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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)

2022 THIRD QUARTERLY REPORT

The board of directors (the “Board”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) is pleased to announce the third quarterly unaudited consolidated results of the Company and its subsidiaries (the “Group”) prepared in accordance with China Accounting Standards for Business Enterprises for the nine months ended 30 September 2022. This announcement is made pursuant to the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and Rules 13.09(2) and 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

IMPORTANT NOTICE:

The Board, the supervisory committee, the directors (the “Directors”), supervisors and the senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of this quarterly report and accept responsibility severally and jointly for any false statement, misleading representation herein or material omission herefrom.

The legal representative, principal in charge of accounting and head of accounting department (Accounting Chief) of the Company warrant the truthfulness, accuracy and completeness of the financial information of this quarterly report.

The third quarterly financial statements were unaudited or not

Yes No

1. PRINCIPAL ACCOUNTING DATA

(1) Principal accounting data and key financial indicators

RMB0'000

Item	Reporting Period	Change as compared with the corresponding period of last year (%)	From the beginning of the year to the end of the Reporting Period	Change from the beginning of the year to the end of the reporting period as compared with the same period of last year (%)
Operating income	100,191.46	42.49	270,424.79	47.63
Net profits attributable to shareholders of the parent company	32,864.15	69.50	85,917.30	121.31
Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses	31,637.52	81.65	83,532.32	148.69
Net cash flows from operating activities	N/A	N/A	26,630.55	-29.77
Basic earnings per share (RMB/share)	0.40	60.00	1.05	94.44
Diluted earnings per share (RMB/share)	0.40	60.00	1.05	94.44
Weighted average return on net asset (%)	8.64	Increased by 1.39%	24.17	Increased by 7.11%
Total research and development investment	26,886.22	39.83	66,748.40	28.72
Percentage of research and development investment in operating income (%)	26.83	Reduced by 0.52%	24.68	Reduced by 3.63%

	As at the end of the Reporting Period	As at the end of last year	Change as compared with last year (%)
Total assets	576,089.29	416,501.42	38.32
Total equity attributable to shareholders of the parent company	423,611.17	314,024.57	34.90

Note: "Reporting Period" means and hereinafter referred to the 3-month period from the beginning to the end of the current quarter.

Since 2022, the downstream demand of the industry in which the Group operates has been differentiated structurally. The Group has adjusted its product and customer structure in a timely manner and safeguarded the supply chain. The operating income and net profit of major product lines have maintained growth and the comprehensive gross profit margin of products has been maintained at good level. Details are as follows:

Situation of the period from July to September 2022

For the period from July to September 2022, the operating income of the Group was approximately RMB1.002 billion which representing an increase of approximately 42.49% over the same period of last year. The net profits attributable to shareholders of the parent company was approximately RMB329 million which representing an increase of approximately 69.50% over the same period of last year. The net profits attributable to shareholders of the parent company after deducting non-recurring gains and losses was approximately RMB316 million which representing an increase of approximately 81.65% over the same period of last year.

The operating income of each product line was: approximately RMB276 million for security and identification IC chips; approximately RMB230 million for non-volatile memory; approximately RMB190 million for smart meter ASIC chips; approximately RMB235 million for FPGA and other chips; and approximately RMB64 million for testing services (after consolidation offset). The comprehensive gross profit margin of products for the period from July to September increased from 62.88% to 65.08% compared with the same period of last year.

Situation of the period from January to September 2022

For the period from January to September 2022, the operating income of the Group was approximately RMB2.704 billion which representing an increase of approximately 47.63% over the same period of last year. The net profits attributable to shareholders of the parent company was approximately RMB859 million which representing an increase of approximately 121.31% over the same period of last year. The net profits attributable to shareholders of the parent company after deducting non-recurring gains and losses was approximately RMB835 million which representing an increase of approximately 148.69% over the same period of last year.

The operating income of each product line was: approximately RMB737 million for security and identification IC chips; approximately RMB717 million for non-volatile memory; approximately RMB465 million for smart meter ASIC chips; approximately RMB600 million for FPGA and other chips; and approximately RMB164 million for testing services (after consolidation offset). Benefiting from the optimization of product structure, launch of new products, price adjustments and active market development, the comprehensive gross profit margin of products for the period from January to September increased from 58.16% to 65.03% compared with the same period of last year.

(2) Non-recurring gains and losses items and amounts

RMB

Item	Amount of the Reporting Period	Amount from the beginning of the year to the end of current reporting period
Gains or losses from disposal of non-current assets	1,550,017.05	1,545,411.70
Government subsidies (other than those closely related to the Company's routine business, in line with national policies and regulation, continuously provided in accordance with certain standard quota or ration) incorporated into the current profit or loss	14,319,157.27	20,363,535.77
Except for the effective hedging activities related to the Group's ordinary operation, profit or loss arising from changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment income from the disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investments	1,248,550.22	6,208,548.37
Non-operating income and expenses other than the above items	90,100.00	111,322.51
Other profit and loss items in line with the definition of non-recurring gains and losses	-	2,657,656.65
Less : Affected amount of income tax	1,294,642.97	1,843,558.92
Affected amount of minority interest (after tax)	3,646,879.78	5,193,121.11
Total	12,266,301.79	23,849,794.97

Explanation of recognition of non-recurring gains and losses items in accordance with the requirement of explanatory Announcement No.1 on "Information Disclosure for Companies Offering Their Securities to the Public - Non-recurring gains and losses" as recurring gains and losses.

Applicable Not applicable

(3) Changes and the reasons of changes in principal accounting data and key financial indicators

Applicable Not applicable

Name of item	Fluctuation (%)	Main Reasons
Operating income (July to September)	42.49	Mainly due to the Company develop markets and new customers actively, continue to optimize products and customers structure, ensure production and supply chain capacity, and thus increase operating income from major product lines.
Operating income (January to September)	47.63	
Net profit attributable to shareholders of the parent company (July to September)	69.50	Mainly due to the increase in operating income and profit margin of products.
Net profit attributable to shareholders of the parent company (January to September)	121.31	
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (July to September)	81.65	Mainly due to the increase in net profits attributable to shareholders of the parent company and in addition, as a result of the decrease in non-recurring gains and losses, the increment is higher than the net profits attributable to shareholders of the parent company.
Net profit attributable to shareholders of the Company after deducting non-recurring gains and losses (January to September)	148.69	
Net cash flow from operating activities (January to September)	-29.77	Mainly due to the expansion of the scale of production and operation of the Group. There was increase in advance payment to suppliers in order to ensure the stability of the supply chain and the inventory level has been reasonably increased to meet market demand which resulted a decrease in the net cash flow from operating activities over the same period of last year.
Basic earnings per share (July to September)	60.00	Mainly due to increase in the Group's net profit.
Basic earnings per share (January to September)	94.44	
Total research and development investment (July to September)	39.83	Mainly due to the reasonably increase in salary of employees and increase in the share-based payment due to the implementation of restricted share incentive scheme in order to maintain the competitiveness of research and development of the Company.
Total research and development investment (January to September)	28.72	

Total assets	38.32	Mainly due to a subsidiary of the Group issued shares on the Beijing Stock Exchange publicly to raise funds and increased monetary funds; the Group received an increase in accounts receivable from customers due to the increase in operating income; increase in advance payment to suppliers due to the expansion of production and operation scale for ensuring the stability of the supply chain; inventory level has been reasonably increased to meet market demand; and increment of fixed assets such as office buildings and equipments due to production and operation needs.
Total equity attributable to shareholders of the parent company	34.90	Mainly due to the increase of undistributed profits caused by the increase in net profit.

2. SHAREHOLDERS INFORMATION

The table below sets out the total number of ordinary shareholders, the number of preference shareholders whose voting rights have been restored, and the shareholding status of the top ten shareholders.

Total number of ordinary shareholders at the end of the Reporting Period	11,311	Total number of preference shareholders whose voting rights have been restored at the end of the Reporting Period (if any)	N/A
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Share

Top ten shareholders							
Name of shareholders	Nature of shareholders	Number of shares held	% held	Number of shares held with selling restriction	Number of restricted shares including refinancing or lending shares	Status on charges, pledges or frozen	
						Status of shares	Number
HKSCC Nominees Limited (Note 2)	Foreign entity	284,205,990	34.89			Unknown	
Shanghai Fudan Fukong Technology Enterprise Holdings Limited	State-owned entity	109,620,000	13.46	109,620,000	109,620,000	Nil	
Shanghai Fuxin Fangao IC Technology Co. Ltd.	State-owned entity	106,730,000	13.10	106,730,000	106,730,000	Nil	
Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership)	Domestic non-state-owned legal person	52,167,270	6.40			Pledged	52,167,270
Shanghai Zhenghua Corporate Management Consultant Partnership Enterprise (limited partnership)	Domestic non-state-owned legal person	25,726,980	3.16			Nil	
Shanghai Nianjin Corporate Management Consultant Partnership Enterprise (limited partnership)	Domestic non-state-owned legal person	14,677,840	1.80			Pledged	14,677,840

CITIC Construction Investment Fund - Fudan Micro Strategic Allotment of Collective Asset Management Plan	Other	12,000,000	1.47			Nil	
Shanghai Guonian Corporate Management Consultant Partnership Enterprise (limited partnership)	Domestic non-state-owned legal person	11,755,550	1.44			Nil	
Shanghai Shenghao Corporate Management Consultant Partnership Enterprise (limited partnership)	Domestic non-state-owned legal person	9,042,419	1.11			Nil	
CITIC Securities Company Limited	State-owned entity	7,242,552	0.89			Nil	

Share

Shareholdings of the top 10 shareholders which not subject to selling restrictions			
Name of shareholders	Number of shares in circulation without any selling restrictions	Type and number of shares	
		Type	Number
HKSCC Nominees Limited (Note 2)	284,205,990	Overseas listed foreign invested shares	284,205,990
Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership)	52,167,270	RMB ordinary shares	52,167,270
Shanghai Zhenghua Corporate Management Consultant Partnership Enterprise (limited partnership)	25,726,980	RMB ordinary shares	25,726,980
Shanghai Nianjin Corporate Management Consultant Partnership Enterprise (limited partnership)	14,677,840	RMB ordinary shares	14,677,840
CITIC Construction Investment Fund - Fudan Micro Strategic Allotment of Collective Asset Management Plan	12,000,000	RMB ordinary shares	12,000,000
Shanghai Guonian Corporate Management Consultant Partnership Enterprise (limited partnership)	11,755,550	RMB ordinary shares	11,755,550
Shanghai Shenghao Corporate Management Consultant Partnership Enterprise (limited partnership)	9,042,419	RMB ordinary shares	9,042,419
CITIC Securities Company Limited	7,242,552	RMB ordinary shares	7,242,552
Shi Lei	7,210,000	RMB ordinary shares	7,210,000
Jiang Guoxing	7,210,000	RMB ordinary shares	7,210,000
Shanghai Yuhao Corporate Management Consultant Partnership Enterprise (limited partnership)	5,109,503	RMB ordinary shares	5,109,503

Details relating to the related relationship of the above shareholders or the parties acting in concert	<p>1. Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership) and Shanghai Nianjin Corporate Management Consultant Partnership Enterprise (limited partnership) are parties acting in concert.</p> <p>2. The Company is not aware whether other shareholders have related party relationship or acting-in-concert arrangements.</p>
Description of the top 10 shareholders and the top 10 unrestricted shareholders participating in margin trading and securities lending and refinancing business (if any)	N/A

Note1: As at the end of the Reporting Period, the total number of shareholders is 11,311, of which 11,301 is A shares and 10 is H shares.

Note2: Shares held by HKSCC Nominees Limited are held on behalf of its clients. As 4,000 H shares held by individual shareholder(s) were in transit and have not registered for transfer, the number of shares held by HKSCC Nominees Limited as at 30 September 2022 was 284,209,990 shares which has a difference of 4,000 shares from the record of the Company's share registrar. As the relevant rules of the Hong Kong Stock Exchange do not require clients to report whether the shares that they hold are pledged or frozen, HKSCC Nominees Limited is unable to provide statistics on the number of shares that have been charged, pledged or frozen.

3. OTHER REMINDERS

Other important information about the Company's operating conditions during the reporting period that need to remind investors

Applicable Not applicable

4. QUARTERLY FINANCIAL STATEMENTS

(1) Audit opinion

Applicable Not applicable

(2) Financial statements

Consolidated Balance Sheet 30 September 2022

RMB

Item	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Current assets:		
Cash at bank and on hand	1,140,546,064.65	801,647,230.19
Financial assets held for trading	291,658,876.71	390,948,111.87
Notes receivables	376,594,250.47	372,363,594.25
Accounts receivable	896,358,488.30	451,703,130.78
Prepayments	344,531,471.75	84,362,851.17
Other receivables	21,785,533.86	18,473,721.44
Inventories	1,198,180,932.96	916,083,064.72
Other current assets	19,381,182.34	6,081,071.74

Total current assets	4,289,036,801.04	3,041,662,776.16
Non-current assets:		
Long-term equity investments	71,176,975.69	75,508,769.52
Investment in other equity instruments	33,711,220.69	32,987,123.03
Fixed assets	746,061,555.89	567,876,494.59
Construction in progress	130,030,737.26	54,689,418.17
Right-of-use assets	49,334,184.13	47,942,433.91
Intangible assets	62,287,267.60	74,833,172.67
Development costs	251,904,189.67	172,728,127.43
Long-term prepaid expenses	64,931,733.61	57,378,801.04
Deferred tax assets	10,832,092.75	7,484,219.27
Other non-current assets	51,586,157.58	31,922,847.40
Total non-current assets	1,471,856,114.87	1,123,351,407.03
Total assets	5,760,892,915.91	4,165,014,183.19
Current liabilities:		
Short-term borrowings	-	100,000.00
Accounts payable	274,057,423.76	200,262,918.53
Contract liabilities	222,329,497.49	126,274,826.25
Employee benefits payable	145,046,239.97	162,012,097.14
Taxes payables	32,546,710.86	15,731,095.55
Other payables	19,980,518.38	31,163,593.01
Non-current liabilities due within one year	16,592,711.43	44,832,935.50
Other current liabilities	144,790,712.46	132,771,061.35
Total current liabilities	855,343,814.35	713,148,527.33
Non-current liabilities:		
Long term borrowings	-	18,200,000.00
Lease liabilities	40,545,045.90	38,553,525.36
Deferred income	15,584,353.73	24,215,577.84
Deferred tax liabilities	3,994,249.34	3,994,006.16
Total non-current liabilities	60,123,648.97	84,963,109.36
Total liabilities	915,467,463.32	798,111,636.69
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	81,450,200.00	81,450,200.00
Capital reserve	1,545,217,448.64	1,259,212,929.93
Other comprehensive income	14,140,186.21	10,509,082.70
Surplus reserve	40,725,100.00	40,725,100.00
Undistributed profits	2,554,578,759.39	1,748,348,393.72
Total equity attributable to shareholders of the parent company (or shareholders' equity)	4,236,111,694.24	3,140,245,706.35
Minority interests	609,313,758.35	226,656,840.15
Total shareholders' equity (or shareholders' equity)	4,845,425,452.59	3,366,902,546.50
Total liabilities and shareholders' equity (or shareholders' equity)	5,760,892,915.91	4,165,014,183.19

**Consolidated Income Statement
From January to September 2022**

RMB

Item	For the three quarters from January to September	
	2022	2021
	(Unaudited)	(Unaudited)
I. Total operating income	2,704,247,948.97	1,831,791,210.40
Including operating income	2,704,247,948.97	1,831,791,210.40
II. Total operating costs	1,774,861,674.81	1,444,519,765.27
Including: Operating costs	945,757,666.20	766,355,023.34
Taxes and surcharges	21,340,174.76	6,694,877.48
Selling expenses	158,732,450.58	119,176,750.18
Administrative expenses	98,646,585.84	77,846,949.92
Research and development expenses	559,903,315.37	476,680,565.67
Finance costs	-9,518,517.94	-2,234,401.32
Including: Interest expenses	2,975,844.94	1,298,335.49
Interest income	10,495,815.66	6,781,259.30
Add: Other income	51,774,232.88	73,549,395.79
Investment income (loss is expressed with negative value)	321,014.81	-4,667,187.70
Including: Investment loss from associates and joint venture	-4,115,585.82	-4,667,187.70
Profit arising from change in fair value	1,698,517.81	-
Impairment loss on credit (loss is expressed with negative value)	-8,124,483.49	-2,573,821.03
Impairment loss on assets (loss is expressed with negative value)	-87,679,395.66	-29,232,548.92
Gains on disposal of assets	1,545,411.70	160,177.55
III. Operating profits	888,921,572.21	424,507,460.82
Add: Non-operating income	111,322.51	785.93
Less: Non-operating expenses	300.00	2,574.35
IV. Total profit	889,032,594.72	424,505,672.40
Less: Income tax expenses	2,063,443.43	7,850,616.99
V. Net profit	886,969,151.29	416,655,055.41
(1) Classified by continuity of operations		
Net profits from continuing operation	886,969,151.29	416,655,055.41
(2) Classified by ownership of the equity		
1. Net profits attributable to shareholders of the parent company	859,172,995.67	388,227,526.69
2. Gain or loss of minority interests	27,796,155.62	28,427,528.72
VI. Other comprehensive income, net of tax	3,631,103.51	-156,256.32
Other comprehensive income, net of tax, attributable to shareholders of the parent company	3,631,103.51	-156,256.32

Other comprehensive income that will be reclassified to profit or loss	3,631,103.51	-156,256.32
Exchange differences arising from translation of foreign currency denominated financial statements	3,631,103.51	-156,256.32
VII. Total comprehensive income	890,600,254.80	416,498,799.09
(I) Total comprehensive income attributable to shareholders of the parent company	862,804,099.18	388,071,270.37
(II) Total comprehensive income attributable to minority interests	27,796,155.62	28,427,528.72
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	1.05	0.54
(II) Diluted earnings per share (RMB/share)	1.05	0.54

For the business combination under common control effected in the current period, the net profit recognized by the merged party before the combination was RMB0, and the net profit recognized by the merged party in the previous period was RMB0.

Consolidated Statement of Cash Flows
From January to September 2022

RMB

Item	For the three quarters from January to September	
	2022	2021
	(Unaudited)	(Unaudited)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	2,619,490,649.96	2,081,554,188.70
Refund of taxes and surcharges	18,008,270.96	9,616,832.09
Cash received relating to other operating activities	21,893,963.98	55,257,227.32
Sub-total of cash inflows from operating activities	2,659,392,884.90	2,146,428,248.11
Cash paid for goods and services	1,442,000,565.72	997,936,708.19
Cash paid to and on behalf of employees	636,292,519.54	507,753,835.15
Payments of taxes and surcharges	201,211,494.06	54,904,957.37
Cash paid relating to other operating activities	113,582,797.94	206,654,803.85
Sub-total of cash outflow from operating activities	2,393,087,377.26	1,767,250,304.56
Net cash flows generated from operating activities	266,305,507.64	379,177,943.55
II. Cash flows from investing activities		
Net cash received from disposal of investments	382,768,408.22	-
Net cash received from return of investments	1,392,566.83	-

Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	9,253.11	224,311.29
Other cash received relating to other investment activities	6,337,669.51	3,976,334.68
Sub-total of cash inflows from investment activities	390,507,897.67	4,200,645.97
Cash paid to acquire fixed assets, intangible assets and other long-term assets	456,285,236.93	447,010,883.85
Cash paid for investments	135,000,000.00	199,344,002.98
Sub-total of cash outflows from investment activities	591,285,236.93	646,354,886.83
Net cash flows from investment activities	-200,777,339.26	-642,154,240.86
III. Cash flows from financing activities:		
Cash received from financing activities	537,173,300.00	680,282,781.80
Cash received from loans obtained	-	94,900,000.00
Other cash received relating to other financing activities	280,054.78	-
Sub-total of cash inflow from financing activities	537,453,354.78	775,182,781.80
Cash repayments of borrowings	74,730,406.29	-
Cash paid for distribution of dividends, profit or interest expenses	52,912,998.28	1,298,335.49
Other cash paid relating to financing activities	15,472,605.44	12,561,662.19
Sub-total of cash outflow from financing activities	143,116,010.01	13,859,997.68
Net cash flows generated from financing activities	394,337,344.77	761,322,784.12
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	-36,772.09	-932,391.68
V. Net increase in cash and cash equivalents	459,828,741.06	497,414,095.13
Add: Balance of cash and cash equivalents at the beginning of the period	415,755,306.55	279,369,367.09
VI. Balance of cash and cash equivalents at the end of the period	875,584,047.61	776,783,462.22

Particulars on adjustment to relevant items in the financial statements as at the beginning of the year according to new accounting standards or standard interpretations since 2022

Applicable Not applicable

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

Shanghai, the PRC, 28 October 2022

As at the date of this announcement, the Company's executive Directors are Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun and Ms. Cheng Junxia; non-executive Directors are Ms. Zhang Qianling, Mr. Wu Ping, Ms. Liu Huayan and Mr. Sun Zheng, and independent non-executive Directors are Mr. Cao Zhongyong, Mr. Cai Minyong, Mr. Wang Pin and Ms. Zou Fuwen.

* For identification purpose only