



# 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)

THIRD  
QUARTERLY  
REPORT  
2009

\*for identification only

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

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Exchange. 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.**

*Hong Kong Exchanges and Clearing Limited and The Exchange take no responsibility for the contents of this report, 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 report.*

*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.*

### THIRD QUARTERLY 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 nine months and three months ended 30 September 2009, together with the comparative unaudited figures for the corresponding periods in 2008, as follows:

	<i>Notes</i>	Nine months ended		Three months ended	
		2009	2008	2009	2008
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	2	<b>233,459</b>	209,207	<b>96,857</b>	78,196
Cost of sales		<b>(135,561)</b>	(122,065)	<b>(56,841)</b>	(44,857)
Gross profit		<b>97,898</b>	87,142	<b>40,016</b>	33,339
Other income and gains	2	<b>5,360</b>	7,257	<b>1,415</b>	1,356
Selling and distribution costs		<b>(10,623)</b>	(9,025)	<b>(3,679)</b>	(2,974)
Administrative expenses		<b>(25,579)</b>	(19,290)	<b>(10,318)</b>	(6,943)
Other operating expenses		<b>(33,580)</b>	(30,433)	<b>(9,702)</b>	(10,914)
<b>Profit before tax</b>		<b>33,476</b>	35,651	<b>17,732</b>	13,864
Tax	3	<b>(2,183)</b>	(4,925)	<b>(1,770)</b>	(2,072)
<b>Profit for the period</b>		<b>31,293</b>	30,726	<b>15,962</b>	11,792
<b>Other comprehensive income</b>					
Exchange realignment		–	(1,139)	–	(411)
<b>Total comprehensive income for the period</b>		<b>31,293</b>	29,587	<b>15,962</b>	11,381
<b>Profit for the period attributable to:</b>					
Equity holders of the parent		<b>30,854</b>	29,874	<b>15,763</b>	11,408
Minority interests		<b>439</b>	852	<b>199</b>	384
		<b>31,293</b>	30,726	<b>15,962</b>	11,792
<b>Total comprehensive income attributable to:</b>					
Equity holders of the parent		<b>30,854</b>	28,735	<b>15,763</b>	10,997
Minority interests		<b>439</b>	852	<b>199</b>	384
		<b>31,293</b>	29,587	<b>15,962</b>	11,381
		<i>RMB</i>	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
<b>Earnings per share attributable to ordinary equity holders of the parent</b>					
Basic	5	<b>5.00 cents</b>	4.84 cents	<b>2.55 cents</b>	1.85 cents
Proposed special interim dividend		–	3.00 cents	–	3.00 cents

*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, OTHER INCOME AND GAINS**

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowances 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 30 September 2009, income taxes on assessable income of the Company have been provided at the rate of 15% (2008: 25%).

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 September 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 and up to 31 December 2009, 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 period ended 30 September 2009, Fukong Hualong was exempt from income tax.

Under the New CIT Law, three of the Company’s subsidiaries, Shenzhen Fudan Microelectronics Company Limited, Beijing Fudan Microelectronics Technology Company Limited and Shanghai Fendian Technology Limited are subject to income taxes at a base rate of 25%. For the period ended 30 September 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.

	Nine months ended		Three months ended	
	30 September		30 September	
	2009	2008	2009	2008
	RMB'000	RMB'000	RMB'000	RMB'000
Current – Mainland China				
Charge for the period	2,209	4,083	1,839	1,559
Refund of income tax	(156)	–	(156)	–
Current – Hong Kong				
Charge for the period	130	842	87	513
Total tax charge for the period	<u>2,183</u>	<u>4,925</u>	<u>1,770</u>	<u>2,072</u>

#### 4. RESERVES

Details of movements in the reserves of the Group during the nine months ended 30 September 2009 together with the comparative figures for the corresponding period in 2008 are set out below:

	Share premium RMB'000	Statutory surplus fund RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2009	168,486	12,400	(2,650)	61,346	239,582
Net profit and total comprehensive income for the period	–	–	–	30,854	30,854
<b>At 30 September 2009</b>	<u>168,486</u>	<u>12,400</u>	<u>(2,650)</u>	<u>92,200</u>	<u>270,436</u>
At 1 January 2008	168,486	8,157	(1,869)	52,821	227,595
Net profit for the period	–	–	–	29,874	29,874
Exchange realignment	–	–	(1,139)	–	(1,139)
Total comprehensive income for the period	–	–	(1,139)	29,874	28,735
At 30 September 2008	<u>168,486</u>	<u>8,157</u>	<u>(3,008)</u>	<u>82,695</u>	<u>256,330</u>

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

The calculation of the basic earnings per share for the nine months and three months ended 30 September 2009 and the comparative periods are based on the unaudited net profit attributable to ordinary equity holders of the parent of approximately RMB30,854,000 and RMB15,763,000 respectively (2008: RMB29,874,000 and RMB11,408,000) 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.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the nine months ended 30 September 2009 (2008: special interim dividend of RMB3 cents per share).

## **BUSINESS REVIEW**

For the nine months ended 30 September 2009, the Group recorded a turnover of approximately RMB233,459,000 (2008: RMB209,207,000), representing an increase of approximately 12% as compared to the same period in last financial year. Unaudited consolidated profit attributable to shareholders amounted to approximately RMB30,854,000 (2008: RMB29,874,000), an increase of approximately 3% when compared with corresponding period last year. Earnings per share attributable to ordinary equity holders of the parent was RMB5.00 cents (2008: RMB4.84 cents).

During the period under review, benefited from the PRC's policy of stimulating domestic needs, the Group's turnover kept a satisfactory growth without being adversely affected by surrounding financial crisis. IC card products which contributed most of the overall sales kept definite growths and achieved with ideal gross profit margins. The turnover of consumer electronics resumed to grow after a drop in last corresponding period as new products were launched into market during the period. Having more stable customer base, the power electronics kept very steady sales growth. The selling of automobile electronics and telecommunication electronics products remain slowed down and suffered from market competition and product popularity.

The Group's overall gross profit margin slightly increased from 41.7% of the same period in last year to 41.9% in the current period as major products generally could keep their selling prices and implementation of effective cost control. The slightly drop in government grants received resulted with a decrease in other income and gains as compared to the same period last year. Selling and distribution costs, administrative expenses and other operating expenses increased because more resources were applied in organisation set up, human resources and research and development, and the impact of consolidation the results of Fukong Hualong during the period. The tax expenses for the same period last year was provided at the base rate of 25% as at that time the Company was uncertain to be recognized as a HNT Enterprise to enjoy the preferential income tax rate of 15%, and the enjoyment of preferential income tax rate of 15% in the current period brought with a decrease in tax provision.

## **FUTURE PROSPECTS**

In cooperation with the Shanghai subsidiary of China Unicom and Shanghai Public Transportation Card Company Limited, the Company has launched an electronic payment mobile IC chip during the period and this product has been well accredited by the market. The Group believes that following the promotion and expansion in related market, its businesses of diversified products would be strengthen together with enhanced market position.

With continuous expansion in the PRC's domestic public transportation that will be electronically equipped, the Group businesses that are on solid foundations would be able to keep a long term stable development and benefited from economic growth.

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

As at 30 September 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 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

	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust <i>(Note)</i>	Total	Percentage of the Company's issued share capital
<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. 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 September 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 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 September 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:

<b>Name</b>	<i>Notes</i>	<b>Capacity and nature of interest</b>	<b>Number of ordinary shares held</b>	<b>Percentage of the Company’s issued share capital</b>
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 30 September 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 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.

### **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. At the date of this report, the audit committee comprises two independent non-executive directors, namely Mr. Cheung Wing Keung and Mr. Guo Li and the non-executive director Mr. Shen Xiaozu. The Group’s unaudited financial statements for the nine months ended 30 September 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**  
*Director*

Shanghai, the PRC, 13 November 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.*

\* *For identification purpose only*