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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)

**PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE
BONDS TO NON-SPECIFIC INVESTORS
AND
CONNECTED TRANSACTION IN RELATION TO POSSIBLE
SUBSCRIPTION FOR A SHARE CONVERTIBLE CORPORATE BONDS BY
CONNECTED PERSONS**

PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIC INVESTORS

The Company intends to apply to the Shanghai Stock Exchange and the CSRC for the Issuance of A Share Convertible Corporate Bonds to non-specific investors in the PRC with a total amount of not exceeding RMB2 billion (RMB2 billion inclusive). The A Share Convertible Corporate Bonds proposed shall be issued under the Special Mandate, which is subject to the approvals of the Shareholders at the EGM and Class Meetings, the issuance of listing approval by the Shanghai Stock Exchange and registration with the CSRC.

CONNECTED TRANSACTION IN RELATION TO POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE CORPORATE BONDS BY CONNECTED PERSONS

As at the date of this announcement, Fudan Fukong and Fuxin Fangao, being the Substantial Shareholders of the Company, held 109,620,000 and 106,730,000 A Shares, respectively. Fudan Fukong and Fuxin Fangao shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Fudan Fukong and Fuxin Fangao may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB411,860,000 and RMB401,000,000, respectively.

As at the date of this announcement, Mr. Jiang Guoxing and Mr. Shi Lei, being the Directors, each held 7,210,000 A Shares and in aggregate held 14,420,000 A Shares. They shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Mr. Jiang Guoxing and Mr. Shi Lei may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB54,180,000.

* For identification purpose only

As at the date of this announcement, Ms. Zhang Yanfeng, being a Supervisor, and Ms. Fang Jing, being a supervisor of Sino IC, each held 40% interests in the issued share capital of Shanghai Yuji. Shanghai Yuji is the general partner of Shanghai Shenghao and Shanghai Yuhao and has the de facto control of Shanghai Shenghao and Shanghai Yuhao, and Shanghai Shenghao and Shanghai Yuhao held 2,253,750 and 366,000 A Shares respectively. Shanghai Shenghao and Shanghai Yuhao shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Shanghai Shenghao and Shanghai Yuhao may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB8,470,000 and RMB1,380,000 respectively.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19A.38 of the Listing Rules, the proposed Public Issuance of A Share Convertible Bonds shall be subject to the Shareholders' approvals at the EGM and the Class Meetings.

As at the date of this announcement, Fudan Fukong and Fuxin Fangao held 109,620,000 and 106,730,000 A Shares, respectively, representing approximately 13.42% and 13.07% of the total issued Shares of the Company, and hence are Substantial Shareholders of the Company, and therefore, Fudan Fukong and Fuxin Fangao are connected persons of the Company. Under Chapter 14A of the Listing Rules, the subscription of the A Share Convertible Bonds by Fudan Fukong and/or Fuxin Fangao will constitute a Connected Transaction of the Company, and shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, certain Directors held 14,420,000 A Shares in aggregate, representing approximately 1.77% of the total issued Shares of the Company. Under Chapter 14A of the Listing Rules, the subscription of the A Share Convertible Bonds by the Directors will constitute a Connected Transaction of the Company, and shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Ms. Zhang Yanfeng, being a Supervisor, and Ms. Fang Jing, being a supervisor of Sino IC, each held 40% interests in the issued share capital of Shanghai Yuji respectively. Shanghai Yuji is the general partner of Shanghai Shenghao and Shanghai Yuhao and has the de facto control of Shanghai Shenghao and Shanghai Yuhao, and Shanghai Shenghao and Shanghai Yuhao held 2,253,750 and 366,000 A Shares of the Company respectively, representing approximately 0.28% and 0.04% of the total issued Shares of the Company. Under Chapter 14A of the Listing Rules, the subscription of the A Share Convertible Bonds by Shanghai Shenghao and Shanghai Yuhao will constitute a Connected Transaction of the Company, and shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

In respect of the proposed resolution to approve the Possible Subscription for A Share Convertible Corporate Bonds, connected persons who are directly and indirectly holding an aggregate of 233,497,750 Shares (representing approximately 28.59% of the issued share capital of the Company) as at the date of this announcement, are required to abstain from voting at the EGM. In respect of all the proposed resolutions in the Class Meetings for H Shareholders, connected persons who are holding an aggregate of 108,000 H Shares (representing approximately 0.04% of the issued H share capital) as at the date of this announcement, are required to abstain from voting at the H Shareholders' Class Meeting. In respect of all the proposed resolutions in the Class Meetings for A Shareholders, connected persons who are holding an aggregate of 233,389,750 A Shares (representing approximately 43.84% of the issued A share capital) as at the date of this announcement, are required to abstain from voting at the A Shareholders' Class Meeting.

The relevant Directors, namely Mr. Jiang Guoxing and Mr. Shi Lei, were required to abstain from voting at the Board meeting in respect of the proposed resolution to approve the Possible Subscription for A Share Convertible Corporate Bonds by connected persons. All remaining Directors who were entitled to vote, unanimously approved the above resolution. Save for the above, no other Directors are interested or deemed to have material interests in the above transaction. In addition, no Directors have abstained from voting on other resolutions considered at such Board meeting.

The Company has formed an Independent Board Committee to give recommendations to the Independent Shareholders in respect of the Possible Subscription and the transactions contemplated thereunder. The Company has also appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Possible Subscription are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group so far as the Independent Shareholders are concerned and are in the common interest of the Company and the Shareholders as a whole.

All existing A Shareholders of the Company at the registration date when the existing A Shareholders have the right of placement in priority shall have the pre-emptive rights to subscribe for the A Share Convertible Corporate Bonds. No Shareholder shall enjoy any privilege by virtue of being a connected person of the Company.

The Board expects that the Company will maintain sufficient public float to meet the applicable minimum requirement under the Listing Rules.

EGM AND THE CLASS MEETINGS

The resolutions to approve, inter alia, the proposed Public Issuance of A Share Convertible Corporate Bonds, the Possible Subscription and the related matters thereof will be proposed at the EGM whereas the resolutions to approve, inter alia, the proposed Public Issuance of A Share Convertible Corporate Bonds and the related matters thereof will be proposed at the Class Meetings.

Pursuant to Rule 19A.39A of the Listing Rules, a circular, containing details of the proposed Public Issuance of A Share Convertible Corporate Bonds, will be published by the Company and dispatched to the H Shareholders on or before 22 May 2023.

Investors should be aware that the proposed Public Issuance of A Share Convertible Corporate Bonds is subject to the approvals of the Shareholders at the EGM and the Class Meetings, the issuance of listing approval by the Shanghai Stock Exchange and registration with the CSRC. As the proposed Public Issuance of A Share Convertible Corporate Bonds is still subject to the fulfillment of various conditions, the Public Issuance of A Share Convertible Corporate Bonds may not proceed or may not become effective. Connected persons including Fudan Fukong, Fuxin Fangao, certain Directors of the Company, Shanghai Shenghao and Shanghai Yuhao may or may not subscribe for the A Share Convertible Corporate Bonds. Investors and Shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.

PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS TO NON-SPECIFIC INVESTORS

The Company intends to apply to the Shanghai Stock Exchange and the CSRC for the Issuance of A Share Convertible Corporate Bonds to non-specific investors in the PRC with a total amount of not exceeding RMB2 billion (RMB2 billion inclusive). The A Share Convertible Corporate Bonds proposed shall be issued under the Special Mandate, which is subject to the approvals of Shareholders at the EGM and Class Meetings, and the issuance of listing approval by the Shanghai Stock Exchange and registration with of the CSRC.

Details of the A Share Convertible Corporate Bonds Issuance Plan are as follows:

1. Proposed Public Issuance of A Share Convertible Corporate Bonds

(i) Type of securities to be issued

The type of the securities to be issued is convertible corporate bonds which can be converted into A Shares of the Company. The Convertible Corporate Bonds and the A Shares to be converted will be listed on the Sci-Tech Innovation Board of Shanghai Stock Exchange.

(ii) Size of issuance

The total amount of the Convertible Bonds proposed to be issued will not exceed RMB2 billion (RMB2 billion inclusive). The actual amount of the Proceeds raised shall be determined by the Board and its authorised persons under the authorisation at the EGM and Class Meetings within the above range.

(iii) *Par value and issue price*

The Convertible Bonds under the Issuance will be issued at par with a nominal value of RMB100 each.

(iv) *Bonds term*

The term of the Convertible Corporate Bonds under the Issuance will be six years from the date of the Issuance.

(v) *Bond rate*

It is proposed to authorise the Board and its authorised persons at the EGM and Class Meetings to determine the method for determination of coupon rate of the Convertible Bonds and the final interest rate for the interest accrual year upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the Company, prior to the Issuance.

(vi) *Term and method of principal and interest payment*

The Convertible Bonds under the Issuance adopt the payment method that interest shall be paid on an annual basis. When the A Share Convertible Corporate Bonds mature, the outstanding principal of the A Share Convertible Corporate Bonds shall be repaid and the interest for the last year shall be paid.

A. *Calculation of annual interest*

Annual interest means the interest accrued to a bondholder in each year on each anniversary of the date of Issuance of the Convertible Bonds which is calculated based on the aggregate nominal value of the Convertible Bonds held by him/her.

The formula for calculating the annual interest is as follows:

$$I=B \times i$$

Where: I denotes the annual interest; B denotes the aggregate nominal value of the Convertible Bonds under the Issuance held by a bondholder as at the record date for interest payment in an interest accrual year (“that year” or “each year”); i denotes the coupon rate of the Convertible Bonds of that year.

B. *Method of repayment of principal and interest payment*

- 1) Interest of the Convertible Bonds under the Issuance shall be paid annually, accruing from the date of the Issuance of the Convertible Bonds.

- 2) Interest payment date: the interest is payable annually on each anniversary of the date of Issuance of the Convertible Bonds. If such date falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first working day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date shall be an interest accrual year. Matters in relation to interest and the ownership of share dividend in the year of conversion shall be determined by the Board according to the relevant laws and regulations and the provisions of the Shanghai Stock Exchange.
- 3) Record date for interest payment: the record date for interest payment in each year shall be the last trading day preceding the interest payment date. The Company shall pay the interest accrued in that year within five trading days from the interest payment date. The Company shall not pay any interest for that year and subsequent interest accrual years to the bondholders who have applied to convert their Convertible Bonds into the A Shares on or before the record date for interest payment.
- 4) Tax payable on the interest income of a bondholder under the Issuance shall be borne by such bondholder.

(vii) Conversion period

The conversion period of the Convertible Bonds under the Issuance shall commence on the first trading day immediately following the expiry of the six-month period after the date of the Issuance of the Convertible Bonds, and end on the maturity date of the Convertible Bonds. Convertible Bondholders have the option to convert or not to convert the Convertible Bonds into A Shares and shall become the Shareholders on the day after the conversion.

(viii) Determination and adjustment of the Conversion Price

A. Basis for determining the initial Conversion Price

The initial Conversion Price of the Convertible Bonds under the Issuance shall not be lower than average trading price of A Shares for the 20 trading days preceding the date of publication of the Offering Document (in the event that the A Share price was adjusted due to ex-right and ex-dividend in the preceding 20 trading days, the average trading price of A Shares on the trading days prior to the adjustment shall be calculated based on the price after such ex-right and ex-dividend) and the average trading price of the A Shares on the preceding trading day, with no upward adjustment. It is proposed that the Board and its authorised persons shall be

authorised at the EGM and Class Meetings to negotiate with the sponsor (the lead underwriter) for determining the actual initial Conversion Price prior to the Issuance in accordance with the prevailing market conditions.

The average trading price of A Shares for the preceding 20 trading days = total trading amount of A Shares for the preceding 20 trading days/total trading volume of A Shares for such 20 trading days.

The average trading price of A Shares for the preceding trading day = total trading amount of A Shares for the preceding trading day/total trading volume of A Shares for such trading day.

B. Method of adjustments and calculation formulas of the Conversion Price

Subsequent to the Issuance, in case of certain events, such as distribution of share dividends, conversion or increase of share capital, issuance of new shares (excluding any increase in the share capital as a result of conversion of the Convertible Bonds under the Issuance) or rights issue or distribution of cash dividends, the Conversion Price will be adjusted subject to the occurrence order of the above conditions and based on the following formulas:

Distribution of share dividends or conversion or increase of share capital: $P_1 = P_0 / (1 + n)$

Issuance of new shares or rights issue: $P_1 = (P_0 + A \times k) / (1 + k)$

The above two events occurring concurrently: $P_1 = (P_0 + A \times k) / (1 + n + k)$

Distribution of cash dividends: $P_1 = P_0 - D$

The above three events occurring concurrently: $P_1 = (P_0 - D + A \times k) / (1 + n + k)$

Where: “ P_0 ” denotes the Conversion Price before adjustment; “ n ” denotes the rate of distribution of share dividends or conversion or increase of share capital; “ k ” denotes the rate of issuance of new shares or rights issue; “ A ” denotes the price of issuance of new shares or rights issue; “ D ” denotes the cash dividend per Share; “ P_1 ” denotes the adjusted Conversion Price.

Upon occurrence of any of the abovementioned changes in shares and/or the Shareholder’s interests, the Company shall adjust the Conversion Price based on order of occurrence, and publish an announcement in relation to the adjustment of the Conversion Price on the website of Shanghai Stock Exchange (www.sse.com.cn) and the media designated by the CSRC for information disclosure of listed companies. Such announcement shall indicate the date of adjustment to the

Conversion Price, adjustment method and suspension period of share conversion (if necessary). Meanwhile, the Company shall disclose the information to the Hong Kong market in accordance with the Listing Rules and the Articles (if necessary). If the Conversion Price adjustment date is on or after the date on which a bondholder applies for conversion of his/her Convertible Bonds under the Issuance but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the Conversion Price adjusted by the Company.

In the event that the creditor's interests or the interests derived from the share conversion of the bondholders are affected by the change in the Company's share class, quantity and/or the Shareholders' interests due to any possible share repurchase, consolidation, division, capital reduction or any other circumstances, the Company shall adjust the Conversion Price based on the actual situations and in accordance with the principles of fairness, justice and equality so as to fully protect the interests of the bondholders. The details of adjustment to the Conversion Price and its implementation measures shall be determined in accordance with prevailing applicable laws, regulations, the relevant requirements of the securities regulatory authorities and the Shanghai Stock Exchange.

(ix) Terms of downward adjustment to Conversion Price

A. Authorisation and magnitude of adjustment

If, during the term of the Convertible Bonds under the Issuance, the closing prices of A Shares of the Company on at least 15 trading days out of any 30 consecutive trading days are lower than 85% of the prevailing Conversion Price, the Board of the Company is entitled to propose a downward adjustment to the Conversion Price and submit it to the Shareholders at the Shareholders' general meetings and Class Meetings for their consideration and voting.

The abovementioned proposal is subject to approvals of more than two-thirds of the Shareholders with voting rights who attend the Shareholders' general meetings and Class Meetings. Shareholders who hold the Convertible Bonds under the Issuance shall abstain from voting at the Shareholders' general meetings and Class Meetings. The adjusted Conversion Price should be no less than the higher of the average trading price of A Shares of the Company during the 20 trading days immediately preceding the date of such a general meeting and Class Meetings (in the event that during such 20 trading days, the share price has been adjusted due to ex-rights or ex-dividend, the closing price for the trading day before the adjustment shall be calculated based on the adjusted share price following the ex-rights or ex-dividend) the average trading price of A Shares of the Company on the trading day immediately preceding the date of the aforementioned general meeting and Class Meetings.

In the event that there is an adjustment to the share price due to ex-rights or ex-dividend during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the adjustment to the Conversion Price, the calculation shall be based on the unadjusted Conversion Price and the closing price of the A Shares on each such day, and in respect of the days on which adjustment to the Conversion Price is made and the trading days afterwards, the calculation shall be based on the adjusted Conversion Price and the closing price of the A Shares on each such day.

B. Procedures of adjustment

In the event that the Company decides to adjust the Conversion Price downwards, the Company shall publish an announcement in connection therewith on the website of Shanghai Stock Exchange (www.sse.com.cn) and media designated by the CSRC for information disclosure of listed companies. Such announcement shall disclose information including the magnitude of the adjustment, the registration date of shares, the suspension period of share conversion, if necessary, and other relevant information. Meanwhile, the Company shall disclose such information to the Hong Kong market in accordance with the Listing Rules and the Articles (if necessary). Application for conversion at adjusted Conversion Price shall be resumed upon the first trading day after the registration date, i.e. the Conversion Price adjustment date.

If the Conversion Price adjustment date is on or after the date on which a bondholder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the adjusted Conversion Price.

(x) Method for determining the number of A Shares for conversion

Where a bondholder applies to convert his/her Convertible Bonds under the Issuance during the conversion period, the formula for calculating the number of A Shares to be issued upon conversion is: $Q = V/P$, any fractional A Share shall be rounded down to the nearest whole number, where “Q” denotes the number of A Shares to be converted; “V” denotes the aggregate nominal value of Convertible Bonds in respect of which the bondholder applies for conversion; and “P” denotes the prevailing Conversion Price as at the date of application for conversion.

The number of A Shares to be converted shall be in whole number where the bondholder applied for converting his/her Convertible Bonds under the Issuance. Within five trading days from the date of conversion by the bondholder, the Company shall pay the bondholder in cash an amount equal to the remaining balance of such A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share and the interest accrued on such balance in accordance with the relevant requirements of CSRC, the Shanghai Stock Exchange and other authorities.

(xi) Terms of redemption

A. Terms of redemption upon maturity

Within five trading days upon the maturity of the Convertible Bonds under the Issuance, the Company shall redeem all of the outstanding Convertible Bonds by then. It is proposed at the EGM and Class Meetings to authorise the Board or its authorised persons to determine the actual redemption price upon negotiation with the sponsor (the lead underwriter) with reference to the market conditions upon the Issuance.

B. Terms of conditional redemption

During the conversion period of Convertible Bonds under the Issuance, where either of the two scenarios mentioned below occurs, the Company shall have the right to redeem all or part of the outstanding Convertible Bonds, at a price equal to the nominal value of Convertible Bonds plus then accrued interest:

- 1) The closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days in the conversion period are not less than 130% (130% inclusive) of the prevailing Conversion Price; or
- 2) The balance of the outstanding Convertible Bonds is lower than RMB30 million.

Formula for calculating the accrued interest for the current period is: $I_A = B \times i \times t / 365$

I_A denotes the accrued interest for the current period

B denotes the aggregate nominal value of the Convertible Bonds to be redeemed

i denotes the coupon rate of the Convertible Bonds for the current year

t denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (inclusive) up to the redemption date of the current interest accrual year (excluding the redemption date)

In the event that an adjustment to the Conversion Price by the Company is made due to ex-right and ex-dividend during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted Conversion Price and the closing price of the A Shares on each such day, and in respect of the date of adjustment and the trading days after the adjustment, the calculation shall be based on the adjusted Conversion Price and the closing price of the A Shares on each such day. Redemption period of the A Share

Convertible Corporate Bonds under the Issuance is the same as the conversion period, i.e., to commence from the first trading day immediately following the expiry of the six-month period after the date of the Issuance, and to end on the maturity date of the A Share Convertible Corporate Bonds.

(xii) Terms of sale back

A. Additional terms of sale back

If the actual use of the proceeds raised from the Issuance significantly differs from the undertakings of the use of proceeds set out by the Company in the Offering Document, and such change is considered as a change in the use of proceeds pursuant to the relevant requirements of the CSRC or the Shanghai Stock Exchange, the bondholders shall be entitled to a one-off right to sell all or part of their Convertible Bonds back to the Company at par plus the then accrued interest. The formula for calculating the then accrued interest is set out in the paragraph headed “(xi) Terms of redemption”. Upon the satisfaction of the condition of sale back, the Convertible Bondholders may sell their Convertible Bonds back to the Company during the sale back declaration period. If the Convertible Bondholders do not exercise their sale back rights during such period, they shall not exercise such rights later.

B. Terms of conditional sale back

During the last two interest accrual years within the term of the Convertible Bonds under the Issuance, if the closing prices of the A Shares on any 30 consecutive trading days are lower than 70% of the prevailing Conversion Price, the bondholders are entitled to sell back all or part of their Convertible Bonds to the Company at par plus the then accrued interest. The formula for calculating the then accrued interest is set out in the paragraph headed “(xi) Terms of redemption”.

In the event that an adjustment to the Conversion Price by the Company is made due to distribution of share dividends, conversion or increase of share capital, issuance of new shares (excluding any increase in the share capital as a result of conversion of the Convertible Bonds under the Issuance) or rights issue, distribution of cash dividends during the aforementioned 30 trading days, in respect of the trading days prior to the adjustment, the calculation shall be based on the unadjusted Conversion Price and the closing price of the A Shares on each such day, and in respect of the trading days after the adjustment, the calculation shall be based on the adjusted Conversion Price and the closing price of the A Shares on each such day. In the event that there is a downward adjustment to the Conversion Price, the aforesaid “30 trading days” shall be re-counted from the first trading day following the adjustment to the Conversion Price.

The bondholders can exercise their sale back rights once every year when the sale back conditions are initially satisfied according to the abovementioned agreed terms in the last two interest accrual years within the term of the Convertible Bonds. If the sale back conditions are initially satisfied, but the bondholders do not apply for and exercise their sale back rights during the sale back declaration period then announced by the Company, they shall not exercise the sale back rights during such interest accrual year. The bondholders are not allowed to exercise part of their sale back rights for multiple times.

(xiii) Entitlement to dividend in the year of conversion

The new A Shares to be issued as a result of the conversion of Convertible Bonds under the Issuance shall rank *pari passu* with all the existing A Shares, and all ordinary A Shareholders (including those derived from the conversion of the Convertible Bonds) whose names are recorded on the register of members of the Company on the record date for dividend distribution shall be entitled to receive the dividend of that period and enjoy equal rights and interests.

(xiv) Method of the Issuance and target subscribers

It is proposed that the Board and its authorised persons shall be authorised at the EGM and Class Meetings to negotiate with the sponsor (the lead underwriter) for determining the specific method of the Issuance of the Convertible Bonds. The target subscribers of the Convertible Bonds are natural persons, legal persons, securities investment funds and other investors in compliance with the requirements of applicable laws and regulations who have maintained securities accounts at the China Securities Depository and Clearing Corporation Limited Shanghai Branch.

(xv) Subscription arrangement for the existing A Shareholders

The existing A Shareholders have the pre-emptive rights to subscribe for the Convertible Bonds under the Issuance and are entitled to surrender such rights. The amount and proportion of subscription under the pre-emptive rights shall be determined by the Board or its authorised persons in accordance with the conditions upon the Issuance, subject to the authorisation by the Shareholders at the EGM, and shall be disclosed in the issuance announcements of the Convertible Bonds under the Issuance. The subscription in priority will be subject to the Company Law and the Listing Rules or all applicable laws, regulations and rules of other governmental or regulatory authorities (including but not limited to any relevant rules and requirements of connected transactions).

The A Share Convertible Corporate Bonds which are not subject to the abovementioned pre-emptive rights of the existing A Shareholders and are not subscribed by the existing A Shareholders in priority will be offered to institutional investors offline and/or issued by way of online pricing through the trading system of the Shanghai Stock Exchange. It is

proposed that the Board or its authorised persons shall be authorised at the EGM to negotiate with the sponsor (the lead underwriter) of the Issuance for determining the specific method of the Issuance. The remaining balance will be underwritten by the underwriters in case of under-subscription.

(xvi) Rights, Obligations and Meetings of Convertible Bondholders

A. Rights of Convertible Bondholders:

- 1) receive agreed interests in accordance with the number of the A Share Convertible Bonds held;
- 2) receive the principal and interest of the Convertible Bond at maturity in accordance with the agreed period and by the agreed manner set out in the Offering Document;
- 3) attend or appoint a representative to attend Convertible Bondholders' meetings and exercise voting rights in accordance with the rules of Convertible Bondholders' meetings; when the Convertible Bond trustee should convene but fails to convene a Convertible Bondholders' meeting, holders of convertible bonds holding more than 10% of the total amount of Convertible Bonds, either individually or collectively, have the right to convene a Convertible Bondholders' meeting on their own;
- 4) supervise the Company's relevant behaviors involving the interests of Convertible Bondholders, and when matters that may harm their interests occur, have the right to exercise or authorize the bond trustee to exercise the relevant rights of Convertible Bondholders on their behalf through the resolution of the Convertible Bondholders' meetings in accordance with the provisions of laws, regulations and rules and the Offering Document;
- 5) supervise the fiduciary performance of the bond trustee and have the right to propose the replacement of the trustee;
- 6) when the redemption conditions and sale back conditions are met, the Company is required to implement the terms of redemption and sale back;
- 7) when the conditions for conversion are met, may choose to convert the Convertible Bonds into A share and become a Shareholder on the day after the conversion;
- 8) assign, bestow or pledge the A Share Convertible Bonds held by the Convertible Bondholders in accordance with the provisions of laws, administrative regulations and the Articles; and

- 9) other rights of them as creditors of the Company ascribed by laws, rules and the Articles.

B. Obligations of Convertible Bondholders:

- 1) abide by the relevant terms of the A Share Convertible Corporate Bonds under the Issuance by the Company;
- 2) not to request the Company to make prepayment of the principal and interest of the A Share Convertible Bonds, unless otherwise required by laws and regulations, or otherwise agreed in the Offering Document;
- 3) pay the subscription amount in accordance with the number of A Share Convertible Bonds subscribed by the Convertible Bondholders;
- 4) the legal consequences of the trustee's fiduciary management acts pursuant to the trustee management agreement shall be borne by the Convertible Bondholders; any act of the bond trustee who does not have the right of agency, exceeds the right of agency or engages in acts after the termination of the right of agency, and is not ratified by the resolution of the Convertible Bondholders' meeting, will not be effective against all Convertible Bondholders, and the bond trustee shall bear the consequences and responsibilities thereof;
- 5) accept and be bound by the resolutions of the Convertible Bondholders' meetings;
- 6) do not engage in any activities that harm the legitimate rights and interests of the Company, bond trustees and other Convertible Bondholders;
- 7) if the bond trustee initiates litigation, arbitration, application for property preservation or other legal proceedings against the Company in accordance with the trustee management agreement, the Convertible Bondholder shall bear the relevant expenses (including but not limited to litigation fees, lawyer fees, notary fees, various types of security deposits, guarantee fees, and other reasonable expenses or expenditures required by the bond trustee due to the relevant actions taken by the Convertible Bondholder), and shall not require the bond trustee to advance for him; and
- 8) other obligations that convertible bondholder should undertake in accordance with laws, regulations and rules and the Offering Document.

C. Holding of Convertible Bondholders' Meetings:

During the term of the Convertible Bonds and redemption, a Convertible Bondholders' Meeting shall be convened upon the occurrence of any of the following:

- 1) the Company proposes to change the terms of the Offering Document;
- 2) the Company defaults in paying the principal and interests of Convertible Bonds on time;
- 3) the Company undertakes a capital reduction (other than a capital reduction resulting from an employee stock ownership scheme, share incentive scheme, or share repurchase necessary to maintain the Company's value and Shareholders' equity), merger, division or dissolution, or files for bankruptcy;
- 4) any material adverse change arises from the guarantors (if any) or the collaterals (if any);
- 5) any proposal to amend the rules of Convertible Bondholders' meetings;
- 6) any proposal to amend the main content of the bond trustee or the trustee agreement;
- 7) The written proposal by Convertible Bondholder individually or collectively holding 10% or more of the total par value of the outstanding bonds of the Convertible Bonds to the Company for convening a meeting;
- 8) measures shall be taken in accordance with laws when the Company's capability of solvency of its debt faces great uncertainties due to the failure of the Company's management to fulfill its responsibilities and duties;
- 9) the Company proposes a debt restructuring plan;
- 10) other matters which may significantly and materially affect the interests of the Bondholders occur; or
- 11) other matters required to be considered and approved at the Convertible Bondholders' Meetings in accordance with the provisions of laws, regulations, the CSRC, the Shanghai Stock Exchange and the rules for Convertible Bondholders' meetings.

The following institutions or persons may propose a Bondholders' Meeting:

- 1) the Board of the Company;
- 2) the Convertible Bondholder, individually or jointly, holding 10% or more of the total par value of the outstanding Convertible Bonds;
- 3) bond trustee; or
- 4) other institutions or persons stipulated by relevant laws, regulations, the CSRC or the Shanghai Stock Exchange.

(xvii) Use of proceeds

The total amount of proceeds to be raised from the proposed Public Issuance of Convertible Corporate Bonds will not exceed RMB2 billion (RMB2 billion inclusive). The proceeds, after deduction of issuance expenses, are proposed to be used for the following projects:

Unit: RMB0' 000

Name of project to be invested	Total project investment	Amount of proceeds raised to be invested
New generation Field Programmable Gate Array (FPGA) platform development and industrialization project	66,100	64,610
Intelligent and reconfigurable SoC platform development and industrialization project	64,330	63,330
New technical platform storage development and industrialization project	44,380	41,880
New high-end security controller development and industrialization project	18,810	17,810
Passive IoT basic chip development and industrialization projects	13,370	12,370
Total	206,990	200,000

Before the receipt of the proceeds from the issuance of A Share Convertible Corporate Bonds, the Company will invest with its own or self-raised funds as required based on the actual progress of the projects to be invested. When the proceeds are available, such funds used will be replaced by the proceeds so raised according to the procedures stipulated by the relevant laws and regulations. In the event that the actual amount of proceeds from the

Issuance after deducting issuance expenses is less than the amount of proceeds proposed to be invested in the projects above, according to the importance and urgency of the purpose of the raised funds, the Board may, without altering the projects to be invested by the proceeds raised, make appropriate adjustment to the sequence and amount of the proceeds proposed to be invested in the above projects according to the actual needs of the project, and any shortfall will be made up by the Company with its own or self-raised funds.

(xviii) Management and deposit account for proceeds raised

The Company has formulated the Administrative Rules for Use of Proceeds from Fund Raising. The proceeds raised from the Issuance shall be deposited into a specific account designated by the Board. The Board or its authorised persons shall determine specific matters relating to the opening of the accounts before the Issuance, and disclose the relevant information of such specific account in the Issuance announcement.

(xix) Guarantee

No guarantee will be provided for the Issuance of Convertible Bonds.

(xx) Rating

A credit rating agency engaged by the Company will issue a credit rating report in respect of the Issuance.

(xxi) Validity period of the resolution

Validity period of the plan for the Public Issuance of A Share Convertible Corporate Bonds will be twelve months from the date on which the plan of the Issuance is considered and approved at the EGM and Class Meetings.

CONNECTED TRANSACTION IN RELATION TO POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE CORPORATE BONDS BY CONNECTED PERSONS

According to the plan for the Public Issuance of A Share Convertible Corporate Bonds and subject to the issuance of listing approval by the Shanghai Stock Exchange and registration with the CSRC, the Convertible Corporate Bonds under the Issuance will be firstly placed at a certain portion to all the A Shareholders of the Company whose names appeared on the share register at the registration date when the existing A Shareholders have the pre-emptive rights after closing of the stock market. The specific proportion of the placement will be determined based on market situation and negotiations between the Board or its authorised persons and the sponsor (the lead underwriter) under the authorisation of the EGM and the Class Meetings. Unsubscribed portion will be offered to other potential investors.

Possible Subscription for A Share Convertible Bonds by Fudan Fukong

As at the date of this announcement, Fudan Fukong, a Substantial Shareholder of the Company, held 109,620,000 A Shares. Fudan Fukong shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Fudan Fukong may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB411,860,000.

Possible Subscription for A Share Convertible Bonds by Fuxin Fangao

As at the date of this announcement, Fuxin Fangao, a Substantial Shareholder of the Company, held 106,730,000 A Shares. Fuxin Fangao shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Fuxin Fangao may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB401,000,000.

Possible Subscription for A Share Convertible Bonds by Directors of the Company

As at the date of this announcement, Mr. Jiang Guoxing and Mr. Shi Lei, being the Directors, each held 7,210,000 A Shares, and in aggregate held 14,420,000 A Shares. They shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Mr. Jiang Guoxing and Mr. Shi Lei may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB54,180,000.

Possible Subscription for A Share Convertible Bonds by Shanghai Shenghao and Shanghai Yuhao

As at the date of this announcement, Ms. Zhang Yanfeng, being the Supervisor, and Ms. Fang Jing, being a supervisor of Sino IC, each held 40% interests in the issued share capital of Shanghai Yuji. Shanghai Yuji is the general partner of Shanghai Shenghao and Shanghai Yuhao and has the de facto control of Shanghai Shenghao and Shanghai Yuhao, and Shanghai Shenghao and Shanghai Yuhao held 2,253,750 and 366,000 A Shares respectively. Shanghai Shenghao and Shanghai Yuhao shall have the pre-emptive rights to subscribe for the A Share Convertible Bonds, and the right to surrender such pre-emptive rights. Shanghai Shenghao and Shanghai Yuhao may subscribe for A Share Convertible Bonds with a maximum subscription amount of RMB8,470,000 and RMB1,380,000 respectively.

The terms and conditions of the Possible Subscription for A Share Convertible Bonds by Fudan Fukong, Fuxin Fangao, certain Directors, Shanghai Shenghao and Shanghai Yuhao are the same as the terms and conditions of subscription for A Share Convertible Corporate Bonds by other A Shareholders.

Assuming that 100% of the A Share Convertible Bonds under the Issuance will be firstly placed to the existing A Shareholders, and Substantial Shareholders of the Company, Fudan Fukong and Fuxin Fangao, certain Directors, Shanghai Shenghao and Shanghai Yuhao will exercise their pre-emptive rights in full, based on the shareholding proportion of the abovementioned parties on the convening

date of the Board meeting (i.e. 28 April 2023) and the maximum amount of the Convertible Bonds of RMB2 billion to be issued by the Company, the maximum amounts of the A Share Convertible Bonds to be subscribed by the abovementioned parties are as follows:

Connected Shareholders	Number of A Shares held (share)	Percentage of number of A Shares held to the total number of issued A Share %	Maximum subscription amount of A Share Convertible Bonds proposed to be subscribed (RMB0' 000)
Fudan Fukong	109,620,000	20.59	41,186
Fuxin Fangao	106,730,000	20.05	40,100
Mr. Jiang Guoxing	7,210,000	1.35	2,709
Mr. Shi Lei	7,210,000	1.35	2,709
Shanghai Shenghao	2,253,750	0.42	847
Shanghai Yuhao	366,000	0.07	138
Total	233,389,750	43.83	87,689

AUTHORISATION TO BE GRANTED TO THE BOARD

Subject to approval of the Shareholders at the EGM and the Class Meetings, the Board shall be authorised to make such decisions, execute such documents, amend the Articles, carry out such procedures and take any other such actions as are in its discretion necessary to effect and complete the Public Issuance of A Share Convertible Corporate Bonds.

REASONS FOR AND BENEFITS OF THE PROPOSED PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS AND THE POSSIBLE SUBSCRIPTION

The proceeds raised from the Public Issuance of A Share Convertible Corporate Bonds shall be fully invested in the Company's principal business, which is in line with the comprehensive strategic development and direction of the Company in the future. After completion of implementing the projects to be invested by the proceeds raised, the overall competitiveness and the sustainability of the Company will be effectively improved. The Public Issuance of Convertible Corporate Bonds benefits the Company in expanding its business scales. The implementation of the projects to be invested by the proceeds raised can steadily increase the revenue and profitability of the Company.

IMPACT OF THE PROPOSED PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Based on the plan for the Issuance of A Share Convertible Corporate Bonds, the initial Conversion Price of the A Share Convertible Bonds under the Issuance shall not be lower than the average trading price of A Shares for the 20 trading days preceding the date of publication of the Offering Document (in the event that the A Share price was adjusted due to ex-right and ex-dividend in the preceding 20 trading days, the average trading price of A Shares on the trading days prior to the adjustment shall be calculated based on the price after such ex-right and ex-dividend) and the average trading price of A shares on the preceding trading day, with no upward adjustment. It is proposed that the Board and its authorised persons shall be authorised at the EGM and Class Meetings to negotiate with the sponsor (the lead underwriter) for determining the actual initial Conversion Price prior to the Issuance in accordance with the prevailing market conditions.

The shareholding structures of the Company as at the date of this announcement and after completion of the proposed Issuance of A Share Convertible Bonds and conversion of all the A Share Convertible Bonds into A Shares (assuming that (i) the Company has issued the A Share Convertible Bonds at the maximum issuance amount of RMB2 billion; (ii) all the A Shareholders have subscribed for the respective maximum subscription amount of the A Share Convertible Bonds on pro-rata basis on their current shareholding; (iii) all A Share Convertible Bonds are converted into A Shares at the minimum initial Conversion Price of RMB65.88 per Share, which shall not be lower than average trading price of A Shares for the 20 trading days preceding the date of this announcement and the average trading price of A shares on the preceding trading day; and (iv) the Company does not issue and allot any Shares before all the A Share Convertible Bonds are converted into A Shares) are as follows:

Name/Class of Shareholders	Number of Shares	Approximate percentage of the number of issued A Shares as at the date of this announcement		Immediately after completion of the proposed Issuance of A Share Convertible Bonds and conversion of all the A Share Convertible Bonds into A Shares		
			Approximate percentage of the number of issued A Shares	Number of Shares	Approximate percentage of the number of issued A Shares	Approximate percentage of the number of issued Shares
Fudan Fukong	109,620,000	20.59%	13.42%	115,871,556	20.59%	13.68
Fuxin Fangao	106,730,000	20.05%	13.07%	112,816,741	20.05%	13.32
Mr. Jiang Guoxing	7,210,000	1.35%	0.88%	7,621,182	1.35%	0.9
Mr. Shi Lei	7,210,000	1.35%	0.88%	7,621,182	1.35%	0.9
Shanghai Shenghao	2,253,750	0.42%	0.28%	2,382,280	0.42%	0.28
Shanghai Yuhao	366,000	0.07%	0.04%	386,873	0.07%	0.05
Other Shareholders						
(A Shares)	298,936,750	56.17%	36.61%	315,984,913	56.17%	37.31
H Shareholders	284,330,000	—	34.82%	284,330,000	—	33.56

The Conversion Price shall be adjusted upon the Issuance of A Share Convertible Corporate Bonds in case of certain events of the Company, such as distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue or distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds).

GENERAL

1. Information of the Company

The Company is a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on the Main Board of the Stock Exchange and the Sci-Tech Innovation Board of the Shanghai Stock Exchange, respectively. The Company's main businesses are the design, development and sales of IC products in China.

2. Information of the connected persons

Fudan Fukong, being a Substantial Shareholder of the Company, holds 109,620,000 A Shares, representing 13.42% of the issued share capital of the Company. Shanghai Commerce and Invest (Group) Corporation holds 70.2% interest in Fudan Fukong, while 29.8% is held by the independent third party. Shanghai Commerce and Invest (Group) Corporation is wholly owned by Bailian Group Company Limited, which in turn is a state-owned enterprise wholly owned by the Shanghai Municipal Government.

Fuxin Fangao, being a Substantial Shareholder of the Company, holds 106,730,000 A Shares, representing 13.07% of the issued share capital of the Company. Fudan Fukong is wholly owned by Shanghai Fudan Asset Management Co., Ltd., which in turn is wholly owned by Fudan University, a state-owned university established in Shanghai, China.

Mr. Jiang Guoxing is an executive Director of the Company and the Chairman of the Board.

Mr. Shi Lei is an executive Director of the Company and the Managing Director.

Shanghai Shenghao, a Shareholder of the Company, holds 2,253,750 A Shares, representing 0.28% of the issued share capital of the Company. Shanghai Shenghao is the general partner of Shanghai Yuji which has the de facto control of Shanghai Shenghao. Ms. Zhang Yanfeng, being a Supervisor, and Ms. Fang Jing, being a supervisor of Sino IC, each held 40% interests in the issued share capital of Shanghai Yuji.

Shanghai Yuhao, a Shareholder of the Company, holds 366,000 A Shares, representing approximately 0.04% of the total issued share capital of the Company. Shanghai Yuji is the general partner of Shanghai Yuhao and has the de facto control of Shanghai Yuhao. Ms. Zhang Yanfeng, being a Supervisor, and Ms. Fang Jing, being a supervisor of Sino IC, each held 40% interests in the issued share capital of Shanghai Yuji.

BASIS OF DETERMINATION OF COUPON RATE OF THE A SHARE CONVERTIBLE BONDS

In determining the coupon rate of the A Share Convertible Bonds, the Company and the underwriter will make reference to, among others, (i) the interest rates of the convertible bonds issued by other PRC issuers (the “Market Comparables”) with a size comparable to that of the Company around the time of determination of coupon rate; (ii) the then trading price of A Shares; (iii) the then condition and investment sentiment of the PRC bond market; and (iv) the credit rating of the Company and the A Share Convertible Bonds. The Company expects that the coupon rate of the A Share Convertible Bonds will not substantially deviate from that of the Market Comparables.

Taking into account that (i) the determination mechanism of the coupon rate is subject to the approval of the Shareholders at the EGM and the Class Meetings; (ii) the Company and the underwriter will make reference to other factors as set out in the previous paragraph when determining the coupon rate; (iii) the final coupon rate is expected not to deviate substantially from that of the Market Comparables; (iv) the determination mechanism of the coupon rate is in compliance with the applicable laws and regulations in the PRC, the Company therefore considers that the proposed determination mechanism of the coupon rate of the A Share Convertible Bonds is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

EQUITY FINANCING ACTIVITIES IN THE PAST 12 MONTHS

On 24 November 2022, the Company issued 2,154,500 A Shares under the 2021 Restricted A Share Incentive Scheme at an issue price of RMB17.935 per share. The aggregate proceeds and the actual net amount of proceeds from the issuance after deducting issuance expenses was RMB38,640,957.50. The proceeds have been used for daily working capital in 2022.

Save as mentioned above, in the past 12 months prior to the date of this announcement, the Company has not conducted any equity financing activities involving the issuance of equity securities.

RELEVANT RISKS OF THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE BONDS

The Public Issuance of A Share Convertible Bonds is subject to certain risks, including but not limited to the risk of changes in politics, laws, regulations and policies, management risk, risk in approvals, etc. When evaluating the Public Issuance of A Share Convertible Corporate Bonds issued by the Company, investors shall take the aforementioned risk factors into due consideration.

THE PUBLIC ISSUANCE AND THE SUBSCRIPTIONS NOT LEADING TO CHANGES IN THE RIGHT OF CONTROL OF THE COMPANY

As of the date of this announcement, the Company does not have any Controlling Shareholder. Therefore, the Public Issuance of A Share Convertible Bonds and the Possible Subscription will not lead to changes in the right of control of the Company, and will not lead to a distribution of its shareholding which cannot satisfy relevant listing conditions.

IMPLICATIONS ON THE PROPOSED ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS UNDER THE PRC REGULATORY REQUIREMENTS AND THE POSSIBLE SUBSCRIPTION FOR A SHARE CONVERTIBLE CORPORATE BONDS BY CONNECTED PERSON(S)

Under the requirements of the Implementation Guidelines on Related Parties Transactions of Listed Companies of the Shanghai Stock Exchange, the consideration and disclosure of the subscription for the Public Issuance of A Share Convertible Corporate Bonds of the Company by the connected persons aforesaid may be waived from the requirements in the form of Connected Transaction.

The A Share Convertible Corporate Bonds proposed to be issued by the Company may lead to the issuance of new A Shares upon the exercise of the conversion rights of the A Share Convertible Bonds, the actual number of which depends on a number of factors, including the Conversion Price of the A Share Convertible Corporate Bonds.

The Board considers that the conversion of A Share Convertible Corporate Bonds into new A Shares will dilute the interests of the existing A Shareholders and H Shareholders in the Company's share capital. Pursuant to the Articles and the provisions of the relevant PRC laws and regulations, the Proposed Issuance of A Share Convertible Corporate Bonds shall be subject to, among others, the Shareholders' approvals at the EGM and the Class Meetings, and approvals from the relevant PRC regulatory authorities.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to Rule 19A.38 of the Listing Rules, the proposed Public Issuance of A Share Convertible Corporate Bonds shall be subject to the Shareholders' approvals at the EGM and the Class Meetings.

As at the date of this announcement, Fudan Fukong and Fuxin Fangao held 109,620,000 and 106,730,000 A Shares, respectively, representing approximately 13.42% and 13.07% of the total issued Shares of the Company, and hence are Substantial Shareholders of the Company, and therefore, Fudan Fukong and Fuxin Fangao are connected persons of the Company. Under Chapter 14A of the Listing Rules, the subscription of the A Share Convertible Bonds by Fudan Fukong and/or Fuxin Fangao will constitute a Connected Transaction of the Company, and shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, certain Directors held 14,420,000 A Shares in aggregate, representing approximately 1.77% of the total issued Shares. Under Chapter 14A of the Listing Rules, the subscription of the A Share Convertible Bonds by Directors of the Company will constitute a Connected Transaction of the Company, and shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the date of this announcement, Ms. Zhang Yanfeng, being a Supervisor, and Ms. Fang Jing, being a supervisor of Sino IC, each held 40% interests in the issued share capital of Shanghai Yuji. Shanghai Yuji is the general partner of Shanghai Shenghao and Shanghai Yuhao and has the de facto control of Shanghai Shenghao and Shanghai Yuhao, and Shanghai Shenghao and Shanghai Yuhao held 2,253,750 and 366,000 A Shares, representing approximately 0.28% and 0.04% of the total issued Shares, respectively. Under Chapter 14A of the Listing Rules, the subscription of the A Share Convertible Bonds by Shanghai Shenghao and Shanghai Yuhao will constitute a Connected Transaction of the Company, and shall be subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

In respect of the proposed resolution to approve the Possible Subscription for A Share Convertible Corporate Bonds, connected persons who are directly and indirectly holding an aggregate of 233,497,750 Shares (representing approximately 28.59% of the issued share capital of the Company) as at the date of this announcement, are required to abstain from voting at the EGM. In respect of all the proposed resolutions in the Class Meetings for H Shareholders, connected persons who are holding an aggregate of 108,000 H Shares (representing approximately 0.04% of the issued H share capital) as at the date of this announcement, are required to abstain from voting at the H Shareholders' Class Meeting. In respect of all the proposed resolutions in the Class Meetings for A Shareholders, connected persons who are holding an aggregate of 233,389,750 A Shares (representing approximately 43.84% of the issued A share capital) as at the date of this announcement, are required to abstain from voting at the A Shareholders' Class Meeting.

The relevant Directors, namely Mr. Jiang Guoxing and Mr. Shi Lei, were required to abstain from voting at the Board meeting in respect of the proposed resolution to approve the Possible Subscription for A Share Convertible Corporate Bonds by connected persons. All remaining Directors who were entitled to vote, unanimously approved the above resolution. Save for the above, no other Directors are interested or deemed to have material interests in the above transaction. In addition, no Directors have abstained from voting on other resolutions considered at such Board meeting.

The Company has formed an Independent Board Committee to give recommendations to the Independent Shareholders in respect of the Possible Subscription and the transactions contemplated thereunder. The Company has also appointed an Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Possible Subscription are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group so far as the Independent Shareholders are concerned and are in the common interest of the Company and the Shareholders as a whole.

The independent non-executive Directors are of the view that based on the abovementioned arrangement, the connected persons (including the Substantial Shareholders of the Company and certain Directors or Supervisors and their associates) are subject to the same price and terms as those of other subscribers in their participation in the subscriptions for the A Share Convertible Bonds to be issued under the Public Issuance in cash within the scope of their pre-emptive rights. They will not receive any preferential treatment, and the interests of the Company and other Shareholders will not be prejudiced.

All existing A Shareholders at the registration date when the existing A Shareholders have the right of placement in priority shall have pre-emptive rights to subscribe for the A Share Convertible Corporate Bonds. No Shareholder shall enjoy any privilege by virtue of being a connected person of the Company.

The Board expects that the Company will maintain sufficient public float to meet the applicable minimum requirement under the Listing Rules.

EGM AND THE CLASS MEETINGS

The resolutions to approve, inter alia, the proposed Public Issuance of A Share Convertible Corporate Bonds, the Possible Subscription and the related matters thereof will be proposed at the EGM whereas the resolutions to approve, inter alia, the proposed Public Issuance of A Share Convertible Corporate Bonds and the related matters thereof will be proposed at the Class Meetings. Connected persons including Fudan Fukong, Fuxin Fangao, certain Directors, Shanghai Shenghao and Shanghai Yuhao shall abstain from voting in respect of the resolution relating to the Possible Subscription of A Share Convertible Corporate Bonds at the EGM and the Class Meetings.

Pursuant to Rule 19A.39A of the Listing Rules, a circular, containing details of the proposed Public Issuance of A Share Convertible Corporate Bonds, will be published by the Company and dispatched to the H Shareholders on or before 22 May 2023.

Investors should be aware that the proposed Public Issuance of A Share Convertible Corporate Bonds is subject to the approvals of the Shareholders at the EGM and the Class Meetings, the issuance of listing approval by the Shanghai Stock Exchange and registration with the CSRC. As the proposed Public Issuance of A Share Convertible Corporate Bonds is still subject to the fulfillment of various conditions, the Public Issuance of A Share Convertible Corporate Bonds may not proceed or may not become effective. Connected persons including Fudan Fukong, Fuxin Fangao, certain Directors, Shanghai Shenghao and Shanghai Yuhao may or may not subscribe for the A Share Convertible Corporate Bonds. Investors and Shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Articles”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time
“A Shares”	the ordinary share(s) of the Company of nominal value of RMB0.10 each subscribed and traded in RMB
“A Shareholder(s)”	holders of A Share(s)

“A Shareholders’ Class Meeting”	the class meeting of A Shareholders
“A Share Convertible Corporate Bonds” or “A Share Convertible Bonds” or “Convertible Bonds”	the convertible corporate bonds with a total amount not exceeding RMB2 billion (RMB2 billion inclusive) that can be converted into new A Shares proposed to be issued by the Company in the PRC
“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 Peoples’ Republic of China, as amended from time to time
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Connected Transaction”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion Price”	the price at which new A shares will be issued upon the conversion of A Share Convertible Bonds (subject to adjustment from time to time)
“Convertible Bondholders”	the holders of the A Share Convertible Corporate Bonds
“Convertible Bonds Offering Document” or “Offering Document”	the offering document on public issuance of A Share Convertible Corporate Bonds of Shanghai Fudan Microelectronics Group Company Limited* (上海復旦微電子集團股份有限公司)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	director(s) of the Company

“EGM”	the extraordinary general meeting of the Company to be convened for the approval of, among others, the proposed Public Issuance of A Share Convertible Corporate Bonds, Possible Subscription and the related matters thereof
“Fudan Fukong”	Shanghai Fudan Fukong Technology Enterprise Holdings Limited (上海復旦復控科技產業控股有限公司)
“Fuxin Fangao”	Shanghai Fuxin Fangao IC Technology Co. Ltd. (上海復芯凡高集成電路技術有限公司)
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Shares”	foreign invested share(s) of nominal value of RMB0.10 each in the capital of the Company which are listed on the Main Board of the Stock Exchange and subscribed and dealt in HK\$
“H Shareholder(s)”	holders of H Share(s)
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders
“Independent Board Committee”	a board committee, comprising all the independent non-executive Directors, namely Mr. Cao Zhongyong, Mr. Cai Minyong, Mr. Wang Pin and Ms. Zou Fuwen, has been formed to advise the Independent Shareholders in respect of Possible Subscription
“Independent Financial Advisor”	Amasse Capital Limited, registered with the Securities and Futures Commission in Hong Kong as a licensed corporation under the Securities and Futures Ordinance to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, and appointed as the independent financial adviser of the Company to provide advice to the Independent Board Committee and Independent Shareholders in relation to the Possible Subscription by connected persons which constitutes a connected transaction
“Independent Shareholders”	any Shareholder(s) of the Company that is not required to abstain from voting at the EGM and the Class Meetings to approve the subscription for A Share Convertible Corporate Bonds and the related matters thereof

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, amended from time to time
“Possible Subscription”	Fudan Fukong, Fuxin Fangao, certain Directors of the Company, Shanghai Shenghao and Shanghai Yuhao may exercise their pre-emptive rights to subscribe for the A Share Convertible Corporate Bonds under the proposed Public Issuance of A Share Convertible Corporate Bonds, the specific subscription amount and Conversion Price on the exercise of the pre-emptive rights shall be subject to the determination of the Board as authorised by the EGM and the Class Meetings, based on the market conditions before the Issuance
“PRC”	the People’s Republic of China. Geographical references in this announcement to the PRC excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan region of the PRC
“Public Issuance of A Share Convertible Corporate Bonds”, “Public Issuance” or “Issuance”	the proposal of the Company to apply to the Shanghai Stock Exchange and the CSRC for the Issuance of A Share Convertible Bonds to non-specific investors in the PRC with a total amount not exceeding RMB2 billion (RMB2 billion inclusive)
“RMB”	Renminbi, the lawful currency of the PRC
“Sci-Tech Innovation Board”	The Shanghai Stock Exchange Science and Technology Innovation Board
“Securities Law”	the Securities Law of the People’s Republic of China, amended from time to time
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), amended from time to time
“Shanghai Shenghao”	Shanghai Shenghao Corporate Management Consultant Partnership Enterprise (limited partnership)* (上海聖壕企業管理諮詢合夥企業 (有限合夥))
“Shanghai Yuhao”	Shanghai Yuhao Corporate Management Consultant Partnership Enterprise (limited partnership)* (上海煜壕企業管理諮詢合夥企業 (有限合夥))
“Shanghai Yuji”	Shanghai Yuji Enterprise Management Consulting Co., Ltd.* (上海煜冀企業管理諮詢有限公司), a general partner of Shanghai Shenghao and Shanghai Yuhao and having the de facto control of Shanghai Shenghao and Shanghai Yuhao

“Share(s)”	A Share(s) and H Share(s)
“Shareholders”	holders of the Company’s Shares including A Share(s) and H Share(s)
“Shanghai Stock Exchange”	Shanghai Stock Exchange of the PRC
“Sino IC”	Sino IC Technology Co., Ltd. (上海華嶺集成電路技術股份有限公司), a subsidiary of the Company
“Special Mandate”	the special mandate in relation to the domestically issued A Share Convertible Corporate Bonds to be considered and approved at the EGM, H Shareholders’ Class Meeting and A Shareholders’ Class Meeting
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Substantial Shareholders”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent.

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

Shanghai, the PRC, 28 April 2023

As at the date of this announcement, the Company’s executive Directors are Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun and Ms. Cheng Junxia; non-executive Directors are Ms. Zhang Qianling, Mr. Wu Ping, Ms. Liu Huayan and Mr. Sun Zheng, and independent non-executive Directors are Mr. Cao Zhongyong, Mr. Cai Minyong, Mr. Wang Pin and Ms. Zou Fuwen.

* For identification purposes only