



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)

**HALF-YEAR
RESULTS
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.

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 2009, together with the unaudited comparative figures for the corresponding period in 2008, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	<i>Notes</i>	Half-year ended 30 June		Three months ended 30 June	
		2009 (Unaudited) <i>RMB'000</i>	2008 (Unaudited) <i>RMB'000</i>	2009 (Unaudited) <i>RMB'000</i>	2008 (Unaudited) <i>RMB'000</i>
REVENUE	2	136,602	131,011	76,909	71,339
Cost of sales		<u>(78,720)</u>	<u>(77,208)</u>	<u>(46,750)</u>	<u>(39,325)</u>
Gross profit		57,882	53,803	30,159	32,014
Other revenue and gains	2	3,945	5,901	2,876	5,118
Selling and distribution costs		<u>(6,944)</u>	<u>(6,051)</u>	<u>(3,366)</u>	<u>(3,045)</u>
Administrative expenses		<u>(15,261)</u>	<u>(12,347)</u>	<u>(7,426)</u>	<u>(5,886)</u>
Other operating expenses		<u>(23,878)</u>	<u>(19,519)</u>	<u>(9,009)</u>	<u>(9,624)</u>
PROFIT BEFORE TAX	4	15,744	21,787	13,234	18,577
Tax	5	<u>(413)</u>	<u>(2,853)</u>	<u>(344)</u>	<u>(2,587)</u>
PROFIT FOR THE PERIOD		<u>15,331</u>	<u>18,934</u>	<u>12,890</u>	<u>15,990</u>
Attributable to:					
Equity holders of the parent		15,091	18,466	12,756	15,765
Minority interests		<u>240</u>	<u>468</u>	<u>134</u>	<u>225</u>
		<u>15,331</u>	<u>18,934</u>	<u>12,890</u>	<u>15,990</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>2.44 cents</u>	<u>2.99 cents</u>	<u>2.07 cents</u>	<u>2.55 cents</u>

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Half-year ended		Three months ended	
	30 June		30 June	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	15,331	18,934	12,890	15,990
Other comprehensive income for the period:				
Exchange difference	—	(728)	—	(728)
Total comprehensive income for the period	<u>15,331</u>	<u>18,206</u>	<u>12,890</u>	<u>15,262</u>
Attributable to:				
Equity holders of the parent	15,091	17,738	12,756	15,037
Minority interests	<u>240</u>	<u>468</u>	<u>134</u>	<u>225</u>
	<u>15,331</u>	<u>18,206</u>	<u>12,890</u>	<u>15,262</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
	<i>Notes</i>		
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	65,437	69,084
Intangible assets		12,461	12,899
Available-for-sale investments		7,980	–
Deferred tax assets		360	360
		86,238	82,343
CURRENT ASSETS			
Inventories		62,277	76,918
Trade and bills receivables	8	62,096	51,262
Prepayments, deposits and other receivables		14,880	8,756
Tax recoverable		831	831
Pledged deposits		231	231
Cash and cash equivalents	13	184,526	196,685
		324,841	334,683
TOTAL ASSETS		411,079	417,026
EQUITIES AND LIABILITIES			
Equity attributable to equity holders of the parent			
Issued capital		61,733	62,364
Reserves	10	254,673	239,582
		316,406	301,315
Minority interests		24,131	23,891
TOTAL EQUITY		340,537	325,206
NON-CURRENT LIABILITIES			
Long term payables		1,068	1,068
Deferred tax liabilities		23	23
		1,091	1,091
CURRENT LIABILITIES			
Trade and bills payables	9	27,971	26,353
Other payables and accruals		30,571	53,117
Tax payable		10,909	11,259
		69,451	90,729
TOTAL LIABILITIES		70,542	91,820
TOTAL EQUITY AND LIABILITIES		411,079	417,026

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the parent							
	Issued share capital RMB'000	Share premium RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009	61,733	168,486	12,400	(2,650)	61,346	301,315	23,891	325,206
Net profit and total comprehensive income for the period	—	—	—	—	15,091	15,091	240	15,331
At 30 June 2009	<u>61,733</u>	<u>168,486</u>	<u>12,400</u>	<u>(2,650)</u>	<u>76,437</u>	<u>316,406</u>	<u>24,131</u>	<u>340,537</u>
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	—	—	—	(728)	—	(728)	—	(728)
Total comprehensive income for the period	—	—	—	(728)	18,466	17,738	468	18,206
At 30 June 2008	<u>61,733</u>	<u>168,486</u>	<u>8,157</u>	<u>(2,597)</u>	<u>71,287</u>	<u>307,066</u>	<u>7,208</u>	<u>314,274</u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the half-year ended 30 June	
	2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Net cash outflow from operating activities	(3,381)	(11,537)
Net cash generated from investing activities	27,591	32,086
Net cash flow from financing activities	—	—
INCREASE IN CASH AND CASH EQUIVALENTS	24,210	20,549
Cash and cash equivalents at beginning of period	84,907	93,567
Effect of foreign exchange rate changes, net	—	(728)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>109,117</u>	<u>113,388</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	13	113,159
Pledged deposits	13	229
	<u>109,117</u>	<u>113,388</u>

Notes:

1. BASIS OF PRESENTATION

These condensed consolidated financial statements have been prepared in compliance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants and in accordance with the applicable disclosure provision of the GEM Listing Rules on the Stock Exchange. 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. The Group has adopted the new Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are effective for the financial year beginning on or after 1 January 2009. Except certain changes in presentation and disclosure in the condensed consolidated half-year results and segment information, the adoption of the new and revised standards, amendments and interpretations did not have any significant impact on the financial statements of the Group.

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	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Revenue				
Sale of goods	128,802	126,930	71,244	69,069
Services rendered	7,800	4,081	5,665	2,270
	<u>136,602</u>	<u>131,011</u>	<u>76,909</u>	<u>71,339</u>
Other revenue and gains				
Interest income	1,416	2,145	652	1,427
Government grants received	1,790	3,539	1,790	3,539
Others	739	217	434	152
	<u>3,945</u>	<u>5,901</u>	<u>2,876</u>	<u>5,118</u>
	<u>140,547</u>	<u>136,912</u>	<u>79,785</u>	<u>76,457</u>

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 2009 and the comparative period:

	Design, development and selling of IC products		Testing services of IC products		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment turnover:								
Sales to external customers	128,802	126,930	7,800	4,081	-	-	136,602	131,011
Sales to other segments	-	-	3,230	4,860	(3,230)	(4,860)	-	-
Total	128,802	126,930	11,030	8,941	(3,230)	(4,860)	136,602	131,011
Segment results	11,210	14,252	589	1,634	-	-	11,799	15,886
Other revenue and gains							3,945	5,901
Profit before tax							15,744	21,787
Tax							(413)	(2,853)
Net profit for the period							15,331	18,934
Assets and liabilities								
Segment assets	265,291	233,327	26,304	22,899	(1,137)	(1,395)	290,458	254,831
Interest bearing time deposits	102,597	116,000	10,044	5,050	-	-	112,641	121,050
Available-for-sale investment	7,980	3,500	-	-	-	-	7,980	3,500
Total assets	375,868	352,827	36,348	27,949	(1,137)	(1,395)	411,079	379,381
Segment liabilities	63,789	60,059	6,753	5,048	-	-	70,542	65,107
Total liabilities	63,789	60,059	6,753	5,048	-	-	70,542	65,107
Other segment information:								
Capital expenditure	486	2,730	1,284	1,233	-	-	1,770	3,963
Depreciation	2,705	1,067	2,711	2,124	-	-	5,416	3,191
Amortisation of intangible assets	886	1,052	-	-	-	-	886	1,052

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

	Mainland China RMB'000	Asia Pacific RMB'000	Others RMB'000	Eliminations RMB'000	Consolidated RMB'000
For the half-year ended 30 June 2009					
Segment revenue:					
Sales to external customers	<u>135,793</u>	<u>28,596</u>	<u>3,127</u>	<u>(30,914)</u>	<u>136,602</u>
Other segment information:					
Segment assets	394,679	16,400	-	-	411,079
Capital expenditure	<u>1,770</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,770</u>

For the half-year ended 30 June 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>

4. PROFIT BEFORE TAX

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

	Half-year ended 30 June		Three months ended 30 June	
	2009 RMB'000	2008 RMB'000	2009 RMB'000	2008 RMB'000
Depreciation	5,416	3,191	2,633	1,708
Provision for doubtful debts	1,441	752	202	587
Payments under operating leases in respect of land and buildings	1,690	948	845	384
Amortisation of research and development costs*	886	1,052	681	434
Provision for impairment of inventories	225	185	225	185
Interest income	(1,416)	(2,145)	(652)	(1,427)
Government grants received**	<u>(1,790)</u>	<u>(3,539)</u>	<u>(1,790)</u>	<u>(3,539)</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 accounted for after setting off related costs and 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 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 30 June 2009, income taxes on assessable income of the Company have been provided at the rate of 15% (2008: 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 30 June 2009, income taxes on assessable income of Sino IC have been provided at the rate of 15% (2008: 12.5%).

Under the New CIT Law, the Company’s subsidiary, Shanghai Fukong Hualong Micro-system Technology Co., Ltd. (“Fukong Hualong”) is subject to income tax at a base rate of 25%. Fukong Hualong is entitled to a preferential income tax rate of 15% as a HNT Enterprise. In the meantime, pursuant to an approval document dated 15 May 2009 issued by the Shanghai Pu Dong New Area Tax Bureau, Fukong Hualong is eligible to a preferential income tax rate. With effect from 1 January 2008, Fukong Hualong is exempt from corporate tax for its first two financial years and is entitled to a 50% tax reduction for the succeeding three financial years. For the half year ended 30 June 2009, Fukong Hualong was exempt from income tax.

Under the New CIT Law, two of the Company’s subsidiaries, Shenzhen Fudan Microelectronics Company Limited and Beijing Fudan Microelectronics Technology Company Limited are subject to income taxes at a base rate of 25%. For the period ended 30 June 2009, income taxes on assessable income of these subsidiaries have been provided at the rate of 25% (2008: 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

	Half-year ended		Three months ended	
	30 June		30 June	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Current period				
– PRC	370	2,524	301	2,466
– Hong Kong	43	329	43	121
	<u>413</u>	<u>2,853</u>	<u>344</u>	<u>2,587</u>
Charge for the period				

Deferred tax assets have not been recognised in respect of the temporary differences that 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.

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 2009 are based on the unaudited net profit attributable to ordinary equity holders of the parent of approximately RMB15,091,000 and RMB12,756,000 respectively (half-year and three months ended 30 June 2008: RMB18,466,000 and RMB15,765,000 respectively) and the weighted average number of 617,330,000 (2008: 617,330,000) 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 2009, the Group acquired machinery and office equipment amounted to approximately RMB1,770,000 (31 December 2008: RMB12,636,000).

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 2009 is as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Within 3 months	48,030	34,828
3 to 6 months	9,050	13,019
6 to 12 months	3,333	2,525
Over 12 months	1,683	890
	<u>62,096</u>	<u>51,262</u>

9. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables at 30 June 2009 is as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Within 3 months	23,322	21,714
3 to 6 months	1,216	1,935
6 to 12 months	1,047	2,654
Over 12 months	2,386	50
	<u>27,971</u>	<u>26,353</u>

10. RESERVES

Other than the profit for the periods, 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 2009 and 2008.

11. COMMITMENTS

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

	30 June 2009 RMB'000	31 December 2008 RMB'000
(a) Capital commitments		
Contracted, but not provided for in respect of:		
Contribution to a technological co-operation agreement	2,600	–
Machinery and equipment	2,200	–
Intangible assets	–	439
	<u>4,800</u>	<u>439</u>

(b) Commitments under operating leases

At 30 June 2009, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2009 RMB'000	31 December 2008 RMB'000
Within one year	3,253	2,936
In the second to fifth years, inclusive	3,136	4,489
After five years	–	652
	<u>6,389</u>	<u>8,077</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	
			2009 RMB'000	2008 RMB'000
Shanghai Fudan University	Owner of a substantial shareholder	Technical and equipment support fee	250	250
		Research and development expenses	120	—
			<u>370</u>	<u>250</u>
Shanghai Fudan Communication Co., Ltd.	An entity controlled by a substantial shareholder	Capital injection	<u>7,980</u>	<u>—</u>

In the opinion of the independent non-executive directors, the above related party transactions were entered into in the ordinary and usual course of the Group's business on normal commercial terms and were in accordance with the terms of the arrangements governing the transactions that were fair and reasonable and in the interests of the shareholders of the Company as a whole.

13. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Half-year ended 30 June	
	2009 RMB'000	2008 RMB'000
Cash and bank balances	49,886	40,388
Time deposits with original maturity of less than 3 months when acquired	59,000	73,000
Time deposits with original maturity of over than 3 months when acquired	<u>75,640</u>	<u>51,000</u>
Cash and cash equivalents	184,526	164,388
Less: Pledged deposits	<u>(231)</u>	<u>(229)</u>
Cash and cash equivalents	<u>184,295</u>	<u>164,159</u>

14. COMPARATIVE AMOUNTS

To conform with the current period's presentation, certain comparative information in the condensed consolidated half-year financial information has been reclassified.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2009 (30 June 2008: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the half-year ended 30 June 2009, the Group recorded a turnover of approximately RMB136,602,000 (30 June 2008: RMB131,011,000), an increase of approximately 4.3% as compared to the same period in last year. Profit attributable to shareholders amounted to approximately RMB15,091,000 (30 June 2008: RMB18,466,000), a decrease of 18.3% over the same period in prior year.

During the period, sales of the Group's products have been stable, however, with the consolidation of the results of a newly acquired subsidiary, the Group has recorded an increase in turnover. Due to slump in overseas markets and slow down of the domestic electronics market, various product categories of the Group could only maintain steady sales volume and turnover. Except a few new products that performed with satisfactory selling prices and profit margin, other existing products could mostly keep their normal selling prices that resulted with a slightly increase of overall profit margin from 41.1% of last comparative period to 42.4%.

During the period, other revenue and gains dropped as there were decreases in government grants received as well as interest income. Selling and distribution costs and administrative expenses increased as a result of market exploration and adjustments made in accordance with price index. Other operating expenses increased due to expansion in research and development. In addition, the consolidation of a newly acquired subsidiary during the period also added small increases to the aforesaid expenses.

Financial Review

As at 30 June 2009, net assets of the Group amounted to approximately RMB340,537,000 (31 December 2008: RMB325,206,000). Current assets amounted to approximately RMB324,841,000 (31 December 2008: RMB334,683,000), of which approximately RMB184,757,000 (31 December 2008: RMB196,916,000) 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 2009 amounted to approximately RMB69,451,000 (31 December 2008: RMB90,729,000) and had non-current liabilities amounted to approximately RMB1,091,000 (31 December 2008: RMB1,091,000). The net assets value per share was approximately RMB0.55 (31 December 2008: RMB0.53). The Group's ratio of current liabilities over current assets was approximately 21.4% (31 December 2008: 27.1%) and the gearing ratio was approximately 20.7% (31 December 2008: 28.2%) on the basis of total liabilities over net assets. As at 30 June 2009, the Group had no bank or other borrowings (31 December 2008: 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 2009, save for the connected transaction announced on 27 February 2009 in relation to the capital injection of RMB7,980,000 in Shanghai Fudan Communication Co., Ltd., 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 2009, except the commitments of RMB4,800,000 in respect of the contribution in a technological co-operation agreement and acquisition of machinery and equipment (31 December 2008: RMB439,000 in respect of acquisition of intangible assets), the Group did not have any material contingent liabilities (31 December 2008: nil). Besides the approximately RMB231,000 (31 December 2008: RMB231,000) deposit pledged for project guarantee, the Group has not pledged its assets to any third parties (31 December 2008: nil).

Employee Information

As at 30 June 2009, the Group employed approximately 441 (30 June 2008: 363) staff and the total staff costs reflected in the consolidated income statement amounted to RMB25,148,000 (30 June 2008: RMB27,424,000). The decrease in staff costs was mainly due to adjustment of incentive bonus.

Prospects

Because the sales of the Group's products are mainly focused in mainland China, with the country's policy and scheme in stimulating domestic needs, the Group believes that the business during the year will be stable. Besides, the Group will actively carry out research and development of advanced new products, the launching of these new products would enable the Group to further improve its results.

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

At 30 June 2009, 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 of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust <i>(Note)</i>	Total	
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
	<u>14,420,000</u>	<u>–</u>	<u>–</u>	<u>45,290,530</u>	<u>59,710,530</u>	<u>9.67</u>
Supervisors						
Mr. Li Wei	–	–	–	6,057,690	6,057,690	0.98
Mr. Wei Ran	–	–	–	288,460	288,460	0.05
	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,346,150</u>	<u>6,346,150</u>	<u>1.03</u>

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 co-operation with the University Laboratory.

Save as disclosed above, as at 30 June 2009, 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 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 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 2009, 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 2009, 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 2009.

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 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.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding directors’ securities transactions 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. Having made specific enquiry to all directors, the directors have complied with such code of conduct and the required standard throughout the half-year ended 30 June 2009.

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

During the half-year ended 30 June 2009, 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*
Shi Lei
Director

Shanghai, PRC, 12 August 2009

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*