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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)

PLACING OF NEW H SHARES UNDER GENERAL MANDATE

Placing Agent



華泰金融控股(香港)有限公司

HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

The Board is pleased to announce that on 29 September 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement pursuant to which the Company conditionally agreed to issue the Placing Shares, and the Placing Agent agreed, as the agent of the Company, to conditionally procure the Placees on a fully underwritten basis to subscribe for the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement. The Placing Shares will be allotted and issued pursuant to the General Mandate and will be allotted to not less than six but not more than ten Placees.

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$223.9 million and the aggregate net proceeds (after deduction of the fees, commissions and expenses) from the Placing are expected to be approximately HK\$218.4 million. The 42,000,000 Placing Shares to be allotted and issued under the Placing Agreement represent (i) approximately 17.33% and 6.80%, respectively, of the existing issued H Shares and the existing Shares as at the date of this announcement; and (ii) approximately 14.77% and 6.37%, respectively, of the issued H Shares and the Shares as enlarged by the allotment and issue of the Placing Shares, assuming no further new Shares will be issued or repurchased before Completion. The nominal value of each Placing Share under the Placing will be RMB0.10, and the aggregate nominal value of the Placing Shares under the Placing will be RMB4,200,000.

* For identification purpose only

The Placing Price represents:

- (a) a discount of approximately 5.26% to the average closing price of approximately HK\$5.63 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 September 2017, being the trading day preceding the entering into of the Placing Agreement; and
- (b) a discount of approximately 5.50% to the closing price of HK\$5.64 per H Share as quoted on the Stock Exchange on 29 September 2017, being the date of the Placing Agreement.

As Completion is subject to the satisfaction of certain conditions precedent and the Placing Agent's termination rights, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

The Board is pleased to announce that on 29 September 2017 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement. The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

29 September 2017 (after trading hours)

Parties

- (1) The Company; and
- (2) The Placing Agent.

Placing Shares

42,000,000 new H Shares of RMB0.10 each in the share capital of the Company will be issued by the Company pursuant to the terms and subject to the conditions set out in the Placing Agreement.

The 42,000,000 Placing Shares to be allotted and issued under the Placing Agreement represent (i) approximately 17.33% and 6.80%, respectively, of the existing issued H Shares and the existing Shares as at the date of this announcement; and (ii) approximately 14.77% and 6.37%, respectively, of the issued H Shares and the Shares as enlarged by the allotment and issue of the Placing Shares, assuming no further new Shares will be issued or repurchased before Completion. The nominal value of each Placing Share under the Placing will be RMB0.10, and the aggregate nominal value of the Placing Shares under the Placing will be RMB4,200,000.

The Placing

The Company has conditionally agreed to issue the Placing Shares, and the Placing Agent has conditionally agreed, as the agent of the Company, to procure the Placees on a fully underwritten basis to subscribe for the Placing Shares at the Placing Price and on the terms and subject to the conditions set out in the Placing Agreement.

The Placing Shares will be allotted and issued pursuant to the General Mandate, and will be allotted to not less than six but not more than ten Placees.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are not connected with the Company or its connected persons.

The Placees

The Placing Agent will place the Placing Shares at the Placing Price (exclusive of brokerage, the Stock Exchange trading fees and SFC transaction levy as may be payable by the Placees) to not less than six and not more than ten Placees who are professional, institutional or other investors on the terms and conditions of the Placing Agreement. To the best knowledge, information and belief of the Company, none of the Placees and their respective beneficial owners is a connected person (as defined in the Listing Rules) of the Company. It is expected that none of the Placees will become a substantial shareholder of the Company immediately after Completion.

Placing Price

The Placing Price of HK\$5.33 per Placing Share represents:

- (a) a discount of approximately 5.26% to the average closing price of approximately HK\$5.63 per H Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 28 September 2017, being the trading day preceding the entering into of the Placing Agreement; and
- (b) a discount of approximately 5.50% to the closing price of HK\$5.64 per H Share as quoted on the Stock Exchange on 29 September 2017, being the date of the Placing Agreement.

The aggregate net proceeds (after deduction of the fees, commissions and expenses) from the Placing are expected to be approximately HK\$218.4 million and the net Placing Price is approximately HK\$5.20 per Placing Share.

The Placing Price has been negotiated and arrived at on an arm's length basis and by reference to market conditions. The Directors are of the opinion that the Placing Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

Fee and placing commission payable to the Placing Agent

A financial advisory fee HK\$1,000,000 is payable to the Placing Agent. The Placing commission payable to the Placing Agent under the Placing Agreement is equal to 1.5% of the aggregate Placing Price of the Placing Shares successfully placed by the Placing Agent under the Placing.

Ranking of the Placing Shares

The Placing Shares, when issued and fully paid, will rank pari passu in all respects among themselves and with the existing H Shares in issue as at the Completion Date, including the right to receive all dividends and other distributions to be declared and made after the Completion Date.

Conditions

Completion of the Placing is conditional upon the fulfilment or waiver of the following conditions:

- (a) the Listing Committee having granted approval for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange; and
- (b) all necessary approvals and consents (including the CSRC Approval) having been obtained and not being subsequently cancelled or revoked prior to Completion.

If the above conditions are not satisfied on or before 13 October 2017 (or such a later date to be agreed between the Company and the Placing Agent), the Placing will not proceed and all rights, obligations and liabilities of the parties to the Placing Agreement will forthwith cease and terminate, save for any antecedent breaches of the Placing Agreement.

Termination

The Placing Agent may after consultation with the Company terminate the Placing Agreement if at any time prior to 8:00 a.m. on the Completion Date (the “**Completion Time**”):

- (i) any of the undertakings, representations and warranties given by the Company under the Placing Agreement is or becomes untrue or inaccurate or misleading in any material respect; or
- (ii) the Company commits any material breach of any provisions under the Placing Agreement in respect of the issue of the Placing Shares and payment of the financial advisory fee and the Placing commission; or
- (iii) the dealings in or the listing of the Shares on the Stock Exchange is suspended for a period of more than five trading days (other than in connection with the Placing); or
- (iv) any moratorium, suspension or material restriction is imposed on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or

- (v) in the reasonable opinion of the Placing Agent, the success of the Placing has been or will be or may be materially and adversely affected, or the Placing has been or will be or may be made inadvisable, inexpedient or impracticable, or any part of the Placing Agreement has been or will be or may be made incapable of performance in accordance with its terms, due to the following occasions:
- (a) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) occurs during the period from the date of the Placing Agreement to the Completion Time, which has material adverse effect on the overall business and financial position of the Group; or
 - (b) there occurs any material deterioration in the conditions of the securities markets in Hong Kong or the PRC, or any moratorium, suspension or material restriction on trading in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange due to exceptional circumstances or otherwise at any time prior to the Completion Date; or
 - (c) any national or international event or change of a political, military, financial or economic nature, or any national or international outbreak or escalation of hostilities or armed conflict occurs during the period from the date of the Placing Agreement to the Completion time, which may affect the local securities market and has material adverse effect on the overall business and financial position of the Group; or
 - (d) there occurs a change or prospective change or development in taxation or the implementation of exchange controls in Hong Kong, the PRC or other places, which will have material adverse effect on the Group or its present or future Shareholders due to its legal status; or
- (vi) any material adverse change in the overall business or financial position of the Group occurs during the period from the date of the Placing Agreement to the Completion Time, which was not previously known to the Placing Agent.

Upon giving of written notice pursuant to the paragraph above, all obligations and liabilities of the parties to the Placing Agreement will forthwith cease and determine, save for any antecedent breaches of the Placing Agreement.

Completion

Subject to the conditions mentioned above, the Completion of the Placing shall take place on the Completion Date or such later time and/or date as the Company and the Placing Agent may agree in writing.

As Completion is subject to the satisfaction of certain conditions precedent and the Placing Agent's termination rights, the Placing may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the H Shares.

GENERAL MANDATE TO ISSUE THE PLACING SHARES

The Placing Shares will be issued under the General Mandate. Under the General Mandate, the Company is authorised to issue a maximum of 75,000,000 Domestic Shares and 48,466,000 H Shares, representing 20% of the total amount of the Domestic Shares and H Shares in issue, respectively, as at 2 June 2017, being the date of the passing of the resolution granting the General Mandate. As at 2 June 2017, the issued share capital of the Company comprised 375,000,000 Domestic Shares and 242,330,000 H Shares. As at the date of this announcement, no Domestic Shares or H Shares have been issued under the General Mandate and the number of H Shares that may be issued under the General Mandate is 48,466,000.

REASONS FOR THE PLACING AND USE OF PROCEEDS FROM THE PLACING

On the assumption that all Placing Shares are fully placed, the aggregate gross proceeds from the Placing are expected to be approximately HK\$223.9 million and the aggregate net proceeds (after deduction of the fees, commissions and expenses) from the Placing are expected to be approximately HK\$218.4 million.

The principal activities of the Group are the design, development and sales of specific application integrated circuit product and provision of testing services.

The net proceeds from the Placing are intended to be used for supplementing the general working capital of the Company.

The Placing will further optimise the capital structure and financial structure of the Company. The Company will be able to enrich its shareholder base by attracting a number of high calibre investors to participate in the Placing. This will further assist the Company in reinforcing its brand awareness and market reputation.

The Directors consider that the terms of the Placing Agreement, including but not limited to the Placing Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

FUND RAISING DURING THE PAST TWELVE MONTHS

During the past twelve months immediately preceding the date of this announcement, the Company has not conducted any equity fund raising activity.

EFFECT OF THE PLACING ON THE SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company immediately before and after the Placing (assuming (i) the Placing Shares are fully placed; (ii) no further new Shares will be issued or repurchased before Completion; and (iii) no change in shareholdings of the Shareholders as set out below).

Name of Shareholder	Immediately before the Placing		Immediately after the Placing	
	Number of Shares	% of total issued Shares (Note 1)	Number of Shares	% of total issued Shares (Note 1)
DOMESTIC SHARES				
Bailian Group Company Limited (“ Bailian Group ”) (Note 2)	109,620,000	17.76	109,620,000	16.63
Fudan University (Note 3)	106,730,000	17.29	106,730,000	16.19
Zhang Yong (Note 4)	66,845,110	10.83	66,845,110	10.14
Zhou Yufeng (Note 5)	47,443,420	7.68	47,443,420	7.20
Jingwei Textile Machinery Co., Ltd. (“ Jingwei Textile ”) (Note 6)	29,941,470	4.85	29,941,470	4.54
Jiang Guoxing	7,210,000	1.17	7,210,000	1.09
Shi Lei	7,210,000	1.17	7,210,000	1.09
Total Issued Domestic Shares	<u>375,000,000</u>	<u>60.75</u>	<u>375,000,000</u>	<u>56.88</u>
H SHARES				
Zhao Jun and Chi Rui (Note 7)	19,224,000	3.11	19,224,000	2.92
Other H Shareholders	223,106,000	36.14	223,106,000	33.84
The Placees	–	–	42,000,000	6.37
Total Issued H Shares	<u>242,330,000</u>	<u>39.25</u>	<u>284,330,000</u>	<u>43.12</u>
TOTAL ISSUED SHARES	<u>617,330,000</u>	<u>100.00</u>	<u>659,330,000</u>	<u>100.00</u>

Notes:

- The percentages set out herein represent the rounding of figures to two decimal places.
- Bailian Group is a state-owned enterprise wholly owned by the Shanghai Municipal Government and holds the entire equity interest in Shanghai Commerce and Invest (Group) Corporation (“**SCI**”). SCI in turn holds 70.2% of the equity interest in Shanghai Fudan Technology Enterprise Holdings Limited, which is the direct holder of 109,620,000 Domestic Shares.

3. Fudan University wholly owns Shanghai Fudan Assets Management Co., Ltd., which in turn wholly owns Shanghai Fudan High Tech Company, a state-owned enterprise, which is the direct holder of 106,730,000 Domestic Shares.
4. Zhang Yong holds 95% of the equity interest in Shanghai Yikun Investment Consultant Partnership Enterprise* (“**Shanghai Yikun**”), and Shanghai Yikun holds 99.81% and 99.32% of the equity interest in Shanghai Zhengben Corporate Management Consultant Partnership Enterprise* (“**Shanghai Zhengben**”) and Shanghai Nianjin Corporate Management Consultant Partnership Enterprise* (“**Shanghai Nianjin**”), respectively. Shanghai Zhengben and Shanghai Nianjin are the direct holders of 52,167,270 and 14,677,840 Domestic Shares, respectively.
5. Zhou Yufeng holds 99% of the equity interest in Shanghai Shanyao Industrial Limited* (“**Shanghai Shanyao**”). Shanghai Shanyao in turn holds 99.79% of the equity interest in Shanghai Zhonghua Corporate Management Consultant Partnership Enterprise*, which is the direct holder of 47,443,420 Domestic Shares.
6. Jingwei Textile holds 37.47% of the equity interest in Zhongrong International Trust Limited* (“**Zhongrong International**”). Zhongrong International holds the entire equity interest in Beijing Zhongrong Dingxin Investment Management Limited* (“**Zhongrong Dingxin**”), and Zhongrong Dingxin holds the entire equity interest in Dazi County Dingcheng Capital Investment Limited* (“**Dingcheng**”). Dingcheng holds 0.01% of the equity interest in Shanghai Danruo Investment Management Partnership Enterprise* (“**Shanghai Danruo**”) and is the general partner thereof. Wang Shumin and Wang Jizhuo together wholly and beneficially owns Beijing Huacheng Lihe Investment Limited which holds the remaining 99.99% of the equity interest in Shanghai Danruo. Shanghai Danruo and Dingcheng holds 72.69% and 0.33% of the equity interest in Shanghai Guonian Corporate Management Consultant Partnership Enterprise* (“**Shanghai Guonian**”), respectively. Shanghai Guonian is the direct holder of 29,941,470 Domestic Shares.
7. Zhao Jun and Chi Rui together wholly and beneficially owns Springs Capital Limited, which wholly and beneficially owns Springs China Opportunities Master Fund (“**Spring China**”). Spring China is the direct holder of 19,224,000 H Shares.

REGULATORY AND SHAREHOLDERS’ APPROVALS

Approval from CSRC has been obtained for the Placing. According to the CSRC Approval, the Company may issue not more than 48,466,000 offshore-listed foreign invested shares of nominal value of RMB0.1 each, all of which are ordinary shares.

The Placing Shares will be issued by the Company pursuant to the General Mandate. The Placing is not subject to Shareholders’ approval.

APPLICATION FOR LISTING

Application will be made to the Listing Committee for the listing of, and permission to deal in, the Placing Shares on the Stock Exchange.

DEFINITIONS

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

“AGM”	the 2016 annual general meeting of the Company held on 2 June 2017
“Board”	the board of directors of the Company
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and any day on which the typhoon signal No. 8 signal or above or the “black” storm warning signal is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon on the relevant day) on which banks generally are open for business in Hong Kong
“Company”	上海復旦微電子集團股份有限公司 (Shanghai Fudan Microelectronics Group Company Limited*), a joint stock limited company incorporated in the PRC and whose H shares are listed on the main board of the Stock Exchange
“Completion”	completion of the Placing under the Placing Agreement
“Completion Date”	means the third Business Day after the fulfilment of the conditions as set out in the Placing Agreement (or such later date as the Company and the Placing Agent may agree in writing)
“Completion Time”	has the meaning as defined in the section headed “Termination” in this announcement
“CSRC”	China Securities Regulatory Commission
“CSRC Approval”	the approval issued by CSRC to the Company on 1 April 2017, approving the allotment and issue of up to 48,466,000 H Shares by the Company
“Directors”	the directors of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB0.10 each in the capital of the Company which are subscribed for in Renminbi

* For identification purpose only

“General Mandate”	the general mandate granted to the Directors at the AGM to permit the allotment and issue of new Shares in the Company of up to a maximum of 20% of the aggregate nominal value of Shares in issue as at the date of passing of the relevant resolution
“Group”	the Company and its subsidiaries
“H Share(s)”	foreign invested share(s) of nominal value of RMB0.10 each in the capital of the Company which are listed on main board of the Stock Exchange and subscribed for in HK\$
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	any professional, institutional or other investor procured by or on behalf of the Placing Agent to subscribe for any of the Placing Shares
“Placing”	the offer by way of a private placing of the Placing Shares by or on behalf of the Placing Agent to selected Placees on the terms set out in the Placing Agreement
“Placing Agent”	Huatai Financial Holdings (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the sole placing agent for the Placing
“Placing Agreement”	the placing agreement dated 29 September 2017 entered into between the Company and the Placing Agent in respect of the Placing
“Placing Price”	HK\$5.33 per Placing Share (which excludes any brokerage, SFC transaction levy and Stock Exchange trading fee payable by the Placees)

“Placing Shares”	42,000,000 H Shares to be allotted and issued by the Company pursuant to the Placing Agreement
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“SFC”	Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	the Domestic Share(s) and H Share(s)
“Shareholder(s)”	registered holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent.

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

Shanghai, the PRC, 29 September 2017

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. Ma Zhicheng, Mr. Yao Fuli and Ms. Zhang Huajing and independent non-executive directors are Mr. Cheung Wing Keung, Mr. Guo Li, Mr. Chen Baoying and Mr. Lin Fujiang.

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