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: 8102)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

Characteristics of The Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock 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.

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This announcement, for which the directors (the "Directors") of Shanghai Fudan Microelectronics Group Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules 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 the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

HIGHLIGHTS

The turnover of the Group for the year ended 31 December 2011 was approximately RMB609,544,000 (2010: RMB489,083,000), a rise of approximately 25% as compared to the previous year.

The Group recorded a net profit attributable to owners of the parent for the year ended 31 December 2011 amounted to approximately RMB106,372,000 (2010: RMB117,039,000) and the basic earnings per share was RMB17.23 cents (2010: RMB18.96 cents), representing decreases of approximately 9% over the last year.

The Directors recommend the payment of a final dividend of RMB8 cents (2010: RMB5 cents) per ordinary share for the year ended 31 December 2011.

AUDITED RESULTS

The board of directors of Shanghai Fudan Microelectronics Group Company Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2011 along with the comparative audited figures of the Group for the year ended 31 December 2010 as follows:

CONSOLIDATED STATEMENT OF COMPREHENISVE INCOME

For the year ended 31 December 2011

	Notes	**2011** **RMB'000**	2010 RMB'000
REVENUE	3	**609,544**	489,083
Cost of sales		**(343,284)**	(266,265)
Gross profit		**266,260**	222,818
Other income and gains	3	**59,390**	52,602
Selling and distribution costs		**(31,303)**	(21,081)
Administrative expenses		**(40,523)**	(35,092)
Other expenses		**(131,818)**	(88,198)
PROFIT BEFORE TAX	4	**122,006**	131,049
Tax	5	**(14,665)**	(10,515)
PROFIT FOR THE YEAR		**107,341**	120,534
OTHER COMPREHENSIVE INCOME			
Exchange differences on translation of foreign operations		**(328)**	(222)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		**(328)**	(222)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**107,013**	120,312
Profit attributable to:			
Owners of the parent		**106,372**	117,039
Non-controlling interests		**969**	3,495
		107,341	120,534
Total comprehensive income attributable to:			
Owners of the parent		**106,044**	116,817
Non-controlling interests		**969**	3,495
		107,013	120,312
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted			
- For profit for the year	7	**17.23 cents**	18.96 cents

Details of the dividend proposed for the year are disclosed in note 6.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Notes	2011 RMB'000	2010 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**125,161**	93,925
Intangible assets		**29,956**	24,980
Investment in an associate		**870**	-
Available-for-sale investments		**500**	-
Deferred tax assets		**10,329**	8,166
Total non-current assets		**166,816**	127,071
CURRENT ASSETS			
Inventories		**136,205**	127,152
Trade and bills receivables	8	**142,473**	95,355
Prepayments, deposits and other receivables		**28,858**	27,845
Cash and cash equivalents		**256,017**	267,200
Total current assets		**563,553**	517,552
CURRENT LIABILITIES			
Trade and bills payables	9	**64,403**	56,971
Accruals, other payables and deferred income		**97,894**	94,003
Tax payable		**17,638**	17,303
Total current liabilities		**179,935**	168,277
NET CURRENT ASSETS		**383,618**	349,275
TOTAL ASSETS LESS CURRENT IABILITIES		**550,434**	476,346
NON-CURRENT LIABILITIES			
Long term payables		**-**	1,672
Deferred tax liabilities		**41**	427
Total non-current liabilities		**41**	2,099
Net assets		**550,393**	474,247
EQUITY			
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT			
Issued capital		**61,733**	61,733
Reserves	10	**404,314**	347,656
Proposed final dividend	6	**49,386**	30,867
		515,433	440,256
NON-CONTROLLING INTERESTS		**34,960**	33,991
Total equity		**550,393**	474,247

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, 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. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1.1 IMPACT OF NEW AND REVISED HKFRSs

The Group has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendment	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters*
HKAS 24 (Revised)	*Related Party Disclosures*
HKAS 32 Amendment	Amendment to HKAS 32 *Financial Instruments*: *Presentation – Classification of Rights Issues*
HK(IFRIC)-Int 14 Amendments	Amendments to HK(IFRIC)-Int 14 *Prepayments of a Minimum Funding Requirement*
HK(IFRIC)-Int 19	*Extinguishing Financial Liabilities with Equity Instruments*
Improvements to HKFRSs 2010	Amendments to a number of HKFRSs issued in May 2010

Other than as further explained below regarding the impact of HKAS 24 (Revised), and amendments to HKFRS 3, HKAS 1 and HKAS 27 included in *Improvements to HKFRSs 2010 (Include other standards as appropriate)*, the adoption of the new and revised HKFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised HKFRSs are as follows:

(a) HKAS 24 (Revised) *Related Party Disclosures*

HKAS 24 (Revised) clarifies and simplifies the definitions of related parties. The new definitions emphasise a symmetrical view of related party relationships and clarify the circumstances in which persons and key management personnel affect related party relationships of an entity. The revised standard also introduces an exemption from the general related party disclosure requirements for transactions with a government and entities that are controlled, jointly controlled or significantly influenced by the same government as the reporting entity.

The accounting policy for related parties has been revised to reflect the changes in the definitions of related parties under the revised standard. The adoption of the revised standard did not have any impact on the financial position or performance of the Group.

(b) *Improvements to HKFRSs 2010* issued in May 2010 sets out amendments to a number of HKFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments may result in changes in accounting policies, none of these amendments has had a significant financial impact on the financial position or performance of the Group. Details of the key amendments most applicable to the Group are as follows:

- HKFRS 3 *Business Combinations*: The amendment clarifies that the amendments to HKFRS 7, HKAS 32 and HKAS 39 that eliminate the exemption for contingent consideration do not apply to contingent consideration that arose from business combinations whose acquisition dates precede the application of HKFRS 3 (as revised in 2008).

In addition, the amendment limits the scope of measurement choices for non-controlling interests. Only the components of non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured at either fair value or at the present ownership instruments' proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another HKFRS.

The amendment also added explicit guidance to clarify the accounting treatment for non-replaced and voluntarily replaced share-based payment awards.

- HKAS 1 *Presentation of Financial Statements*: The amendment clarifies that an analysis of each component of other comprehensive income can be presented either in the statement of changes in equity or in the notes to the financial statements. The Group elects to present the analysis of each component of other comprehensive income in the statement of changes in equity.

- HKAS 27 *Consolidated and Separate Financial Statements*: The amendment clarifies that the consequential amendments from HKAS 27 (as revised in 2008) made to HKAS 21, HKAS 28 and HKAS 31 shall be applied prospectively for annual periods beginning on or after 1 July 2009 or earlier if HKAS 27 is applied earlier.

2. 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").

Year ended 31 December 2011	**Design, development and sale of IC products**	**Testing services for IC products**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
Segment revenue:			
Sales to external customers	**584,935**	**24,609**	**609,544**
Intersegment sales	**-**	**23,813**	**23,813**
	584,935	**48,422**	**633,357**
Reconciliation:			
Elimination of intersegment sales			**(23,813)**
Revenue			**609,544**
Segment results	**99,466**	**10,129**	**109,595**
Reconciliation:			
Elimination of intersegment results			**226**
Interest income			**4,939**
Unallocated other income and gains			**7,246**
Profit before tax			**122,006**
Segment assets	**613,090**	**117,778**	**730,868**
Reconciliation:			
Elimination of intersegment receivables			**(1,869)**
Corporate and other unallocated assets			**1,370**
Total assets			**730,369**
Segment liabilities	**124,511**	**57,334**	**181,845**
Reconciliation:			
Elimination of intersegment payables			**(1,869)**
Total liabilities			**179,976**

Other segment information:

Impairment losses recognised in the income statement	**2,196**	**14**	**2,210**
Depreciation	**7,176**	**7,536**	**14,712**
Amortisation of intangible assets	**3,502**	**-**	**3,502**
Investment in an associate	**870**	**-**	**870**
Capital expenditure	**26,557**	**33,796**	**60,353***

Year ended 31 December 2010	Design, development and sale of IC products RMB'000	Testing services for IC products RMB'000	Total RMB'000
Segment revenue:			
Sales to external customers	474,760	14,323	489,083
Intersegment sales	-	20,019	20,019
	474,760	34,342	509,102
Reconciliation:			
Elimination of intersegment sales			(20,019)
Revenue			489,083
Segment results	109,911	9,556	119,467
Reconciliation:			
Elimination of intersegment results			118
Interest income			3,884
Unallocated other income and gains			7,580
Profit before tax			131,049
Segment assets	541,555	97,043	638,598
Reconciliation:			
Elimination of intersegment receivables			(2,141)
Corporate and other unallocated assets			8,166
Total assets			644,623
Segment liabilities	122,011	50,079	172,090
Reconciliation:			
Elimination of intersegment payables			
Corporate and other unallocated			(2,141)
liabilities			427
Total liabilities			170,376

Other segment information:

Impairment losses recognised in the income statement	9,354	107	9,461
Depreciation	6,016	6,221	12,237
Amortisation of intangible assets	2,162	-	2,162
Capital expenditure	32,727	17,160	49,887*

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

Geographical information

(a) Revenue from external customers

	2011	2010
	RMB'000	RMB'000
Mainland China	**543,630**	435,198
Asia Pacific (excluding Mainland China)	**51,495**	44,702
Others	**14,419**	9,183
	609,544	489,083

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

(b) Non-current assets

	2011	2010
	RMB'000	RMB'000
Mainland China	**155,095**	118,895
Asia Pacific (excluding Mainland China)	**22**	10
	155,117	118,905

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 RMB35,205,000 (2010: RMB45,655,000) was derived from sales by the design, development and sale of IC products segment to a single customer.

3. 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.

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

	2011	2010
	RMB'000	RMB'000
Revenue		
Sale of goods	**584,935**	474,760
Rendering of services	**24,609**	14,323
	609,544	489,083
Other income and gains		
Bank interest income	**4,939**	3,884
Subsidy income	**3,542**	3,877
Government grants received for research activities	**47,205**	41,138
Gain on disposal of a subsidiary	**365**	-
Others	**3,339**	3,703
	59,390	52,602

4. PROFIT BEFORE TAX

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

	2011 RMB'000	2010 RMB'000
Cost of inventories sold	**330,346**	261,741
Cost of services provided	**12,938**	4,524
Depreciation	**14,712**	12,237
Research and development costs:		
Deferred development costs amortised*	**3,502**	2,162
Current year expenditure	**121,849**	75,403
	125,351	77,565
Minimum lease payments under operating leases:		
Land and buildings	**5,805**	4,255
Auditors' remuneration	**1,075**	1,050
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**80,425**	55,099
Pension scheme contributions	**8,064**	6,380
	88,489	61,479
Less: Amounts capitalised as development costs	**(7,142)**	(7,191)
	81,347	54,288
Foreign exchange differences, net	**1,831**	193
Impairment of trade and bills receivables	**1,706**	487
Provision for inventories to net realisable value	**504**	994
Impairment of available-for-sale investments	**-**	7,980
Loss on disposal of items of property, plant and equipment	**71**	117
Bank interest income	**(4,939)**	(3,884)
Subsidy income	**(3,542)**	(3,877)
Government grants received for research activities**	**(47,205)**	(41,138)
Gain on disposal of a subsidiary	**(365)**	-

* The amortisation of deferred development costs for the year is included in "Other expenses" on the face of the consolidated statement of comprehensive income.

** Various government grants have been received for setting up research activities in Shanghai, Mainland China, to support domestic technology development. The government grants received for certain research activities have been recognised as other income. 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 "accruals, other payables and deferred income" in the consolidated statement of financial position.

5. TAX

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"). For the financial year ended 31 December 2011, income taxes on assessable income of the Company have been provided at the rate of 15% (2010: 15%).

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 HNT Enterprise. For the financial year ended 31 December 2011, income taxes on assessable income of Sino IC have been provided at the rate of 15% (2010: 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%. In the meantime, pursuant to an approval document dated 15 May 2009 issued by the Shanghai Pu Dong New Area Tax Bureau, with effect from 1 January 2008, Fukong Hualong is exempted from corporate income tax for its first two profit making years and is entitled to a 50% tax reduction for the succeeding three years. Fukong Hualong was still in its fourth profit making year and was entitled to a 50% concession on income tax. For the financial year ended 31 December 2011, income taxes on assessable income of Fukong Hualong have been provided at the rate of 12.5% (2010: 12.5%).

Under the CIT Law, two of the Company's subsidiaries, Shenzhen Fudan Microelectronics Company Limited ("SZFM") and Beijing Fudan Microelectronics Technology Company Limited ("BJFM"), are subject to income taxes at a base rate of 25%. For the financial year ended 31 December 2011, income taxes on assessable income of these subsidiaries have been provided at the rate of 25% (2010: 25%).

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits arising in Hong Kong during the year (2010: 16.5%).

	2011	2010
	RMB'000	RMB'000
Current - Hong Kong		
Charge for the year	**-**	263
Underprovision in prior years	**-**	5
Current - Mainland China		
Charge for the year	**18,122**	21,043
Overprovision in prior years	**(908)**	(8,063)
Deferred	**(2,549)**	(2,733)
Total tax charge for the year	**14,665**	10,515

6. DIVIDEND

The directors recommend the payment of a final dividend of RMB8 cents (2010: RMB5 cents) per ordinary share in respect of the year.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the year.

The calculation of basic earnings per share is based on:

	2011	2010
	RMB'000	RMB'000
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**106,372**	117,039

	Number of shares '000	
	2011	2010
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**617,330**	617,330

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2011 and 2010 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these years.

8. TRADE AND BILLS RECEIVABLES

	2011	2010
	RMB'000	RMB'000
Trade and bills receivables	**156,707**	107,884
Impairment	**(14,234)**	(12,529)
	142,473	95,355

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally between 30 and 90 days. The Group's sales are made to several major customers and there is concentration of credit risk. The Group seeks to maintain strict control over its outstanding receivables and closely monitor the collection to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

	2011	2010
	RMB'000	RMB'000
Within 3 months	**117,525**	73,890
3 to 6 months	**16,745**	14,012
6 to 12 months	**5,346**	6,886
Over 12 months	**2,857**	567
	142,473	95,355

9. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2011	2010
	RMB'000	RMB'000
Within 3 months	**64,070**	56,412
3 to 6 months	**-**	502
6 to 12 months	**-**	4
Over 12 months	**333**	53
	64,403	56,971

The trade and bills payables are non-interest-bearing and are normally settled on 90-day terms.

10. RESERVES

	Share premium	**Statutory surplus reserve**	**Exchange fluctuation reserve**	**Retained profits**	**Total**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2010	168,486	17,086	(2,665)	78,799	261,706
Profit for the year	-	-	-	117,039	117,039
Exchange differences on translation of foreign operations	-	-	(222)	-	(222)
Total comprehensive income for the year	-	-	(222)	117,039	116,817
Proposed final 2010 dividend	-	-	-	(30,867)	(30,867)
Transfer from retained profits	-	9,930	-	(9,930)	-
At 31 December 2010 and 1 January 2011	168,486	27,016	(2,887)	155,041	347,656
Profit for the year	-	-	-	106,372	106,372
Exchange differences on translation of foreign operations	-	-	(328)	-	(328)
Total comprehensive income for the year	-	-	(328)	106,372	116,044
Proposed final 2011 dividend	-	-	-	(49,386)	(49,386)
Transfer from retained profits	-	11,367	-	(11,367)	-
At 31 December 2011	**168,486**	**38,383**	**(3,215)**	**200,660**	**404,314**

11. COMPARATIVE AMOUNTS

To unify the accounting policy for government grants related to assets under both HKFRSs and Accounting Standards for Business Enterprises in China, the presentation of certain items in the financial statements has been revised. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the year under review, the Group’s business has not been affected by the slowdown of economies in the other regions. Even thought there was a lack of the similar benefits brought from the Shanghai World Expo in last year, the fast growing domestic economy in the PRC and the eager demand in the domestic electronics market together with the market acceptance of the Group’s new products, the Group was enabled to keep a constant growth in its business during the year.

For the year ended 31 December 2011, the Group recorded a new high in its turnover with both sales growth in the Mainland China and overseas regions. In order to expand the overseas sales, the Group has established liaison offices in Singapore and Taiwan respectively through its Hong Kong subsidiary in order to strengthen overseas business development.

During the year, the Group still concentrated on the diversification of its core business of IC card chips design, in addition to the participation of government projects in varies provinces and cities and the provision of technical support to substantial activities, the Group has extensively promoted its technologies to cover social security and financial cross-industries applications as well as the attendances in various discussion groups and exhibitions. The Group has completed the research and development of certain products during the year, some of them have been launched into market and their satisfactory sales effects brought a continuous growth in the Group’s turnover over the years.

Details of the performance of the Group’s products and business during the year are as follows:

IC Smart Card Chips
IC card chips use to be a major source of the Group’s profit and its sales for the year accounted for over half of the Group’s total turnover with only an increase of approximately 7% but increased by approximately 19% in sales volume over the last year. As sales of these products in last year were benefited by the World Expo held in Shanghai with increases in both turnover and volume, the turnover for the year has relatively and comparatively slowed down. Because of the strength in exploring new markets in other provinces and cities, turnover and sales volume were both recorded with increases over the years. Most of the Group’s IC cards chips are specified for the usages in public and railway transportation and the stability in selling prices of these products has resulted a slightly increase in profit margin as compared with last year.

Consumer Electronics Chips
Because of the continuous economic growth in the PRC during the year, consumer electronic products still benefited from the increase in market demand with increases of approximately 26% in turnover and 30% in sales volume, respectively. These products ranked the second in the total turnover of the Group and provided a definite contribution to the Group’s results. The market demand in consumer electronic products has been unceasingly expanded, however, the expedition in consumers’ needs for product renewals has shortened the product life and as such, the Group has to apply more resources in their research and development. The profit margin for the year was more or less the same as last year due to stable market prices.

Power Electronics Chips
During the year, a new version of smart electronics meter IC chips that was jointly developed by the Company with Fukong Hualong has been successfully launched into the market in the second half of the year. The product, with its technologies, provides specific IC chips and a total system solution to the industry chain of electricity grid in the areas of smart metering, electricity leakage and electricity automation, and also, with the design that complied with specifications formulated by the State Grid Corporation of China, has popularly adopted by many enterprises since its launching into the market. The sales of this series for the year have increased by 121% as compared with last year; however, profit margin was dropped due to price adjustment made to suit market condition. The sales growth of this product category has made a good contribution to the results of the year.

Motor and Mobile Electronics Chips
The turnover of motor and mobile electronics chips for the year has significantly slipped approximately 29% with drop in profit margin as well when compared with last year. Because of facing long term keen competition, the Group has already slowed down and reduced resources in its research and development and the sales of this category accounted for a very small portion of the Group's turnover.

Telecommunication Electronics Chips
Sales of the telecommunication electronics chips products for the year slightly dropped by approximately 3% with similar profit margin as compared with last year. Since the market of these products is well saturated with very keen competition, the Group has terminated the research and development of these products and only marketed with old models that resulted with a minimal contribution to the overall turnover and profits.

IC Testing Services
The IC testing services are provided by the Company's subsidiary, Sino IC and with the benefit of continuous growth in the domestic market of electronic products and with its substantial experience and technologies in the industry, income has been increased over the years. The service income for the year increased by approximately 72% over the last year together with a growth in profit even though there was a drop in profit margin due to increase in operating costs. The IC testing services are good supports to the Company's product testing with synergy effect and more than half of the services income was derived from internal sales within the Group.

Other IC Chips and products
Sales of other IC chips and products during the year have decreased by approximately 17% with similar profit margin when compared to last year; it has little effect on the Group's performance as these products were not the Group's main series. These products usually have higher profit margins than others and could help the diversification of the Groups' business with a synergy effect to the major products.

FINANCE REVIEW

The Group recorded a total revenue of approximately RMB609,544,000 (2010: RMB489,083,000) for the year ended 31 December 2011 represents a rise of approximately 25% as compared to the previous financial year. The profit attributable to owners of the parent was approximately RMB106,372,000 (2010: RMB117,039,000) and the basic earnings per share was RMB17.23 cents (2010: RMB18.96 cents), representing decreases of approximately 9% over the last year. The Directors recommend the payment of a final dividend of RMB8 cents (2010: RMB5 cents) per ordinary share in respect of the year ended 31 December 2011.

For the year under review, despite there was a rise of revenue, the profit margin was dropped from 46% in last year to approximately 43% due to increases in cost of raw materials and sub-contracting charges. Other income and gains increased by approximately 13% as compared to last year as interest income increased following the increase in deposit rates, and in addition, the government grants received for research activities also increased over the last year.

With regard to the selling and distribution costs, there was an increase of approximately 48% during the year as compared to last year. Basic expenditure increased as a result of increase in turnover as well as adjustment in staff costs. Besides, the exploration of new domestic markets in other cities has incurred additional travelling expenses and the establishment of overseas liaison offices also brought with additional business expenses. The administrative expenses increased by approximately 15% when compared to last year, this is because the expenses increased in line with the increase in turnover. The other expenses for the year increased by approximately 49% over the last year, it is because of the increase in research and development costs and the significant application of resources amounted to RMB121,849,000 and there was also a slight increase of provision for doubtful debts compared with last year.

In income tax, because there was an overprovision of RMB8,063,000 written back in last year in respect of previous years, hence, the income tax for the year was comparatively and relatively high. If the said effect is disregarded, the income tax provision for the year is approximately 14% lower than that of last year due to decrease in profits.

During the year, there was an increase in non-current assets of the Group, besides the addition of RMB10,190,000 in office premises pending for title execution acquired for the purpose of business development, there were additions in intangible assets of RMB11,528,000 arising from internal project development.

At the reporting date, the accounts receivable of the Group increased significantly, however, the majority of these receivable are related to new credit sales within the credit terms and details of which are set out in note 8. The provision of impairment on accounts receivable as at the reporting date has been reviewed and appropriately provided.

MATERIAL INVESMENTS AND ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

The Group's wholly owned subsidiary, Shanghai Doublepoint Information Technology Co., Ltd. ("Doublepoint"), has undergone a corporate restructuring during the year by introducing new shareholders for raising addition capital to cope with its business development. Upon the completion of increase in registered capital of Doublepoint, the Group's equity interest held has dropped to approximately 26.4%.

Save as disclosed above, the Group has no material investment and there was no material change in the subsidiaries of the Group during the year.

FUTURE PLANS FOR MATERIAL INVESMENTS

The Group is still actively seeking for strategic cooperation and has no other material investment plan at present.

TECHNOLOGICAL COOPERATION

The Company has entered into a co-operation agreement with the Shanghai subsidiary of China United Network Communications Group Co., Ltd. ("Shanghai Unicom") in last year for the development of related technologies in "The Internet of Things". With the help of related information, technologies and resources provided by Shanghai Unicom, the Group would be facilitated to develop its business in The Internet of Things in the near future.

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 December 2011, net assets of the Group amounted to approximately RMB550,393,000 (2010: RMB474,247,000), an increase of approximately 16% as compared to last year; of which, current assets amounted to approximately RMB563,553,000 (2010: RMB517,552,000), a rise of approximately 9% over the previous year, and including cash and bank deposits amounted to approximately RMB256,017,000 (2010: RMB267,200,000), a decrease of approximately 4% when compared to last year.

Except the fund raising in the initial public offer and the placing of new shares in 2001, the Group's has been generating its cash flows internally to meet its operation needs. The Group's financial resources and liquidity are in healthy status that are sufficient for the Group to meet its daily business operations and present development.

As at 31 December 2011, the Group has no deposit pledged as guarantee (2010: nil) and has not pledged any of its assets to any third parties (2010: nil).

CAPITAL STRUCTURE

The Company's capital has no change and only comprises of ordinary shares.

GEARING RATIO

As at 31 December 2011, the Group's current liabilities amounted to approximately RMB179,935,000 (2010: RMB168,277,000), an increase of approximately 7% as compared to last year. Non-current liabilities of approximately RMB41,000 (2010: RMB2,099,000), a decrease of approximately 98% when compared with last year. The net assets value per share of the Group was approximately RMB0.89 (2010: RMB0.77), a growth of approximately 16% over the last year. The Group's ratio of current liabilities over current assets was approximately 31.9% (2010: 32.5%) and the gearing ratio was approximately 32.7% (2010: 35.9%) on the basis of total liabilities over net assets. As at 31 December 2011, the Group and the Company had no bank or other borrowings (2010: nil).

INTEREST AND FOREIGN EXCHANGE RISK

The Board believes 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. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Approximately 11% (2010: 23%) of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sale, whilst almost 77% (2010: 80%) of costs are denominated in 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.

CREDIT RISK

The Group trades only with recognised and creditworthy third parties. At the end of the reporting period, the Group has certain concentrations of credit risk as the Group's sales are made to several major customers. 21% (2010: 27%) of the Group's trade and bills receivables were due from the Group's five largest customers within the design, development and sale of IC products segment. The Group seeks to maintain strict control over its outstanding receivables and closely monitors the collection to minimise 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.

CAPITAL COMMITMENTS

As at 31 December 2011, the Group had capital commitments of approximately RMB1,299,000 related to acquisition of property, plant and equipment (2010: RMB1,445,000).

CONTINGENT LIABILITIES

As at 31 December 2011, the Group had no contingent liabilities (2010: nil).

USE OF CAPITAL AND FUNDING

The Group currently has a stable financial position with sufficient working capital which will be applied for research and development of new products and identifying of cooperation opportunities as appropriate.

EMPLOYEES

As at 31 December 2011, the Group employed approximately 614 (2010: 547) employees. The increase in number of employees was due to expansion of the Group's business, increase of research and development projects and market exploration. The salary levels of employees are determined by their performance, qualifications, experience and contribution to the Group with reference to general market trend.

The total employees' expenses of the Group including directors' remuneration charged to the consolidated statement of comprehensive income for the year ended 31 December 2011 amounted to approximately RMB91,934,000 (2010: RMB64,829,000). The increase in total employees expenses was due to the increase in employees and salaries necessary adjusted to keep technical experts which were highly demanded within the industry.

PROSPECTS

The Group has completed the development and research of certain products and the continually launching of these products into the market has received satisfactory sales effects. Besides continuously striving to explore domestic markets, the Group has established overseas liaison offices with a view to explore overseas markets in order to expand market spaces. The Group has kept its business objectives and targets not only by market promotion, but also by unceasing application of resources on project development and research in order to bring forth new products and keep close to the market. The directors believe that despite of the adverse effects of uncertainties in economies of other regions and the lowering of the PRC's GDP growth target, the Group's business and results of 2012 will keep a stable development.

DIVIDEND

The Directors recommend the payment of a final dividend of RMB8 cents per ordinary share in respect of the year ("Final Dividend"). The proposed final dividend is subject to the approval of the Company's shareholders at the forthcoming annual general meeting and payable on 6 July 2012 to shareholders whose names appear on the register of members of the Company at the close of business on 1 June 2012 (the "Record Date").

According to the Law on Corporation Income Tax of the People's Republic of China (the "PRC") and the relevant implementing rules, the Company is required to withhold corporate income tax at the rate of 10% before distributing the Final Dividend to non-resident enterprise shareholders as appearing on the H share register of members of the Company (the "H Share Register") on the Record Date. Any H shares registered in the name of non-individual shareholders, including HKSCC Nominees limited, other nominees, trustees or other groups and organizations will be treated as being held by non-resident enterprise shareholders and therefore, the Company will pay the Final Dividend after deducting the 10% withholding corporate income tax.

CLOSURE OF REGISTER OF MEMBERS OF H SHARES

For Annual General Meeting

The Register of Members of the Company will be closed from 25 April 2012 to 25 May 2012 (both dates inclusive) during which period no transfer of H shares will be registered. To be qualified to attend the annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:00 p.m. on 24 April 2012.

For Final Dividend

The Register of Members of the Company will be closed from 1 June 2012 to 4 June 2012 (both dates inclusive) during which period no transfer of H shares will be registered. To be qualified to the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Share Registrar in Hong Kong, Tricor Tengis Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Hong Kong no later than 4:00 p.m. on 31 May 2012.

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

At 31 December 2011, the interests and short positions of the directors and supervisors of the Company in the share capital and underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the 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 the Model Code for Securities Transactions by Directors of Listed Issuers.

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** *(Note)*	**Total**	**Percentage of the Company's issued share capital**
Directors						
Mr. Jiang Guoxing	7,210,000	-	-	1,442,300	8,652,300	1.40
Mr. Shi Lei	7,210,000	-	-	12,980,000	20,190,000	3.27
Mr. Yu Jun	-	-	-	10,961,530	10,961,530	1.78
Ms. Cheng Junxia	-	-	-	8,076,920	8,076,920	1.31
Mr. Wang Su	-	-	-	7,211,530	7,211,530	1.17
Ms. Zhang Qianling	-	-	-	1,733,650	1,733,650	0.28
Mr. He Lixing	-	-	-	1,442,300	1,442,300	0.23
Mr. Shen Xiaozu	-	-	-	1,442,300	1,442,300	0.23
	14,420,000	-	-	45,290,530	59,710,530	9.67

Supervisors						
Mr. Li Wei	-	-	-	6,057,690	6,057,690	0.98
Mr. Wei Ran	-	-	-	288,460	288,460	0.05
	-	-	-	6,346,150	6,346,150	1.03

Note: These shares are held by The Staff Shareholding Association of the Company ("SSAC") which is constituted by members consisting of the executive and non-executive directors, the supervisors, certain employees and ex-employees, various employees of ASIC System State-Key Laboratory of Shanghai Fudan University ("University Laboratory") and Shanghai Commerce and Invest (Group) Corporation ("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 and underlying shares of an associate corporation:

	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
Directors						
Mr. Yu Jun	Shanghai Doublepoint Information Technology Co., Ltd. ("Doublepoint")	Company's associate	Ordinary shares	200,000	Directly Beneficially owned	5.277
Mr. Wang Su	Doublepoint	Company's associate	Ordinary shares	100,000	Directly Beneficially owned	2.638
Supervisor						
Mr. Li Wei	Doublepoint	Company's associate	Ordinary shares	100,000	Directly Beneficially owned	2.638

Save as disclosed above, as at 31 December 2011, no directors and supervisors had registered an interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year 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.

DIRECTORS' SECURITIES TRANSACTIONS

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. The Company has made specific enquiries to all directors and confirms that they have all complied with such code of conduct and the required standard throughout the year ended 31 December 2011.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly in any contract of significance to the business of the Group to which the Company or its subsidiaries were a party during the year.

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

At 31 December 2011, the following interests of 5% or more of the issued share capital of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:-

Long positions in domestic shares of the Company: -

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

Notes:

(1) Shanghai Fudan High Tech Company is a state-owned enterprise wholly owned by Shanghai Fudan University.

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

Save as disclosed above, as at 31 December 2011, 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 under Section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company' articles of association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year and up to the date of this announcement, 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.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied fully with the code provisions set out in the Code on Corporate Governance Practices contained in Appendix 15 of the GEM Listing Rules throughout the year.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee comprises the independent non-executive directors, Mr. Cheung Wing Keung and Mr. Guo Li and the non-executive director, Mr. Shen Xiaozu. The Company's and the Group's financial statements for the year ended 31 December 2011 have been reviewed by the committee, who were of the opinion that these statements complied with the applicable accounting standards, the GEM and legal requirements, and that adequate disclosures had been made.

On behalf of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Jiang Guoxing
Chairman

Shanghai, the PRC, 21 March 2012

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

This announcement will remain on the GEM website on the "Latest Company announcements" page and publish on the Company's website for at least 7 days from the day of its posting.

** For identification purpose only*