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上海復旦微電子集團股份有限公司
Shanghai Fudan Microelectronics Group Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 1385)

**(1) PROPOSED A SHARE OFFERING
AND
(2) AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND CORPORATE GOVERNANCE RULES**

The Board is pleased to announce that, at the Board meeting held on 28 February 2019, it has been approved and resolved to convene the EGM and Class Meetings and to submit a special resolution in relation to the proposed A Share Offering.

Assuming that there are no changes to the total issued share capital of the Company prior to the completion of the A Share Offering, the maximum number of new A Shares to be issued will not be more than 231,500,000 A Shares representing (i) approximately 33.33% of the total existing issued share capital of the Company before the issue of A Shares, and 25% of total enlarged issued share capital of the Company after the issue of A Shares. All A Shares will be issued as new shares and no transfer arrangement will be made for the old Shares.

The Board also passed other relevant resolutions in relation to the proposed A Share Offering at the Board meeting, including, among other things: (1) the proposed amendments to the Articles of Association; (2) Use of Proceeds from the Initial Public Offering of A Shares and feasibility analysis; (3) the plan for distribution of profits accumulated before the Initial Public Offering and listing of A Shares; (4) the future dividend plan for the three years after the Initial Public Offering and listing of A Shares; (5) price stabilisation plan for the A Shares within three years after the Initial Public Offering and listing of A Shares; (6) undertakings and related restrictive measures in connection with the Initial Public Offering and listing of A Shares; (7) explanation on dilution of immediate returns and related remedial measures as a result of the Initial Public Offering and listing of A Shares; (8) the authorisation granted to the Board to handle all matters relating to the Initial Public Offering and listing of A Shares; and (9) the proposed amendments to certain corporate governance rules.

The Company will convene the EGM and Class Meetings to seek approval from the Shareholders for the above matters. A circular containing, amongst other things, details of the proposed A Share Offering and the other relevant resolutions, together with the notices of the EGM and Class Meetings will be despatched to the Shareholders in accordance with the Listing Rules and the Articles of Association in due course.

The Company would like to emphasize that (i) the proposed A Share Offering is only at a preliminary stage and that the definitive timetable for the proposed A Share Offering has not yet been finalized; and (ii) there is no assurance that the Company will be able to obtain the relevant approvals, recordings filings, consents and registrations for the proposed A Share Offering from, among others, the Shareholders in the EGM and Class Meetings, and the CSRC or other relevant regulatory authorities. Shareholders and potential investors should be aware that there is no assurance that the proposed A Share Offering will be completed and listed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

PROPOSED A SHARE OFFERING

The Board is pleased to announce that, at the Board meeting held on 28 February 2019, it has been approved and resolved to convene the EGM and Class Meetings and to submit a special resolution in relation to the proposed A Share Offering.

The Proposed A Share Offering and other related resolutions below are conditional and subject to Shareholders' approval as ordinary resolutions or special resolutions (as the case may be) at the EGM and/or the Class Meetings (as the case may be) and necessary approvals from the CSRC and other relevant regulatory authorities.

Details of the proposed A Share Offering are set out below:

- (a) Type of securities to be issued
Domestic listed RMB ordinary shares (A shares)
- (b) Nominal value per Share
RMB0.1
- (c) Offering size

Assuming that there are no changes to the total issued share capital of the Company prior to the completion of the A Share Offering, the maximum number of new A Shares to be issued will not be more than 231,500,000 A Shares (including 231,500,000 A Shares, such number will be adjusted accordingly to reflect stock dividend, transfer of capital reserve into capital and any other ex-rights events if occurred prior to the proposed A Share Offering), representing (i) approximately 33.33% of the total existing issued share capital of the Company before the issue of A Shares, and 25% of total enlarged issued share capital of the Company after the issue of A Shares. The Company and the lead underwriter(s) can adopt an over-allotment option which cannot exceed 15% of the offering size. All A Shares will be issued as new shares and no transfer arrangement will be made for the old Shares.

Following the approval or registration documents granted by the CSRC, the actual offering size will be determined by the Board in accordance with the relevant rules and regulations and the authorisation of the EGM and Class Meetings, and after consideration of the market conditions and the capital requirement of the Company with the sponsor(s) (underwriter(s)).

- (d) Mode of offering

The offering will be conducted through a combination of placings to strategy investors, the subscribers on an offline basis, offerings to qualified public investors online at a fixed price, or other offering methods approved by the CSRC and the Shanghai Stock Exchange.

(e) Target subscribers

Target subscribers will be strategy investors, investors of price consultation process and qualified investors who satisfy the requirements under applicable laws and regulations of the PRC and regulatory authorities (except those prohibited by the relevant PRC laws, regulations and normative documents).

(f) Pricing methodology

The issue price of this share offering will be determined by taking into account the market conditions of the PRC stock market; making enquiries with qualified investors or such other methods approved by the CSRC and the Shanghai Stock Exchange.

(g) Use of proceeds

The net proceeds of RMB300 million raised from the new issue will be used for the development and research of PSoC (Programmable System-on-Chip) and its industrialisation. If the actual net proceeds raised from the issue exceed the capital requirements of the Project, the excess amount will be used for replenishing the working capital. Before the receipt of proceeds raised from the issue of A Shares, the Company can subsidize the Project with its own funds and upon the receipt of proceeds raised, such proceeds will be utilized for replacing the own capital applied in the Project.

(h) Method of underwriting

On a standby commitment basis

(i) Place of listing

Shanghai Stock Exchange

(j) Validity period of the resolution

The validity period of the resolution is 12 months from the date when this proposal is approved by the Shareholders at the EGM and Class Meetings.

The plan of A Share Offering should be the final plan approved by and registered with the regulatory authorities. Upon completion of A Share Offering, the issued Domestic Shares will be converted into domestic listed shares. The Company will make further announcements when the detailed terms of the proposed A Share Offering, such as issue price and issue size, are finalised.

OTHER RESOLUTIONS RELATING TO THE PROPOSED A SHARE OFFERING

The Board also passed other relevant resolutions in relation to the proposed A Share Offering at the Board meeting, including, among other things:

A. The following resolutions are to be approved at the EGM and Class Meetings as special resolutions:

1. the proposed amendments to the Articles of Association;
2. Use of Proceeds from the Initial Public Offering of A Shares and feasibility analysis;
3. the plan for distribution of profits accumulated before the Initial Public Offering and listing of A Shares;

4. the future dividend plan for the three years after the Initial Public Offering and listing of A Shares;
5. price stabilisation plan for the A Shares within three years after the Initial Public Offering and listing of A Shares;
6. undertakings and related restrictive measures in connection with the Initial Public Offering and listing of A Shares;
7. explanation on dilution of immediate returns and related remedial measures as a result of the Initial Public Offering and listing of A Shares;
8. the authorisation granted to the Board to handle all matters relating to the Initial Public Offering and listing of A Shares;

B. The following resolutions are to be approved at the EGM as ordinary resolutions:

9. the appointment of domestic auditor for the purpose of this share issue;
10. confirmation on related party transactions for the latest 3 years;
11. rules of procedures of the Shareholders' General Meetings;
12. rules of procedures of the Board of Directors;
13. rules of procedures of the Board of Supervisors;
14. proceeds management system;
15. rules for management of related party transactions;
16. rules for external investment management;
17. rules for external guarantee management; and
18. working rules of the independent directors.

The following summarises the contents of the relevant resolutions, details of which will be set out in the circular to be despatched to the Shareholders in due course.

1. **the proposed amendments to the Articles of Association**

In order to implement the plan for A Share Offering, based on the relevant PRC laws and the Listing Rules, the Board proposed amendments to the Articles of Association. Upon the approval as special resolution in the EGM and Class Meetings, and the approval or filing and registration (if any) with the relevant government authorities, the amended Articles of Association will be effective on the date of listing of Shares on domestic stock exchange of the Initial Public Offering.

If the Company does not proceed with the A Share Offering, the proposed amendments to Articles of Association will not come into effect and the existing Articles of Association will continue to be in full force.

2. **Use of Proceeds from the Initial Public Offering of A Shares and feasibility analysis**

Based on the plan of A Share Offering and the Company's actual circumstances, the Company has confirmed the feasibility of use of proceeds from the Initial Public Offering of A Shares.

3. **the plan for distribution of profits accumulated before the Initial Public Offering and listing of A Shares**

Based on the plan of A Share Offering and the Company's actual circumstances, the profits accumulated before the Initial Public Offering of A Shares will be shared by the existing and the new Shareholders after completion of A Share Offering in proportion to their respective shareholdings.

4. **the future dividend plan for the three years after the initial public offering and listing of A Shares**

In order to further strengthen and improve the profit distribution of the Company, the Company has set up a scientific, continuous and stable dividend policy with a view to provide Shareholders with a reasonable return, and to enhance the transparency and manipulation of the dividend policy. A future dividend plan for the three years after listing of A Shares was formulated in accordance with the relevant files of the CSRC and the Articles of Association.

5. **price stabilisation plan for the A Shares within three years after the initial public offering and listing of A Shares**

In order to implement the plan for A Share Offering, based on the requirements of the relevant PRC laws, regulations and rules, the Company has formulated a price stabilisation plan for the A Shares within three years after the initial public offering and listing of A Shares

6. **undertakings and related restrictive measures in connection with the initial public offering and listing of A Shares**

In accordance with the relevant laws and regulations of the PRC, the Company proposes to make certain undertakings in relation to the trueness, correctness and completeness of the prospectus, and formulate certain restrictive measures in the event that the Company is unable to fulfil such undertakings.

7. **explanation on dilution of immediate returns and related remedial measures as a result of the initial public offering and listing of A Shares**

In order to lessen the impacts of the proposed A Share Offering on dilution of immediate return, the Company has explained the impacts of the proposed A Share Offering on dilution of immediate return and has formulated certain remedial measures on recovery of return to protect the interest of investors.

8. **the authorisation granted to the Board to handle all matters relating to the initial public offering and listing of A Shares**

In order to ensure an efficiently completion of the A Share Offering, authorization will be sought at the EGM and the Class Meetings for the Board to deal with matters related to the A Share Offering under the approved framework and policies, including but not limited to: to submit application for listing to the Shanghai Stock Exchange and the CSRC; to implement the proposed A Share Offering; to sign any documents that are required to be signed by the Company; to answer queries from regulatory authorities and with feedback; to implement detailed plan for the A Share Offering based on the plan for the A Share Offering approved by the EGM and pursuant to the relevant requirements of regulatory authorities and actual situations, and taking full responsibility for the implementation of the plan; to make corresponding adjustments on the specific plan for the A Share Offering based on the plan for the A Share Offering approved by the EGM and pursuant to the relevant requirements of regulatory authorities and actual situations; to finalise the offering timetable in accordance with approval and registrations of the CSRC and other relevant regulatory authorities; to deal with matters relating to the use of proceeds in investment projects; pursuant to Listing Rules, to disclose and submit information relating to the A Share Offering to the Stock Exchange, including but not limited to submission, publishing of announcements and circulars etc.; and to amend Articles of Association, rules of procedures of the Board and other regulations and appointment of relevant intermediaries. These authorisations are valid for 12 months from the date approved by the Shareholders at the EGM and Class Meetings.

9. **the appointment of domestic auditor for the purpose of this share issue**

To ensure the A Share Offering can be effectively implemented, the Board proposed to appoint Pan-China Certified Public Accountants LLP to be the Company's domestic auditor and the assurance firm relating to the A Share Offering.

10. **confirmation on related party transactions for the latest 3 years**

In order to regulate the related party transactions, with reference to the requirements stipulated by the CSRC and the Basic Standard of the Accounting Standards for Business Enterprises of the PRC, the Board has prepared a confirmation on the related party transactions for the latest 3 years.

11. **proposals to amend the corporate governance rules**

To further optimise the corporate governance structure of the Company for the purpose of the proposed A Share Offering, the Board proposes to amend certain corporate governance rules, including: (i) rules of procedures of the Shareholders' General Meetings; (ii) rules of procedures of the Board of Directors; (iii) rules of procedures of the Board of Supervisors; (iv) proceeds management system; (v) rules for management of related party transactions; (vi) rules for external investment management; (vii) rules for external guarantee management; and (viii) working rules of the independent directors.

REASONS FOR THE PROPOSED A SHARE OFFERING

The Directors believe that the Initial Public Offering and listing of A Shares of the Company will enhance the Company's comprehensive competitiveness and strengthen its ability for continuing development. Therefore, the Directors consider that the proposed A Share Offering is in the interest of the Company and the Shareholders as a whole.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Reference is made to the Company's announcement of 13 December 2018 that, for the purposes of motivation of core senior management team, 35,172,000 Domestic Shares of RMB0.1 each were issued to staff shareholding platforms for a subscription price of RMB5.73 per share. The subscriptions were completed on 20 February 2019 with proceeds of approximately RMB201,536,000. Except the above announcement, the Company has not conducted any equity fund raising activity during the past twelve months immediately preceding the date of this announcement.

IMPACT OF THE A SHARE OFFERING ON THE SHAREHOLDING STRUCTURE

For reference and illustration purposes only, assuming that a total of 231,500,000 A Shares are to be issued under the proposed A Share Offering and there are no other changes to the issued share capital of the Company before the proposed A Share Offering, the shareholding structure of the Company as at the date of this announcement and immediately after completion of the Proposed A Share Offering are set out as below:

	As at the date of this announcement		Immediately after completion of the Proposed A Share Offering	
	No. of Shares	%	No. of Shares	%
Non-public shareholders				
Domestic Shares	410,172,000	59.06	410,172,000	44.29
Public shareholders				
New A Shares to be issued	-	-	231,500,000	25.00
H Shares	284,330,000	40.94	284,330,000	30.71
	<u>694,502,000</u>	<u>100.00</u>	<u>926,002,000</u>	<u>100.00</u>

EGM AND CLASS MEETINGS

A circular containing, amongst other things, details of the proposal for the A Share Offering and the other relevant resolutions, together with the notices of the EGM and Class Meetings will be despatched to the Shareholders in accordance with the Listing Rules and the Articles of Association in due course.

The Company would like to emphasize that (i) the proposed A Share Offering is only at a preliminary stage and that the definitive timetable for the proposed A Share Offering has not yet been finalized; and (ii) there is no assurance that the Company will be able to obtain the relevant approvals, recordings filings, consents and registrations for the proposed A Share Offering from, among others, the Shareholders in the EGM and Class Meetings, and the CSRC or other relevant regulatory authorities. Shareholders and potential investors should be aware that there is no assurance that the proposed A Share Offering will be completed and listed. Shareholders and potential investors are therefore advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“A Share(s)”	the ordinary share(s) of nominal value of RMB0.10 each of the Company which are subscribed for and traded in Renminbi
“A Share Offering”	the Company’s proposed public offering of not more than 231,500,000 A Shares, such A Shares will be listed on the Shanghai Stock Exchange
“Articles of Association”	the articles of association of the Company as revised from time to time
“Board”	the board of Directors
“CSRC”	China Securities Regulatory Commission
“Class Meetings”	Domestic Shareholders class meeting and the H Shareholders class meeting
“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
“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
“Domestic Shareholder(s)”	registered holder(s) of the Domestic Shares
“EGM”	the extraordinary general meeting of the Company to be held to consider and, if thought fit, approve, among other things, the proposed A Share Offering and other related resolutions
“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\$
“H Shareholder(s)”	registered holder(s) of the H Shares
“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
“Initial Public offering”	the Company’s initial public offering of A Shares and listed on the Shanghai Stock Exchange

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Net Proceeds”	the net proceeds to be raised from A Share Offering after deducting relevant issuing expenses
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project”	the project relating to PSoC (Programmable System-on-Chip) and its industrialisation
“RMB”	Renminbi, the lawful currency of the PRC
“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
“%”	per cent.

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

Shanghai, the PRC, 1 March 2019

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.

** For identification purpose only*