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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)

CONNECTED TRANSACTION

Supplementary agreement on the acquisition of a 53.8% interest in Shanghai Commercial High Technology Development Limited*

The board of Directors wish to inform that in respect of the acquisition of a 53.8% interest in Shanghai Commercial High Technology as detailed in the announcement of the Company dated 22nd October, 2002, certain strategic investors in Shanghai have indicated their intention to invest in Shanghai Commercial High Technology together with the Company and the terms of investment are under negotiation since late December 2002.

In such regard, the Company and Shanghai Commercial Investment entered into a supplementary agreement (the “Supplementary Agreement”) on 3rd January, 2003, pursuant to which (i) the conditions fulfillment date for the Acquisition Agreement will be extended to 30th September, 2003 and (ii) the consideration under the Acquisition Agreement and the shareholding in Shanghai Commercial High Technology to be held by the Company will be adjusted accordingly. Subject to finalisation of the investment terms, a formal agreement (the “Formal Agreement”) setting out the details and terms of such investment will be executed which is expected to happen on or before 30th June, 2003. An announcement setting out details of the Formal Agreement will be made by then.

Shareholders are reminded to note that the SGM for approving the Acquisition will not be held on 10th January, 2003 and will be postponed accordingly.

Reference is made to the announcement of the Company dated 22nd October, 2002 (the “Announcement”) and the circular dated 13th November, 2002 (the “Circular”) in respect of the acquisition of a 53.8% interest in Shanghai Commercial High Technology by the Company from Shanghai Commercial Investment at a consideration of RMB15.72 million (or about HK\$14.83 million). Unless the context otherwise requires, terms used herein shall have the same meanings as defined in the Announcement.

After the signing of the Acquisition Agreement, certain strategic investors in Shanghai (the “Investors”) have indicated their intention to invest in Shanghai Commercial High Technology together with the Company. Notwithstanding that the interests of the Company in Shanghai Commercial High Technology may decrease after introduction of strategic investors, the Directors believed that the Investors have competitive edge in the deployment of IC cards in the area of electronic consumption. By leveraging their competitive edge to promote the commercial use of “All-in-one” Cards, the development of IC cards business of Shanghai Commercial High Technology will be enhanced. On an overall basis, the Directors believed that the participation of strategic investors would enhance the benefit of the Company derived from the Acquisition.

The proposed shareholding structure of Shanghai Commercial High Technology and the terms of investment are under negotiation between Shanghai Commercial Investment, the Company and the Investors since late December 2002. Pursuant to the Supplementary Agreement, the conditions fulfillment date for the Acquisition Agreement will be extended from 31st January, 2003 to 30th September, 2003 and the consideration under the Acquisition Agreement and the shareholding in Shanghai Commercial High Technology to be held by the Company will be adjusted accordingly. Upon finalisation of such terms and conditions, the Formal Agreement setting out details and terms of investment will be executed which is expected to take place on or before 30th June, 2003. An announcement setting out details of the Formal Agreement will be made by then.

Accordingly, the special general meeting to be held on 10th January, 2003 (the “SGM”) for the purpose of approving, among other things, the transactions contemplated under the Acquisition Agreement will be postponed until further notice. A copy of this announcement in both English and Chinese versions will be separately posted to each Shareholder.

As set out in the Circular, the Company proposes to appoint Mr. Tsai Kao Chung as new executive Director effective from the date of the SGM if such resolution be approved by Shareholders in the SGM. However, given the postponement of the SGM, the appointment of Mr. Tsai Kao Chung will be proposed in the annual general meeting of the Company expected to be held in May 2003 or the postponed SGM, whichever is the earlier.

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

Shanghai, the PRC, 3rd January, 2003

** For identification purpose only*

In this announcement, unless otherwise indicated, the exchange rate at HK\$1.00 = RMB1.06 has been used for the purpose of illustration only and it does not constitute a representation that any amount has been or could have been or may be exchanged at such exchange rate.

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