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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)

SUPPLEMENTARY ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS IN RELATION TO COOPERATION AGREEMENT

Reference is made to the Announcement in relation to, among other things, the Cooperation Agreement entered into between the Company and Fudan Communication. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information mentioned in the Announcement, the Board would like to provide supplemental information.

Reference is made to the announcement (the “Announcement”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) dated 12 June 2020 in relation to, among other things, the Cooperation Agreement entered into between the Company and Fudan Communication. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information mentioned in the Announcement, the Board would like to provide the following supplemental information.

ANNUAL CAP OF THE COOPERATION AGREEMENT

The Annual Cap proposed by the Directors is also determined after considering that the relevant products have passed the procedures required for vendor's product evaluation and assessment conducted by potential customers and the completion of suppliers' implementation process, and taking into account the sale intentions contracted by Fudan Communication with its customers. Being affected by the epidemic outbreak, the business of these products could not be normally promoted during the first half year and as a result, the historical sales was weak and could not reflect the normal market condition. The Directors expect that sales of the relevant products will be significantly increased as markets gradually return to normal.

PRICING POLICIES

The Company has established a product pricing system with issuance of a “Guide on Product Pricing” which is applicable to all customers, agents and connected enterprises. The pricing of product will be based on the market situation, the acceptance by customers and the price set by competitors, and also with the consideration of production costs plus profits ranging from 30% to 60%. The product prices and adjustments as from time to time are set out by the relevant divisions; and upon approved by senior officials, product catalogs together with unified product prices will be quoted to customers and agents respectively. The sales of products provided by the Company to Fudan Communication under the Cooperation Agreement will cover more than 20 types of products and all sales will be conducted in accordance with the set profit ranges, under the unified product prices and same terms as set out for agents. These procedures can ensure that the transactions will be conducted on normal commercial terms and on terms no less favourable to the Company than those quoted to independent agents.

INTERNAL CONTROL

Pursuant to the internal control system established by the Company, the internal control division will be responsible to monitor and review all the continuing connected transactions contemplated under the Cooperation Agreement to ensure that the transactions are conducted in accordance with the terms of the agreement, on normal commercial terms and in accordance with the pricing policy of the Company. Also, reporting will be submitted to the independent directors of the Company on a regular basis or as from time to time, if necessary. In addition, the internal control division will pay close attention to the sales contracts so as to control the aggregate amount under the Annual Cap or to alert the relevant division to publish revision announcement when the amount reaches the Annual Cap in order to comply with Listing Rules.

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

Shanghai, PRC, 17June 2020

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. Zhang Huajing and Mr. Wu Ping; and independent non-executive directors are Mr. Guo Li, Mr. Cao Zhongyong, Mr. Cai Minyong and Mr. Wang Pin.

** For identification purposes only*