue" means audited revenue of the listed company. The revenue from FPGA chips and high reliable memory chips in 2024 amounted to RMB1,800,207,700.

During each vesting period, if the Company fails to reach the minimum performance assessment target, the Restricted Shares that are scheduled to vest in the Participant in the current year shall not be vested or deferred to the next period, and shall be lapsed.

(V) Performance assessment requirements at department, business unit, branch company and subsidiary levels

1. The number of the Restricted Shares that actually may be vested by the Incentive Participants for the period is linked to the performance assessment at their business unit, branch company and subsidiary levels (the "Department"). The content, approach and target of performance assessment at each Department level shall be determined by the

Company at the beginning of each assessment year. The Company will conduct annual performance assessment of each Department during the assessment period. Restricted Shares granted to the Incentive Participants shall be vested in parts or fully if their Department passes the performance assessment. The performance assessment results at each Department level are classified into four levels: Excellent, Good, Average and To be improved. The vesting coefficients corresponding to each level are as follows:

Level of Department's annual assessment	Excellent	Good	Average	To be improved
Vesting coefficient at department level	100%	80%	50%	0%

Department's total number of actual vesting for the year = Department's total number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level x vesting coefficient at Department level

During each vesting period, any portion of the Restricted Shares intended to be vested by the Incentive Participants in the current period that cannot be vested due to the performance assessment results of their respective departments shall be voided, and may not be deferred to the next vesting period.

2. Each functional department shall not establish separate department-level performance assessment requirements. If the company-level performance assessment indicators during the assessment year are achieved, Department's total number of the Restricted Shares actually to be vested for the year = Department's number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level.

   If the reserve grant of the Restricted Shares is granted, the performance assessment targets at Department level during each vesting period will be the same as the first grant.

(VI) Performance assessment requirements at the Incentive Participants' individual level:

Each Department shall establish individual performance assessment scheme for the year applicable to all Incentive Participants of the Department and such scheme shall be reported to the Company for approval upon the audit of the human resource department.

After the end of the performance assessment period, the Incentive Participants shall be scored based on their Department's actual performance achievement and the Incentive Participants' actual work performance. The individual performance assessment results of the Incentive Participants are divided into four levels: "Excellent", "Good", "Pass" and "Fail". The vesting coefficients corresponding to each level are as follows:

Assessment standards	Excellent	Good	Pass	Fail
Vesting coefficient at individual level	100%	80%	50%	0

If the Company reaches performance target, the Incentive Participants' number of the Restricted Shares actually to be vested for the year = individual's number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level x vesting coefficient at Department level x vesting coefficient at individual level.

The following principles shall be complied with in respect of the Incentive Participants' number of the Restricted Shares actually to be vested for the year:

1. The Incentive Participants' number of the Restricted Shares actually to be vested for the year shall not exceed the number of the Restricted Shares intended to be vested for the year;

2. All Incentive Participants' number of the Restricted Shares actually to be vested for the year within the Department shall not exceed the Department's total number of the Restricted Shares actually to be vested for the year;

3. If the Incentive Participants are transferred across the Department during the Valid Period of the Incentive Scheme, the number of the Restricted Shares granted but not yet vested shall be allocated to the original and new Department's vesting quota based on the duration of service in each, respectively. The vesting number shall be linked to the performance results of the original and new Department, and recorded based on the duration of service in each Department.

If the Restricted Shares that the Incentive Participants belong to in the current plan cannot be vested due to assessment reasons, the Restricted Shares shall become invalid and shall not be deferred to the next year.

III. EXPLANATION ON THE SCIENTIFIC AND RATIONAL BASIS FOR SETTING COMPANY PERFORMANCE ASSESSMENT INDICATORS

The Company is a professional company engaged in the design, development and testing of very large integrated circuits as well as provision of system solutions to customers. The Company has established and improved product lines such as security and identification IC chips, high reliable memory chips, smart meter ASIC chips, FPGA chips and testing services for IC products, and the products are widely used in numerous fields such as finance, social security, urban public transportation, electronic certificates, mobile payment, anti-counterfeiting traceability, smart phones, security monitoring, industrial control, signal processing and smart computing. As a light-asset company under the Fabless model, the Company built its core competitiveness in design and research and development of IC areas.

Facing severe challenges from external environment and increasingly competitive market conditions, the Company seeks to retain its core teams, motivate employees, cultivate a positive and competitive working atmosphere and ensure the realization of the Company's future development strategies and operating targets through the Incentive Scheme. Based on comprehensive considerations including but not limited to the macroeconomic environment, the Company's historical performance, development in vaccine industry, competition in the market, the Company's future development plan and other relevant factors, the Company has set the performance assessment indicators of the Share Incentive Scheme. The objectives set in the Scheme are appropriately challenging, beneficial to enhance the competitiveness of the Company, motivate employees, ensure the realization of the Company's development strategy and business objectives, and bring more efficient and lasting returns to Shareholders.

In addition to the performance assessment at the company level, the Company has also set up a stringent performance assessment mechanism for the Department and each individual employee, which is expected to lead to a more accurate and comprehensive evaluation on the performance of the Incentive Participants. The Company will determine whether the relevant Incentive Participants meet the conditions of vesting according to the annual performance assessment results.

In summary, the Company's appraisal mechanism under the Share Incentive Scheme is integrated, comprehensive and practicable. Meanwhile, the Incentive Participants are subject to the scientific and reasonable performance indicators, through which the appraisal purpose of the Share Incentive Scheme can be achieved.

CHAPTER IX PROCEDURES OF IMPLEMENTATION OF THE RESTRICTED SHARE INCENTIVE SCHEME

I. PROCEDURES FOR THE RESTRICTED SHARE INCENTIVE SCHEME TO TAKE EFFECT

(I) The Remuneration and Evaluation Committee under the board of directors of the Company is responsible for preparing the draft of the Incentive Scheme and its summary.

(II) The board of directors of the Company shall adopt at a resolution on the Incentive Scheme in accordance with laws. When the board of directors considers the Incentive Scheme, any director who is also an Incentive Participant or is a related party to an Incentive Participant shall abstain from voting. The board of directors shall, after reviewing and passing the Incentive Scheme and performing the publicity and announcement procedures therefor, submit the Incentive Scheme to the general meeting for consideration. The board of directors shall seek approval from the general meeting for the implementation of the grant, vesting and registration of the Restricted Shares.

(III) The Remuneration and Evaluation Committee under the board of directors shall give opinions of whether the Incentive Scheme is beneficial to the sustainable development of the Company or whether there is any noticeable damage to the interests of the Company and all shareholders

as a whole. The solicitor engaged by the Company shall issue legal letter to give professional opinions regarding the Incentive Scheme according to the laws, administrative regulations and the Management Measures.

(IV) The Company shall conduct a self-examination regarding the trading of the Company's shares by insiders with knowledge of inside information during the six-month period preceding the announcement of this Incentive Scheme.

(V) The Incentive Scheme shall be implemented upon consideration and approval at the general meeting (including the A Shareholders' class meeting and H Shareholders' class meeting, the same below). Before convening the general meeting, the Company shall announce the name and position of the Incentive Participants internally via Company website or other channels for not less than 10 days. The Remuneration and Evaluation Committee under the board of directors shall review the list of the Incentive Participants and consider public opinions. The Company shall disclose the explanation of the Remuneration and Evaluation Committee under the board of directors regarding the review of the list of Incentive Participants under the Incentive Scheme and the status of announcement 5 days prior to the consideration of the Incentive Scheme at the general meeting.

(VI) At the general meeting, it is required to vote on the Incentive Scheme under clause 9 of the Management Measures, and the Incentive Scheme shall be passed by not less than 2/3 of the voting rights held by the shareholders present at the meeting. Except for the directors and senior management of the Company, as well as the shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other shareholders shall be separately counted and disclosed.

When the Incentive Scheme is considered at the Company's general meeting, shareholders who are Incentive Participants or shareholders who have a related relationship with the Incentive Participants shall abstain from voting thereon.

(VII) The Company shall grant the Restricted Shares to the Incentive Participants within the prescribed period upon approval of the Incentive Scheme at the general meeting of the Company and the fulfilment of grant conditions stipulated under the Incentive Scheme. The board of directors shall be responsible for the implementation of the grant and vesting of the Restricted Shares in accordance with the mandate granted at the general meeting.

II. PROCEDURES FOR GRANTING OF THE RESTRICTED SHARES

(I) Upon consideration and approval of the Incentive Scheme at the general meeting and passing the resolution of interest granted to the Incentive Participants at the board meeting, the Company shall sign an Agreement on Grant of the Restricted Shares with the Incentive Participants in order to define their respective rights and obligations.

(II) The board of directors shall consider and announce whether the conditions of a grant to an Incentive Participant as set out in the Incentive Scheme have been satisfied before the Company makes a grant to such Incentive Participant, and the grant plan for reserved restricted share awards shall be determined and approved by the board of directors. The Remuneration and Evaluation Committee under the board of directors shall express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the granting of interests to the Incentive Participants are fulfilled or not.

(III) The Remuneration and Evaluation Committee under the board of directors of the Company shall verify and provide opinions on the grant date of restricted shares and the list of Incentive Participants.

(IV) If there is any deviation in the grant of the interest to the Incentive Participants and the administration of the Incentive Scheme, the Remuneration and Evaluation Committee under the board of directors (in case of change of the Incentive Participants) and law firm shall all both express their views explicitly.

(V) The Company shall grant Incentive Participants with part of the Restricted Shares under the initial grant and complete the announcement within 60 days after the Incentive Scheme is considered and approved at general meeting. In the event the Company fails to complete the procedures within such 60 days, the Incentive Scheme shall be terminated, and the board of directors shall promptly disclose the reason for such failure timely and no Incentive Scheme will be considered in the following three months (the period in which listed companies are not allowed to grant interest in accordance with the Management Measures and relevant laws and regulations is not included in the 60 days).

Incentive Participants eligible for reserved interest shall be confirmed within 12 months after the Incentive Scheme is considered and approved at the general meeting. If Incentive Participants are not confirmed within 12 months, the reserved interest will lapse.

The Incentive Participants shall not be required to pay the purchase price upon grant of the Restricted Shares. Upon satisfying the vesting conditions, the purchase price shall be paid into the Company's designated account prior to the vesting date.

III. PROCEDURES FOR THE VESTING OF THE RESTRICTED SHARES

(I) Before the Vesting of the Restricted Shares, the Board of the Company shall consider whether the Vesting Conditions of the Incentive Participants as set out in the Incentive Scheme have been fulfilled, and the Remuneration and Evaluation Committee under the board of directors shall simultaneously issue clear opinions, and the law firm shall issue legal opinions on whether the Vesting Conditions for the exercise of the Incentive Participants have been fulfilled. For the Incentive Participants who have fulfilled the Vesting Conditions, the Company shall handle the Vesting in a unified manner, and for the Incentive Participants who have not fulfilled the Vesting Conditions, the Restricted Shares in the relevant tranche shall not be vested and shall be cancelled by the Company. The issuer shall disclose the announcement

of the resolutions of the board of directors in a timely manner after the Vesting of the Incentive Participants, and announce the opinions of the Remuneration and Evaluation Committee under the board of directors and the law firm and the relevant implementation thereof.

(II) Before handling the Vesting of the Restricted Shares in a unified manner, the Company shall apply to the stock exchange. After confirmation by the stock exchange, the securities depository and clearing institution shall handle the matters regarding the Vesting of the Restricted Shares.

IV. PROCEDURES FOR AMENDMENTS TO THE INCENTIVE SCHEME

(I) If the Company intends to amend the Incentive Scheme before it is considered at the general meeting, such amendment shall be considered and approved by the board of directors.

(II) If the Company intends to amend the Incentive Scheme after it is considered at the general meeting, such amendment shall be considered and approved at the general meeting, and shall not result in the following:

1. accelerating the Vesting;

2. reducing the Grant/vesting Price (except for circumstances where the Grant/vesting Price is lowered due to capitalisation issue, bonus issue, rights issue and other reasons).

(III) The Remuneration and Evaluation Committee under the board of directors of the Company shall express their opinions on whether the amended scheme is beneficial to the sustainable development of the Company, and whether there is any obvious damage to the interests of the Company and the shareholders as a whole. The law firm shall issue professional opinions on whether the amended scheme complies with the provisions of the Management Measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and the shareholders as a whole.

V. PROCEDURES FOR TERMINATION OF THE INCENTIVE SCHEME

(I) If the Company intends to terminate the implementation of the Incentive Scheme before it is considered at the general meeting, such termination shall be considered and approved by the board of directors.

(II) If the Company intends to terminate the implementation of the Incentive Scheme after it is considered and approved at the general meeting, such termination shall be considered and approved at the general meeting.

(III) The law firm shall issue professional opinions on whether the Company's termination of the Incentive Scheme complies with the provisions of the measures and relevant laws and regulations, and whether there is any obvious damage to the interests of the Company and the shareholders as a whole.

(IV) Upon termination of the Incentive Scheme, all of the Restricted Shares that have not yet been vested shall be cancelled by the Company.

CHAPTER X ADJUSTMENT METHOD AND PROCEDURES OF THE INCENTIVE SCHEME

I. ADJUSTMENT METHOD OF THE NUMBER OF RESTRICTED SHARES

In the event of any capitalisation issue, bonus issue, sub-division of shares, rights issue or share consolidation of the Company in the period from the announcement date of the draft Incentive Scheme to the completion of Vesting and registration of Restricted Shares granted to the Incentive Participants, the number of Restricted Shares (grant/vest) shall be adjusted accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of shares

$Q = Q_0 \times (1 + n)$

Where: Q_0 represents the number of Restricted Shares (grant/vest) before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue or sub-division of shares (i.e., the number of shares increased per share upon capitalisation issue, bonus issue or sub-division); Q represents the adjusted number of Restricted Shares (grant/vest).

(II) Rights issue

$Q = Q_0 \times P_1 \times (1 + n) / (P_1 + P_2 \times n)$

Where: Q_0 represents the number of Restricted Shares (grant/vest) before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of Restricted Shares (grant/vest).

(III) Share consolidation

$Q = Q_0 \times n$

Where: Q_0 represents the number of Restricted Shares (grant/vest) before the adjustment; n represents the ratio of consolidation of shares (i.e., one share of the Company shall be consolidated into n shares); Q represents the adjusted number of Restricted Shares (grant/vest).

(IV) Addition issue

Under the circumstance of additional issue of new shares, no adjustment will be made on the number of Restricted Shares (grant/vest).

II. ADJUSTMENT METHOD OF THE GRANT/VESTING PRICE OF THE RESTRICTED SHARES

In the event of any capitalisation issue, bonus issue, sub-division of shares, rights issue, share consolidation or dividend distribution of the Company in the period from the announcement date of the draft Incentive Scheme to the completion of Vesting and registration of Restricted Shares granted to the Incentive Participants, an adjustment to the Grant/vesting Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

(I) Capitalisation issue, bonus issue and sub-division of shares

$P = P_0 \div (1 + n)$

Where: P_0 represents the Grant/vesting Price before the adjustment; n represents the ratio of increase per share resulting from the capitalisation issue, bonus issue or sub-division of shares; P represents the adjusted Grant/vesting Price.

(II) Rights issue

$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$

Where: P_0 represents the Grant/vesting Price before the adjustment; P_1 represents the closing price as at the record date; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant/vesting Price.

(III) Share consolidation

$P = P_0 \div n$

Where: P_0 represents the Grant/vesting Price before the adjustment; n represents the proportion of a share that may result from consolidation; P represents the adjusted Grant/vesting Price.

(IV) Dividend distribution

$P = P_0 - V$

Where: P_0 represents the Grant/vesting Price before the adjustment; V represents the declared dividend per share; P represents the adjusted Grant/vesting Price. P shall be greater than 0.1 after the adjustment for dividend distribution.

(V) Addition issue

Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant/vesting Price of the Restricted Shares.

III. ADJUSTMENT PROCEDURES OF THE RESTRICTED SHARE INCENTIVE SCHEME

In the event of the above circumstances, the board of directors of the Company shall consider and approve the resolution on the adjustment of the number of Restricted Shares and the Grant/vesting Price (if the number and price of Restricted Shares to be granted/vested needs to be adjusted for matters other than the above circumstances, such resolution shall be submitted to the general meeting of the Company for consideration, in addition to the consideration of the relevant resolution by the board of directors). The Company shall engage a law firm to issue professional opinions on whether the above adjustments are in compliance with the Management Measures, the Articles and the Incentive Scheme. After the adjustment proposal is considered and approved by the board of directors, the Company shall timely disclose the announcement of the resolutions of the board of directors and the legal opinion issued by the law firm.

CHAPTER XI ACCOUNTING TREATMENT ON THE RESTRICTED SHARES

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payments (《企業會計準則第11號 – 股份支付》) and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號 – 金融工具確認和計量》), the Company shall, on each balance sheet date during the period from the Grant Date to the Vesting Date, revise the number of Restricted Shares expected to be vested according to the latest information such as the change in the number of persons entitled to be vested and the completion of performance indicators, and recognize the services obtained in the current period in relevant costs or expenses and capital reserve according to the fair value of the Restricted Shares on the Grant Date.

I. FAIR VALUE OF THE RESTRICTED SHARES AND THE DETERMINATION METHOD

In accordance with the Application Case of Share-Based Payments Standards – Grant of Restricted Shares (《股份支付準則應用案例 – 授予限制性股票》) issued by the Accounting Department of the Ministry of Finance of the People's Republic of China and relevant provisions under Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments (《企業會計準則第22號 – 金融工具確認和計量》), an appropriate valuation model must be selected by the Company to measure the fair value of share-based payments for Type II Restricted Shares. On

the measurement date of 11 February 2026 (a formal calculation will be performed upon grant), the Company selected the Black-Scholes model to calculate the fair value of share-based payments for Type II Restricted Share. Relevant parameters selected are as follows:

1. Underlying share price: RMB83.21 per share (assuming the closing price of the Company on the Grant Date is the closing price as at 11 February 2026);

2. Validity period: 12 months, 24 months and 36 months (the period from the Grant Date to the first Exercise Date of each tranche);

3. Historical volatility: 37.93%, 34.32%, 32.27% (using the annualized volatility of Wind semiconductor industry for the latest 12 months, 24 months and 36 months, respectively);

4. Risk-free interest rate: 1.32%, 1.36%, 1.38% (using the 1-year, 2-year and 3-year Treasury Rate of China Government Bond, respectively);

5. Dividend yield: 0.16% (using the 2025-year average dividend yield of the Shenwan Semiconductor Industry).

II. ESTIMATED IMPACT ON OPERATING PERFORMANCE IN EACH PERIOD DUE TO IMPLEMENTATION OF THE RESTRICTED SHARES

The fair value of the Restricted Shares on the Grant Date will be determined by the Company in accordance with the requirements of accounting standards, and the share-based payments under the Incentive Scheme will be further determined accordingly, which will be amortized according to the Vesting ratio during the implementation of the Incentive Scheme. The costs of incentive arising from the Incentive Scheme will be charged to the recurring profit and loss.

According to the requirements of the PRC Accounting Standards, assuming the Company makes the grant on 11 February 2026, the impact of the Restricted Shares under the first grant of the Incentive Scheme on the accounting costs for each period is as follows:

Restricted Shares amortization expense		RMB486.65 million	
2026	**2027**	**2028**	**2029**
RMB228.55 million	RMB162.78 million	RMB88.45 million	RMB6.87 million

Note 1: The above calculation results do not represent the final accounting costs. The actual accounting costs are related to the Grant Date, the Grant Price and the number of Restricted Shares vested. If an Incentive Participant resigns before Vesting, or fails to meet the corresponding standards of the performance assessment of the Company or personal performance assessment, the actual number of shares vested will be reduced accordingly and thus lower the share payment. Besides, the possible dilutive effects are brought to the attention of shareholders;

Note 2: The final result of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

The above calculation does not include the Reserved Grant of Restricted Shares, which amounts to 2,720,000 shares and additional share payment fees will be incurred when the reserved shares are granted.

According to the preliminary evaluation by the Company based on the information available, the amortization of expenses of the Restricted Shares will have an impact on the net profit each year within the Validity Period. But at the same time, the implementation of the Restricted Share Incentive Scheme will further enhance the cohesion of employees and team stability, and effectively motivate management team, thereby improving operating efficiency and bringing higher operating performance and intrinsic value to the Company.

CHAPTER XII OTHER RIGHTS AND OBLIGATIONS OF THE COMPANY/INCENTIVE PARTICIPANTS

I. RIGHTS AND OBLIGATIONS OF THE COMPANY

(I) The Company has the right to interpret and implement the Incentive Scheme, and to conduct performance appraisal on the Incentive Participants in accordance with the provisions of the Incentive Scheme. If the Incentive Participants fail to meet the Vesting Conditions as determined in the Incentive Scheme, according to the principles stipulated in the Incentive Scheme, the Restricted Shares that have been granted to the Incentive Participants but have not yet been vested shall not be vested and shall be cancelled.

(II) The Company undertakes not to provide loans and any other forms of financial assistance, including providing guarantee for their loans, to the Incentive Participants to obtain relevant Restricted Shares according to the Incentive Scheme.

(III) The Company shall timely report and disclose the documents related to the Restricted Share Incentive Scheme in accordance with relevant regulations.

(IV) In accordance with the Incentive Scheme and relevant requirements of the CSRC, the Shanghai Stock Exchange and China Securities Depository and Clearing Co., Ltd., the Company shall proactively procure the Vesting of Restricted Shares for the Incentive Participants that meet the Vesting Conditions. However, the Company shall not be held liable if the Incentive Participants fails to complete the Vesting of Restricted Shares and causes losses to the Incentive Participants due to the reasons on the part of the CSRC, the Shanghai Stock Exchange and the China Securities Depository and Clearing Co., Ltd.

(V) The Company shall withhold and pay the individual income tax payable by the Incentive Participants according to the national tax regulations.

(VI) The Company's determination of the Incentive Participants under the Incentive Scheme does not mean to ensure that the Incentive Participants enjoy the right to continue to serve the Company, and does not constitute the Company's commitment to the term of employment of employees. The Company's employment and employment management of employees are still implemented in accordance with the employment contract or labour contract signed between the Company and the Incentive Participants. It also does not constitute any commitment by the Company to the Incentive Participants regarding the benefits they may obtain pursuant to the Incentive Scheme.

(VII) If the Incentive Participants violate the laws and professional ethics, divulge company secrets, and neglect their duty or malfeasance or have other acts that seriously damage the Company's interests or reputation, upon being reviewed by the Remuneration and Evaluation Committee and reported to the Board for approval, the Restricted Shares that have been granted to the Incentive Participants but have not yet been vested, shall not be vested and shall be cancelled. If the circumstances are serious, the Company may also seek compensation for the losses incurred in accordance with the provisions of relevant laws.

(VIII) Other relevant rights and obligations stipulated in laws, regulations and the Incentive Scheme.

II. RIGHTS AND OBLIGATIONS OF THE INCENTIVE PARTICIPANTS

(I) The Incentive Participants shall be diligent and responsible, abide by professional ethics, and make due contributions to the development of the Company in accordance with the requirements of the positions the Company recruits for.

(II) The source of funds for the Incentive Participants is their self-financing.

(III) The Restricted Shares granted to the Incentive Participants shall not be transferred, pledged for guarantees or used for repayment of debt before Vesting. Such Restricted Shares are not entitled to voting power before Vesting, and they are not entitled to participate in the distribution of share bonuses and dividends.

(IV) The income received by the Incentive Participants as a result of the Incentive Scheme shall be subject to individual income tax in accordance with national tax regulations.

(V) The Incentive Participants promise that, if there are false records, misleading statements or major omissions in the Company's information disclosure documents, resulting in non-compliance with the arrangement for granting interest or vesting, the Incentive Participants shall return all the benefits obtained from the Incentive Scheme to the Company after confirming the existence of false records, misleading statements or major omissions in the relevant information disclosure documents.

(VI) Upon consideration and approval of the Incentive Scheme at the general meeting, and passing the resolution of granting interest to the Incentive Participants at the Board meeting, the Company shall sign an "Agreement on Grant of Restricted Shares" with the Incentive Participants in order to set out their respective rights and obligations as well as other matters.

(VII) Other relevant rights and obligations stipulated in laws, regulations and the Incentive Scheme.

CHAPTER XIII HANDLING UNUSUAL CHANGES TO THE COMPANY/THE INCENTIVE PARTICIPANTS

I. HANDLING UNUSUAL CHANGES TO THE COMPANY

(I) In the event that any of the circumstances below occurs in respect of the Company, the Incentive Scheme shall be terminated and the Restricted Shares that have been granted to the Incentive Participants but not yet vested shall not be vested:

1. an audit report on the financial and accounting report for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

2. an audit report on internal control over financial reporting for the most recent financial year in which a certified public accountant issued an adverse opinion or was unable to express an opinion;

3. in the most recent 36 months upon listing, there have been cases of failure to distribute profits according to laws and regulations, the Articles and public undertakings;

4. laws and regulations stipulate that share incentives shall not be implemented;

5. other circumstances where the Incentive Scheme should be terminated as determined by the CSRC.

(II) The Incentive Scheme shall remain unchanged if any of the following events occurs to the Company:

1. a change of control of the Company without reorganisation of major assets;

2. a merger or division of the Company, where the Company continues to exist.

(III) If any of the following events occurs to the Company, the general meeting of the Company shall decide whether to amend or adjust the Scheme:

1. a change of control of the Company involving reorganisation of major assets;

2. a merger or division of the Company, where the Company no longer exists.

(IV) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with conditions for the grant or Vesting of Restricted Shares, the Restricted Shares granted to Incentive Participants but not yet vested shall not be vested. In respect of the Restricted Shares already vested, the Incentive Participants concerned shall return to the Company all interests gained. The board of directors of the Company shall recover the income of Incentive Participants in accordance with the provisions of the preceding paragraph. The Incentive Participants who bear no responsibility for the aforesaid matters and who incur losses as a result of the return of interests may seek compensation from the Company or responsible parties.

II. CHANGE IN PERSONAL PARTICULARS OF THE INCENTIVE PARTICIPANTS

(I) Before the Vesting Date, if an Incentive Participant has undergone a normal change of position but he/she still works in the Company or controlling subsidiaries of the Company, the Vesting of Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the change of his/her position(s). However, if the Incentive Participant's position(s) has changed due to his/her incompetence to his/her position, failure to meet performance standards, violation of laws, violation of professional ethics, leakage of confidential information of the Company, dereliction of duty or malfeasance, serious violation of the Company's system and other acts that damage the interests or reputation of the Company, or the Company or controlling subsidiaries of the Company terminate the labour or employment relationship with the Incentive Participant due to the above reasons, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested and shall be cancelled by the Company. The individual income tax involved in the vested Restricted Shares shall be paid in full before any transfer or resignation.

(II) Before the Vesting Date, if an Incentive Participant resigns, including circumstances of voluntary resignation, dismissal, resignation due to layoffs of the Company, labour contract/ employment agreement expired and no longer renewed, negotiated termination of labour contract/employment agreement, Restricted Shares that have been granted to the Incentive Participant but not yet vested since the date of resignation shall not be vested and shall be cancelled by the Company. The Incentive Participant shall pay the Company the individual income tax involved in the vested Restricted Shares before resignation.

(III) Before the Vesting Date, if an Incentive Participant retires normally in accordance with national laws and regulations and the Company's requirements and is subsequently re-employed by the Company or continues to provide labour services for the Company in other forms, and provided that such participant complies with the confidentiality obligation and has no behaviour that harms the Company's interests, the Restricted Shares granted to him/her shall remain valid and shall be vested in accordance with the procedures stipulated in the Incentive Scheme.

If an Incentive Participant retires and is not re-employed by the Company, Restricted Shares that have been granted to him/her but not yet vested shall be cancelled by the Company. The individual income tax involved in the vested Restricted Shares shall be paid in full before such retirement.

(IV) Prior to the Vesting Date, the resignation of an Incentive Participant due to his/her incapacity shall be dealt with in the following two circumstances:

1. When an Incentive Participant resigns due to incapacity in performing his/her duties, the Vesting of Restricted Shares granted to him/her shall be carried out in accordance with the procedures stipulated in the Incentive Scheme prior to the incapacity. The board of directors of the Company may determine that his/her personal performance assessment conditions shall not be included in the Vesting Conditions, while other Vesting Conditions remains effective. The Incentive Participants shall pay to the Company the individual income tax in relation to the Restricted Shares that have been vested before they leave the Company.

2. When an Incentive Participant leaves the Company due to incapacity not resulting from performance of duties, the Restricted Shares that have been granted to the Incentive Participant but not yet vested shall not be vested. Prior to the resignation of the Incentive Participants, the Incentive Participants shall pay to the Company the individual income tax involved in the Restricted Shares that have been vested.

(V) Prior to the Vesting Date, the death of an Incentive Participant shall be dealt with in the following two circumstances:

1. If an Incentive Participant dies in the course of performing his/her duties, the Restricted Shares granted to him/her shall be inherited by his/her designated successor or legal successor and shall be vested in accordance with the procedures stipulated in the Scheme prior to the death of the Incentive Participant. The board of directors of the Company may determine that his/her personal performance assessment conditions shall no longer be included in the Vesting Conditions. The successor shall pay to the Company the individual income tax in respect of the Restricted Shares vested before the inheritance.

2. If an Incentive Participant dies other than due to his/her duty, the Restricted Shares that have been granted to the Incentive Participant but have not yet been vested shall not be vested on the date of occurrence of such event. The Company is entitled to request the successors to pay the individual income tax in respect of the Restricted Shares that have been vested using the inheritance of the Incentive Participant.

   If the above-mentioned Restricted Shares cannot be inherited or registered due to reasons with respect to the CSRC, the Shanghai Stock Exchange, or the China Securities Depository and Clearing Corporation Limited and cause losses to Incentive Participants

or their successors, the Company shall disclaim any liability, and such Restricted Shares that cannot be inherited or registered shall not be vested and shall be cancelled by the Company.

(VI) Other unspecified circumstances not stipulated in this Incentive Scheme shall be determined by the board of directors of the Company and its treatment method shall be determined.

To accurately understand the term of "prior to the Vesting Date", in addition to situations where the vesting period has not yet begun, this Incentive Scheme further clarifies that "prior to the Vesting Date" also includes the following two circumstances: (1) although the vesting period has begun, the board of directors of the Company has not yet reviewed the vesting matters; (2) although the board of directors of the Company has reviewed the vesting matters, the vesting registration has not yet been completed.

If an Incentive Participant leaves the Company during either of the above two periods, regardless of whether the Incentive Participant meets the performance assessment for the current period, and regardless of whether the Incentive Participant has paid the share purchase price, the Company has the right to cancel and void all Restricted Shares of the Incentive Participant that have not yet been registered as vested, and to refund the share purchase price paid by the Incentive Participant (if applicable).

III. SETTLEMENT MECHANISM FOR RELEVANT DISPUTES BETWEEN THE COMPANY AND INCENTIVE PARTICIPANTS

The disputes between the Company and the Incentive Participants arising from the execution of the Incentive Scheme and/or the Agreement on the Grant of Restricted Shares signed by the parties or in relation to the Incentive Scheme and/or the Agreement on the Grant of Restricted Shares shall be solved through negotiation and communication by both parties, or mediation by the Remuneration and Evaluation Committee of the board of directors of the Company. If relevant disputes are not solved through the above-mentioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people's court with jurisdiction in the place where the Company is located.

CHAPTER XIV SUPPLEMENTARY PROVISIONS

I. According to the Articles of the Company, the Incentive Scheme shall become effective upon consideration and approval at the general meeting and class meetings of the Company.

II. The Incentive Scheme shall be interpreted by the board of directors of the Company.

III. If the provisions of the Incentive Scheme conflict with relevant national laws, regulations, administrative rules and regulatory documents, it shall be implemented or adjusted in accordance with the relevant national laws, regulations, administrative rules and regulatory documents. If there is no provision stipulated in the Incentive Scheme, it shall be implemented or adjusted in accordance with the relevant national laws, regulations, administrative rules and regulatory documents.

The board of directors of
Shanghai Fudan Microelectronics Group Company Limited
12 February 2026

THE MANAGEMENT MEASURES FOR ASSESSMENT FOR THE IMPLEMENTATION OF THE 2026 A SHARE RESTRICTED SHARE INCENTIVE SCHEME

To further refine the corporate governance structure, establish and enhance a long-term incentive and accountability mechanism, attract and retain outstanding talent, fully mobilise their initiative and creativity, effectively strengthen the cohesion of the core team and the Company's core competitiveness, and effectively align the interests of shareholders, the Company, and the core team, ensuring all parties share a common focus on the Company's long-term development and guaranteeing the realisation of the Company's development strategy and operational objectives, while fully safeguarding shareholder interests and adhering to the principle of commensurate rewards for contributions, the Company has formulated the Draft 2026 A Share Restricted Share Incentive Scheme of Shanghai Fudan Microelectronics Group Company Limited. (hereinafter referred to as the 'Equity Incentive Scheme' or 'Incentive Scheme').

To ensure the smooth implementation of the Company's equity incentive scheme, the 'Management Measures for assessment for the implementation of the 2026 A Share Restricted Share Incentive Scheme of Shanghai Fudan Microelectronics Group Company Limited.' (hereinafter referred to as 'these Measures') are hereby formulated in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Measures for the Administration of Equity Incentives for Listed Companies, and other relevant laws, administrative regulations, normative documents, as well as the Company's Articles, taking into account the Company's actual circumstances.

ARTICLE 1: PURPOSE OF THE ASSESSMENT

The purpose of formulating these Measures is to enhance the systematic implementation of the Company's Equity Incentive Scheme, quantify the specific objectives established within the Incentive Scheme, and promote the scientific, standardised, and institutionalised management of incentive participants' performance assessments. This ensures the achievement of all performance metrics outlined in the Company's Equity Incentive Scheme. Concurrently, it aims to guide incentive participants in improving their work performance and enhancing their professional capabilities, while providing an objective and fair evaluation of employees' performance and contributions. This establishes an objective and comprehensive basis for evaluating the execution of this Incentive Scheme.

ARTICLE 2 ASSESSMENT PRINCIPLES

(1) Adhere to the principles of fairness, impartiality and transparency, and strictly evaluate incentive participants in accordance with these Measures;

(2) Performance metrics shall be aligned with the Company's medium-to-long-term development strategy and annual operational objectives; they shall also be linked to the incentive participants' work performance, professional capabilities, and work ethic.

ARTICLE 3: SCOPE OF ASSESSMENT

These Measures shall apply to all incentive participants identified under the Incentive Scheme, specifically including directors, senior management personnel, core technical personnel employed by the Company (including branches and wholly-owned subsidiaries, the same applies below), and other personnel deemed eligible for incentives by the Company's Board of Directors (excluding independent directors of Fudan Microelectronics, foreign employees, shareholders holding individually or collectively more than 5% of the company's shares, or actual controllers and their spouses, parents, and children). All incentive participants must maintain an employment or labour relationship with the Company or its branches/wholly-owned subsidiaries both at the time of restricted share grant and throughout the assessment period stipulated in this Incentive Scheme.

ARTICLE 4: SCOPE OF ASSESSMENT

(1) The Board's Remuneration and Evaluation Committee shall be responsible for organising and implementing this Equity Incentive Scheme;

(2) The Company's Human Resources Department shall form an assessment panel responsible for conducting specific appraisal work and reporting to the Board's Remuneration and Evaluation Committee;

(3) The relevant departments within the Company's Human Resources and Finance divisions shall be responsible for collecting and providing the pertinent assessment data, and shall be accountable for the authenticity and reliability of such data. The Company's Audit Department shall oversee this process;

(4) The Company's board of directors is responsible for reviewing the assessment results.

ARTICLE 5: PERFORMANCE ASSESSMENT INDICATORS AND STANDARDS

(I) Performance assessment requirements at the Company level

1. First Grant

Under the Share Incentive Scheme, the Company's performance indicators will be evaluated on an annual basis for the financial years of 2026 to 2028, and the achievement of performance assessment target will be one of the vesting conditions for the Participants for the current year. The performance assessment objectives and Company vesting factor of Share Incentive Scheme are set out below:

Tranche	Assessment year	Performance Assessment Target A Company level vesting factor 100%	Performance Assessment Target B Company level vesting factor 80%	Performance Assessment Target C Company level vesting factor 60%
First tranche of the First Grant	2026	The revenue from FPGA chips and high reliable memory chips in 2026 shall represent an increase of not less than 15% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2026 shall represent an increase of not less than 10% compared to that of 2024.	/
Second tranche of the First Grant	2027	The revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 155% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 30% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 140% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 20% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 125% compared to that of 2024.
Third tranche of the First Grant	2028	The revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 65% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 320% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 50% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 290% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 265% compared to that of 2024.

Note: As referred to in the table above, "revenue" means audited consolidated revenue of the Company.

2. Reserved Grant

If the Reserve Grant is granted on or before the date of disclosure of the 2026 third quarter report, the performance assessment requirements of the Reserved Grant will be the same as the First Grant;

If the Reserve Grant is granted after and including the date of disclosure of the 2026 third quarter report, the performance assessment requirements of the Reserved Grant will be evaluated on an annual basis for the 3 financial years of 2027 to 2028, and the achievement of performance assessment target will be one of the vesting conditions for the Participants for the current year. The performance assessment objectives of Share Incentive Scheme are set out below:

Tranche	Assessment year	Performance Assessment Target A Company level vesting factor 100%	Performance Assessment Target B Company level vesting factor 80%	Performance Assessment Target C Company level vesting factor 60%
First tranche of the Reserved Grant	2027	The revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 155% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 30% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 140% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2027 shall represent an increase of not less than 20% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips in 2026 and 2027 shall represent an increase of not less than 125% compared to that of 2024.
Second tranche of the Reserved Grant	2028	The revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 65% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 320% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 50% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 290% compared to that of 2024.	The revenue from FPGA chips and high reliable memory chips in 2028 shall represent an increase of not less than 40% compared to that of 2024; or the total revenue from FPGA chips and high reliable memory chips for the years 2026, 2027 and 2028 shall represent an increase of not less than 265% compared to that of 2024.

Note: As referred to in the table above, "revenue" means audited consolidated revenue of the Company.

During each vesting period, if the Company fails to reach the minimum Performance Assessment Target, the Restricted Shares actually attributable to the Participant in the current year shall not be vested or deferred to the next period, and shall be cancelled.

(II) Performance assessment requirements at department, business unit, branch company and subsidiary levels

1. The number of the Restricted Shares that actually may be vested by the Incentive Participants for the period is linked to the performance assessment at their business unit, branch company and subsidiary levels (the "Department"). The content, approach and target of performance assessment at each Department level shall be determined by the Company at the beginning of each assessment year. The Company will conduct annual performance assessment of each Department during the assessment period. Restricted Shares granted to the Incentive Participants shall be vested in parts of fully if their Department passes the performance assessment. The performance assessment results at each Department level are classified into four levels: Excellent, Good, Average and To be improved. The vesting coefficients corresponding to each level are as follows:

Level of Department's annual assessment	Excellent	Good	Average	To be improved
Vesting coefficient at department level	100%	80%	50%	0%

Department's total number of actual vesting for the year = Department's total number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level x vesting coefficient at Department level

During each vesting period, if the Restricted Shares that the Incentive Participants belong to in the current plan cannot be vested due to assessment reasons, the Restricted Shares shall become invalid and shall not be deferred to the next vesting period.

2. Each functional department shall not establish separate department-level performance assessment requirements. If the company-level performance assessment indicators during the assessment year are achieved, Department's total number of the Restricted Shares actually to be vested for the year = Department's number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level.

   If the reserve grant of the Restricted Shares is granted, the performance assessment targets at Department level during each vesting period will be the same as the first grant.

(III) Performance assessment requirements at the Incentive Participants' individual level:

Each Department shall establish individual performance assessment scheme for the year applicable to all Incentive Participants of the Department and such scheme shall be reported to the Company for approval upon the audit of the human resource department.

After the end of the performance assessment period, the Incentive Participants shall be scored based on their Department's actual performance achievement and the Incentive Participants' actual work performance. The individual performance assessment results of the Incentive Participants are divided into four levels: "Excellent", "Good", "Pass" and "Fail". The vesting coefficients corresponding to each level are as follows:

Assessment standards	Excellent	Good	Pass	Fail
Vesting coefficient at individual level	100%	80%	50%	0

If the Company reaches performance assessment target, the Incentive Participants' number of the Restricted Shares actually to be vested for the year = individual's number of the Restricted Shares intended to be vested for the year x vesting coefficient at company level x vesting coefficient at Department level x vesting coefficient at individual level.

The following principles shall be complied with in respect of the Incentive Participants' number of the Restricted Shares actually to be vested for the year:

1. The Incentive Participants' number of the Restricted Shares actually to be vested for the year shall not exceed the number of the Restricted Shares intended to be vested for the year;

2. All Incentive Participants' number of the Restricted Shares actually to be vested for the year within the Department shall not exceed the Department's total number of the Restricted Shares actually to be vested for the year;

3. If the Incentive Participants are transferred across the Department during the Valid Period of the Incentive Scheme, the number of the Restricted Shares granted but not yet vested shall be allocated to the original and new Department's vesting quota based on the duration of service in each, respectively. The vesting number shall be linked to the performance results of the original and new Department, and recorded based on the duration of service in each Department.

If the Restricted Shares that the Incentive Participants belong to in the current plan cannot be vested due to assessment reasons, the Restricted Shares shall become invalid and shall not be deferred to the next year.

ARTICLE 6 ASSESSMENT PROCEDURE

The Company's Human Resources Department, under the guidance of the Board's Remuneration and Evaluation Committee, is responsible for conducting specific assessment work, retaining assessment results, and compiling performance assessment reports based on these findings for submission to the Board's Remuneration and Evaluation Committee. The Company's Board of Directors is responsible for reviewing the assessment results.

ARTICLE 7: ASSESSMENT PERIOD AND FREQUENCY

The first grant assessment period for this Incentive Scheme shall be the three financial years from 2026 to 2028. The assessment period for the reserved grant portion shall be either the three financial years from 2026 to 2028 or the two financial years from 2027 to 2028. Both company-level performance assessments and individual-level performance evaluations shall be conducted annually.

ARTICLE 8 MANAGEMENT OF ASSESSMENT RESULTS

(I) Feedback and Application of Assessment Results

1. The appraisee has the right to be informed of their appraisal outcome. The employee's direct supervisor shall notify the appraisee of the appraisal results within five working days of the appraisal process being concluded.

2. Should an appraisee have objections to their appraisal outcome, they may seek resolution through discussion with the Human Resources Department. Where such discussions prove inconclusive, the appraisee may lodge an appeal with the Board's Remuneration and Evaluation Committee. The Committee shall conduct a review within ten working days and determine the final appraisal outcome or grade.

3. The assessment results shall serve as the basis for the vesting of restricted shares.

(II) Assessment results filed

1. Following the completion of the appraisal process, the Human Resources Department shall retain all appraisal records and documentation. Appraisal outcomes shall be filed as confidential material.

2. To ensure the validity of performance records, alterations are not permitted. Should any revisions or re-recording be necessary, the relevant individual must sign the record.

3. Performance appraisal records shall be retained for a period of ten years. Documents and records exceeding this retention period shall be uniformly destroyed by the Board's Remuneration and Evaluation Committee.

ARTICLE 9 SUPPLEMENTARY PROVISIONS

(1) These Regulations shall be formulated, interpreted and amended by the Board of Directors.

(2) Where any provision of these Measures conflicts with relevant national laws, administrative regulations, normative documents, or this draft equity incentive plan, the provisions of the relevant national laws, administrative regulations, normative documents, or this draft equity incentive plan shall prevail. Matters not expressly provided for herein shall be governed by the relevant national laws, administrative regulations, normative documents, this equity incentive plan, and the Restricted Share Grant Agreement executed between the Company and the incentive participants.

(3) These Measures shall come into effect on the date of their approval by the shareholders' meeting and upon the commencement of this Equity Incentive Scheme.

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 THE 2026 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2026 first extraordinary general meeting (the "2026 first 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 Monday, 16 March 2026 at 1:30 p.m. for the following purposes:–

Special Resolutions

1. approve the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme and the proposed issue of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme;

2. approve the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme assessment management measures; and

3. approve the proposed authorization to the Board to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme.

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

Hong Kong, 27 February 2026

Notes:

1. Persons who hold shares of the Company and whose names appear on the Register of Members of the Company as at 16 March 2026 shall be entitled to attend the 2026 first 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 2026 first 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 48 hours before the time appointed for the holding of the 2026 first EGM at the Company's principal place of business

* *For identification purpose only*

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 10 March 2026 to 16 March 2026 (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 16 March 2026 shall be entitled to attend the 2026 first EGM. To be qualified to attend the 2026 first 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 9 March 2026.

5. Shareholders or their proxies shall provide their identification documents when attending the 2026 first EGM. If corporate Shareholders appoint authorised representative to attend the 2026 first 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 2026 first EGM.

6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the 2026 first 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 2026 first 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 27 February 2026.

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 THE H SHAREHOLDERS' CLASS MEETING

NOTICE IS HEREBY GIVEN that the 2026 first class meeting of H shareholders (the "2026 first H Shareholders' Class Meeting") 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 Monday, 16 March 2026 at 2:00 p.m. (or as soon as the 2026 first extraordinary general meeting and the class meeting of A Shareholders of the Company shall have been concluded or adjourned) for the following purposes:–

Special Resolutions

1. approve the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme and the proposed issue of Restricted Shares under the 2026 A Share Restricted Share Incentive Scheme;

2. approve the proposed adoption of the 2026 A Share Restricted Share Incentive Scheme assessment management measures; and

3. approve the proposed authorization to the Board to deal with matters relating to the 2026 A Share Restricted Share Incentive Scheme.

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

Hong Kong, 27 February 2026

Notes:

1. Persons who hold shares of the Company and whose names appear on the Register of Members of H Shares of the Company as at 16 March 2026 shall be entitled to attend the 2026 first H Shareholders' Class Meeting. 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 2026 first H Shareholders' Class Meeting 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

* *For identification purpose only*

48 hours before the time appointed for the holding of the 2026 first H Shareholders' Class Meeting 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 10 March 2026 to 16 March 2026 (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 16 March 2026 shall be entitled to attend the 2026 first H Shareholders' Class Meeting. To be qualified to attend the 2026 first H Shareholders' Class Meeting, 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 9 March 2026.

5. Shareholders or their proxies shall provide their identification documents when attending the 2026 first H Shareholders' Class Meeting. If corporate Shareholders appoint authorised representative to attend the 2026 first H Shareholders' Class Meeting, 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 2026 first H Shareholders' Class Meeting.

6. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the 2026 first H Shareholders' Class Meeting if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.

7. Shareholders attending the 2026 first H Shareholders' Class Meeting 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 27 February 2026.