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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
IN RELATION TO NEW TECHNOLOGY SERVICES AGREEMENT
ENTERED BETWEEN SINO IC AND FUDAN UNIVERSITY
AND REVISION OF 2021 ANNUAL CAP**

The Board is pleased to announce that the New Technology Services Agreement was entered between Sino IC and Fudan University on 23 September 2021 (after the trading hours). Fudan University agrees to engage Sino IC or a full set of BTS testing project in respect of 28mm memory analog control IP.

As New Technology Services Agreement was entered, the annual cap for 2021 has to be revised.

The Directors (including the independent non-executive Directors) consider that the transactions under the New Technology Services Agreement were entered in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As all the applicable percentage ratios in respect of the annual caps of transactions under the connected transactions are less than 5% (other than the profits ratio), the 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.

Reference is made to the announcement dated 23 February 2021 (the "Announcement") of Shanghai Fudan Microelectronics Group Company Limited (the "Company") in relation to the connected transactions and the continuing connected transactions contemplated under the Technology R&D Agreement and Technology Services Agreement entered by the Group with Fudan University. Unless otherwise defined in this announcement, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The board of directors of the Company (the "Board") is pleased to announce that a new technology services agreement ("New Technology Services Agreement") was entered between the Company's subsidiary, Sino IC Technology Co., Ltd ("Sino IC") and Fudan University on 23 September 2021 (after the trading hours).

NEW TECHNOLOGY SERVICES AGREEMENT

(i) Date

23 September 2021 (after the trading hours)

(ii) Contracting parties

(a) Sino IC; and

(b) Fudan University

(iii) Nature of agreement

According to the New Technology Services Agreement, Fudan University agrees to engage Sino IC for a full set of Beta Solutions (“BTS”) testing project in respect of 28mm memory analog control intellectual property (“IP”).

(iv) Fees

A fee of RMB2,700,000 and to be paid within 30 days after the signing of the New Technology Services Agreement.

(v) Duration

The agreement commences from 23 September 2021 and up to 31 December 2021.

REVISION OF 2021 ANNUAL CAP

The Annual Caps originally proposed by the Directors for the two years ending 31 December 2021 and 2022 are RMB7,000,000 and RMB 3,500,000 respectively. As Sino IC and Fudan University have entered into the New Technology Services Agreement, the annual cap for 2021 has to be revised as follows:

	For the year ending 31 December	
	2021	2022
	RMB'000	RMB'000
Technology R&D Agreement	2,600	1,300
Technology Services Agreement	2,200	-
Testing services income	1,500	1,500
Technical and equipment support fee	100	100
Technology development income	<u>600</u>	<u>600</u>
Original annual caps	7,000	3,500
New Technology Services Agreement	<u>2,700</u>	<u>-</u>
Revised annual caps	<u><u>9,700</u></u>	<u><u>3,500</u></u>

Note: The aggregated transactions amount for the period up to 31 August 2021 is RMB3,376,000 and is within the original annual cap.

REASONS FOR THE TRANSACTIONS

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

PRICING POLICIES

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 now takes a gross profit of not less than 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 New Technical Services Agreement relating to a full set of Beta Solutions (“BTS”) testing project in respect of 28mm memory analog control IP and was 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 New Technology Services 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 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 caps or to alert the relevant division to publish revision announcement when the transaction amounts nearly reach the annual caps 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 13.10% of the issued share capital of the Company through its wholly-owned Shanghai Fuxin Fangao IC Technology Co. Ltd. ("Shanghai Fuxin Fangao") (formerly known as "Shanghai Fudan High Tech Company") 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 New Technology Services Agreement constitute connected transactions of the Company.

None of the Directors has any material interest in the connected transactions. Mr. Yu Jun is a director of Shanghai Fuxin Fangao, in addition, Mr. Jiang Guoxing, Ms. Cheng Junxia and Ms. Zhang Qianling are related parties as defined under the listing rules of the Sci-Tech Innovation Board of the Shanghai Stock Exchange, have abstained from voting on the Board resolution approving the New Technology Services Agreement. Mr. Yu Jun is also a director of Sino IC and has abstained from voting on the board resolution of Sino IC approving the New Technology Services Agreement.

The Directors (including the independent non-executive Directors) consider that the transactions under the New Technology Services Agreement were entered in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

As all the applicable percentage ratios in respect of the annual caps of transactions under the connected transactions are less than 5% (other than the profits ratio), the 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 September 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*