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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)

**CONTINUING CONNECTED TRANSACTIONS
IN RELATION TO COOPERATION AGREEMENTS OF
SMART METER AND SATELLITE NAVIGATION IC CHIPS**

Reference is made to the Announcements in relation to the Co-operation Agreements entered with Fukong Hualong.

As the products contemplated under the No. 1 Agreement will be upgraded to a new version due to market changes, and in the light of the annual cap has already expired on 31 December 2014, the Company has entered into the Smart Meter IC Chips Agreement with Fukong Hualong (after the trading hours) with the same terms and conditions of the No. 1 Agreement for a term of two years effective from the date of the agreement.

The No. 3 Agreement will be expired on 22 April 2015. Because there is a continuing market demand in these products and further function upgrade requirements, the Company has entered into the Satellite Navigation IC Chips Agreement with Fukong Hualong (after the trading hours) with the same terms and conditions of the No. 3 Agreement for a term of two years effective from the date of the agreement.

Fukong Hualong is being held as to 51% and 49% equity interest by the Company and Fudan Technology Enterprise respectively. Fudan Technology Enterprise is a substantial shareholder of the Company and is interested in 109,620,000 Domestic Shares representing 17.76% of the Company's issued share capital. As such, Fudan Technology Enterprise is a connected person of the Company and Fukong Hualong is a connected subsidiary as defined under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Smart Meter IC Chips Agreement and Satellite Navigation IC Chips Agreement constitute connected transactions of the Company.

As the transactions contemplated under the Smart Meter IC Chips Agreement and Satellite Navigation IC Chips Agreement will be on a continuing basis, these transactions constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. In view of the similar nature of these transactions contemplated under the cooperation agreements and will be continued, these transactions have to be aggregated in accordance with Rule 14A.81 of the Listing Rules. As the annual caps of these continuing connected transactions do not exceed the applicable percentage ratios (other than the profits ratio) of 5%, these continuing connected transactions exempt from shareholders' approval requirement but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

Reference is made to the announcements of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) published on 24 June 2009, 11 August 2011, 23 April 2012, 30 April 2012 and 8 May 2013 (the “Announcements”) in relation to the Co-operation Agreements entered with a non-wholly owned subsidiary, Shanghai Fukong Hualong Micro-system Technology Co., Ltd. (“Fukong Hualong”). Unless the context otherwise requires, terms defined in this announcement shall have the same meanings as those defined in the Announcements.

Annual Caps for Smart Meter IC Chips Agreement

Reference is made to the Announcements in relation to the cooperation agreement entered into by the Company with Fukong Hualong on 18 January 2010 for the research and development of smart meter IC chips (“No. 1 Agreement”) and revision of the relevant annual caps respectively. As the products contemplated under the No. 1 Agreement will be upgraded to a new version due to market changes, and in the light of the annual cap has already expired on 31 December 2014, the Company has entered into a co-operation agreement with Fukong Hualong (after the trading hours) with the same terms and conditions of the No. 1 Agreement for a term of two years effective from the date of the agreement in order to upgrade the technologies and functions of the smart meter IC chips (“Smart Meter IC Chips Agreement”). The Directors expect that the annual caps of the profit sharing payable to Fukong Hualong for the two years ended 31 December 2016 will be as follows:

	RMB’000
For the year ended 31 December 2015	4,000
For the year ended 31 December 2016	3,000

Annual Caps for Satellite Navigation IC Chips Agreement

Reference is also made to the Announcements relating to a cooperation agreement entered into by the Company with Fukong Hualong on 23 April 2012 for the development of satellite navigation IC chips (“No. 3 Agreement”). The No. 3 Agreement will be expired on 22 April 2015. Because there is a continuing market demand in these products and further function upgrade requirements, the Company has entered into a co-operation agreement with Fukong Hualong (after the trading hours) with the same terms and conditions of the No. 3 Agreement for a term of two years effective from the date of the agreement in order to enhance the technologies and functions of these products (“Satellite Navigation IC Chips Agreement”). The Directors expect that the transaction amounts contemplated under the project mode and the product sales mode for the two years ended 31 December 2016 will be as follows:

	Project mode RMB’000	Product sales mode RMB’000
For the year ended 31 December 2015	4,000	5,000
For the year ended 31 December 2016	5,000	6,000

AGGREGATION OF TRANSACTIONS

As the nature of the transactions contemplated under the Smart Meter IC Chips Agreement and the Satellite Navigation IC Chips Agreement are similar and will be continued, pursuant to Rule 14A.81 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), these transactions should be aggregated:

	Annual caps for the year ended 31 December	
	2015 RMB'000	2016 RMB'000
Smart Meter IC Chips Agreement	4,000	3,000
Satellite Navigation IC Chips Agreement:		
(a) Compensation to Fukong Hualong for R&D under the project mode	4,000	5,000
(b) Sales to Fukong Hualong under the product sales mode	5,000	6,000
	<u>9,000</u>	<u>11,000</u>
Total	<u>13,000</u>	<u>14,000</u>

The above expected annual caps are determined by reference to the expected progress of project development, existing sales orders on hand and the business forecast for the two years ended 31 December 2015 and 2016.

From 1 January 2015 and up to the date of this announcement, the transaction amounts between the Company and Fukong Hualong under the continuing connected transactions are as follows:

	RMB'000
No. 1 Agreement	1,060
No. 3 Agreement	
a) under the project mode	-
b) under the product sales mode	1,017
	<u>1,017</u>
Total	<u>2,077</u>

REASONS FOR THE TRANSACTIONS AND REVISION OF ANNUAL CAPS

It is the Company's overall business objectives to become a leader in the IC design and system integration business in the PRC with keen determination to be one of the global leading application specific IC design companies. One of the Company's business targets is the diversification of product chains. The Company has launched similar products of electricity meter IC chips in early years, however, these products are outdated in both efficiency and technology in today's market; besides, the Directors believe that the participation in satellite navigation IC chips will enhance the technology level and industry position of the Company; and whereas, Fukong Hualong has substantial experience in research and development and design of the relevant products. The Directors consider that the cooperation will facilitate technology exchange, improve the success rate of research and development, increase market share and achieve a synergy effect.

The Board (including all independent non-executive Directors) is of the view that the transactions contemplated under these cooperation agreements are entered in the ordinary and usual course of the Group's business, on normal commercial terms, fair and reasonable and in the best interests of the Company and shareholders as a whole, as (i) the Company can share the substantial experience of Fukong Hualong in respect of research and development design of electricity meter and GPS for the renovation of new products and marketing; (ii) Fukong Hualong possesses of experienced project team and some research and development equipments, and the Company is enabled to save its costs, time spent on research and development and does not need to recruit its own staff; and (iii) the Company would be able to gain self-developed proprietary rights at low research and development costs.

IMPLICATIONS UNDER THE LISTING RULES

The Company's principal activities consist of IC design, developing and selling products of application-specific IC in the PRC.

Fukong Hualong is principally engaged in the development of integration of IC chips application and micro-system in the PRC with over 15-year experience in system on chips and research and development in micro-system with several intellectual proprietary rights. Its business comprises of information communication, GPS, power electronics and multi-media information terminal.

Fudan Technology Enterprise is principally engaged in investment holdings. Fudan Technology Enterprise is held as to 70.2% equity interest by Shanghai Commerce and Invest (Group) Corporation and 10% equity interest by the Fudan University.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and at the date of this announcement, Fudan Technology Enterprise is a substantial shareholder of the Company and is interested in 109,620,000 Domestic Shares representing 17.76% of the Company's issued share capital. Fukong Hualong is being held as to 51% and 49% equity interest by the Company and Fudan Technology Enterprise respectively. As such, Fudan Technology Enterprise is a connected person of the Company and Fukong Hualong is a connected subsidiary as defined under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Smart Meter IC Chips Agreement and Satellite Navigation IC Chips Agreement constitute connected transactions of the Company.

None of the Directors has any material interest in these connected transactions.

As the transactions contemplated under the Smart Meter IC Chips Agreement and Satellite Navigation IC Chips Agreement will be on a continuing basis, these transactions constitute continuing connected transactions of the Company under Rule 14A.31 of the Listing Rules. In view of the similar nature of these transactions contemplated under the above-mentioned cooperation agreements and will be continued, these transactions have to be aggregated in accordance with Rule 14A.81 of the Listing Rules. As the annual caps of these continuing connected transactions do not exceed the applicable percentage ratios (other than the profits ratio) of 5%, these continuing connected transactions exempt from shareholders' approval requirement but subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

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

Shanghai, the PRC, 16 April 2015

As at the date of this announcement, the Company's executive Directors are Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun, Ms. Cheng Junxia and Mr. Wang Su; non-executive Directors are Ms. Zhang Qianling, Mr. He Lixing and Mr. Shen Xiaozu and independent non-executive Directors are Mr. Cheung Wing Keung, Mr. Guo Li, Mr. Chen Baoying and Lin Fujiang.

* For identification only