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If you have sold or transferred all your shares in Shanghai Fudan Microelectronics Company Limited, you should at once had this circular and the accompanying confirmation slip and form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.



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)

(Stock Code: 8102)

PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION

AND

APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

This circular, for which the directors (the “Directors”) of Shanghai Fudan Microelectronics Company Limited (the “Company”) 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 for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, (i) the information contained in this circular is accurate and complete in all material aspects and not misleading; (ii) there are no other matters the omission of which would make any statement herein misleading; and (iii) all opinions expressed in this circular have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for at least 7 days from the date of its posting.

8 April 2004

* For identification purpose only

CHARACTERISTICS OF GEM OF THE EXCHANGE

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Articles”	the articles of association of the Company
“Board”	the board of directors
“Company”	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 PRC and whose H shares are listed on GEM
“Directors”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM as may be amended, modified or supplemented from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Ordinary Resolution”	the proposed ordinary resolution in relation to the appointment of an independent non-executive director as referred to in the SGM Notice
“PRC”	the People’s Republic of China
“SGM”	the special general meeting of the Company to be held at Building 4, Lane 127, Guotai Road, Shanghai, the People’s Republic of China on Friday, 28 May 2004 at 9:30 a.m.
“SGM Notice”	the notice dated 8 April 2004 convening the SGM
“Special Resolution”	the proposed special resolution in relation to the proposed amendments to the Articles as referred to in the SGM Notice
“Stock Exchange”	The Stock Exchange of Hong Kong Limited



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)
(Stock Code: 8102)

Executive Directors:

Jiang Guoxing (*Chairman*)
Shi Lei
Yu Jun
Cheng Junxia
Wang Su
Tsai Kao Chung

Non-executive Directors:

Chen Xiaohong
Zhang Qianling
He Lixing
Shen Xiaozu

Independent non-executive Directors:

David Yung
Leung Tin Pui
Xu Juyan

Registered Office:

No.220 Handan Road
Shanghai
The People's Republic of China

Principal Place of Business:

Flat 12, 7/F., East Ocean Centre
98 Granville Road
Tsimshatsui East
Kowloon
Hong Kong

8 April 2004

To the Shareholders of the Company

Dear Sir or Madam,

**PROPOSED CHANGES TO THE ARTICLES OF ASSOCIATION
AND
APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR**

INTRODUCTION

Reference is made to the announcement of the Company dated 8 April 2004. The primary purpose of this circular is to provide you with further details relating to the proposed amendments of the Articles and to appoint an independent non-executive director and to give you notice for the SGM.

PROPOSED CHANGES OF THE ARTICLES

At the SGM, a Special Resolution will be proposed for the shareholders of the Company to consider and if thought fit, pass the proposed amendments to the existing Articles in order to align the Articles with the amendments to the Appendix 3 of the GEM Listing Rules:

LETTER FROM THE BOARD

THAT:

- (a) i) Article 65 of the Articles be amended by adding the following paragraph:

“Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”;

- ii) Article 81 of the Articles be amended by adding the following paragraph as item (4) of Article 81:

“Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution in a class meeting or restricted to voting only for or only against any particular resolution in a class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”;

- (b) Article 66 of the Articles be amended by adding the following paragraph:

“Voting by poll is required for connected transactions and other transactions which require approval by shareholders and shareholder(s) and their associates that have a material interest must abstain from voting.”;

- (c) The second paragraph of Article 87 of the Articles be amended by adding the following:

“The aforesaid period for lodgment of the notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.”;

- (d) The third paragraph of Article 87 of the Articles be amended and entirely replaced with the following:

“The number of directors that do not concurrently hold posts in the Company shall be more than one second of the whole number of the directors of the Company. And the Company shall appoint at least three independent directors who are independent from the shareholders of the Company and do not hold posts in the Company either, at least one of whom shall have appropriate professional qualifications or accounting or related financial management expertise as required by the GEM Listing Rules.”; and

- (e) The first sentence of the fourth paragraph of Article 93 of the Articles be amended and entirely replaced with the following:

“A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the same board meeting.”

LETTER FROM THE BOARD

APPOINTMENT OF AN INDEPENDENT NON-EXECUTIVE DIRECTOR

An Ordinary Resolution will be proposed to appoint Mr. Cheung Wing Keung as an independent non-executive director effective from the date of SGM if such resolution be approved by shareholders of the Company in the SGM. Mr. Cheung Wing Keung, aged 39, is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Society of Accountants. He has over 14 years experience in auditing, accounting, taxation, corporate management and consultancy. He has worked in accounting firms for 16 months and the Inland Revenue Department for 8 months and has held senior positions in certain local private group companies for over 12 years.

The proposed length of service of Mr. Cheung with the Company will be commenced from the date of the SGM until the conclusion of the next annual general meeting of the Company in or about May 2005. The director's emoluments, which are determined based on the estimated time to be spent by Mr. Cheung on the Company's matter, are HK\$30,000 per annum as specified in the service agreement. He is independent of and not connected with the promoters, directors, supervisors, chief executive, substantial shareholders of the Company or an associate of any of them. He has no interest in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. The Board would like to confirm that there are no other matters that need to be brought to the attention of holders of securities of the Company.

SGM

The notice convening the SGM is set out on pages 6 to 8 of this circular. A special resolution will be proposed at the SGM to approve the proposed amendments to the Articles and an ordinary resolution will be proposed at the SGM to appoint Mr. Cheung Wing Keung as an independent non-executive director.

A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's registered office or the Company's principal place of business in Hong Kong as soon as possible and in any event not later than 24 hours before the time appointed for holding the SGM. Completion and return of the form of proxy shall not preclude you from attending and voting at the SGM or any adjourned meeting thereof should you so desire.

A confirmation slip for the SGM is also enclosed. You are requested to complete and sign the confirmation slip and return the signed slip to the Company's registered office or the Company's principal place of business in Hong Kong on or before 7 May 2004 in accordance with the instructions printed thereon.

A resolution put to vote shall be decided on a show of hands unless demanded by any of the following persons for a poll before or after the declaration of the result of the show of hands:-

- (1) The Chairman of the Meeting;
- (2) At least two shareholders present in person or by proxy and entitled to vote; or

LETTER FROM THE BOARD

- (3) Any shareholder(s) present in person or by proxy representing in aggregate one-tenth or more of the total voting rights of all the shareholders having the right to vote at the SGM.

RECOMMENDATION

The Directors are of the opinion that the proposed amendments to the Articles and the appointment of an independent non-executive director are in the best interests of the Company and its shareholders as a whole and recommend you to vote in favour of the special resolution and the ordinary resolution to be proposed at the SGM.

Yours faithfully,
By order of the Board
Shanghai Fudan Microelectronics Company Limited*
Jiang Guoxing
Chairman

NOTICE OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the special general meeting (“SGM”) of Shanghai Fudan Microelectronics Company Limited (the “Company”) will be held at Building 4, Lane 127, Guotai Road, Shanghai, the People’s Republic of China on Friday, 28 May 2004 at 9:30 a.m. to consider and if thought fit, pass the following resolutions to amend the articles of association of the Company (the “Articles”) and to appoint an independent non-executive director in order to comply with the amendments to the Appendix 3 of the GEM Listing Rules relating to corporate governance issues which will be effective from 31 March 2004:

1. To amend the Articles as a special resolution:

“THAT:

- (a) Article 65 of the Articles be amended by adding the following paragraph:

“Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.”;

- (b) Article 66 of the Articles be amended by adding the following paragraph:

“Voting by poll is required for connected transactions and other transactions which require approval by shareholders and shareholder(s) and their associates that have a material interest must abstain from voting.”;

- (c) The second paragraph of Article 87 of the Articles be amended by adding the following:

“The aforesaid period for lodgment of the notices will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.”;

- (d) The third paragraph of Article 87 of the Articles be amended and entirely replaced with the following:

“The number of directors that do not concurrently hold posts in the Company shall be more than one second of the whole number of the directors of the Company. And the Company shall appoint at least three independent directors who are independent from the shareholders of the Company and do not hold posts in the Company either, at least one of whom shall have appropriate professional qualifications or accounting or related financial management expertise as required by the GEM Listing Rules.”; and

NOTICE OF SPECIAL GENERAL MEETING

- (e) The first sentence of the fourth paragraph of Article 93 of the Articles be amended and entirely replaced with the following:

“A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the same board meeting.”

2. As an ordinary resolution:

“**THAT:**

the appointment of Mr. Cheung Wing Keung as an independent non-executive director of the Company be and is hereby approved.”

A circular containing particulars of proposed amendments to the Articles and details of Mr. Cheung will be dispatched to shareholders of the Company on 13 April 2004.

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

Shanghai, PRC, 8 April 2004

The directors of the Company comprise the following:–

Executive Directors:

Jiang Guoxing (*Chairman*)

Shi Lei

Yu Jun

Cheng Junxia

Wang Su

Tsai Kao Chung

Non-executive Directors:

Chen Xiaohong

Zhang Qianling

He Lixing

Shen Xiaozu

Independent non-executive Directors:

David Yung

Leung Tin Pui

Xu Juyan

NOTICE OF SPECIAL GENERAL MEETING

Registered Office:

No. 220 Handan Road
Shanghai
The People's Republic of China

Principal place of business in Hong Kong:

Flat 12, 7/F., East Ocean Centre
98 Granville Road
Tsimshatsui East
Kowloon
Hong Kong

* *For identification purpose only*

Notes:

1. Persons who hold shares of the Company and whose names appear on the Register of Members of the Company as at 28 April 2004 Wednesday shall be entitled to attend the SGM. Further details are set out in the confirmation slip and explanation thereto.
2. Any member entitled to attend and vote at the SGM is entitled to appoint one or more person(s) as his proxy to attend and vote instead of him. A proxy need not be a member of the Company.
3. To be valid, a form of proxy, together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of attorney, must be deposited not less than 24 hours before the time appointed for the holding of the SGM at the Company's registered office or the Company's principal place of business in Hong Kong as stipulated in the proxy form.
4. The Register of Members of the Company will be closed from Wednesday, 28 April 2004 to Thursday, 27 May 2004 (both dates inclusive) during which period no transfer of shares will be registered.
5. Completion and delivery of the form of proxy will not preclude a member from attending and voting in person at the meeting if the member so desires, and in such event, the instrument appointing a proxy shall be deemed to be revoked.