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上海復旦微電子股份有限公司

Shanghai Fudan Microelectronics Company Limited *

(a joint stock limited company incorporated in the People's Republic of China)



HALF-YEAR RESULTS REPORT 2003

* for identification only



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Shanghai Fudan Microelectronics Company Limited*
(a joint stock limited company incorporated in the People's Republic of China)

2003 HALF-YEAR RESULTS REPORT

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This report, for which the directors of Shanghai Fudan Microelectronics Company Limited (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Shanghai Fudan Microelectronics Company Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:- (1) the information contained in this report is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this report misleading; and (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

** for identification purpose only*

HALF-YEAR RESULTS (UNAUDITED)

The Board of Directors (“Board”) of Shanghai Fudan Microelectronics Company Limited (“Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the half-year ended 30 June 2003, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Half-year ended 30 June		Three months ended 30 June	
		2003 (Unaudited) RMB'000	2002 (Unaudited) RMB'000	2003 (Unaudited) RMB'000	2002 (Unaudited) RMB'000
TURNOVER	3	42,320	19,808	27,278	12,852
Cost of sales		(27,786)	(14,961)	(17,611)	(9,247)
Gross profit		14,534	4,847	9,667	3,605
Other revenue and gains		1,392	779	1,012	495
Selling and distribution costs		(2,803)	(1,848)	(1,325)	(1,056)
Administrative expenses		(7,247)	(5,498)	(3,601)	(2,860)
Other operating expenses		(3,942)	(2,677)	(2,182)	(1,037)
PROFIT/(LOSS) FROM OPERATING ACTIVITIES	4	1,934	(4,397)	3,571	(853)
Finance costs		(25)	(25)	(7)	(25)
Share of loss of an associate		(672)	(673)	(203)	(673)
PROFIT/(LOSS) BEFORE TAX		1,237	(5,095)	3,361	(1,551)
Tax	5	(161)	197	(106)	28
PROFIT/(LOSS) BEFORE MINORITY INTERESTS		1,076	(4,898)	3,255	(1,523)
Minority interests		(50)	101	(42)	51
NET PROFIT/(LOSS) FROM ORDINARY ACTIVITIES ATTRIBUTABLE TO SHAREHOLDERS		1,026	(4,797)	3,213	(1,472)
		RMB	RMB	RMB	RMB
EARNINGS/(LOSS) PER SHARE					
– Basic	6	0.16 cents	(0.81) cents	0.51 cents	(0.25) cents

CONDENSED CONSOLIDATED BALANCE SHEET

		30 June 2003	31 December 2002
		(Unaudited)	(Audited)
	<i>Notes</i>	RMB'000	RMB'000
NON-CURRENT ASSETS			
Fixed assets	7	35,341	15,114
Construction in progress		1,242	10
Intangible assets:			
Deferred development costs		15,891	11,137
Interest in an associate		8,390	9,063
Long term investment		4,000	4,000
		64,864	39,324
CURRENT ASSETS			
Inventories		18,778	15,898
Trade and bills receivables	8	29,675	23,497
Prepayments, deposits and other receivables		4,953	18,520
Pledged cash and bank balances		3,573	4,346
Cash and bank balances		123,866	140,531
		180,845	202,792
CURRENT LIABILITIES			
Trade payables	9	11,580	8,100
Tax payable		234	74
Other payables and accruals		6,539	7,662
		18,353	15,836
NET CURRENT ASSETS		162,492	186,956
TOTAL ASSETS LESS CURRENT LIABILITIES		227,356	226,280
Minority interests		274	224
		227,082	226,056
CAPITAL AND RESERVES			
Issued capital		62,435	62,435
Reserves	10	164,647	163,621
		227,082	226,056

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June

	2003 (Unaudited) RMB'000	2002 (Unaudited) RMB'000
Total equity as at 1 January	226,056	122,289
Issue of shares (<i>Note</i>)	–	110,902
Net profit/(loss) for the period	1,026	(4,797)
Foreign exchange adjustments	–	7
	<hr/>	<hr/>
Total equity as at 30 June	<u>227,082</u>	<u>228,401</u>

Note: On 21 February 2002, the Company issued an additional 105,604,000 new H shares of RMB0.10 each to investors at HK\$1.07 each

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the half year ended 30 June

	2003 (Unaudited) <i>RMB'000</i>	2002 (Unaudited) <i>RMB'000</i>
Net cash generated/(used) in operating activities	10,380	(2,257)
Net cash used in investing activities	(27,818)	(18,587)
Net cash generated from financing activities	<u>—</u>	<u>110,902</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(17,438)	90,058
Cash and cash equivalents at beginning of period	<u>144,877</u>	<u>59,533</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>127,439</u>	<u>149,591</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>127,439</u>	<u>145,591</u>

Notes:

1. Basis of presentation

These financial statements have been prepared in accordance with Hong Kong Statements of Standard Accounting Practice (“SSAPs”) including SSAP 25: “Interim financial reporting”, 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 except for long term equity investments.

2. Principal accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 December 2002.

3. Turnover and segment information

The following tables present revenue, loss and certain assets, liability and expenditure information for the Group's business segments:

	Design, development and selling of IC products		Testing services of IC products		Eliminations		Consolidated	
	2003	2002	2003	2002	2003	2002	2003	2002
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment turnover:								
Sales to external customers	40,344	19,474	1,976	334	-	-	42,320	19,808
Sales to other segments	6,276	-	439	298	(6,715)	(298)	-	-
Total	46,620	19,474	2,415	632	(6,715)	(298)	42,320	19,808
Segment results	36	(4,100)	506	(1,076)	-	-	542	(5,176)
Other revenue and gains							1,392	779
Profit/(loss) from operating activities							1,934	(4,397)
Finance costs							(25)	(25)
Share of loss of an associate							(672)	(673)
Profit/(loss) before tax							1,237	(5,095)
Tax							(161)	197
Profit/(loss) before minority interests							1,076	(4,898)
Minority interests							(50)	101
Net profit/(loss) from ordinary activities attributable to shareholders							1,026	(4,797)
Segment assets								
Segment and total assets	237,441	100,194	8,268	8,501	-	-	245,709	238,194
Segment liabilities								
Segment and total liabilities	17,323	9,286	1,030	204	-	-	18,353	9,490
Other segment information:								
Capital expenditure	27,640	5,005	631	281	-	-	28,271	5,286
Depreciation and amortisation	2,032	855	26	636	-	-	2,058	1,491
Other non-cash expenses	941	860	-	-	-	-	941	860

The analysis of the Group's turnover by geographical segment which is based on the country in which the customer is located, is as follows:

	For the half year ended 30 June	
	2003	2002
	<i>RMB'000</i>	<i>RMB'000</i>
The People's Republic of China ("PRC")	32,554	18,727
Asia Pacific (<i>Note</i>)	6,774	1,002
North America	327	19
Europe	182	34
Middle East	2,483	26
	<u>42,320</u>	<u>19,808</u>

Note: The Asia Pacific region includes Hong Kong and Taiwan.

4. Profit/(loss) from operating activities

The Group's profit/(loss) from operating activities is arrived at after charging/(crediting):

	Half-year ended		Three months ended	
	30 June		30 June	
	2003	2002	2003	2002
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation	960	1,491	472	774
Provision for doubtful debts	941	860	227	615
Payments under operating leases in respect of land and buildings	725	857	318	411
Amortisation of research and development costs	1,098	1,818	511	1,025
Interest income	(478)	(713)	(150)	(553)
	<u>(478)</u>	<u>(713)</u>	<u>(150)</u>	<u>(553)</u>

5. Tax

	Half-year ended		Three months ended	
	30 June		30 June	
	2003	2002	2003	2002
	RMB'000	RMB'000	RMB'000	RMB'000
PRC				
Over-provision in prior period	-	(197)	-	(28)
Hong Kong				
Provision for the period	<u>161</u>	<u>-</u>	<u>106</u>	<u>-</u>
	<u><u>161</u></u>	<u><u>(197)</u></u>	<u><u>106</u></u>	<u><u>(28)</u></u>

For the period ended 30 June 2003, the Company has no assessable income and no provision for income tax has been made accordingly.

Hong Kong profits tax has been provided at the rate of 17.5% on the estimated assessable profits arising in Hong Kong during the period.

The Group has not recorded deferred tax assets which is related primarily to unused tax losses amounted to RMB8,597,000 (31 December 2002: RMB9,135,000), due to the uncertainty that the resultant deferred tax asset will be recovered in the foreseeable future. These tax losses have a expiry date of 5 years.

6. Earnings/(loss) per share

The calculation of the basic earnings per share for the half-year and three months ended 30 June 2003 are based on net profit attributable to shareholders of approximately RMB1,026,000 and RMB3,213,000 respectively (half-year and three months ended 30 June 2002: loss of RMB4,797,000 and loss of RMB1,472,000 respectively) and the weighted average number of 624,350,000 shares (2002: 594,598,000 shares) in issue during the periods.

Diluted earnings per share for the half-year ended 30 June 2003 and the comparative diluted loss per share have not been calculated because no diluting events existed during the two half-year ended 30 June 2003.

7. Fixed assets

During the half-year ended 30 June 2003, the Group acquired land and building, machinery and office equipment amounted to approximately RMB21,187,000 (31 December 2002: RMB1,654,000).

8. Trade and bills receivable

An ageing analysis of trade and bills receivables is as follows:

	30 June 2003 <i>RMB'000</i>	31 December 2002 <i>RMB'000</i>
Within 3 months	22,790	16,174
More than 3 months to within 6 months	4,725	5,105
More than 6 months to within 12 months	1,289	1,325
More than 12 months	871	893
	<u>29,675</u>	<u>23,497</u>

9. Trade payables

An ageing analysis of trade payables is as follows:

	30 June 2003 <i>RMB'000</i>	31 December 2002 <i>RMB'000</i>
Within 3 months	<u>11,580</u>	<u>8,100</u>

10. Reserves

Details of movements in the reserves of the Group during the half year ended 30 June 2003 together with the comparative figures for the corresponding period in 2002 are set out below:

	Share premium <i>RMB'000</i>	Statutory common reserve <i>RMB'000</i>	Statutory public welfare fund <i>RMB'000</i>	Exchange fluctuation reserve <i>RMB'000</i>	Acc- umulated losses <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2003	170,717	-	-	-	(7,096)	163,621
Net profit for the period	-	-	-	-	1,026	1,026
At 30 June 2003	170,717	-	-	-	(6,070)	164,647
At 1 January 2002	70,375	456	456	-	(873)	70,414
Issue of shares (<i>Note</i>)	100,342	-	-	-	-	100,342
Net loss for the period	-	-	-	-	(4,797)	(4,797)
Foreign exchange adjustments	-	-	-	7	-	7
At 30 June 2002	170,717	456	456	7	(5,670)	165,966

Note: On 21 February 2002, the Company issued an additional 105,604,000 new H shares of RMB0.10 each to investors at HK\$1.07 each.

11. COMMITMENTS

	30 June 2003	31 December 2002
	RMB'000	RMB'000
(a) Capital commitments		
Contracted, but not provided for in respect of:		
Purchase of fixed assets	2,149	6,662
Acquisition of a company (<i>Note</i>)	<u> -</u>	<u>15,720</u>
	<u>2,149</u>	<u>22,382</u>

Note: On 27 June 2003, the Company and Shanghai Commercial Investment Enterprise Holdings Limited (“Shanghai Commercial Investment”) have both agreed to terminate the acquisition. Details are set out in the section “Prospects” below.

(b) Commitments under operating leases

At 30 June 2003, the Group and the Company had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Within one year	1,367	1,373
In the second to fifth years, inclusive	<u> 394</u>	<u> 1,001</u>
	<u>1,761</u>	<u>2,374</u>

12. RELATED PARTY TRANSACTIONS

During the period, the Company had the following material transactions with the following related parties:

Name of related party	Relationship with the Company	Nature of transaction	Half-year ended	
			30 June 2003	2002
			RMB'000	RMB'000
Shanghai Fudan University	Owner of Fudan High Tech Company	Technical and equipment support fee	<u> 400</u>	<u> 400</u>

The technical and equipment support fee was based on the agreement entered between the Company and the related party with reference to the market price.

In the opinion of the independent non-executive directors, the above related party transaction was entered into in the ordinary course of the Company's business and was in accordance with the terms of the arrangements governing the transaction.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2003 (30 June 2002: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

For the half-year ended 30 June 2003, the Group recorded turnover of approximately RMB42,320,000 (30 June 2002: RMB19,808,000) increased significantly by approximately 114% as compared to the same period in last year. Profit attributable to shareholders amounted to approximately RMB1,026,000 (30 June 2002: loss of RMB4,797,000).

The sharp increase in the Group's turnover is mainly due to rising demand of certain electronic products in the domestic IC market of the PRC, in addition, the Group has launched its contactless IC card chips during the 2nd quarter and has become the 2nd supplier of the "One Card Pass" in Shanghai's public transportation with bulk orders. Besides the sales of the Group's major products namely IC card and smart card chips which have maintained a high growth, the market of earth leakage current detector circuit series in power electronics and consumer electronics was satisfactory, the Group has been able to record a remarkable increase in turnover.

The overall profit margin has been increased from 24% of the same period in last year to 34% in this half-year period as a result of decrease in customs duty of raw materials imported into the PRC and the launch of new products which enjoyed higher marginal profits in the market.

During the period, other revenue and gains increased due a refund of value-added tax of RMB715,000 (30 June 2002: nil) under tax incentive scheme. In selling and distribution costs, administrative expenses and other operation expenses, because certain expenditures are fixed overheads, expenditure ratio has decreased as a result of increase in turnover. Provision for doubtful debts amounted to RMB941,000 (30 June 2002: RMB860,000) has been made to cope with increase in sales. Moreover, as the business in telecommunication IC industry was still operated under unfavourable conditions, the Group's share of the loss of an associated company during the period amounted to RMB672,000 which is more or less the same in the last comparable period.

Financial Review

As at 30 June 2003, net assets of the Group amounted to approximately RMB227,082,000 (31 December 2002: RMB226,056,000). Current assets amounted to approximately RMB180,845,000 (31 December 2002: RMB202,792,000), of which approximately RMB127,439,000 (31 December 2002: RMB144,877,000) were cash and bank deposits. As a result of efficient cost control in various research and development projects, in addition with the financial resources retained from the termination of acquisition as set out in the section “Prospects” below, the Group now has sufficient financial resources and is able to meet its daily operations and future development.

The Group’s current liabilities as at 30 June 2003 amounted to approximately RMB18,353,000 (31 December 2002: RMB15,836,000) and had no non-current liabilities (31 December 2002: nil). The net assets value per share of the Group was approximately RMB0.364 (31 December 2002: RMB0.362). The Group’s ratio of current liabilities over current assets was approximately 10.1% (31 December 2002: 7.8%) and the gearing ratio was approximately 8% (31 December 2002: 7%) on the basis of total liabilities over net assets. As at 30 June 2003, the Group had no bank or other borrowings (31 December 2002: nil).

As the Group has no bank or other borrowings, there may be a slight foreign currency risk as part of the Group’s purchases of equipment and raw materials are denominated in U.S. dollars. Since the Group’s sales are principally in Renminbi, fluctuation of the exchange rates of Renminbi against foreign currencies would not have a material effect to the operating results of the Group.

During the period ended 30 June 2003, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries and associated companies.

As at 30 June 2003, the Group did not have any material contingent liabilities (31 December 2002: nil). Besides the fixed deposit of RMB3,573,000 (31 December 2002: RMB4,346,000) pledged for banking facilities, the Group has not pledged its assets to any third parties (31 December 2002: nil).

Employee Information

As at 30 June 2003, the Group employed approximately 245 (30 June 2002: 204) staff and the total remuneration reflected in the income statement amounted to RMB4,819,000 (30 June 2002: RMB3,364,000). The increase in staff costs is mainly due to increase in number of staff.

Prospects

The Company has announced on 3 July 2003 in respect of the termination of agreements relating to the acquisition of a 53.8% interest in Shanghai Commercial High Technology Development Limited (“Shanghai Commercial High Technology”). As stated in the said announcement, after substantial negotiation between both parties, the Company and Shanghai Commercial Investment have mutually agreed to terminate the acquisition with effect on 27 June 2003, and the Company and Shanghai

Commercial High Technology have derived a more economic mode of cooperation. As such, the Company has been providing supports in advanced IC design and system integration technology to Shanghai Commercial High Technology, and the Company has gained relevant technology in System On Chip (“SOC”) from Shanghai Commercial High Technology. With these supports, the Company has been actively developing the application of SOC in various systems with a view to continue the expansion of the Group’s products in other applications. The directors believe that under this arrangement, the Group has been able to derive new business opportunities and relevant technologies expected from the acquisition. Therefore, the termination of the acquisition agreement would be in the best interests of the Company and its shareholders as the Company is enabled to retain its financial resources for its future development.

Recently, the Group’s product of contactless IC card circuit has awarded the honor of “2003 National Major New Products Projects”. This product could be commonly applied as a low cost application in single journey ticket used for city railway, various consumer cards and data collection systems. In the coming years, the Group will continue to expedite its investment in the area of IC card and smart card chips, strengthen the relationship with relevant government authorities, to gain the penetration of its products into the application of the public transportation systems of various cities, and with a view to further widen the application of its contactless IC card into different operating systems. With increasing intellectual property rights accredited to its products, the directors expect the Group to become one of the global leading companies with most extensive products in the smart card industry.

Other than as disclosed, no current information which has changed materially from the information disclosed in the Company’s latest annual report for the year ended 31 December 2002 in relation to those matters set out in Rule 18.41 of the GEM Listing Rules.

DIRECTORS' AND SUPERVISORS' INTERESTS IN SHARES

As at 30 June 2003, the interests of the directors and supervisors in the share capital of the Company as recorded in the registers maintained by the Company pursuant to Section 29 of the Securities (Disclosure of Interests) Ordinance (the "SDI Ordinance") or otherwise notified to the GEM or the Company as required by Chapter 5.40 of the GEM Listing Rules were as follows:

Domestic shares of the Company

	Number of shares held and nature of interests				Total
	Personal	Family	Corporate	Other (note)	
Directors					
Mr. Jiang Guoxing	7,210,000	–	–	1,442,300	8,652,300
Mr. Shi Lei	7,210,000	–	–	12,980,000	20,190,000
Mr. Yu Jun	–	–	–	10,961,530	10,961,530
Ms. Cheng Junxia	–	–	–	8,076,920	8,076,920
Mr. Wang Su	–	–	–	7,211,530	7,211,530
Mr. Chen Xiaohong	–	–	–	7,211,530	7,211,530
Ms. Zhang Qianling	–	–	–	1,733,650	1,733,650
Mr. He Lixing	–	–	–	1,442,300	1,442,300
Mr. Shen Xiaozu	–	–	–	1,442,300	1,442,300
	<u>14,420,000</u>	<u>–</u>	<u>–</u>	<u>52,502,060</u>	<u>66,922,060</u>
Supervisors					
Mr. Li Wei	–	–	–	6,057,690	6,057,690
Mr. Ding Shengbiao	–	–	–	7,211,530	7,211,530
Mr. Xu Lenian	–	–	–	865,380	865,380
	<u>–</u>	<u>–</u>	<u>–</u>	<u>14,134,600</u>	<u>14,134,600</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.

Save as disclosed above, at 30 June 2003, none of the directors and supervisors or their associates had any personal, family, corporate or other interests in the equity of the Company or any of its associated corporates, as defined in the SDI Ordinance.

DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES

At no time during the period were rights to acquire benefits by means of the acquisition of shares of the Company granted to any director or their respective spouse or children under 18 years of age, 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

At 30 June 2003, the following interests of 10% or more of the share capital of the Company were recorded in the register of interests pursuant to Section 16(1) of the SDI Ordinance:

Name	Number of shares held	Percentage of interests
SSAC	144,230,000	23.10
Shanghai Fudan High Tech Company (<i>note 1</i>)	106,730,000	17.09
SCI (<i>note 2</i>)	95,200,000	15.25

Notes:

- (1) Shanghai Fudan High Tech Company is a state-owned enterprise wholly-owned by Fudan University.
- (2) SCI is a state-owned enterprise wholly owned by Shanghai Municipal Government. Of the 95,200,000 domestic shares in which SCI is interested, 46,160,000 domestic shares are held in its own name, 34,620,000 domestic shares are held by a wholly-owned subsidiary of SCI, Shanghai Pacific Commercial Trust Company, and 14,420,000 domestic shares are held by a 74.3%-owned subsidiary, Ningbo Lirong Co., Limited. The 46,160,000 domestic shares held in its own name represent approximately 7.39% of the registered share capital of the Company.

Save as disclosed above, as of 30 June 2003, no persons, other than the directors and supervisors of the Company, whose interests are set out in the section "Directors' and supervisors' interests in shares" above, had registered an interest in the share capital of the Company that was required to be recorded under Section 16(1) of the SDI Ordinance.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

None of the directors of the Company had an interest in a business which competes or may compete with the business of the Group.

BOARD PRACTICES AND PROCEDURES

In the opinion of the directors, the Company complied with the board practices and procedures requirements in GEM Listing Rules 5.28 to 5.39 throughout the accounting period covered by the half-year results report, except for the Rule GEM 5.29 which requires full board meetings to be held no less frequently than every three months. The Company's directors are resided and worked in Shanghai, Hong Kong and Taiwan respectively, in this connection, they were unable to convene together to hold a full board meeting during the period.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the GEM Listing Rules. The primary duties of the audit committee are to review the Company's annual report and accounts, half-year reports and quarterly reports and to provide advice and comments thereon to the Board of Directors and supervise the financial reporting process and internal control system of the Group. The audit committee has three members comprising the three independent non-executive directors, Mr. David Yung, Mr. Leung Tin Pui and Mr. Xu Juyan. The Group's financial statements for the half-year ended 30 June 2003 have been reviewed by the committee, who were of the opinion that such statements complied with the applicable accounting standards, the GEM and legal requirements, and that adequate disclosures had been made.

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

During the half-year ended 30 June 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Jiang Guoxing
Director

Shanghai, PRC, 12 August 2003