



上海復旦微電子股份有限公司

Shanghai Fudan Microelectronics Company Limited*

(a joint stock limited company incorporated in the People's Republic of China)



2000 HALF-YEAR RESULTS REPORT

* for identification only



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2000 Half-year Results Report

Characteristics of The Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (the “Exchange”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors of countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss however arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement, for which the directors of Shanghai Fudan Microelectronics Company Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Shanghai Fudan Microelectronics Company Limited. The directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief:— (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make a statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

RESULTS

The Board of Directors (“Board”) of Shanghai Fudan Microelectronics Company Limited (“Company”) is pleased to announce the unaudited results of the Company for the half-year ended 30th June, 2000 together with the comparative unaudited figures for the corresponding period in 1999 as follows:

	Notes	Half-year ended 30th June	
		2000	1999
		RMB'000	RMB'000
Turnover	2	11,481	3,831
Cost of inventories sold		<u>(8,046)</u>	<u>(2,130)</u>
Gross profit		3,435	1,701
Other revenue		590	27
Selling expenses		(679)	(509)
Administrative expenses		<u>(3,046)</u>	<u>(1,809)</u>
Profit/(Loss) from operating activities		300	(590)
Finance cost		<u>(216)</u>	<u>—</u>
Profit/(Loss) before taxation		<u>84</u>	<u>(590)</u>
Taxation	3	<u>—</u>	<u>—</u>
Net profit/(loss) attributable to shareholders		<u>84</u>	<u>(590)</u>
Earnings/(Loss) per share - Basic	5	<u>0.02 cent</u>	<u>(0.20) cent</u>

Notes:

1. Basis of presentation

The Company was incorporated in the People's Republic of China on 10th July, 1998 and its H shares were listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited on 4th August, 2000.

The principal accounting policies adopted in preparing the unaudited results conform with accounting standards issued by the Hong Kong Society of Accountants.

2. Turnover

Turnover represents the invoiced value of goods sold, net of value-added tax, trade discounts and returns.

3. Taxation

No income tax has been provided for in both periods as the Company has obtained a tax concession from the local municipal finance bureau and is exempted from paying income tax for the period from July 1998 to June 1999. Further, pursuant to an approval document dated 2nd February, 2000 issued jointly by the local municipal tax bureau and the finance bureau, the Company has been designated a high technology entity and is further exempted from income tax for the period from 1st January, 1999 to 31st December, 2000.

No deferred tax asset has been recognized as the directors consider it prudent not to recognize such benefit until it is recovered.

4. Movement in reserve

	Half-year ended 30th June	
	2000	1999
	RMB'000	RMB'000
Statutory common reserve		
At beginning of period	271	30
Movement during the period	—	—
	<u>271</u>	<u>30</u>
At end of period	<u>271</u>	<u>30</u>
Statutory public welfare fund		
At beginning of period	271	30
Movement during the period	—	—
	<u>271</u>	<u>30</u>
At end of period	<u>271</u>	<u>30</u>

5. Earnings/(Loss) per share

The calculation of the basic earnings/(loss) per share is based on the net profit/(loss) attributable to shareholders of RMB83,816 (1999: loss of RMB589,921) and the weighted average number of domestic shares of 375,000,000 (1999: 288,462,000) in issue during the two half-year ended 30th June 2000 and 1999, respectively, as if the 245,000,000 domestic shares to be issued to the existing shareholders of the Company pursuant to the capitalization issue to be made upon the completion of the placing of 125,000,000 shares in the Company had been in issue from the respective dates the related existing shares were issued.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30th June, 2000 (1999: Nil).

BUSINESS REVIEW AND PROSPECTS

General

Comparing to the same period last year, the Company experienced a growth in turnover of approximately 200% as new products were introduced into market in the 2nd half year of 1999. Improvement in market presence was achieved as telecommunication products increased their contributions to overall turnover as a result of higher discounts being offered, however, gross profit was adversely affected. In June 2000, the Company has successfully completed the development of totally 5 products in Smart Cards, Telecommunication and Power Supply Electronics, out of which, 2 products have been marketed. Recently, the Company has been appointed as Duty Officer of the "Bluetooth Technology Committee" which is solely responsible for the development of Bluetooth Technology in the People's Republic of China.

Outlook

Following the placing of H shares and listing on the GEM, the Company has generated net proceeds of approximately HK\$85,000,000. Funds would be applied for product design, research and development, strengthen of marketing activities and additional working capital. For the remainder of 2000, the Company would complete the research and development of ICs, continually develop its CPU cards and look into the acquisition of new computer equipment to improve production development capability.

With the expected entrance of PRC to the World Trade Organization and the continuous improvement in living standards in the PRC, the Company expects that there will be significant increase in the demand for IC products. The Board believes that the Company's knowledge, technical expertise, marketing abilities and favourable conditions will enable the Company to achieve the highest growth potential in the coming years.

DISCLOSURE OF INTERESTS

The Company's placing ("Placing") of H shares was not completed until 3rd August, 2000. Accordingly, prior to 3rd August, 2000, the Company was not required to keep a register of interests of directors, supervisors, chief

executive and substantial shareholders under the Securities (Disclosure of Interests) Ordinance (“SDI Ordinance”). The disclosures set out below were made as if the Company had been listed as at 30th June, 2000 and based on the shareholdings of the relevant persons immediately after the Placing.

(a) DIRECTORS’, SUPERVISORS’ AND CHIEF EXECUTIVE’S INTERESTS IN SECURITIES

As at 30th June, 2000, the interests of the directors, supervisors and the chief executive of the Company in the shares of the Company (the “Share”) and in the share capital of any of its associated corporation (within the meaning of the SDI Ordinance) which were required to be notified to the Company and the Exchange pursuant to section 28 of the SDI Ordinance (including interests which they were taken or deemed to have under section 31 of, or Part 1 of the Schedule to, the SDI Ordinance) or which were required, pursuant to section 29 of the SDI Ordinance, to Rules 5.40 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Exchange were as follows:

(i) Equity interests in the Company

Name	Personal Interest <i>Shares</i>	Family Interest <i>Shares</i>	Corporate Interest <i>Shares</i>	Other Interest (†) <i>Shares</i>
Directors				
Jiang Guoxing	7,210,000	—	—	1,442,300
Shi Lei	7,210,000	—	—	12,980,000
Yu Jun	—	—	—	10,961,530
Cheng Junxia	—	—	—	8,076,920
Wang Su	—	—	—	7,211,530
Chen Xiaohong	—	—	—	7,211,530
Zhang Qianling	—	—	—	1,733,650
He Lixing	—	—	—	1,442,300
Shen Xiaozu	—	—	—	1,442,300
Supervisors				
Li Wei	—	—	—	6,057,690
Ding Shengbiao	—	—	—	7,211,530
Xu Lenian	—	—	—	865,380

†: Shares were held through the Staff Shareholding Association of the Company

(ii) Directors' and supervisors' right to acquire shares in the Company

Save as disclosed above, at no time during the period was the Company a party to any arrangement to enable the directors and supervisors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate.

(b) SUBSTANTIAL SHAREHOLDERS

So far as the directors are aware, as at 30th June, 2000, the holders of 10% or more of Shares of the Company were as follows:

Name	Number of approximate attributable number of Shares	Approximate percentage or approximate attributable percentage holding of Shares in issue immediately following the Placing (%)
The Staff Shareholding		
Association of the Company	144,230,000	28.85
Shanghai Fudan University (<i>note 1</i>)	106,730,000	21.35
Shanghai Fudan High Tech Company (<i>note 1</i>)	106,730,000	21.35
Shanghai Commerce and Investment Co. (<i>note 2</i>)	95,200,000	19.04

Note 1. The shareholding in which Shanghai Fudan University is interested in is held through Shanghai Fudan High Tech Company which is wholly-owned by Shanghai Fudan University.

Note 2. Of the 95,200,000 shareholding in which Shanghai Commerce and Investment Co. is interested, 34,620,000 are held by Shanghai Pacific Commercial Trust Company, a wholly-owned subsidiary of Shanghai Commerce and Investment Co., and 14,420,000 are held by Ningbo Lirong Co., Ltd, its majority-owned subsidiary.

Save as disclosed above, the directors are not aware of any other persons who were, as at 30th June, 2000, interested in 10% or more of the Shares of the Company.

(c) SPONSOR

BOCI Asia Limited, the Sponsor has agreed to provide advisory services to the Company for the purposes of the GEM Listing Rules at an agreed amount of fee for the period ending 31st December, 2002.

To the knowledge of BOCI Asia Limited, its directors, employees and associates, at 30th June, 2000, did not have any interests in the securities of the Company, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company.

(d) COMPETING INTERESTS

The directors are not aware of any competing business or conflicting interest, as of 30th June, 2000, of the directors, initial management shareholders of the Company or their respective associates which was required to be disclosed pursuant to Rule 11.04 of the GEM Listing Rules.

AUDIT COMMITTEE

As required by Rule 5.23 of the GEM Listing Rules, the Company established an audit committee on 19th July, 2000 with written terms of reference in compliance with Rules 5.20 and 5.25 of the GEM Listing Rules which deal clearly with its authority and duties. The members of the audit committee comprise two independent non-executive directors David Yung and Leung Tin Pui. Its principal duties are to review and supervise the Company's financial reporting process and internal control systems.

YEAR 2000 COMPLIANCE

The Company's computer systems are Year 2000 compliant. In addition, the directors, based on information provided by its external suppliers and service providers, do not believe that Year 2000 compliance issues (if any) relating to its suppliers and services providers will have any material adverse effect on the Company's operations. As of the date of this report, the Company has not experienced any disruption to its operations resulting from Year compliance 2000 issues.

BUSINESS OBJECTIVES

The directors are not aware of any material adverse change in the financial position or prospects of the Company from the information provided in the statement of business objectives as set out in the prospectus dated 31st July, 2000.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the half-year ended 30th June, 2000, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board

Jiang Guoxing

Chairman

Shanghai, PRC, 14th August, 2000

** for identification purpose only*