



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)

FIRST
QUARTERLY
REPORT
2009

*for identification only

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 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 this 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 this 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.

FIRST QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Board”) of Shanghai Fudan Microelectronics Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2009, together with the unaudited comparative figures for the corresponding period in 2008, as follows:

		Three months ended	
		31 March	
		2009	2008
	<i>Notes</i>	RMB'000	<i>RMB'000</i>
Revenue	2	59,693	59,672
Cost of sales		<u>(31,970)</u>	<u>(37,883)</u>
Gross profit		27,723	21,789
Other revenue and gains		1,069	783
Selling and distribution costs		(3,578)	(3,006)
Administrative expenses		(7,835)	(6,461)
Other operating expenses		<u>(14,869)</u>	<u>(9,895)</u>
Profit before tax		2,510	3,210
Tax	3	<u>(69)</u>	<u>(266)</u>
Profit for the period		<u>2,441</u>	<u>2,944</u>
Attributable to:			
Equity holders of the parent		2,335	2,701
Minority interests		<u>106</u>	<u>243</u>
		<u>2,441</u>	<u>2,944</u>
		<i>RMB</i>	<i>RMB</i>
Earnings per share			
–Basic	5	<u>0.38cents</u>	<u>0.44cents</u>

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 2008.

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

2. REVENUE

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.

3. TAX

Under the PRC Corporate Income Tax Law (the “New CIT Law”), which became effective on 1 January 2008, the Company is subject to income tax at a base rate of 25%. The Company is eligible to a preferential income tax rate of 15% as a High New Technology Enterprise (“HNT Enterprise”). For the period ended 31 March 2009, the Company has no assessable income (2008: income tax rate is 15%).

Under the New CIT Law, the Company’s subsidiary, Sino IC Technology Co., Ltd. (“Sino IC”) is subject to income tax at a base rate of 25%. Sino IC is entitled to a preferential income tax rate of 15% as a HNT Enterprise. For the period ended 31 March 2009, Sino IC’s income tax has been provided at the applicable tax rate of 15% (2008: 12.5%).

Under the New CIT Law, three of the Company’s subsidiaries, Shenzhen Fudan Microelectronics Company Limited (“SZFM”), Beijing Fudan Microelectronics Technology Company Limited (“BJFM”) and Shanghai Fukong Hualong Micro-system Technology Co., Ltd. (“Fukong Hualong”), are subject to income taxes at a base rate of 25%. For the period ended 31 March 2009, income taxes on assessable income of these subsidiaries have been provided at the rate of 25% (2008: 25%).

The Hong Kong subsidiary has no assessable profits during the period (2008: profits tax rate is 16.5%).

	Three months ended	
	31 March	
	2009	2008
	RMB’000	RMB’000
Current – PRC	69	58
– Hong Kong	–	208
	<u>69</u>	<u>266</u>

Deferred tax assets have not been recognised in respect of the temporary differences mainly arising from the Company's impairment provisions and government grants related to items of property, plant and equipment, as it is uncertain whether the Company will be able to generate taxable profits in the foreseeable future to fully utilise these temporary differences after considering tax incentives in relation to the additional deductible allowance for qualified research and development expenses to be incurred by the Company in the same periods.

4. RESERVES

Details of movements in the reserves of the Group during the period of three months ended 31 March 2009 together with the comparative figures for the corresponding period in 2008 are set out below:

	Share premium <i>RMB'000</i>	Statutory surplus fund <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Retained profits <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2009	168,486	12,400	(2,650)	61,346	239,582
Net profit for the period	–	–	–	2,335	2,335
Transfer from retained profits	–	231	–	(231)	–
At 31 March 2009	<u>168,486</u>	<u>12,631</u>	<u>(2,650)</u>	<u>63,450</u>	<u>241,917</u>
At 1 January 2008	168,486	8,157	(1,869)	52,821	227,595
Exchange realignment and total income and expenses for the period recognised in the income statement	–	–	(570)	–	(570)
Net profit for the period	–	–	–	2,701	2,701
At 31 March 2008	<u>168,486</u>	<u>8,157</u>	<u>(2,439)</u>	<u>55,522</u>	<u>229,726</u>

5. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the unaudited net profit for the period attributable to ordinary equity holders of the parent of approximately RMB2,335,000 (2008: RMB2,701,000) and the weighted average number of 617,330,000 (2008: 617,330,000) ordinary shares in issue during the period.

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

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2009 (2008: Nil).

BUSINESS REVIEW AND PROSPECTS

Business review

For the period of three months ended 31 March 2009, the Group recorded a total revenue of approximately RMB60,762,000 (2008: RMB60,455,000), representing a slightly increase as compared to the same period in the previous financial year. Profit attributable to shareholders amounted to approximately RMB2,335,000 (2008: RMB2,701,000), a decrease of approximately 13.6% as compared with corresponding period in last year.

During the period under review, turnover of the Group had a little increase as compared with corresponding period in last year. Sales to overseas markets were regressed due to external economic crisis. Sales of IC card chips kept a considerable growth and the sales of other products remained to be stable.

During the period, IC card chips which are high profit margin products have recorded satisfactory sales and brought with a significant increase in the Group's overall gross profit margin to approximately 46% as compared with 37% in the same period of the previous year. Compared with the same period in last year, the Group recorded a small increase in other income and gains. The selling and distribution costs and administrative expenses increased due to salaries incentive scheme and consolidation of a newly acquired subsidiary, and because of increases in research and development projects, there was a substantial increase in other operating expenses.

Prospects

The Group will continue to expand the IC card chips market and also speed up the development of Smart Mobile Application Platform. It is expected that the Group would be able to maintain its results during the year.

DIRECTORS' AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

At 31 March 2009, the interests and short positions of the directors and supervisors of the Company in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register 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					Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust (Note)			
<i>Directors</i>							
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	
	<u>14,420,000</u>	<u>–</u>	<u>–</u>	<u>45,290,530</u>	<u>59,710,530</u>	<u>9.67</u>	
<i>Supervisors</i>							
Mr. Li Wei	–	–	–	6,057,690	6,057,690	0.98	
Mr. Xu Lenian	–	–	–	865,380	865,380	0.14	
	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,923,070</u>	<u>6,923,070</u>	<u>1.12</u>	

Note: These shares are held by the Staff Shareholding Association of the Company ("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 co-operation with the University Laboratory.

Save as disclosed above, as at 31 March 2009, none of the directors and supervisors 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 IN SHARES AND UNDERLYING SHARES

At 31 March 2009, 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 Shanghai 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 31 March 2009, no person, other than the directors and supervisors of the Company, whose interests are set out in the section "Directors' and supervisors' 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 period, 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.

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 controls 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 three months ended 31 March 2009 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.

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

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

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

Shanghai, the PRC, 8 May 2009

As at the date of this report, the executive directors of the Company 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.

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