



# 上海復旦微電子集團股份有限公司

Shanghai Fudan Microelectronics Group Company Limited\*  
(a joint stock limited company incorporated in the People's Republic of China)  
(Stock Code: 1385)

**2015**  
INTERIM REPORT

## HALF-YEAR RESULTS (UNAUDITED)

The board of directors (the “Board”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the half-year ended 30 June 2015 together with the comparative figures for the corresponding period in 2014 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

|   |              | Half-year ended 30 June |                  |
|---|--------------|-------------------------|------------------|
|   |              | 2015                    | 2014             |
|   |              | (Unaudited)             | (Unaudited)      |
|   | <i>Notes</i> | <i>RMB'000</i>          | <i>RMB'000</i>   |
| <b>REVENUE</b>  | 2            | <b>419,884</b>          | 370,455          |
| Cost of sales   |              | <u>(215,016)</u>        | <u>(187,828)</u> |
| Gross profit  |              | <b>204,868</b>          | 182,627          |
| Other income and gains                                    | 2            | <b>25,317</b>           | 72,445           |
| Selling and distribution costs                            |              | <b>(26,500)</b>         | (20,084)         |
| Administrative expenses                                   |              | <b>(31,419)</b>         | (40,342)         |
| Other expenses  |              | <u>(89,761)</u>         | <u>(117,140)</u> |
| <b>PROFIT BEFORE TAX</b>                                  | 4            | <b>82,505</b>           | 77,506           |
| Income tax expense  | 5            | <u>(11,746)</u>         | <u>(11,016)</u>  |
| <b>PROFIT FOR THE PERIOD</b>                              |              | <b>70,759</b>           | 66,490           |
| <b>OTHER COMPREHENSIVE INCOME</b>                         |              |                         |                  |
| Exchange differences on translation of foreign operations |              | <u>28</u>               | <u>93</u>        |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>          |              | <u><b>70,787</b></u>    | <u>66,583</u>    |

|   | <b>Half-year ended 30 June</b> |                    |
|---|--------------------------------|--------------------|
|   | <b>2015</b>                    | 2014               |
|   | <b>(Unaudited)</b>             | (Unaudited)        |
| <i>Notes</i>  | <b>RMB'000</b>                 | <b>RMB'000</b>     |
| <b>Profit attributable to:</b>  |                                |                    |
| Owners of the parent  | <b>66,117</b>                  | 63,836             |
| Non-controlling interests   | <b>4,642</b>                   | 2,654              |
|   | <u><b>70,759</b></u>           | <u>66,490</u>      |
| <b>Total comprehensive income attributable to:</b>                                      |                                |                    |
| Owners of the parent  | <b>66,145</b>                  | 63,929             |
| Non-controlling interests   | <b>4,642</b>                   | 2,654              |
|   | <u><b>70,787</b></u>           | <u>66,583</u>      |
|   | <b>RMB</b>                     | <b>RMB</b>         |
| <b>EARNINGS PER SHARE ATTRIBUTABLE<br/>TO ORDINARY EQUITY HOLDERS<br/>OF THE PARENT</b> |                                |                    |
| Basic   |                                |                    |
| – For profit for the period   | <i>6</i>                       |                    |
|   | <u><b>10.71 cents</b></u>      | <u>10.34 cents</u> |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

|  |              | 30 June<br>2015<br>(Unaudited)<br>RMB'000 | 31 December<br>2014<br>(Audited)<br>RMB'000 |
|--|--------------|---|---|
|  | <i>Notes</i> |   |   |
| <b>NON-CURRENT ASSETS</b>                                  |              |   |   |
| Property, plant and equipment                              | 7            | 314,153                                   | 295,635                                     |
| Intangible assets  |              | 167,664                                   | 131,763                                     |
| Available-for-sale investments                             | 8            | –   | –   |
| Deferred tax assets  |              | <u>30,239</u>                             | <u>33,737</u>                               |
| Total non-current assets                                   |              | <u>512,056</u>                            | <u>461,135</u>                              |
| <b>CURRENT ASSETS</b>                                      |              |   |   |
| Inventories  |              | 199,472                                   | 210,033                                     |
| Trade and bills receivables                                | 9            | 245,476                                   | 240,740                                     |
| Prepayments, deposits and other receivables                |              | 27,192                                    | 18,359                                      |
| Cash and cash equivalents                                  | 14           | <u>329,386</u>                            | <u>346,194</u>                              |
| Total current assets                                       |              | <u>801,526</u>                            | <u>815,326</u>                              |
| <b>CURRENT LIABILITIES</b>                                 |              |   |   |
| Trade and bills payables                                   | 10           | 91,164                                    | 74,389                                      |
| Other payables, accruals and deferred income               |              | 189,360                                   | 245,614                                     |
| Tax payable  |              | <u>6,761</u>                              | <u>12,705</u>                               |
| Total current liabilities                                  |              | <u>287,285</u>                            | <u>332,708</u>                              |
| <b>NET CURRENT ASSETS</b>                                  |              | <u>514,241</u>                            | <u>482,618</u>                              |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>               |              | <b>1,026,297</b>                          | <b>943,753</b>                              |
| <b>NON-CURRENT LIABILITIES</b>                             |              |   |   |
| Deferred income  |              | <u>20,582</u>                             | <u>8,825</u>                                |
| <b>NET ASSETS</b>  |              | <u><b>1,005,715</b></u>                   | <u><b>934,928</b></u>                       |
| <b>EQUITIES</b>  |              |   |   |
| <b>Equity attributable to equity holders of the parent</b> |              |   |   |
| Issued capital   |              | 61,733                                    | 61,733                                      |
| Reserves   | 11           | <u>846,676</u>                            | <u>780,531</u>                              |
| <b>Non-controlling interests</b>                           |              | <u>908,409</u>                            | <u>842,264</u>                              |
|  |              | <u>97,306</u>                             | <u>92,664</u>                               |
| <b>TOTAL EQUITY</b>  |              | <u><b>1,005,715</b></u>                   | <u><b>934,928</b></u>                       |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Attributable to owners of the parent |                 |                           |                              |                |                  |                         | Total          | Non-controlling interests | Total equity     |
|--|--------------------------------------|-----------------|---------------------------|------------------------------|----------------|------------------|-------------------------|----------------|---------------------------|------------------|
|  | Issued share capital                 | Share premium   | Statutory surplus reserve | Exchange fluctuation reserve | Other reserves | Retained profits | Proposed final dividend |                |                           |                  |
|  | (unaudited)                          | (unaudited)     | (unaudited)               | (unaudited)                  | (unaudited)    | (unaudited)      | (unaudited)             | (unaudited)    | (unaudited)               | (unaudited)      |
|  | RMB'000                              | RMB'000         | RMB'000                   | RMB'000                      | RMB'000        | RMB'000          | RMB'000                 | RMB'000        | RMB'000                   | RMB'000          |
| At 1 January 2015  | 61,733                               | 168,486         | 42,701                    | (3,476)                      | 7,821          | 564,999          | -                       | 842,264        | 92,664                    | 934,928          |
| Profit for the period  | -                                    | -               | -                         | -                            | -              | 66,117           | -                       | 66,117         | 4,642                     | 70,759           |
| Exchange differences on translation of foreign operations  | -                                    | -               | -                         | 28                           | -              | -                | -                       | 28             | -                         | 28               |
| Total comprehensive income for the period  | -                                    | -               | -                         | 28                           | -              | 66,117           | -                       | 66,145         | 4,642                     | 70,787           |
| At 30 June 2015  | <u>61,733</u>                        | <u>168,486*</u> | <u>42,701*</u>            | <u>(3,448)*</u>              | <u>7,821*</u>  | <u>631,116*</u>  | <u>-</u>                | <u>908,409</u> | <u>97,306</u>             | <u>1,005,715</u> |
| At 1 January 2014  | 61,733                               | 168,486         | 41,239                    | (3,487)                      | -              | 398,498          | 49,386                  | 715,855        | 41,486                    | 757,341          |
| Profit for the period  | -                                    | -               | -                         | -                            | -              | 63,836           | -                       | 63,836         | 2,654                     | 66,490           |
| Exchange differences on translation of foreign operations  | -                                    | -               | -                         | 93                           | -              | -                | -                       | 93             | -                         | 93               |
| Total comprehensive income for the period  | -                                    | -               | -                         | 93                           | -              | 63,836           | -                       | 63,929         | 2,654                     | 66,583           |
| 2013 final dividend declared   | -                                    | -               | -                         | -                            | -              | -                | (49,386)                | (49,386)       | -                         | (49,386)         |
| Non-controlling interests and contributed surplus arising from issuance of new shares of a non wholly-owned subsidiary | -                                    | -               | (1,375)                   | -                            | 9,188          | -                | -                       | 7,813          | 42,157                    | 49,970           |
| At 30 June 2014  | <u>61,733</u>                        | <u>168,486*</u> | <u>39,864*</u>            | <u>(3,394)*</u>              | <u>9,188*</u>  | <u>462,334*</u>  | <u>-</u>                | <u>738,211</u> | <u>86,297</u>             | <u>824,508</u>   |

\* These reserve accounts comprise the consolidated reserves of RMB846,676,000 (31 December 2014: RMB780,531,000) in the condensed consolidated statement of financial position.

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

|   | <b>Half-year ended 30 June</b> |                  |
|---|--------------------------------|------------------|
|   | <b>2015</b>                    | 2014             |
|   | <b>(Unaudited)</b>             | (Unaudited)      |
| <i>Note</i>   | <b>RMB'000</b>                 | <b>RMB'000</b>   |
| Net cash flows from operating activities  | <b>53,960</b>                  | 34,208           |
| Net cash flows used in investing activities   | <b>(9,242)</b>                 | (65,163)         |
| Net cash flows generated from financing activities  | <u>—</u>                       | <u>49,970</u>    |
| <b>INCREASE IN CASH AND CASH EQUIVALENTS</b>  | <b>44,718</b>                  | 19,015           |
| Cash and cash equivalents at beginning of period  | <b>161,167</b>                 | 191,140          |
| Effect of foreign exchange rate changes, net  | <u><b>28</b></u>               | <u>93</u>        |
| <b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>   | <u><b>205,913</b></u>          | <u>210,248</u>   |
| <b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>                                  |                                |                  |
|   | <i>14</i>                      |                  |
| Cash and bank balances  | <b>106,319</b>                 | 195,701          |
| Non-pledged time deposits   | <u><b>223,067</b></u>          | <u>124,009</u>   |
| Cash and bank balances as stated in the consolidated statement of financial position      | <b>329,386</b>                 | 319,710          |
| Time deposits with original maturity of less than three months when acquired              | <u><b>(123,473)</b></u>        | <u>(109,462)</u> |
| Cash and cash equivalents as stated in the condensed consolidated statement of cash flows | <u><b>205,913</b></u>          | <u>210,248</u>   |

Notes:

## 1. BASIS OF PRESENTATION

These 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 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 2014. 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 2015. The adoption of these new and revised standards, amendments and interpretations did not have any significant impact on the operating results and financial position of the Group.

All income, expenses and unrealised gains and losses resulting from intercompany transactions and intercompany balances within the Group are eliminated on consolidation in full.

## 2. REVENUE, OTHER INCOME 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 income and gains is as follows:

|  | Half-year ended 30 June |                       |
|--|-------------------------|-----------------------|
|  | 2015                    | 2014                  |
|  | RMB'000                 | RMB'000               |
| <b>Revenue</b>                                       |                         |                       |
| Sale of goods  | 398,257                 | 360,454               |
| Services rendered                                    | <u>21,627</u>           | <u>10,001</u>         |
|  | <b><u>419,884</u></b>   | <b><u>370,455</u></b> |
| <b>Other income and gains</b>                        |                         |                       |
| Interest income                                      | 3,236                   | 2,534                 |
| Government grants received for research activities   | 4,481                   | 25,784                |
| Other government grants                              | 16,312                  | 34,201                |
| Gain on disposal of an available-for-sale investment | –                       | 3,276                 |
| Others   | <u>1,288</u>            | <u>6,650</u>          |
|  | <b><u>25,317</u></b>    | <b><u>72,445</u></b>  |

### 3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- the design, development and sale of IC products segment (“Design, development and sale of IC products”) and
- the provision of testing services for IC products segment (“Testing services for IC products”).

| For the half year ended 30 June 2015        | Design,<br>development<br>and selling of<br>IC products<br>RMB'000 | Testing services<br>of IC products<br>RMB'000 | Total<br>RMB'000 |
|---|--|---|------------------|
| <b>Segment revenue</b>                      |  |   |                  |
| Sales to external customers                 | 398,257  | 21,627  | 419,884          |
| Intersegment sales                          | -  | 16,107  | 16,107           |
|   | 398,257  | 37,734  | 435,991          |
| <i>Reconciliation:</i>                      |  |   |                  |
| Elimination of intersegment sales           |  |   | (16,107)         |
| Revenue                                     |  |   | <u>419,884</u>   |
| <b>Segment results</b>                      | <b>66,650</b>  | <b>10,531</b>                                 | <b>77,181</b>    |
| <i>Reconciliation:</i>                      |  |   |                  |
| Elimination of segment results              |  |   | (801)            |
| Interest income                             |  |   | 3,236            |
| Unallocated gains                           |  |   | 2,889            |
| Profit before tax                           |  |   | <u>82,505</u>    |
| <b>Segment assets</b>                       | <b>1,030,925</b>   | <b>262,713</b>                                | <b>1,293,638</b> |
| <i>Reconciliation:</i>                      |  |   |                  |
| Elimination of intersegment receivables     |  |   | (10,295)         |
| Corporate and other unallocated assets      |  |   | 30,239           |
| Total assets                                |  |   | <u>1,313,582</u> |
| <b>Segment liabilities</b>                  | <b>237,448</b>   | <b>80,714</b>                                 | <b>318,162</b>   |
| <i>Reconciliation:</i>                      |  |   |                  |
| Elimination of intersegment payables        |  |   | (10,295)         |
| Corporate and other unallocated liabilities |  |   | -                |
| Total liabilities                           |  |   | <u>307,867</u>   |
| <b>Other segment information</b>            |  |   |                  |
| Depreciation                                | 10,619   | 8,994   | 19,613           |
| Amortisation of intangible assets           | 8,043  | -   | 8,043            |
| Capital expenditure                         | 50,822   | 21,533  | 72,355*          |

\* Capital expenditure consists of additions to property, plant and equipment and intangible assets.



| For the half year ended 30 June 2014        | Design,<br>development<br>and selling of IC<br>products<br><i>RMB'000</i> | Testing services<br>of IC products<br><i>RMB'000</i> | Total<br><i>RMB'000</i> |
|---|---|--|-------------------------|
| <b>Segment revenue</b>                      |   |  |                         |
| Sales to external customers                 | 360,454   | 10,001   | 370,455                 |
| Intersegment sales                          | <u>–</u>  | <u>19,351</u>  | <u>19,351</u>           |
|   | 360,454   | 29,352   | 389,806                 |
| <i>Reconciliation:</i>                      |   |  |                         |
| Elimination of intersegment sales           |   |  | <u>(19,351)</u>         |
| Revenue                                     |   |  | <u><u>370,455</u></u>   |
| <b>Segment results</b>                      | 51,993  | 13,100   | 65,093                  |
| <i>Reconciliation:</i>                      |   |  |                         |
| Elimination of segment results              |   |  | (47)                    |
| Interest income                             |   |  | 2,534                   |
| Unallocated gains                           |   |  | <u>9,926</u>            |
| Profit before tax                           |   |  | <u><u>77,506</u></u>    |
| <b>Segment assets</b>                       | 909,585   | 212,694  | 1,122,279               |
| <i>Reconciliation:</i>                      |   |  |                         |
| Elimination of intersegment receivables     |   |  | (3,448)                 |
| Corporate and other unallocated assets      |   |  | <u>18,157</u>           |
| Total assets                                |   |  | <u><u>1,136,988</u></u> |
| <b>Segment liabilities</b>                  | 205,633   | 60,909   | 266,542                 |
| <i>Reconciliation:</i>                      |   |  |                         |
| Elimination of intersegment payables        |   |  | (3,448)                 |
| Corporate and other unallocated liabilities |   |  | <u>49,386</u>           |
| Total liabilities                           |   |  | <u><u>312,480</u></u>   |
| <b>Other segment information</b>            |   |  |                         |
| Depreciation                                | 3,253   | 7,176  | 10,429                  |
| Amortisation of intangible assets           | 2,981   | –  | 2,981                   |
| Capital expenditure                         | <u>92,739</u>   | <u>10,043</u>  | <u>102,782*</u>         |

\* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

## Geographical information

### a) Revenue from external customers

|   | Half-year ended 30 June |                |
|---|-------------------------|----------------|
|   | 2015                    | 2014           |
|   | RMB'000                 | RMB'000        |
| Mainland China                          | 383,884                 | 329,932        |
| Asia Pacific (excluding Mainland China) | 31,686                  | 35,492         |
| Others                                  | 4,314                   | 5,031          |
|   | <u>419,884</u>          | <u>370,455</u> |

The revenue information from operations above is based on the location of the customers.

### b) Non-current assets

|   | Half-year ended 30 June |                |
|---|-------------------------|----------------|
|   | 2015                    | 2014           |
|   | RMB'000                 | RMB'000        |
| Mainland China                          | 512,052                 | 379,859        |
| Asia Pacific (excluding Mainland China) | 4                       | 9              |
|   | <u>512,056</u>          | <u>379,868</u> |

The non-current asset information above is based on the location of assets and excludes financial instruments and deferred tax assets.

## Information about a major customer

Revenue of approximately RMB66,438,000 (2014: RMB38,509,000) from a main customer in regard of design, development and selling of IC products and is individually accounted for more than 10% of the Group's total revenue during the six months ended 30 June 2015.

#### 4. PROFIT BEFORE TAX

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

|  | Half-year ended 30 June |          |
|--|-------------------------|----------|
|  | 2015                    | 2014     |
|  | RMB'000                 | RMB'000  |
| Depreciation   | 19,613                  | 10,429   |
| Provision for doubtful debts                                     | 1,221                   | 5,417    |
| Payments under operating leases in respect of land and buildings | 4,495                   | 2,458    |
| Amortisation of deferred development costs*                      | 8,043                   | 2,981    |
| Provision for impairment of inventories                          | 416                     | 1,756    |
| Interest income  | (3,236)                 | (2,534)  |
| Gain on disposal of an available-for-sale investment             | -                       | (3,276)  |
| Other government grants  | (16,312)                | (34,201) |
| Government grants received for research activities**             | (4,481)                 | (25,783) |

*Note:* \* The amortisation of deferred development costs for the period is included in "Other expenses" on the face of the condensed consolidated income statement.

\*\* The government grants received for certain research activities have been recognised as other income if 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. Government grants received for which related expenditure has not yet been undertaken are included in "other liabilities" in the condensed consolidated statement of financial position.

#### 5. INCOME TAX EXPENSES

Under the PRC Corporate Income Tax Law (the "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"). Further pursuant to the notice of the State Council on "Issuing Several Policies on Further Encouraging the Development of the Software and Integrated Circuit Industries" (Guo Fa (2011) No. 4) and "Notice Concerning Policies on Enterprise Income Tax for Further Encouraging the Development of Software and Integrated Circuit Industries" (Cai Shui (2012) No. 27) issued by the Ministry of Finance of the PRC, the Company's application as a "key software enterprise falling within the State's planned arrangement" was approved and a notice of approval results for enjoying the preferential tax rate of 10% for 2013 and 2014 was issued by the State Administration of Taxation, Yangpu, Shanghai on 18 March 2014. Prior to the formal written approval for the current year, income tax has been provided at 15% on the assessable income of the Company for the half year ended 30 June 2015 (2014:10%)

Under the 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 High New Technology Enterprise ("HNT Enterprise"). For the financial year ended 31 December 2015, income taxes on assessable income of Sino IC will be provided at the rate of 15% (2014: 15%).

Under the 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%. The income taxes on assessable income of Fukong Hualong will be provided at the rate of 15% (2014: 15%) for the financial year ended 31 December 2015 as it is a HNT Enterprise.

Under the CIT Law, three of the Company's subsidiaries, Shenzhen Fudan Microelectronics Company Limited, Beijing Fudan Microelectronics Technology Company Limited and Shanghai Doublepoint Information Technology Co., Ltd are subject to income taxes at a base rate of 25%. For the financial year ended 31 December 2015, income taxes on assessable income of these subsidiaries will be provided at the rate of 25% (2014: 25%).

Hong Kong profits tax has been provided at 16.5% (2014: 16.5%) on the estimated assessable profits arising during the period.

|                                 | <b>Half-year ended 30 June</b> |                   |
|---------------------------------|--------------------------------|-------------------|
|                                 | <b>2015</b>                    | 2014              |
|                                 | <b>RMB'000</b>                 | RMB'000           |
| Current period                  |                                |                   |
| – PRC                           | <b>10,793</b>                  | 8,022             |
| – Hong Kong                     | <b>34</b>                      | 18                |
|                                 | <u>          </u>              | <u>          </u> |
| Deferred                        | <b>919</b>                     | 2,976             |
|                                 | <u>          </u>              | <u>          </u> |
| Total tax charge for the period | <b>11,746</b>                  | 11,016            |
|                                 | <u>          </u>              | <u>          </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 ended 30 June 2015 is based on the unaudited net profit attributable to ordinary equity holders of the parent of approximately RMB66,117,000 (2014: RMB63,836,000) and the weighted average number of 617,330,000 (2014: 617,330,000) ordinary shares in issue during the period.

No adjustment has been made to the basic earnings per share amounts presented for the half years ended 30 June 2015 and 2014 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

#### **7. PROPERTY, PLANT AND EQUIPMENT**

During the half-year ended 30 June 2015, the Group acquired machinery and office equipment amounted to approximately RMB56,228,000 (31 December 2014: RMB118,490,000).

#### **8. AVAILABLE-FOR-SALE INVESTMENTS**

|                                      | <b>30 June</b>    | 31 December       |
|--------------------------------------|-------------------|-------------------|
|                                      | <b>2015</b>       | 2014              |
|                                      | <b>RMB'000</b>    | RMB'000           |
| Unlisted equity investments, at cost | <b>13,443</b>     | 13,443            |
| Impairment provision                 | <b>(13,443)</b>   | (13,443)          |
|                                      | <u>          </u> | <u>          </u> |
|                                      | <u>          </u> | <u>          </u> |

## 9. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit and the credit period is generally up to 30 days to 90 days. An ageing analysis of trade and bills receivables at 30 June 2015 is as follows:

|                 | <b>30 June<br/>2015</b> | 31 December<br>2014 |
|-----------------|-------------------------|---------------------|
|                 | <i>RMB'000</i>          | <i>RMB'000</i>      |
| Within 3 months | <b>153,461</b>          | 202,713             |
| 3 to 6 months   | <b>54,195</b>           | 23,755              |
| 6 to 12 months  | <b>24,951</b>           | 5,054               |
| Over 12 months  | <b>12,869</b>           | 9,218               |
|                 | <u><b>245,476</b></u>   | <u>240,740</u>      |

## 10. TRADE AND BILLS PAYABLES

An ageing analysis of trade and bills payables at 30 June 2015 is as follows:

|                 | <b>30 June<br/>2015</b> | 31 December<br>2014 |
|-----------------|-------------------------|---------------------|
|                 | <i>RMB'000</i>          | <i>RMB'000</i>      |
| Within 3 months | <b>88,511</b>           | 71,953              |
| 3 to 6 months   | –                       | 13                  |
| 6 to 12 months  | <b>979</b>              | 1,309               |
| Over 12 months  | <b>1,674</b>            | 1,114               |
|                 | <u><b>91,164</b></u>    | <u>74,389</u>       |

## 11. RESERVES

Other than the comprehensive income, statutory surplus reserve, exchange fluctuation reserve and other reserves for the periods ended 30 June 2015 and 30 June 2014 as disclosed in the condensed consolidated statement of changes in equity, there were no significant movements in the reserves of the Group.

## 12. COMMITMENTS

The Group had the following commitments at the reporting date:

|                                   | <b>30 June<br/>2015<br/>RMB'000</b> | 31 December<br>2014<br>RMB'000 |
|-----------------------------------|-------------------------------------|--------------------------------|
| <b>(a) Capital commitments</b>    |                                     |                                |
| Contracted, but not provided for: |                                     |                                |
| Property, plant and equipment     | <u>5,792</u>                        | <u>2,340</u>                   |

### (b) Commitments under operating leases

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

|   | <b>30 June<br/>2015<br/>RMB'000</b> | 31 December<br>2014<br>RMB'000 |
|---|-------------------------------------|--------------------------------|
| Within one year                         | <b>10,130</b>                       | 8,517                          |
| In the second to fifth years, inclusive | <u>14,806</u>                       | <u>17,644</u>                  |
|   | <u><b>24,936</b></u>                | <u>26,161</u>                  |

## 13. RELATED PARTY TRANSACTIONS

During the period, the Group had the following transactions with the related parties:

| Name of related party | Relationship with the Group  | Nature of transaction               | Half-year ended 30 June |                 |
|-----------------------|--|-------------------------------------|-------------------------|-----------------|
|                       |  |                                     | 2015<br>RMB'000         | 2014<br>RMB'000 |
| Fudan University      | Owner of a substantial shareholder   | Technical and equipment support fee | <u>201</u>              | <u>200</u>      |
| Fukong Hualong        | A subsidiary and is connected with an enterprise controlled by a substantial shareholder | Purchases of raw materials          | <b>1,080</b>            | 1,018           |
|                       |  | Sales of goods                      | <b>1,917</b>            | 1,482           |
|                       |  | Rent paid                           | <u>–</u>                | <u>15</u>       |

The independent non-executive directors of the Company have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

#### 14. CASH AND CASH EQUIVALENTS

|   | <b>Half-year ended 30 June</b> |                       |
|---|--------------------------------|-----------------------|
|   | <b>2015</b>                    | 2014                  |
|   | <b><i>RMB'000</i></b>          | <i>RMB'000</i>        |
| Time deposits with original maturity of less than 3 months<br>when acquired | <b>99,594</b>                  | 14,547                |
| Cash on hand and demand deposits  | <b><u>106,319</u></b>          | <u>195,701</u>        |
| Cash and cash equivalents   | <b>205,913</b>                 | 210,248               |
| Time deposits with original maturity of over than 3 months<br>when acquired | <b><u>123,473</u></b>          | <u>109,462</u>        |
| Cash and bank balances  | <b><u><u>329,386</u></u></b>   | <u><u>319,710</u></u> |

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2015 (30 June 2014: nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

For the half-year ended 30 June 2015, the Group recorded a turnover of approximately RMB419,884,000 (30 June 2014: RMB370,455,000), an increase of approximately 13.34% as compared to the same period last year. Profit attributable to owners of the parent amounted to approximately RMB66,117,000 (30 June 2014: RMB63,836,000), an increase of approximately 3.57% over the same period last year.

During the period, the global economic situation was still inactive and the trend for the China's economy was complicated and fluctuating. To a large extent, the macroeconomic environment was unstable. Irrespective of the uncertainties, the Group's sales performance maintained a steady growth with its faith in "China Chips". The overall product profit margin dropped slightly from 49.30% to 48.79%. Due to the slow progress in the issuance of the Security and Identification IC chips, social security cards and resident health cards and the like, the sales trend for these particular products is slow. Nonetheless, the overall turnover and gross profit still showed a steady growth and increased respectively. Sales of the Smart Meter ASIC chips have recorded a steady growth during the period and could still keep about one-third share in the domestic market despite of the keen competition in the market. Sales of Non-volatile Memory chips during the period have dropped as there were shrinking market demands in some of these products, while sales of products in other categories were rather stable. Besides, income from testing services of IC products showed an upward trend during the period.

As compared with the same period last year, other income and gains for the period have a significant decrease as less other government grants were recognized resulted from decreasing government projects. As a result of increase in marketing activities over the periods, selling and distribution costs have increased by approximately 31.95%. Administrative expenses have decreased by 22.12% as compared with same period last year. Other expenses have decreased by approximately 23.37% as the Group has adopted the optimization of management savings.



## Financial Review

As at 30 June 2015, net assets of the Group amounted to approximately RMB1,005,715,000 (31 December 2014: RMB934,928,000). Non-current assets amounted to RMB512,056,000 (31 December 2014: RMB461,135,000), the significant increase was due to additions of equipments and capitalized intangible assets. Current assets amounted to approximately RMB801,526,000 (31 December 2014: RMB815,326,000) and there was no significant change in its components. The Group keeps sufficient liquidity and is able to meet its daily operations and future development.

The Group's current liabilities as at 30 June 2015 amounted to approximately RMB287,285,000 (31 December 2014: RMB332,708,000). Non-current liabilities amounted to approximately RMB20,582,000 (31 December 2014: RMB8,825,000) and the increase over the last corresponding period was mainly because of research and development activities under some projects in relation to government grants have longer completion time, and which are expected to finish and settled over a year.

The net assets value per share was approximately RMB1.63 (31 December 2014: RMB1.51). The Group's current ratio of total current liabilities over total current assets was approximately 35.84% (31 December 2014: 40.80%) and the gearing ratio was approximately 30.61% (31 December 2014: 36.53%) on the basis of total liabilities over net assets.

The Group manages its capital structure and makes adjustments to it in light of business development and changes in economic conditions. During the half year ended 30 June 2015, the Group had a net inflow in cash and cash equivalents of approximately RMB44,718,000 (30 June 2014: RMB19,015,000), an increase over the same period last year was because of no expenditure on properties under construction and equipment incurred in the current period. As at 30 June 2015, the Group had no bank or other borrowings (31 December 2014: nil).

The Directors believe that the Group is not exposed to any material interest rate risk in view that the Group does not have any debt obligations that are subject to fluctuations in market interest rates. The Group has transactional currency exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. The Group keeps monetary items in foreign currencies at a certain level in order to meet the needs of purchases that are denominated in the foreign currencies. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. During the reporting period, the fluctuations in foreign exchange have no material effect on the Group's operations and cash flows.

As the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. During the period, the Group has certain concentrations of credit risk as the Group's sales are made to several major customers. The Group seeks to maintain strict control over its outstanding receivables and closely monitor the collection to minimize credit risk. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

During the period, the Group did not have other 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 and profits as a source of funding and keeps most of its cash in Renminbi in bank accounts as working capital.

As at 30 June 2015, the Group has capital commitments in respect of acquisition of property, plant and equipment amounted to RMB5,792,000 (31 December 2014: RMB2,340,000), and has operating leases commitments amounted to RMB24,936,000 (31 December 2014: RMB26,161,000) and did not have any material contingent liabilities (31 December 2014: nil). The Group has not pledged its assets to any third parties (31 December 2014: nil).

### **Employee Information**

As at 30 June 2015, the Group employed approximately 951 (30 June 2014: 893) staff and the total staff costs reflected in the condensed consolidated statement of comprehensive income amounted to RMB60,041,000 (30 June 2014: RMB63,992,000). The decrease in staff costs was mainly due to the increase in the capitalization of the amount of development costs during the period.

### **Prospects**

Following the launch of the financial, social insurance, health and traffic projects, the financial IC cards, social security cards and resident health cards are gradually at the stage of cards issuance and they will be supplied in bulk quantities. It is expected that sales activities will be growing steadily. Sales of products in other categories are expected to increase thanks to the push of the two main products to be launched. The Directors expect that the Group could keep a steady result in the second half year.

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

At 30 June 2015, the interests or short positions of the directors, supervisors and chief executive of the Company in the share capital and underlying shares and debentures 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 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 the Model Code for Securities Transactions by Directors of Listed Issuers, 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 | Through partnership enterprise<br>(Note) | Total             |  |
| <b>Directors</b>   |   |                                  |                                |  |                   |  |
| 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   |
| 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>38,079,000</u>                        | <u>52,499,000</u> | <u>8.50</u>                                      |
| <b>Supervisors</b> |   |                                  |                                |  |                   |  |
| 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 four limited partnership enterprises, namely Shanghai Zhenghua Investment Consultant Partnership Enterprise with 10,961,530 shares, Shanghai Guonian Investment Consultant Partnership Enterprise with 15,864,600 shares, Shanghai Zhengben Investment Consultant Partnership Enterprise with 17,599,020 shares and Shanghai Jinnian Investment Consultant Partnership Enterprise with 7,211,530 shares, respectively. These four limited partnership enterprises are registered in Shanghai, the PRC and all of its partners are executive and non-executive directors, supervisors, certain employees and ex-employees of the Company, 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.

Long positions in shares of associate corporations:

|                   | Name of associated corporation  | Relationship with the Company | Shares/equity derivatives | Numbers of shares/ equity derivatives held | Capacity and nature of interest | Percentage of the associated corporation's issued share capital |
|-------------------|---|-------------------------------|---------------------------|--|---------------------------------|---|
| <b>Directors</b>  |   |                               |                           |  |                                 |   |
| Mr. Yu Jun        | Shanghai Doublepoint Information Technology Co., Ltd. ("Doublepoint") | Company's subsidiary          | Ordinary shares           | 200,000                                    | Directly beneficially owned     | 2.06  |
| <b>Supervisor</b> |   |                               |                           |  |                                 |   |
| Mr. Li Wei        | Doublepoint   | Company's subsidiary          | Ordinary shares           | 100,000                                    | Directly beneficially owned     | 1.03  |
|                   | Sino IC   | Company's subsidiary          | Ordinary shares           | 42,000                                     | Directly beneficially owned     | 0.10  |

Save as disclosed above, as at 30 June 2015, none of the directors, supervisors or chief executive had registered an interest or short positions in the 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 the Model Code for Securities Transactions by Directors of Listed Issuers.

## **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 2015, 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 and short positions in shares of the Company:

| Name   | Notes | Capacity and nature of interest    | Number of Ordinary shares held | Long Positions (L)/Short Positions (S) | Class of shares      | Percentage of shareholding on relevant class of shares | Percentage of the Company's issued share capital |
|--|-------|------------------------------------|--------------------------------|--|----------------------|--|--|
| Shanghai Fudan High Tech Company                               | (1)   | Directly beneficially owned        | 106,730,000                    | (L)                                    | Domestic shares      | 28.46  | 17.29  |
| Shanghai Fudan Technology Enterprise Holdings Limited          | (2)   | Directly beneficially owned        | 109,620,000                    | (L)                                    | Domestic shares      | 29.23  | 17.76  |
| Shanghai Bailian Group Company Limited                         | (2)   | Interest of corporation controlled | 109,620,000                    | (L)                                    | Domestic shares      | 29.23  | 17.76  |
| Shanghai Zhengben Investment Consultant Partnership Enterprise | (3)   | Directly beneficially owned        | 52,167,270                     | (L)                                    | Domestic shares      | 13.91  | 8.45   |
| Shanghai Zhenghua Investment Consultant Partnership Enterprise | (3)   | Directly beneficially owned        | 47,443,420                     | (L)                                    | Domestic shares      | 12.65  | 7.68   |
| Shanghai Guonian Investment Consultant Partnership Enterprise  | (3)   | Directly beneficially owned        | 29,941,470                     | (L)                                    | Domestic shares      | 7.98   | 4.85   |
| Springs China Opportunities Master Fund                        | (4)   | Interest of corporation controlled | 19,224,000                     | (L)                                    | H shares             | 7.93   | 3.11   |
| Credit Suisse Group AG   |       | Interest of corporation controlled | 17,376,000<br>38,000           | (L)<br>(S)                             | H shares<br>H shares | 7.17<br>0.02   | 2.81<br>0.01                                     |

*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 70.2% owned by SCI. SCI is a wholly owned subsidiary of Shanghai Bailian Group Company Limited which is a state-owned enterprise wholly owned by the Shanghai Municipal Government.
- (3) All partners are executive and non-executive directors, supervisors, certain employees and ex-employees of the Company, various employees of University Laboratory and SCI as well as various individuals engaged in technological co-operation with the University Laboratory.
- (4) Beneficial owners are Chi Rui and Zhao Jun.

Save as disclosed above, as at 30 June 2015, 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 year and up to the date of this report, 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 Listing Rules.

#### **CORPORATE GOVERNANCE**

The Company has complied with the code provisions as set out in the Code on Corporate Governance Practices contained in Appendix 14 of the Listing Rules throughout the half-year ended 30 June 2015.

#### **AUDIT COMMITTEE**

The Company has an audit committee which was established with written terms of reference in compliance with the Listing Rules and Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 of the 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 three independent non-executive directors Mr. Cheung Wing Keung, Mr. Guo Li and Mr. Lin Fujiang. The Group’s unaudited financial statements for the half-year ended 30 June 2015 have been reviewed by the committee, who were of the opinion that such statements complied with the applicable accounting standards, the Listing Rules 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 on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers at the Appendix 10 of the 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 2015.

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

During the half-year ended 30 June 2015, 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 Group Company Limited\***  
**Jiang Guoxing**  
*Chairman*

Shanghai, PRC, 28 August 2015

*As at the date of this report, the Company's executive directors are Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun and Ms. Cheng Junxia; the non-executive directors are Ms. Zhang Qianling, Mr. Ma Zhicheng, Mr. Yao Fuli and Ms. Zhang Huajing; the independent non-executive directors are Mr. Cheung Wing Keung, Mr. Guo Li, Mr. Chen Baoying and Mr. Lin Fujiang.*

\* *For identification purpose only*