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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 YEAR ENDED 31 DECEMBER 2013**

### **HIGHLIGHTS**

The turnover of the Group for the year ended 31 December 2013 was approximately RMB 816,931,000 (2012: RMB704,064,000), a rise of approximately 16% as compared to the previous year.

The Group recorded a net profit attributable to owners of the parent for the year ended 31 December 2013 of approximately RMB159,398,000 (2012: RMB140,068,000) and the basic earnings per share was RMB25.82 cents (2012: RMB22.69 cents), representing an increase of approximately 14% over the last year.

The Board recommends the payment of a final dividend of RMB8 cents (2012: RMB8 cents) per ordinary share for the year ended 31 December 2013.

### **AUDITED RESULTS**

The board of directors (the "Board") 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 2013, along with the comparative audited figures for the year ended 31 December 2012 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
<b>REVENUE</b>	3	<b>816,931</b>	704,064
Cost of sales		<u>(419,472)</u>	<u>(367,919)</u>
Gross profit		<b>397,459</b>	336,145
Other income and gains	3	<b>104,234</b>	105,277
Selling and distribution costs		<b>(58,637)</b>	(36,861)
Administration expenses		<b>(60,573)</b>	(58,168)
Other expenses		<b>(213,343)</b>	(183,380)
Share of losses of an associate		<u>(110)</u>	<u>(376)</u>
<b>PROFIT BEFORE TAX</b>	4	<b>169,030</b>	162,637
Tax expense	5	<u>(4,753)</u>	<u>(19,049)</u>
<b>PROFIT FOR THE YEAR</b>		<u><b>164,277</b></u>	<u>143,588</u>
<b>OTHER COMPREHENSIVE INCOME</b>			
Exchange differences on translation of foreign operations		<u>(269)</u>	<u>(3)</u>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>		<u>(269)</u>	<u>(3)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u><b>164,008</b></u>	<u>143,585</u>
Profit attributable to:			
Owners of the parent		<b>159,398</b>	140,068
Non-controlling interests		<u>4,879</u>	<u>3,520</u>
		<u><b>164,277</b></u>	<u>143,588</u>
Total comprehensive income attributable to:			
Owners of the parent		<b>159,129</b>	140,065
Non-controlling interests		<u>4,879</u>	<u>3,520</u>
		<u><b>164,008</b></u>	<u>143,585</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted			
- For profit for the year	7	<u><b>25.82 cents</b></u>	<u>22.69 cents</u>

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

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		206,683	136,017
Intangible assets		57,187	35,651
Goodwill		827	-
Investment in an associate		-	494
Available-for-sale investments		500	500
Deferred tax assets		20,306	13,724
Total non-current assets		<u>285,503</u>	<u>186,386</u>
<b>CURRENT ASSETS</b>			
Inventories		199,793	146,659
Trade and bills receivables	8	198,356	155,234
Prepayments, deposits and other receivables		22,411	13,012
Cash and bank balances		340,380	345,577
Total current assets		<u>760,940</u>	<u>660,482</u>
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	9	89,075	53,378
Accruals, other payables and deferred income		175,681	110,637
Tax payable		10,662	21,826
Total current liabilities		<u>275,418</u>	<u>185,841</u>
<b>NET CURRENT ASSETS</b>		<u>485,522</u>	<u>474,641</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>771,025</u>	<u>661,027</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities		-	1
Deferred income		13,684	18,610
Total non-current liabilities		<u>13,684</u>	<u>18,611</u>
Net assets		<u>757,341</u>	<u>642,416</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the parent</b>			
Issued capital		61,733	61,733
Reserves	10	604,736	494,993
Proposed final dividend		49,386	49,386
<b>Non-controlling interests</b>		<u>715,855</u>	<u>606,112</u>
		<u>41,486</u>	<u>36,304</u>
Total equity		<u>757,341</u>	<u>642,416</u>

## Notes

### 1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which includes 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 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1: <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 Amendments (2011)	<i>Employee Benefits</i>
HKAS 27 Amendments (2011)	<i>Separate Financial Statements</i>
HKAS 28 Amendments (2011)	<i>Investments in Associates and Joint ventures</i>
HKAS 36 Amendments	Amendments to HKAS 36: <i>Recoverable Amount Disclosures for Non-Financial Assets (early adoption)</i>
Annual Improvements 2009–2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of the revised HKFRSs has had no significant financial effect on these financial statements.

#### 1.2 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied any new standards, interpretations and amendments of HKFRSs that is issued but not yet effective.

### 2. 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”).

Year ended 31 December 2013	Design, develop- ment and sale of IC products RMB'000	Testing services for IC products RMB'000	Total RMB'000
<b>Segment revenue</b>			
Sales to external customers	791,200	25,731	816,931
Intersegment sales	-	49,273	49,273
	<u>791,200</u>	<u>75,004</u>	<u>866,204</u>
<i>Reconciliation:</i>			
Elimination of intersegment sales			<u>(49,273)</u>
<b>Revenue</b>			<u><b>816,931</b></u>
<b>Segment results</b>	<b>126,871</b>	<b>24,452</b>	<b>151,323</b>
<i>Reconciliation:</i>			
Elimination of intersegment results			(830)
Interest income			7,070
Unallocated other income and gains			<u>11,467</u>
Profit before tax			<u><u>169,030</u></u>
<b>Segment assets</b>	<b>884,988</b>	<b>149,262</b>	<b>1,034,250</b>
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(9,440)
Corporate and other unallocated assets			<u>21,633</u>
Total assets			<u><u>1,046,443</u></u>
<b>Segment liabilities</b>	<b>230,565</b>	<b>65,538</b>	<b>296,103</b>
<i>Reconciliation:</i>			
Eliminating of intersegment payables			(7,001)
Corporate and other unallocated liabilities			<u>-</u>
Total liabilities			<u><u>289,102</u></u>
<b>Other segment information</b>			
Share of losses of an associate	110	-	110
Impairment loss recognised in the income statement	15,204	103	15,307
Depreciation	9,840	13,501	23,341
Amortisation of intangible assets	9,973	-	9,973
Capital expenditure	<u>82,362</u>	<u>43,744</u>	<u>126,106*</u>

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

<b>Year ended</b> <b>31 December 2012</b>	Design, develop- ment and sale of IC products RMB'000	Testing services for IC product RMB'000	Total RMB'000
<b>Segment revenue:</b>			
Sale to external customers	665,434	38,630	704,064
Intersegment sales	-	33,661	33,661
	665,434	72,291	737,725
<i>Reconciliation:</i>			
Elimination of intersegment sales			(33,661)
<b>Revenue</b>			<b>704,064</b>
<b>Segment results</b>	126,569	20,100	146,669
<i>Reconciliation:</i>			
Elimination of intersegment results			(1,040)
Interest income			5,299
Unallocated other income and gains			11,709
Profit before tax			<b>162,637</b>
<b>Segment assets</b>	708,930	127,758	836,688
<i>Reconciliation:</i>			
Elimination of intersegment receivables			(4,538)
Corporate and other unallocated assets			14,718
Total assets			<b>846,868</b>
<b>Segment liabilities</b>	149,585	59,404	208,989
<i>Reconciliation:</i>			
Elimination of intersegment payables			(4,538)
Corporate and other unallocated liabilities			1
Total liabilities			<b>204,452</b>
<b>Other segment information:</b>			
Share of losses of an associate	376	-	376
Impairment losses recognised in the income statement	7,466	162	7,628
Depreciation	9,183	13,220	22,403
Amortisation of intangible assets	6,486	-	6,486
Investment in an associate	494	-	494
Capital expenditure	28,417	18,451	46,868*

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

## Geographical information

### (a) Revenue from external customers

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Mainland China	<b>743,241</b>	677,294
Asia Pacific (excluding Mainland China)	<b>70,542</b>	19,900
Others	<b>3,148</b>	6,870
	<u><b>816,931</b></u>	<u>704,064</u>

The revenue information above is based on the locations of the customers.

### (b) Non-current assets

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Mainland China	<b>263,861</b>	171,653
Asia Pacific (excluding Mainland China)	<b>9</b>	15
	<u><b>263,870</b></u>	<u>171,668</u>

The non-current asset information above is based on the locations of the assets and excludes an investment in an associate, available-for-sale investments, goodwill and deferred tax assets.

## Information about a major customer

Revenue of approximately RMB125,957,000 (2012: RMB68,723,000) 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:

	<b>2013</b> <b>RMB'000</b>	2012 RMB'000
<b>Revenue</b>		
Sale of goods	<b>791,200</b>	665,434
Rendering of services	<b>25,731</b>	38,630
	<b>816,931</b>	704,064
<b>Other income and gains</b>		
Bank interest income	<b>7,070</b>	5,299
Government grants received for research activities	<b>75,499</b>	87,893
Other government grants	<b>11,582</b>	3,731
Others	<b>10,083</b>	8,354
	<b>104,234</b>	105,277



#### 4. PROFIT BEFORE TAX

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

	2013 RMB'000	2012 RMB'000
Cost of inventories sold	407,050	342,303
Cost of services provided	12,422	25,616
Depreciation	23,341	22,403
Research and development costs:		
Deferred development costs amortised*	9,973	6,486
Current year expenditure	203,723	172,219
Less: Government grants received for research activities	(75,499)	(87,893)
	<u>138,197</u>	<u>90,812</u>
Minimum lease payments under operation leases:		
Land and buildings	6,401	5,461
Auditors' remuneration		
Annual audit	1,087	1,075
Transfer of listing	402	-
	<u>1,489</u>	<u>1,075</u>
Employee benefit expense (excluding Directors' remuneration):		
Wages and salaries	154,405	107,596
Pension scheme contributions	14,508	13,773
	<u>168,913</u>	<u>121,369</u>
Less: Amounts capitalised as development costs	(31,048)	(9,658)
	<u>137,865</u>	<u>111,711</u>
Foreign exchange differences, net	(130)	75
Provision for impairment of trade and bills receivables	(1,126)	2,276
Provision for inventories to net realisable value	16,433	5,352
Loss on disposal of items of property, plant and equipment	20	27
Bank interest income	(7,070)	(5,299)
Other government grants	(11,582)	(3,731)
Government grants received for research activities **	<u>(75,499)</u>	<u>(87,893)</u>

\* The amortisation of deferred development costs for the year is included in “Other expenses” on the face of the consolidated statement of profit or loss and comprehensive income.

\*\* Various government grants have been received for setting up research and development activities in Shanghai, Mainland China, to support domestic technology development. Where the conditions or contingencies relating to these grants are fulfilled and the grants do not match with the related costs which they are intended to compensate, they are recognised as other income. Government grants received for which related expenditure has not yet been undertaken are included in “accruals, other payables and deferred income” in the consolidation 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”). 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 was issued by the State Administration of Taxation, Yangpu, Shanghai on 13 June 2013, and the Company is eligible to enjoy a preferential income tax rate of 10% for the two financial years with effect from 1 January 2011 to 31 December 2012. As such, the Company is entitled to a tax refund of 5% on income tax of the two financial years amounting to approximately RMB5,288,000 and RMB6,253,000 respectively with approximately RMB11,541,000 in total (the “Tax Refund”). The Tax Refund has been accounted for in the consolidated statement of profit or loss and comprehensive income for the year ended 31 December 2013. The Company was continuously approved as a “key software enterprise falling within the State’s planned arrangement” for 2013 and 2014, and obtained a notice of approval for enjoying the preferential tax rate of 10% for both years from the State Administration of Taxation, Yangpu, Shanghai on 18 March 2014. Therefore, for the financial year ended 31 December 2013, income tax on assessable income of the Company has been provided at the rate of 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 an HNT Enterprise. For the financial year ended 31 December 2013, income tax on assessable income of Sino IC has been provided at the rate of 15% (2012: 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%. 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 in the fifth profit making year in 2012 and was entitled to a 50% concession on income tax of 12.5% for the last year. For the financial year ended 31 December 2013, Fukong Hualong is entitled to a preferential income tax rate of 15% as an HNT Enterprise, and therefore, income tax on assessable income of Fukong Hualong has been provided at the rate of 15% (2012: 12.5%).

Under the CIT Law, three of the Company’s subsidiaries, Shenzhen Fudan Microelectronics Company Limited and Beijing Fudan Microelectronics Technology Company Limited and Shanghai Doublepoint Information Technology Co., Ltd. (“Doublepoint”), are subject to income taxes at a base rate of 25%. For the financial year ended 31 December 2013, income taxes on assessable income of these subsidiaries have been provided at the rate of 25% (2012: 25%).

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits arising in Hong Kong during the year.

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Group		
Current – Hong Kong		
Charge for the year	<b>411</b>	291
Overprovision in prior years	<b>(110)</b>	-
Current – Mainland China		
Charge for the year	<b>23,219</b>	23,536
Tax refund	<b>(11,541)</b>	-
Overprovision in prior years	<b>(643)</b>	(1,343)
Deferred	<b>(6,583)</b>	(3,435)
	<u><b>4,753</b></u>	<u>19,049</u>
Total tax charge for the year	<u><b>4,753</b></u>	<u>19,049</u>

## 6. DIVIDEND

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Proposed final - RMB8 cents		
(2012: RMB8 cents) per ordinary share	<u><b>49,386</b></u>	<u>49,386</u>

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 is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 617,330,000 (2012: 617,330,000) in issue during the year.

The calculation of basic earnings per share is based on:

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	<u><b>159,398</b></u>	<u>140,068</u>
	<u>Number of shares '000</u>	
	<u><b>2013</b></u>	<u>2012</u>
<b>Shares</b>		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	<u><b>617,330</b></u>	<u>617,330</u>

The Group had no potentially dilutive ordinary shares in issue during the two years ended 31 December 2012 and 2013.

## 8. TRADE AND BILLS RECEIVABLES

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Trade and bills receivables	<b>213,486</b>	171,490
Impairment	<b>(15,130)</b>	(16,256)
	<b><u>198,356</u></b>	<u>155,234</u>

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 monitors the collection to minimise credit risk. Overdue balances are reviewed regularly by the senior management. The Group does not hold any collateral or other credit enhancements over these balances. 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:

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>148,841</b>	130,936
3 to 6 months	<b>39,660</b>	15,727
6 to 12 months	<b>4,776</b>	7,108
Over 12 months	<b>5,079</b>	1,463
	<b><u>198,356</u></b>	<u>155,234</u>

## 9. TRADE AND BILLS PAYABLES

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

	<b>2013</b>	2012
	<b>RMB'000</b>	RMB'000
Within 3 months	<b>87,018</b>	51,870
3 to 6 months	<b>615</b>	118
6 to 12 months	<b>82</b>	195
Over 12 months	<b>1,360</b>	1,195
	<b><u>89,075</u></b>	<u>53,378</u>

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

## 10. RESERVES

	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 year	-	-	-	140,068	140,068
Exchange differences on translation of foreign operations	-	-	(3)	-	(3)
Total comprehensive income for the year	-	-	(3)	140,068	140,065
Proposed 2012 final dividend	-	-	-	(49,386)	(49,386)
Transfer from retained profits	-	1,266	-	(1,266)	-
At 31 December 2012	168,486	39,649	(3,218)	290,076	494,993
Profit for the year	-	-	-	<b>159,398</b>	<b>159,398</b>
Exchange differences on translation of foreign operations	-	-	(269)	-	(269)
Total comprehensive income for the year	-	-	(269)	<b>159,398</b>	<b>159,129</b>
Proposed 2013 final dividend	-	-	-	(49,386)	(49,386)
Transfer from retained profits	-	<b>1,590</b>	-	(1,590)	-
<b>At 31 December 2013</b>	<b><u>168,486</u></b>	<b><u>41,239</u></b>	<b><u>(3,487)</u></b>	<b><u>398,498</u></b>	<b><u>604,736</u></b>

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

For the year ended 31 December 2013, driven by the government's vigorous efforts to promote the development of the software industry and the IC products industry in recent years with policy support, products including public transportation card, financial and social security card, resident health card, citizen card, resident card, mobile payment, mobile communications, smart meter, Internet of Things, and financial IC card have become business priorities for relevant industries due to the huge market potential. An increasing number of newly added enterprises have also participated in the business competition.

During the year, continually benefiting from the electronic transition process, China's IC design market made significant progress in terms of industry scale, development quality and competitiveness, resulting in rapid growth in the industry's overall turnover. Although the IC industry is growing rapidly, the industry is still challenged by economic efficiency, technological breakthroughs and market competition. In the face of the competition from the increasing number of participants, the average selling price of IC chip products in the market decreased compared with that of last year. As the Group has anticipated technological reform and rapid changes in social progress in the initial stage of its establishment, it decided to make smart cards its core business when it started its business. The Group has vigorously developed toward the product segment over the past decade and capitalized on the technological achievements it had accumulated to diversify the product series in response to market changes. Due to its early entry into the market, the Group has a more stable customer base and longer sales cycles of its products, which greatly reduce business risks.

For the year ended 31 December 2013, the Group's annual turnover recorded continuous growth. In addition to continuous growth in its domestic sales, the Group's overseas sales volume also increased compared with that of last year due to the establishment of its overseas offices to enhance market efficiency. The Group's major product, the smart IC chip, recorded strong business performance, driven by the launch of a number of projects, including the "National Gold Card," "City Union" and "Financial IC Card" projects. Faced with competition from different business operators, the Group's turnover and gross margins in its remaining products declined. It also maintained participation in a certain number of government projects to secure stable income. The Group proactively joined the domestic IC industry's large-scale events, engineering application conferences, technological seminars and exhibitions. In addition, the Group also participated in overseas exhibition tours during the year to strengthen its overseas business contacts and establish an international market platform. After 2008, the Company entered into another sponsorship agreement with Special Olympics to supply RFID technology for its Healthy Athletes events. The Group has independently developed a number of technologies, which obtained patent certificates and IC layout design registration certificates from the Intellectual Property Office; and received awards from a number of industry-recognized authorities in recognition of its corporate achievements.

The business performances of the Group's various categories of products during the year are as follows:

### ***Security and Identification IC Chips***

Security and identification IC chips take shape in three product series – identification and storage, intelligence and security, and identification device. The products range from public transportation card, resident health card, financial and social security card, citizen card, resident card, identification device, e-wallet to NFC chip. The Group now sells over 20 major types of products, making it one of the domestic IC chip suppliers that provide relatively complete series.

These core products accounted for over 60% of the Group's overall turnover, and sales for the year significantly increased by approximately 34% over that of past year. The IC chips for public transportation were successfully adopted by Beijing's multi-purpose card during the year, making the Group an IC chip supplier providing public transportation card in three major cities – Beijing, Shanghai and Guangzhou. Through the City Union platform, most of the cities are now using the chips produced by the Group. The Group has an accumulation of 15 projects in financial and social security card and 7 projects in resident health card in various provinces and cities with large scale of supplies. The Group maintains its market advantages in the citizen card and resident card projects. While it continued to win bids or remained as the supplier of its original projects in various places, the Group also successfully won new bids. Due to mature technology and ample experience, the impact of product price adjustments was offset by appropriate cost controls. With several new products launching into the market in phases, the gross profit margin of the entire series of products for the year could still edge up.

### ***Smart Meter ASIC Chips***

The smart meter application specified IC ("ASIC") product series provide specific IC chips and related system solution for smart meters, electricity leakage protection equipment and electric power automation within the smart electric power network product line. The product series witnessed a decline both in sales volume and prices, mainly attributable to the restricted market under the national power grid scheme and standards, the diminishing market potential due to the reliable products that have served for a considerable time, and the competition by new market participants. Due to such adverse impacts, the Group recorded a decrease of approximately 8% in sales and also witnesses a decrease in gross profit margin for this category as compared with last year, despite its significant market share.

### ***Non-volatile Memory Chips***

With EEPROM product capacities covering from 2K bits to 1024K bits, the Group has become the top seller in serial EEPROM with the widest EEPROM product lines. Given numerous competitors in the market and lukewarm demand for the products, the Group adjusted prices of certain products in line with the market demand, leading to the decrease of approximately 8% in the sales and a slight drop in gross profit margin compared with last year.

### ***Specific Analog Circuits***

Specific analog circuit products include leakage protection circuit, meter circuits, lighting circuits, motorcycle automotive electronics, embedded processors, telecommunication circuits, and consumer electronics and so on.

Sales of leakage protection circuits recorded a significant increase during the year and offset the decrease in sales of motorcycle automotive electronics, telecommunication circuits and other products, leading to a slight growth of approximately 5% in sales of this category. The gross profit margin of this category recorded a slight decrease due to the declined prices of motorcycle automotive electronics and telecommunication circuits as a result of intensified market competition, which had a marginal impact on turnover and business results given its limited weight in the Group's overall sales.

### ***Other Chips***

This category comprises of some secondary products and developed software. Sales of flash memory products, a best-seller launched in the year, surged over last year and posted a desirable gross profit margin.

### ***IC Testing Services***

The IC testing services provided by Sino IC, a subsidiary of the Company, maintained a year-on-year growth in income which however slowed down to only approximately 4% during the year before elimination of intragroup transactions. As Sino IC mainly provides testing service support to the Group's products, the intragroup transactions increased during the year with relatively drop in external business. It is due to the competition from the increasing number of market participants, which were attracted to this sector by the booming domestic electronics market in recent years. Testing services recorded a decrease of 9% in gross profit margin from last year, due to a slight adjustment to service prices during the year.

## **FINANCE REVIEW**

The Group recorded a total revenue of approximately RMB816,931,000 (2012: RMB704,064,000) for the year ended 31 December 2013, represents a rise of approximately 16% as compared to last year. The audited net profit attributable to owners of the parent was approximately RMB159,398,000 (2012: RMB140,068,000) and the basic earnings per share was RMB25.82 cents (2012: RMB22.69 cents), representing an increase of approximately 14% over last year. The Directors recommend the payment of a final dividend of RMB8 cents (2012: RMB8 cents) per ordinary share in respect of the year ended 31 December 2013.

For the year under review ended 31 December 2013, the Group's gross profit margin increased slightly by 1% to approximately 49% over last year, mainly attributable to an increase in overall revenue as driven by the increasing sales of security and identification chips. Other income and gains decreased slightly from last year, mainly attributable to a year-on-year decrease in the government grants received for research activities due to the time difference in recognition, which was partially offset by the increases in interest income, other government grants and other income.



With regard to the selling and distribution costs, a significant increase of approximately 59% year-on-year was recorded due to the increase in sales, costs in expanding the domestic market of the products and development of overseas market during the year. The administrative expenses increased only by approximately 4% year-on-year, which was attributable to the Group's austerity policy on spending to cope with the impacts from rising salaries and prices. Other expenses for the year increased by approximately 16% over last year, mainly attributable to the strategy of continuous resource expenditures in research and development by the Group and the increase in amortisation of deferred development costs during the year.

With regard to taxation, the tax expense for the year has a significant drop of approximately RMB14,296,000 over the last year due to the main reason that 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, the Company is eligible to enjoy a preferential income tax rate of 10% for the two financial years 2011 and 2012. As such, the Company is entitled to a tax refund of approximately RMB11,541,000 in total and has been accounted for in the consolidated statement of profit or loss and comprehensive income for the year. The Company was continuously approved as a "key software enterprise falling within the State's planned arrangement" for 2013 and 2014, and therefore, income tax on assessable income for the year has been provided at the rate of 10%.

During the year, the Group's non-current assets increased significantly by approximately RMB99,117,000, mainly attributable to an increase of approximately RMB78,660,000 in construction in progress due to acquisition of offices and equipment. Intangible assets also increased by approximately RMB21,536,000 from last year due to the increase in research and development expenditures and the capitalisation. Deferred tax assets increased by approximately RMB6,582,000 as a result of asset impairment and the temporary difference in recognition of government grants. As at the reporting date, current assets posted a significant increase of approximately RMB100,458,000 over last year. Inventories of the current period after an impairment provision of approximately RMB16,433,000 still increased by approximately RMB53,134,000 year-on-year, in order to cater for seasonal sales to customers in the market. Trade and bills receivables increased by approximately RMB43,122,000 over last year, mainly attributable to the increase in sales and a reversal of approximately RMB1,126,000 to the impairment of trade receivables during the year. With regard to current liabilities, trade and other payables recorded an increase year-on-year due to the increase in cost of sales.

## **MATERIAL INVESTMENTS AND ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

To cope with its future business development, the Group entered into an agreement to purchase an office premise, together with the expenses on renovation, for a total consideration of RMB127,707,000 during the year.

Upon completion of the capital injection in Shanghai Doublepoint Information Technology Co., Ltd. (“Doublepoint”), a former associate of the Company, the Group’s equity interest in Doublepoint was increased to approximately 61.9%, making Doublepoint a subsidiary of the Company.

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

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

The Group is still actively seeking for suitable investment opportunities and has no material investment plan at present.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2013, net assets of the Group amounted to approximately RMB757,341,000 (2012: RMB642,416,000), an increase of approximately 18% as compared to last year; of which, current assets amounted to approximately RMB760,940,000 (2012: 660,482,000), a rise of approximately 15% over the previous year, and including cash and bank deposits amounting to approximately RMB340,380,000 (2012: RMB345,577,000), a decrease of approximately 2% as compared to last year.

The Group has been relying on its profit and internal cash flow to finance its working capital requirement. Under prudent fiscal policy, the Group’s financial resources are in healthy status that are sufficient to meet its daily business operations and future development.

As at 31 December 2013, the Group has not pledged any of its assets to any third parties (2012: nil).

## **CAPITAL STRUCTURE**

The Company’s capital structure has no change during the year and only comprises ordinary shares.

## **GEARING RATIO**

As at 31 December 2013, the Group’s current liabilities amounted to approximately RMB275,418,000 (2012: RMB185,841,000), an increase of approximately 48% as compared to last year. Non-current liabilities amounted to approximately RMB13,684,000 (2012: RMB18,611,000), a decrease of approximately 26% as compared to last year. The net assets value per share of the Group was RMB1.23 (2012: RMB1.04), a growth of approximately 18% over last year. The Group’s ratio of current liabilities over current assets was approximately 36.2% (2012: 28.1%) and the gearing ratio was approximately 38.2% (2012: 31.8%) on the basis of total liabilities over net assets. As at 31 December 2013, the Group and the Company had no bank or other borrowings (2012: nil).

## **INTEREST AND FOREIGN EXCHANGE RISK**

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. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Approximately 13% (2012: 4%) of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sale, whilst almost 83% (2012: 73%) 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 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 had no material influence on the Group's operations and cash flows.

## **CREDIT RISK**

The Group trades only with recognised and creditworthy third parties and, therefore, no collaterals are required. 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. 26% (2012: 21%) of the Group's total trade and bills receivables were due from the Group's five largest customers. The Group seeks to maintain strict control over its outstanding receivables and closely monitors the collection of receivables 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, and the maximum exposure is limited to the carrying amount of these instruments.

## **CAPITAL COMMITMENTS**

As at 31 December 2013, the Group had capital commitments contracted but not provided for in the amount of approximately RMB70,778,000 (2012: RMB4,264,000), which were related to the acquisition of property, plant and equipment.

## **CONTINGENT LIABILITIES**

As at 31 December 2013, the Group had no contingent liabilities (2012: nil).

## **USE OF CAPITAL AND FUNDING**

The Group is not under liquidity stress in the short run as it currently has a stable financial position with sufficient working capital which will be applied to the research and development of new products and the identification of cooperation opportunities.

## **EMPLOYEES**

As at 31 December 2013, the Group has approximately 847 (2012: 750) employees. The increase in the number of employees was attributable to the expansion of the Group's business, increase in research and development projects and market exploration in emerging provinces and municipalities. The remuneration of employees was determined in accordance with their performance, qualifications, experience and contribution to the Group with reference to the latest market trend.

The employee benefit expense (including director's remuneration) as recorded in the consolidated statement of profit or loss and comprehensive income was RMB142,821,000 (2012: RMB116,042,000). The significant increase in employee benefit expense was due to the rise in number of employees and salaries resulted from shortage of experienced experts in the industry; in addition, due to the increase of research and development projects, the employee benefit expense of RMB31,048,000 (2012: RMB9,658,000) was capitalized as development costs during the year.

## **PROSPECTS**

Looking ahead, the Group is positioned to benefit from a large-scale IC card issuance cycle and the vast and fast growing market potential as fuelled by the projects such as "financial and social security cards", "resident health cards", "nationwide urban public transport cards", "universal social security cards" and "financial IC and information cards", as well as the emerging businesses including cloud computing, NFC mobile payment and the "Internet of Things". Capitalising on its technological advantages and unique business and technical resources accumulated over the decade, the Group will sustain its research and development investment and seek to keep abreast of the industry trend to secure and expand its market share. The Directors envisage that the IC industry will continue to grow rapidly in the coming year. However, the industry might experience adverse impacts from lower selling prices amidst fiercer competitions due to apparently more industry participants, hiking costs and a slight slowdown of domestic economic growth. In view of stable sales of its major products, low volatility of manufacturing costs and long-term income from the government-backed projects, the Group expects that the market growth should be able to offset the negative factors and allow for the steady business performance.

## **DIVIDEND**

The Board recommends the payment of a final dividend for the year of RMB8 cents per ordinary share ("Final Dividend"). The proposed Final Dividend is subject to the approval of the Company's shareholders at the annual general meeting of the Company (the "AGM") to be held on 30 May 2014 and payable on 15 July 2014 to shareholders whose names appear on the register of members of the Company at the close of business on 9 June 2014 (the "Record Date").

According to the Corporate Income Tax Law of the People's Republic of China and the relevant implementation regulations, the Company is required to withhold corporate income tax at the rate of 10% before distributing the Final Dividend to non-resident corporate 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 organisations will be treated as being held by non-resident corporate shareholders and, therefore, the Company will pay the Final Dividend after deducting the 10% withholding corporate income tax. The 10% corporate income tax will not be withheld by the Company from the Final Dividend payable to any natural person shareholders whose names appear on the H Share Register on the Record Date.

## **CLOSURE OF REGISTER OF MEMBERS OF H SHARES**

### *For Annual General Meeting*

The Register of Members of the Company will be closed from 30 April 2014 to 30 May 2014 (both dates inclusive) during which period no transfer of H shares will be registered. To be eligible to attend the annual general meeting of the Company, all transfers accompanied by the relevant share certificates must be lodged with Tricor Tengis Limited, the Company's Share Registrar in Hong Kong, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 29 April 2014.

### *For Final Dividend*

The proposed final dividend is subject to the approval of the Company's shareholders at the AGM. The Register of Members of the Company will be closed from 6 June 2014 to 9 June 2014 (both dates inclusive) during which period no transfer of H shares will be registered. To be eligible for the Final Dividend, all transfers accompanied by the relevant share certificates must be lodged with Tricor Tengis Limited, the Company's Share Registrar in Hong Kong, at 22nd Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:00 p.m. on 5 June 2014.

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

At 31 December 2013, 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 of Hong Kong Limited (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				Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Through partnership enterprise (Note)		
<b>Directors</b>						
Mr. Jiang Guoxing	7,210,000	-	-	1,442,300	8,652,300	1.40
Mr. Shi Lei	7,210,000	-	-	12,980,000	20,190,000	3.27
Mr. Yu Jun	-	-	-	10,961,530	10,961,530	1.78
Ms. Cheng Junxia	-	-	-	8,076,920	8,076,920	1.31
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>
<b>Supervisors</b>						
Mr. Li Wei	-	-	-	6,057,690	6,057,690	0.98
Mr. Wei Ran	-	-	-	288,460	288,460	0.05
	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,346,150</u>	<u>6,346,150</u>	<u>1.03</u>

Note:

These shares were originally held by the Staff Shareholding Association of the Company (“SSAC”) which is constituted by members consisting of the executive and non-executive directors, 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. Pursuant to an equity transfer agreement dated 20 May 2013, SSAC has transferred all of its shareholdings of 144,230,000 domestic shares to four partnership enterprises, namely Shanghai Zhenghua Investment Consultant Partnership Enterprise (“Shanghai Zhenghua”) with 47,443,420 shares, Shanghai Guonian Investment Consultant Partnership Enterprise (“Shanghai Guonian”) with 29,941,470 shares, Shanghai Zhengben Investment Consultant Partnership Enterprise (“Shanghai Zhengben”) with 52,167,270 shares and Shanghai Jinnian Investment Consultant Partnership Enterprise with 14,677,840 shares, respectively. The interests 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 SFO) remained the same but the nature of interest has changed from “beneficiary of a trust” to “held through partnership enterprise”.

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
<b>Directors</b>						
Mr. Yu Jun	Shanghai Doublepoint Information Technology Co., Ltd. (“Doublepoint”)	The Company’s subsidiary	Ordinary shares	200,000	Directly beneficially owned	2.062
Mr. Wang Su	Doublepoint	The Company’s subsidiary	Ordinary shares	100,000	Directly beneficially owned	1.031
<b>Supervisors</b>						
Mr. Li Wei	Doublepoint	The Company’s subsidiary	Ordinary Shares	100,000	Directly beneficially owned	1.031
Mr. Li Wei	Sino IC	The Company’s subsidiary	Ordinary shares	40,000	Directly beneficially owned	0.129

\*Doublepoint has become the Company’s subsidiary since 1 March 2013 following the capital injection of RMB5,000,000 into Doublepoint by the Company and completion of the statutory registration.

Save as disclosed above, as at 31 December 2013, none of the directors, supervisors or chief executive of the Company 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.

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 spouses 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 set of standards and code of conduct regarding Directors' securities transactions on terms no less exacting than those set out in Appendix 10 of the Listing Rules. The Company has made specific enquiries to all Directors and confirmed that they had all complied with such standards and code of conduct throughout the year ended 31 December 2013.

#### **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 any of its subsidiaries was a party during the year.

#### **SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES**

At 31 December 2013, the following interests of 5% or more of the share capital of the Company were recorded in the register of interests required to be kept 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
Shanghai Fudan High Tech Company	(1)	Beneficial owner	106,730,000	Domestic shares	28.46	17.29
Shanghai Fudan Technology Enterprise Holdings Limited	(2)	Beneficial owner	109,620,000	Domestic shares	29.23	17.76
SCI	(2)	Interest of a controlled corporation	109,620,000	Domestic shares	29.23	17.76
Shanghai Zhengben Investment Consultant Partnership Enterprise	(3)	Beneficial owner	52,167,270	Domestic shares	13.91	8.45
Shanghai Zhenghua Investment Consultant Partnership Enterprise	(3)	Beneficial owner	47,443,420	Domestic shares	12.65	7.68
Shanghai Guonian Investment Consultant Partnership Enterprise	(3)	Beneficial owner	29,941,470	Domestic shares	7.98	4.85
Springs China Opportunities Master Fund	(4)	Interest of a controlled corporation	24,086,000	H shares	9.94	3.90

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 ("SFTE"), which is 90% owned by SCI. SCI is a state-owned enterprise wholly owned by the Shanghai Municipal Government.
- (3) Partners of the enterprises include the 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. The directors and supervisors of the Company hold the domestic shares of the Company through such partnership enterprises.
- (4) The beneficial owners of these interests are Zhao Jun and Chi Rui.

Save as disclosed above, as at 31 December 2013, 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 and Debentures” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register of interests required to be kept pursuant to Section 336 of the SFO.

#### **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company’s 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 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.

#### **CORPORATE GOVERNANCE CODE**

In the opinion of the Directors, the Company has complied fully with the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established with written terms of reference in compliance with 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. 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 financial statements for the year ended 31 December 2013 have been reviewed by the committee, who were of the opinion that these statements complied with the applicable accounting standards, the requirements as set out by the Stock Exchange and the relevant legal provisions, and that adequate disclosures had been made.

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

Shanghai, the PRC, 28 March 2014

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, Mr. Chen Baoying and Lin Fujiang.

\* *For identification purpose only*