



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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2012**

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

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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 announcement misleading.

FIRST QUARTERLY 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 three months ended 31 March 2012, together with the comparative figures for the corresponding period in 2011, as follows:

	Notes	For the three months ended 31 March	
		2012 RMB'000	2011 RMB'000
Revenue	2	117,414	124,695
Cost of sales		<u>(65,823)</u>	<u>(76,892)</u>
Gross profit		51,591	47,803
Other revenue and gains		15,798	5,847
Selling and distribution costs		(8,820)	(7,050)
Administrative expenses		(14,928)	(11,451)
Other expenses		<u>(36,304)</u>	<u>(24,227)</u>
Profit before tax		7,337	10,922
Income tax expense	3	<u>(1,347)</u>	<u>(1,015)</u>
Profit for the period		5,990	9,907
Other comprehensive income			
Exchange differences on translation of foreign operations		<u>(30)</u>	<u>(75)</u>
Total comprehensive income for the period		<u>5,960</u>	<u>9,832</u>
Profit attributable to:			
Owners of the parent		5,419	9,762
Non-controlling interests		<u>571</u>	<u>145</u>
		<u>5,990</u>	<u>9,907</u>
Total comprehensive income attributable to:			
Owners of the parent		5,389	9,687
Non-controlling interests		<u>571</u>	<u>145</u>
		<u>5,960</u>	<u>9,832</u>
		RMB	RMB
Earnings per share attributable to ordinary equity holders of the parent			
-Basic	5	<u>0.88cents</u>	<u>1.58cents</u>

Notes:

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which also include Hong Kong Accounting Standards and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. The Group has adopted new and revised HKFRSs that have been issued and are effective in these financial statements.

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 2011.

All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

2. REVENUE

Revenue, which is also the Group’s turnover, represents the net invoiced value of goods sold, after allowance for returns and trade discounts and the value of services rendered.

3. TAX

Under the PRC Corporate Income Tax Law (the “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 2012, income taxes on assessable income of the Company are provided at the rate of 15% (2011: 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 2012, income taxes on assessable income of Sino IC are provided at the rate of 15% (2011: 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 is in its fifth profit making year and is entitled to a 50% concession on income tax. For the financial year ended 31 December 2012, income taxes on assessable income of Fukong Hualong are provided at the rate of 12.5% (2011: 12.5%).

Under the CIT Law, two of the Company's subsidiaries, Shenzhen Fudan Microelectronics Company Limited and Beijing Fudan Microelectronics Technology Company Limited are subject to income taxes at a base rate of 25%. For the financial year ended 31 December 2012, income taxes on assessable income of these subsidiaries are provided at the rate of 25% (2011: 25%).

No Hong Kong profits tax has been provided for the period as the estimated assessable profits arising during the period can be offset by the tax losses of the Hong Kong subsidiary (2011: 16.5%).

	For the three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
Current		
- PRC	574	1,074
- Hong Kong	-	54
Deferred	773	(113)
Total tax charge for the period	<u>1,347</u>	<u>1,015</u>

4. RESERVES

Details of movements in the reserves of the Group during the period of three months ended 31 March 2012 are set out below:

	Share premium RMB'000	Statutory surplus reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2012	168,486	38,383	(3,215)	200,660	404,314
Profit for the period	-	-	-	5,419	5,419
Exchange differences on translation of foreign operations	-	-	(30)	-	(30)
Total comprehensive income for the period	-	-	(30)	5,419	5,389
Transfer from retained profits	-	218	-	(218)	-
At 31 March 2012	<u>168,486</u>	<u>38,601</u>	<u>(3,245)</u>	<u>205,861</u>	<u>409,703</u>
At 1 January 2011	168,486	27,016	(2,887)	155,041	347,656
Profit for the period	-	-	-	9,762	9,762
Exchange differences on translation of foreign operations	-	-	(75)	-	(75)
Total comprehensive income for the period	-	-	(75)	9,762	9,687
Transfer from retained profits	-	868	-	(868)	-
At 31 March 2011	<u>168,486</u>	<u>27,884</u>	<u>(2,962)</u>	<u>163,935</u>	<u>357,343</u>

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

The calculation of the basic earnings per share amount is based on the unaudited profit for the period attributable to ordinary equity holders of the parent of approximately RMB5,419,000 (2011: RMB9,762,000) and the weighted average number of 617,330,000 (2011: 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 periods of three months ended 31 March 2012 and 2011 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during these periods.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2012 (2011: Nil).

BUSINESS REVIEW AND PROSPECTS

Business review

For the period of three months ended 31 March 2012, the Group has recorded a total revenue of approximately RMB133,212,000 (2011: RMB130,543,000), representing a slightly increase of approximately 2% when compared with the same period in last financial year. Profit attributable to owners of the parent amounted to approximately RMB5,419,000 (2011: RMB9,762,000), a significant decrease of approximately 44% as compared to the corresponding period in previous year.

When comparing with the corresponding period in last year, the Group's turnover recorded during the period was RMB117,414,000 (2011: RMB124,696,000) representing a drop of approximately 6%. The main reasons were that in the last corresponding period, the Group's major product IC card chips had products of specified regional projects of citizen cards and resident cards launched into the market simultaneously, and in the meantime, sales of the electronic consumer IC cards were also slow due to changes in policies in related markets, therefore, the sales of this category during the period have dropped by approximately 13%. Due to customers' conservative views on the later macro market and safe stock level policies within the market, the sales of the consumer electronic IC chips during the period have decreased by approximately 27% when compared with the same period in last year. The sales of power electronics chips have significantly increased by approximately 72% during the period as the new smart electricity meters that were released in the second half of last year have received a good market effect. The sales of the remaining categories of telecommunication and motor and mobile products that were small in sales ratio have both dropped during the period. The Group's profit margin, however, has increased from 38% of the last corresponding period to approximately 44% in the period during review. This is because of the newly released power electronics IC chips which could achieve a comparable high profit at the preliminary marketing stage and, in addition, the Group's application of resources in research and development has secured the improvement in product technologies and thus resulted with decrease in overall production costs.

The Group's other revenue and gains have increased during the period mainly due to grants received from government projects. Selling and distribution costs and administrative expenses increased as a result of increase in costs of market operations and maintenance. Other expenses have increased by approximately 50% over the same period in last year because of increase in application of resources for the research and development of products relating to market segments. The income tax expense for the current period has decreased in relation to the decrease in profits but total tax expenses increased as deferred tax increased.

Prospects

Despite there was a drop in the Group's results during the current period, with expectation of expansion of market shares on its new products and the stable sales of certain existing products, it is believed that the Group's future business and results will be further improved.

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

At 31 March 2012, the interests and short positions of the directors and supervisors of the Company in the share capital and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to 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					
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Beneficiary of a trust <i>(Note)</i>	Total	Percentage of the Company's issued share capital
<i>Directors</i>						
Mr. Jiang Guoxing	7,210,000	-	-	1,442,300	8,652,300	1.40
Mr. Shi Lei	7,210,000	-	-	12,980,000	20,190,000	3.27
Mr. Yu Jun	-	-	-	10,961,530	10,961,530	1.78
Ms. Cheng Junxia	-	-	-	8,076,920	8,076,920	1.31
Mr. Wang Su	-	-	-	7,211,530	7,211,530	1.17
Ms. Zhang Qianling	-	-	-	1,733,650	1,733,650	0.28
Mr. He Lixing	-	-	-	1,442,300	1,442,300	0.23
Mr. Shen Xiaozu	-	-	-	1,442,300	1,442,300	0.23
	<u>14,420,000</u>	<u>-</u>	<u>-</u>	<u>45,290,530</u>	<u>59,710,530</u>	<u>9.67</u>
<i>Supervisors</i>						
Mr. Li Wei	-	-	-	6,057,690	6,057,690	0.98
Mr. Wei Ran	-	-	-	288,460	288,460	0.05
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,346,150</u>	<u>6,346,150</u>	<u>1.03</u>

Note: These shares are held by the Staff Shareholding Association of the Company (“SSAC”) which is constituted by members consisting of the executive and non-executive directors, the supervisors, certain employees and ex-employees, various employees of ASIC System State-Key Laboratory of Shanghai Fudan University (“University Laboratory”) and Shanghai Commerce Invest (Group) Corporation Limited (“SCI”), a substantial shareholder of the Company, as well as various individuals engaged in technological co-operation with the University Laboratory.

Long positions in 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	5.28
Mr. Wang Su	Doublepoint	Company’s associate	Ordinary shares	100,000	Directly beneficially owned	2.64
Supervisor						
Mr. Li Wei	Doublepoint	Company’s associate	Ordinary shares	100,000	Directly beneficially owned	2.64

Save as disclosed above, as at 31 March 2012, none of the directors and supervisors had registered an interest or short position in shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to 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 IN SHARES AND UNDERLYING SHARES

At 31 March 2012, 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 shares of the Company:

Name	Notes	Capacity and nature of interest	Number of Ordinary shares held	Class of shares	Percentage of shareholding on relevant class of shares	Percentage of the Company's issued share capital
SSAC		Directly beneficially owned	144,230,000	Domestic shares	37.95	23.36
Shanghai Fudan High Tech Company	(1)	Directly beneficially owned	106,730,000	Domestic shares	28.46	17.29
Shanghai Fudan Technology Enterprise Holdings Limited	(2)	Directly beneficially owned	109,620,000	Domestic shares	29.23	17.76
SCI	(2)	Interest of corporation controlled	109,620,000	Domestic shares	29.23	17.76
Credit Suisse Group AG		Interest of corporation controlled	29,848,000	H shares	12.32	4.84

Notes:

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

Save as disclosed above, as at 31 March 2012, no person, other than the directors and supervisors of the Company, whose interests are set out in the section "Directors' and supervisors' interests and short positions in shares and underlying shares" above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the period, none of the directors of the Company had an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the GEM Listing Rules.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal controls of the Group. The audit committee comprises two independent non-executive directors, Mr. Cheung Wing Keung and Mr. Guo Li and a non-executive director, Mr. Shen Xiaozu. The Group's unaudited financial statements for the three months ended 31 March 2012 have been reviewed by the committee.

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

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

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

Shanghai, the PRC, 8 May 2012

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

This announcement will remain on the GEM website www.hkgem.com on the "Latest Company Announcements" pages for at least 7 days from the day of its posting and on the Company's website at www.fmsh.com.

** For identification purpose only*