



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]
[Stock Code: 8102]

2008

Half-Year Results Report

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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

HALF-YEAR RESULTS (UNAUDITED)

The board of directors ("Board") of Shanghai Fudan Microelectronics Company Limited ("Company") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the half-year ended 30 June 2008, together with the unaudited comparative figures for the corresponding period in 2007, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Half-year ended 30 June		Three months ended 30 June	
		2008 (Unaudited) <i>RMB'000</i>	2007 (Unaudited) <i>RMB'000</i>	2008 (Unaudited) <i>RMB'000</i>	2007 (Unaudited) <i>RMB'000</i>
REVENUE	2	131,011	153,698	71,339	78,110
Cost of sales		<u>(77,208)</u>	<u>(109,895)</u>	<u>(39,325)</u>	<u>(53,890)</u>
Gross profit		53,803	43,803	32,014	24,220
Other revenue and gains	2	5,901	2,591	5,118	1,542
Selling and distribution costs		(6,051)	(4,967)	(3,045)	(2,438)
Administrative expenses		(12,347)	(12,472)	(5,886)	(6,429)
Other operating expenses		(19,519)	(5,100)	(9,624)	1,235
PROFIT BEFORE TAX	4	21,787	23,855	18,577	18,130
Tax	5	<u>(2,853)</u>	<u>(3,856)</u>	<u>(2,587)</u>	<u>(2,339)</u>
PROFIT FOR THE PERIOD		<u>18,934</u>	<u>19,999</u>	<u>15,990</u>	<u>15,791</u>
Attributable to:					
Equity holders of the parent		18,466	19,711	15,765	15,684
Minority interests		<u>468</u>	<u>288</u>	<u>225</u>	<u>107</u>
		<u>18,934</u>	<u>19,999</u>	<u>15,990</u>	<u>15,791</u>
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic	6	<u>2.99 cents</u>	<u>3.19 cents</u>	<u>2.55 cents</u>	<u>2.54 cents</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2008 (Unaudited) RMB'000	31 December 2007 (Audited) RMB'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Property, plant and equipment	7	67,588	56,790
Intangible assets		9,656	8,543
Available-for-sale investments		3,500	3,500
Deferred tax assets		456	480
		81,200	81,006
CURRENT ASSETS			
Inventories		85,502	56,333
Trade and bills receivables	8	36,550	46,148
Prepayments, deposits and other receivables		11,741	6,067
Tax recoverable		-	268
Pledged bank deposits		229	229
Cash and bank balances		164,159	179,980
		298,181	289,025
CURRENT LIABILITIES			
Trade and bills payables	9	27,317	32,424
Other payables and accruals		24,136	27,346
Tax payable		10,564	11,101
		62,017	70,871
NET CURRENT ASSETS		236,164	218,154
TOTAL ASSETS LESS CURRENT LIABILITIES		317,364	299,160
NON-CURRENT LIABILITY			
Long term payables		3,069	3,069
Deferred tax liabilities		21	23
		3,090	3,092
NET ASSETS		314,274	296,068
EQUITY			
Equity attributable to equity holders of the parent			
Issued capital		61,733	62,364
Reserves	10	245,333	227,595
Minority interests		307,066	289,328
		7,208	6,740
TOTAL EQUITY		314,274	296,068

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued share capital	Share premium	Treasury shares	Statutory surplus reserve	Exchange fluctuation reserve	Retained profits	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2008	61,733	168,486	-	8,157	(1,869)	52,821	289,328	6,740	296,068
Net profit for the period	-	-	-	-	-	18,466	18,466	468	18,934
Exchange realignment and total income and expenses for the period recognised directly in equity	-	-	-	-	(728)	-	(728)	-	(728)
At 30 June 2008	61,733	168,486	-	8,157	(2,597)	71,287	307,066	7,208	314,274
At 1 January 2007	62,364	170,455	(223)	3,405	(859)	19,323	254,465	4,993	259,458
Net profit for the period	-	-	-	-	-	19,711	19,711	288	19,999
Repurchase of shares	(631)	(1,969)	223	-	-	-	(2,377)	-	(2,377)
Exchange realignment and total income and expenses for the period recognised directly in equity	-	-	-	-	(561)	-	(561)	-	(561)
At 30 June 2007	61,733	168,486	-	3,405	(1,420)	39,034	271,238	5,281	276,519

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the half-year ended 30 June	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash inflow/(outflow) from operating activities	(11,537)	17,001
Net cash generated from investing activities	32,086	12,997
Net cash outflow from financing activities	-	(2,377)
INCREASE IN CASH AND CASH EQUIVALENTS	20,549	27,621
Cash and cash equivalents at beginning of period	93,567	81,992
Effect of foreign exchange rate changes, net	(728)	(558)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	113,388	109,055
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	113,159	108,830
Pledged cash and bank deposits	229	225
	113,388	109,055

Notes:

1. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The accounting policies adopted in preparing these unaudited consolidated results are consistent with those followed in the preparation of the Group’s financial statements for the year ended 31 December 2007.

All significant inter-company transactions and balances within the Group are eliminated on consolidation.

2. REVENUE, OTHER REVENUE AND GAINS

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discounts and the value of services rendered.

An analysis of revenue, other revenue and gains is as follows:

	Half-year ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Sale of goods	126,930	150,521	69,069	76,148
Services rendered	4,081	3,177	2,270	1,962
	131,011	153,698	71,339	78,110
Other revenue and gains				
Interest income	2,145	1,086	1,427	536
Government grants received	3,539	590	3,539	109
Others	217	915	152	897
	5,901	2,591	5,118	1,542
	136,912	156,289	76,457	79,652

3. SEGMENT INFORMATION

The following tables present revenue, profit and certain assets, liability and expenditure information for the Group's business segments for the half-year ended 30 June 2008 and the comparative period:

	Design, development and selling of IC products		Testing services of IC products		Eliminations		Consolidated	
	2008	2007	2008	2007	2008	2007	2008	2007
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment turnover:								
Sales to external customers	126,930	150,521	4,081	3,177	-	-	131,011	153,698
Sales to other segments	-	-	4,860	1,239	(4,860)	(1,239)	-	-
Total	<u>126,930</u>	<u>150,521</u>	<u>8,941</u>	<u>4,416</u>	<u>(4,860)</u>	<u>(1,239)</u>	<u>131,011</u>	<u>153,698</u>
Segment results	<u>14,252</u>	<u>20,875</u>	<u>1,634</u>	<u>389</u>	<u>-</u>	<u>-</u>	<u>15,886</u>	<u>21,264</u>
Other revenue and gains							5,901	2,591
Profit before tax							21,787	23,855
Tax							(2,853)	(3,856)
Net profit for the period							<u>18,934</u>	<u>19,999</u>
Assets and liabilities								
Segment assets	233,327	239,234	22,899	16,322	(1,395)	-	254,831	255,556
Interest bearing time deposits	116,000	84,000	5,050	4,989	-	-	121,050	88,989
Available-for-sale	3,500	4,500	-	-	-	-	3,500	4,500
Total assets	<u>352,827</u>	<u>327,734</u>	<u>27,949</u>	<u>21,311</u>	<u>(1,395)</u>	<u>-</u>	<u>379,381</u>	<u>349,045</u>
Segment liabilities	<u>60,059</u>	<u>67,984</u>	<u>5,048</u>	<u>4,542</u>	<u>-</u>	<u>-</u>	<u>65,107</u>	<u>72,526</u>
Total liabilities	<u>60,059</u>	<u>67,984</u>	<u>5,048</u>	<u>4,542</u>	<u>-</u>	<u>-</u>	<u>65,107</u>	<u>72,526</u>
Other segment information:								
Capital expenditure	2,730	4,389	1,233	714	-	-	3,963	5,103
Depreciation	1,067	2,467	2,124	1,370	-	-	3,191	3,837
Amortisation of intangible assets	1,052	541	-	-	-	-	1,052	541

The Group's information during the period presented by geographical segment is as follows:

	For the half-year ended 30 June				Consolidated RMB'000
	Mainland China RMB'000	Asia Pacific RMB'000	Others RMB'000	Eliminations RMB'000	
2008					
Segment revenue:					
Sales to external customers	<u>117,216</u>	<u>33,729</u>	<u>6,350</u>	<u>(26,284)</u>	<u>131,011</u>
Other segment information:					
Segment assets	370,842	8,539	-	-	379,381
Capital expenditure	<u>3,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,963</u>
2007					
Segment revenue:					
Sales to external customers	<u>84,195</u>	<u>77,222</u>	<u>8,705</u>	<u>(16,424)</u>	<u>153,698</u>
Other segment information:					
Segment assets	311,400	38,141	-	(496)	349,045
Capital expenditure	<u>5,102</u>	<u>1</u>	<u>-</u>	<u>-</u>	<u>5,103</u>

4. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Half-year ended		Three months ended	
	30 June		30 June	
	2008 RMB'000	2007 RMB'000	2008 RMB'000	2007 RMB'000
Depreciation	3,191	3,837	1,708	2,278
Provision for/(reversal of) doubtful debts	752	(554)	587	(910)
Payments under operating leases in respect of land and buildings	948	599	384	321
Amortisation of research and development costs	1,052	541	434	209
Provision for/(reversal of) impairment of inventories	185	(341)	185	(341)
Interest income	<u>(2,145)</u>	<u>(1,086)</u>	<u>(1,427)</u>	<u>(536)</u>

Note: The amortisation of deferred development costs for the period is included in "Other operating expenses" on the face of the consolidated income statement. The government grants received have been recognised as other income as there are no unfulfilled conditions or contingencies relating to these grants and they are not matched with the related costs which they are intended to compensate.

5. TAX

Under the Income Tax Law of the PRC, the Company is subject to income tax at a base rate of 25%. Pursuant to an approval document dated 15 January 2004 issued by the local municipal tax bureau, the Company was subject to a preferential income tax rate of 15% from 1 January 2004 to 31 December 2004. The Company is seeking approval of the relevant tax authorities for its continued entitlement to the aforesaid preferential income tax rate. For the half-year ended 30 June 2008, income taxes on assessable income of the Company have been provided at the rate of 25% (2007: 33%).

Under the Income Tax Law of PRC, the Company's subsidiary, Sino IC Technology Co., Ltd. ("Sino IC") is subject to a preferential income tax rate of 15%. Pursuant to an approval document dated 8 October 2004 issued by the Shanghai Pu Dong New Area Tax Bureau, with effect from 1 January 2004, Sino IC is exempt from corporate and local income tax for its first two profit making years and is entitled to a 50% tax reduction for the succeeding three years. For the financial year in which this half-year ended 30 June 2008 belongs, Sino IC is in its fifth profit making year and thus is entitled to 50% concession on income tax (2007: 50%).

Hong Kong profits tax has been provided at the rate of 16.5% (2007: 17.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Half-year ended		Three months ended	
	30 June		30 June	
	2008	2007	2008	2007
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current period				
– PRC	2,524	2,382	2,466	1,482
– Hong Kong	329	1,474	121	857
	<hr/>	<hr/>	<hr/>	<hr/>
Charge for the period	<u>2,853</u>	<u>3,856</u>	<u>2,587</u>	<u>2,339</u>

6. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share for the half-year and three months ended 30 June 2008 are based on the unaudited net profit attributable to ordinary equity holders of the parent of approximately RMB18,466,000 and RMB15,765,000 respectively (half-year and three months ended 30 June 2007: RMB19,711,000 and RMB15,684,000 respectively) and the weighted average number of 617,330,000 (2007: 617,563,000) ordinary shares in issue during the periods.

Diluted earnings per share amounts for the current and comparative periods have not been presented as no diluting events existed during these periods.

7. PROPERTY, PLANT AND EQUIPMENT

During the half-year ended 30 June 2008, the Group acquired machinery and office equipment amounted to approximately RMB3,963,000 (31 December 2007: RMB8,862,000).

8. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit and the credit period is generally up to 90 days. An ageing analysis of trade and bills receivables at 30 June 2008 is as follows:

	30 June 2008	31 December 2007
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	22,179	33,272
3 to 6 months	9,250	9,468
6 to 12 months	5,112	2,206
Over 12 months	9	1,202
	<u>36,550</u>	<u>46,148</u>

9. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables at 30 June 2008 is as follows:

	30 June 2008	31 December 2007
	<i>RMB'000</i>	<i>RMB'000</i>
Within 3 months	24,437	31,820
3 to 6 months	2,751	444
6 to 12 months	79	110
Over 12 months	50	50
	<u>27,317</u>	<u>32,424</u>

10. RESERVES

Other than the profit for the periods, repurchase of shares, exchange realignment and minority interests as disclosed in the consolidated statement of changes in equity, there were no movements in the reserves of the Group for the relevant periods in 2008 and 2007.

11. COMMITMENTS

The Group had the following commitments at the balance sheet date:

	30 June 2008	31 December 2007
	<i>RMB'000</i>	<i>RMB'000</i>
(a) Capital commitments		
Contracted, but not provided for in respect of:		
Acquisition of a new subsidiary	15,300	–
Intangible assets	<u>–</u>	<u>853</u>
	<u>15,300</u>	<u>853</u>

(b) Commitments under operating leases

At 30 June 2008, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2008	31 December 2007
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	2,583	1,398
In the second to fifth years, inclusive	6,146	1,078
After five years	<u>–</u>	<u>1,630</u>
	<u>8,729</u>	<u>4,106</u>

12. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transaction with the related party:

Name of related party	Relationship with the Group	Nature of transaction	Half-year ended	
			30 June 2008	2007
			<i>RMB'000</i>	<i>RMB'000</i>
Shanghai Fudan University	Owner of Shanghai Fudan High Tech Company	Technical and equipment support fee	<u>250</u>	<u>135</u>

In the opinion of the independent non-executive directors, the above related party transactions were entered into in the ordinary course of the Group's business and were in accordance with the terms of the arrangements governing the transactions.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2008 (30 June 2007: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the half-year ended 30 June 2008, the Group recorded a turnover of approximately RMB131,011,000 (30 June 2007: RMB153,698,000), a decrease of approximately 14.8% as compared to the same period in last year. Profit attributable to shareholders amounted to approximately RMB18,466,000 (30 June 2007: RMB19,711,000), a decrease of 6.3% over the same period in prior year.

During the period, the Group's turnover has slightly turned down as sales of the most saleable multi-media chips in last year were significantly dropped following its long presence in the market. IC card chips products which are still the core business recorded a continuous sales increase as a result of new products launched into the market during the period; with expanded markets, the electric power electronics results with sales increases. With regard to the remaining product categories, sales in communication electronics products dropped as keen market competition remains; the consumer electronics and motor and automobile electronics products kept quite steady sales.

The Group's overall products recorded a surge of increase in gross profit margin from 28.5% of the same period in last year to 41.1% in the current period. The reasons were due to revamped composition of product sales and market for certain newly launched products performed with good selling prices.

During the period, other revenue and gains increased because there were government grants of RMB3,539,000 and increase in interest income. Selling and distribution costs increased as a result of salaries increment and additional market promotion. Administrative expenses kept at the same level as same period in last year. Other operating expenses were sharply increased due to increasing research and development projects and related costs besides, government grants of RMB6,350,000 received in the same period of last year were deducted from these expenses as they were matched with related costs. In addition, provisions for doubtful debts and obsolete inventories were also required during the period.

FINANCIAL REVIEW

As at 30 June 2008, net assets of the Group amounted to approximately RMB314,274,000 (31 December 2007: RMB296,068,000). Current assets amounted to approximately RMB298,181,000 (31 December 2007: RMB289,025,000), of which approximately RMB164,388,000 (31 December 2007: RMB180,209,000) were cash and bank deposits. The Group still keeps sufficient financial resources and is able to meet its daily operations and future development.

The Group's current liabilities as at 30 June 2008 amounted to approximately RMB62,017,000 (31 December 2007: RMB70,871,000) and had non-current liabilities amounted to approximately RMB3,090,000 (31 December 2007: RMB3,092,000). The net assets value per share of the Group was approximately RMB0.51 (31 December 2007: RMB0.48). The Group's ratio of current liabilities over current assets was approximately 20.7% (31 December 2007: 24.5%) and the gearing ratio was approximately 20.7% (31 December 2007: 25.0%) on the basis of total liabilities over net assets. As at 30 June 2008, the Group had no bank or other borrowings (31 December 2007: nil).

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. The Group's sales are made to several major customers and there is concentration of credit risks. The Group seeks to maintain strict control over its outstanding receivables and closely monitor the collection to minimise credit risk. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, held-to-maturity investments, available-for-sale investments, trade and bills receivables, prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

During the half-year ended 30 June 2008, save for the connected transaction approved by independent shareholders in relation to the acquisition of a 51% interest in a company for RMB15,300,000, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries.

During the period, the capital structure of the Company has no change and only comprises of ordinary shares. The Group relies on its internal resources as a source of funding and keeps most of its cash in Renminbi in bank accounts as working capital.

As at 30 June 2008, except the commitment of RMB15,300,000 in respect of the aforesaid acquisition, the Group did not have any material contingent liabilities (31 December 2007: nil). Besides the approximately RMB229,000 (31 December 2007: RMB229,000) pledged for project guarantee, the Group has not pledged its assets to any third parties (31 December 2007: nil).

EMPLOYEE INFORMATION

As at 30 June 2008, the Group employed approximately 363 (30 June 2007: 312) staff and the total staff costs reflected in the consolidated income statement amounted to RMB27,424,000 (30 June 2007: RMB18,976,000). The increase in staff costs were mainly due to recruitment of additional staff and adjustment of salaries.

PROSPECTS

Because of the comparable steady in sales growth and their wide applications, the Group will continue to apply resources into the development and research of these major products. Following the continuous enhancing techniques and increasing popularity of IC card chips products, the directors believe that the Group's business will continue to achieve a satisfactory growth.

DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2008, the interests or short positions of the directors, supervisors and chief executive of the Company in the share capital and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the registers required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules, were as follows:

Long positions in domestic shares of the Company:

	Number of issued shares held, capacity and nature of interest					Percentage
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust (Note)	Beneficiary of a trust (Note)	of the Company's issued Total share capital
Directors						
Mr. Jiang Guoxing	7,210,000	–	–	1,442,300	8,652,300	1.40
Mr. Shi Lei	7,210,000	–	–	12,980,000	20,190,000	3.27
Mr. Yu Jun	–	–	–	10,961,530	10,961,530	1.78
Ms. Cheng Junxia	–	–	–	8,076,920	8,076,920	1.31
Mr. Wang Su	–	–	–	7,211,530	7,211,530	1.17
Ms. Zhang Qianling	–	–	–	1,733,650	1,733,650	0.28
Mr. He Lixing	–	–	–	1,442,300	1,442,300	0.23
Mr. Shen Xiaozu	–	–	–	1,442,300	1,442,300	0.23
	14,420,000	–	–	45,290,530	59,710,530	9.67
Supervisors						
Mr. Li Wei	–	–	–	6,057,690	6,057,690	0.98
Mr. Xu Lenian	–	–	–	865,380	865,380	0.14
	–	–	–	6,923,070	6,923,070	1.12

Note: These shares are held by the Staff Shareholding Association of the Company (the "SSAC") which is constituted by members consisting of the executive and non-executive directors, the supervisors, certain employees and ex-employees, various employees of ASIC System State-Key Laboratory of Shanghai Fudan University ("University Laboratory") and Shanghai Commerce Invest (Group) Corporation Limited ("SCI"), a substantial shareholder of the Company, as well as various individuals engaged in technological cooperation with the University Laboratory.

Save as disclosed above, as at 30 June 2008, none of the directors, supervisors or chief executive had registered an interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 30 June 2008, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:–

Long positions in domestic shares of the Company:

Name	Notes	Capacity and nature of interest	Number of ordinary shares held	Percentage of the Company's issued share capital
SSAC		Directly beneficially owned	144,230,000	23.36
Shanghai Fudan High Tech Company	(1)	Directly beneficially owned	106,730,000	17.29
Shanghai Fudan Technology Enterprise Holdings Limited	(2)	Directly beneficially owned	109,620,000	17.76
SCI	(2)	Through a controlled corporation	109,620,000	17.76

Notes:

- (1) Shanghai Fudan High Tech Company is a state-owned enterprise wholly-owned by Fudan University.
- (2) The ordinary shares are directly held by Shanghai Fudan Technology Enterprise Holdings Limited, which is 90% owned by SCI. SCI is a state-owned enterprise wholly owned by the Shanghai Municipal Government.

Save as disclosed above, as at 30 June 2008, no person, other than the directors, supervisors and chief executive of the Company, whose interests are set out in the section "Directors', supervisors' and chief executive's interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the half-year ended 30 June 2008, none of the directors of the Company had an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the half-year ended 30 June 2008.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. The audit committee comprises two independent non-executive directors Mr. Cheung Wing Keung and Mr. Guo Li and the non-executive director Mr. Shen Xiaozu. The Group's unaudited financial statements for the half-year ended 30 June 2008 have been reviewed by the committee, who were of the opinion that such statements complied with the applicable accounting standards, the GEM and legal requirements, and that adequate disclosures had been made.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

During the half-year ended 30 June 2008, the Company had adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. The Company also had made specific enquiry to all directors and the Company was not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by directors.

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

During the half-year ended 30 June 2008, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

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

Shanghai, PRC, 12 August 2008

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

* *For identification purpose only*