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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)

RESULTS ANNOUNCEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2015

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

Profit attributable to:

Owners of the parent	66,117	63,836
Non-controlling interests	4,642	2,654
	<u>70,759</u>	<u>66,490</u>

**Total comprehensive income
attributable to:**

Owners of the parent	66,145	63,929
Non-controlling interests	4,642	2,654
	<u>70,787</u>	<u>66,583</u>

RMB**RMB****EARNINGS PER SHARE****ATTRIBUTABLE TO ORDINARY
EQUITY HOLDERS OF THE
PARENT**

Basic

- For profit for the period	6	<u>10.71cents</u>	<u>10.34cents</u>
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the parent							Non-controlling interests	Total equity
	Issued share capital	Share premium	Statutory surplus reserve	Exchange fluctuation reserve	Other reserves	Retained profits	Proposed final dividend		
	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000	(unaudited) RMB'000
At 1 January 2015	61,733	168,486	42,701	(3,476)	7,821	564,999	-	842,264	934,928
Profit for the period	-	-	-	-	-	66,117	-	66,117	70,759
Exchange differences on translation of foreign operations	-	-	-	28	-	-	-	28	28
Total comprehensive income for the period	-	-	-	28	-	66,117	-	66,145	70,787
At 30 June 2015	61,733	168,486 *	42,701 *	(3,448) *	7,821 *	631,116 *	-	908,409	1,005,715
At 1 January 2014	61,733	168,486	41,239	(3,487)	-	398,498	49,386	715,855	757,341
Profit for the period	-	-	-	-	-	63,836	-	63,836	66,490
Exchange differences on translation of foreign operations	-	-	-	93	-	-	-	93	93
Total comprehensive income for the period	-	-	-	93	-	63,836	-	63,929	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	49,970
At 30 June 2014	61,733	168,486 *	39,864 *	(3,394) *	9,188 *	462,334 *	-	738,211	824,508

* 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

		Half-year ended 30 June	
		2015	2014
		(Unaudited)	(Unaudited)
	Note	RMB'000	RMB'000
Net cash flows from operating activities		53,960	34,208
Net cash flows used in investing activities		(9,242)	(65,163)
Net cash flows generated from financing activities		<u>-</u>	<u>49,970</u>
INCREASE IN CASH AND CASH EQUIVALENTS		44,718	19,015
Cash and cash equivalents at beginning of period		161,167	191,140
Effect of foreign exchange rate changes, net		<u>28</u>	<u>93</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD		<u>205,913</u>	<u>210,248</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
	14		
Cash and bank balances		106,319	195,701
Non-pledged time deposits		<u>223,067</u>	<u>124,009</u>
Cash and bank balances as stated in the consolidated statement of financial position		329,386	319,710
Time deposits with original maturity of less than three months when acquired		<u>(123,473)</u>	<u>(109,462)</u>
Cash and cash equivalents as stated in the condensed consolidated statement of cash flows		<u>205,913</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
Revenue		
Sale of goods	398,257	360,454
Services rendered	21,627	10,001
	<u>419,884</u>	<u>370,455</u>
Other income and gains		
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	1,288	6,650
	<u>25,317</u>	<u>72,445</u>

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, development and selling of IC products RMB'000	Testing services of IC products RMB'000	Total RMB'000
Segment revenue			
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			419,884
Segment results	66,650	10,531	77,181
<i>Reconciliation:</i>			
Elimination of segment results			(801)
Interest income			3,236
Unallocated gains			2,889
Profit before tax			82,505
Segment assets	1,030,925	262,713	1,293,638
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(10,295)
Corporate and other unallocated assets			30,239
Total assets			1,313,582
Segment liabilities	237,448	80,714	318,162
<i>Reconciliation:</i>			
Elimination of intersegment payables			(10,295)
Corporate and other unallocated liabilities			-
Total liabilities			307,867
Other segment information			
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.

3. Operating Segment information (continued)

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

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

3. Operating Segment information *(continued)*

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.

	Half-year ended 30 June	
	2015	2014
	RMB’000	RMB’000
Current period		
- PRC	10,793	8,022
- Hong Kong	34	18
Deferred	919	2,976
Total tax charge for the period	11,746	11,016

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Unlisted equity investments, at cost	13,443	13,443
Impairment provision	(13,443)	(13,443)
	-	-

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:

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

10. Trade and bills payables

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

	30 June 2015 RMB'000	31 December 2014 RMB'000
Within 3 months	88,511	71,953
3 to 6 months	-	13
6 to 12 months	979	1,309
Over 12 months	1,674	1,114
	91,164	74,389

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:

	30 June 2015 RMB'000	31 December 2014 RMB'000
(a) Capital commitments		
Contracted, but not provided for:		
Property, plant and equipment	5,792	2,340

(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:

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

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 RMB'000	2014 RMB'000
Fudan University	Owner of a substantial shareholder	Technical and equipment support fee	201	200
Fukong Hualong	A subsidiary and is connected with an enterprise controlled by a substantial shareholder	Purchases of raw materials	1,080	1,018
		Sales of goods	1,917	1,482
		Rent paid	-	15

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

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

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 (Note)	Total	
Directors						
Mr. Jiang Guoxing	7,210,000	-	-	1,442,300	8,652,300	1.40
Mr. Shi Lei	7,210,000	-	-	12,980,000	20,190,000	3.27
Mr. Yu Jun	-	-	-	10,961,530	10,961,530	1.78
Ms. Cheng Junxia	-	-	-	8,076,920	8,076,920	1.31
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>

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 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
Directors						
Mr. Yu Jun	Shanghai Doublepoint Information Technology Co., Ltd. (「Doublepoint」)	Company's subsidiary	Ordinary shares	200,000	Directly beneficially owned	2.06
Supervisor						
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 38,000	(L) (S)	H shares H shares	7.17 0.02	2.81 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 announcement, 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 announcement, 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*