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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)

**CONNECTED TRANSACTIONS AND CONTINUING CONNECTED  
TRANSACTIONS  
IN RELATION TO TECHNOLOGY R&D AGREEMENT AND TECHNOLOGY  
SERVICES AGREEMENT WITH FUDAN UNIVERSITY**

The Board is pleased to announce that the Company and Sino IC have entered into the Technology R&D Agreement and the Technology Services Agreement with Fudan University respectively on 23 February 2021 (after the trading hours).

As one or more of the applicable percentage ratios in respect of the Annual Caps of aggregation of transaction amounts exceed 0.1% but all are less than 5% (other than the profits ratio), the connected transactions and the continuing connected transactions are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board of directors ("the Board") of Shanghai Fudan Microelectronics Group Company Limited (the "Company") is pleased to announce that the Company and its subsidiary, Sino IC Technology Co., Ltd., have entered into the technology research and development agreement ("Technology R&D Agreement") and the technology services agreement ("Technology Services Agreement") with Fudan University respectively on 23 February 2021 (after the trading hours).

**1. TECHNOLOGY R&D AGREEMENT**

(i) Date

23 February 2021 (after the trading hours)

(ii) Contracting parties

(a) the Company; and

(b) Fudan University

(iii) Nature of agreement

According to the Technology R&D Agreement, the Company agrees to engage Fudan University for the research and development ("R&D") of the simulation algorithm for automatic segmentation of hardware of Field Programmable Gate Array ("FPGA") to achieve electronic design automation ("EDA") and outcomes of software tools.

(iv) Fees

The Company requires to pay Fudan University expenses of R&D and remuneration totaling RMB3,900,000. The payment is made equally among 3 phases of RMB1,300,000 each. The first phase of the payment is made within 30 days after signing the Technology R&D Agreement; the second phase of the payment is made within 30 days after the completion and passing of the acceptance of automatic segmentation algorithm and software which focus on optimizing networking; the third phase of the payment is made within 30 days after the completion and passing of the acceptance of segmentation algorithm and software that perform optimization of both networking and Time Division Multiplexing based on a chronological order.

(v) Duration

The agreement starts from 23 February 2021 until 31 December 2022.

(vi) Intellectual property

The ownership of intellectual property of R&D and the right for its application to be shared by both parties.

## **2. TECHNOLOGY SERVICES AGREEMENT**

(i) Date

23 February 2021 (after the trading hours)

(ii) Contracting parties

(a) Sino IC; and

(b) Fudan University

(iii) Nature of agreement

According to the Technology Services Agreement, Fudan University agrees to engage Sino IC for services of reliability testing of 5 types of memory IC chips.

(iv) Fees

A total of RMB2,200,000 and fees will be paid within 30 days after the completion of the corresponding sample test report.

(v) Duration

The agreement starts from 23 February 2021 until 31 December 2021.

## ANNUAL CAPS

The Annual Caps proposed by the Directors are based on the amount of the transactions entered into the Technology R&D Agreement and the Technology Services Agreement; past records of testing services income, technical and equipment support fee and technology development income and with reference to the current market demand. The Directors propose the Annual Caps of the aggregated transactions contemplated under the cooperation agreements that entered by the Company and Fudan University for the years ended 31 December 2021 and 2022 shall not exceed the amount shown in the below table, meanwhile the amount of historical transactions of last year is set out as follows:

	<b>For the year ended 31 December</b>		
	<b>2020</b>	<b>2021</b>	<b>2022</b>
	RMB'000	RMB'000	RMB'000
	(unaudited)		
Technology R&D Agreement	-	2,600	1,300
Technology Services Agreement	-	2,200	-
Testing services income	1,297	1,500	1,500
Technical and equipment support fee	65	100	100
Technology development income	<u>802</u>	<u>600</u>	<u>600</u>
Total	<u><u>2,164</u></u>	<u><u>7,000</u></u>	<u><u>3,500</u></u>

Note: The transactions for the year ended 31 December 2020 are connected transactions on normal commercial terms where all the percentage ratios (other than the profits ratio) are less than 5% and the total consideration is less than HK\$3,000,000, being de minimis transactions.

## REASONS FOR THE TRANSACTIONS

### 1. TECHNOLOGY R&D AGREEMENT

It is the Company's overall business objective 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 business objectives of the Company is to develop diversified industrial chains. FPGA is the high technology that has been greatly demanded by IC industry in recent years, and its main application aspects focus on deep learning and neural network such as 5G communication, artificial intelligence, automobile electronics and industrial control etc., and with quality of certain programmability. As FPGA technology requires an extremely high level of technological sophistication, research and development of FPGA technology can enhance the image of the Company in technology industry and increase product series with greater diversity, and strengthening the leading position of the Company in the industry.

Fudan University has an ASIC system state-key laboratory and a school of microelectronics where advanced equipment and facilities are provided and employs number of top-notch talents with extensive knowledge and experiences in research and development of microelectronics.

The Directors consider the Company can obviate the need for technical staff employment, save financial resources for the acquisition of equipment and facilities, and to reduce expenses and costs of research and development and administration through entering the Technology R&D Agreement, meanwhile it can expedite research and development and optimize its results, and accelerate the process of industrialization, providing employees of the Company an opportunity to acquire valuable knowledge and experiences during skills exchange. In addition, the Company can share the results of R&D and related commercial value.

## **2. TECHNOLOGY SERVICES AGREEMENT**

Testing services for IC products is one of the two reportable operating segments of the Group and making good contribution to the income and business performance of the Group. The Directors consider that entering Technology Services Agreement can help Sino IC with the expansion of customer base, enhancement of testing services level, accumulation of practical experiences, and also the growth in income and profits of the Group.

## **PRICING POLICIES**

### **1. TECHNOLOGY R&D AGREEMENT**

The fees for technology development under the Technology R&D Agreement was determined by both parties after considering the complexity and difficulty of the provision of services, the relevant costs such as the equipment and facilities required for R&D, the time that specific technical talents spend for providing services and their subsidies for R&D activity, the utilization of the research outcomes and their commercial values, and the prevailing market rate.

### **2. TECHNOLOGY SERVICES AGREEMENT**

Sino IC has established a testing services charge pricing system with issuance of a “Guide on Testing Services Charge Pricing” which is applicable to all customers and connected enterprises. The pricing of testing services charge will be based on the market situation, the required mechanical devices and machine time during testing, the technology requirement, content and standard of the testing, the number of chips for testing, the acceptance by customers and the price set by competitors. Sino IC normally takes a gross profit of approximately 40% as the standard of service charge. The testing services charge and adjustments as from time to time are set out by the relevant divisions; and upon approved by senior officials, testing services catalogs together with unified testing services charges will be quoted to customers. The testing services provided by Sino IC to Fudan University under the Technical Services Agreement cover 5 types of memory IC chips and were quoted in accordance with the set profit margin, under the unified charging standard and same terms as set out for customers. These procedures can ensure that the transactions will be conducted on normal commercial terms and on charges and terms no less favourable to the Company than those quoted to customers.

## **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 connected transactions contemplated under the Technology R&D Agreement and Technology Services Agreement to ensure that the transactions are conducted in accordance with the terms of the agreements, on normal commercial terms and in accordance with the pricing policy of the Group. Also, reporting will be submitted to the independent non-executive 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 transaction amounts nearly reach the Annual Cap in order to comply with the Listing Rules.

## **INFORMATION OF THE COMPANY, SINO IC AND FUDAN UNIVERSITY**

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

Sino IC, a 50.3%-owned subsidiary of the Company, is principally engaged in provision of testing services for IC products; designing, developing and selling IC testing software; production of probe cards; and the provision of research and consultancy services of IC technology.

Fudan University is a stated-owned university established in Shanghai, the PRC, and is a promoter and management shareholder of the Company. Fudan University has an ASIC system state-key laboratory and technology center which engage in designing and developing IC and microelectronics products and related research in technology; provision of consultancy, training and transfer services of IC and related systems.

## **LISTING RULES IMPLICATIONS**

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and at the date of this announcement, Fudan University holds approximately 15.78% of the issued share capital of the Company through its wholly-owned Shanghai Fudan High Tech Company ("Fudan High Tech") and is a substantial shareholder of the Company. As defined in Chapter 14A of the Listing Rules, Fudan University is a connected person of the Company, therefore the transactions under the Technology R&D Agreement and Technology Services Agreement constitute connected transactions of the Company. Meanwhile, the Technology R&D Agreement is valid for more than a year and thus considered to be continuing connected transactions.

None of the Directors has any material interest in the connected transactions. In terms of the Technology R&D Agreement, Mr. Jiang Guoxing is the chairman of Fudan High Tech and because of his other business commitment, has absent from the Board meeting. Mr. Yu Jun, Ms. Cheng Junxia and Ms. Zhang Qianling are the directors of Fudan High Tech, have abstained from voting on the Board resolution approving the Technology R&D Agreement. In terms of the Technology Services Agreement, Mr. Yu Jun is a director of Sino IC and has abstained respectively from voting on the board resolutions of the Company and Sino IC approving the Technology Services Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions under the Technology R&D Agreement and Technology Services Agreement were entered in the ordinary and usual course of business of the Group, on normal commercial terms and that the terms are fair and reasonable and are in the interests of the Company and its shareholders as a whole. As (i) the Company can take advantage of Fudan University of its extensive knowledge and experiences in FPGA technology to expedite R&D and the process of industrialization; (ii) the Company can obviate the need for technical staff employment, save financial resources for the acquisition of equipment and facilities to reduce expenses and costs for research and development and administration; (iii) the Company can share the results of R&D and related commercial value; and (iv) provide employees of the Company an opportunity to acquire valuable knowledge and experiences of FPGA technology during skills exchange.

As the Company had conducted similar cooperation agreements with Fudan University since 2003, therefore transactions under these cooperation agreements require to be aggregated with the Technology R&D Agreement and the Technology Services Agreement. As one or more of the applicable percentage ratios in respect of the Annual Caps of aggregation of transaction amounts exceed 0.1% but all are less than 5% (other than the profits ratio), the connected transactions and the continuing connected transactions are subject to the reporting, announcement and annual review requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

Shanghai, PRC, 23 February 2021

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, Ms. 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*