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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)

INSIDE INFORMATION
ANNOUNCEMENT OF PRELIMINARY ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2023; AND
PROFIT WARNING

This announcement is made by the board (the “Board”) of directors of Shanghai Fudan Microelectronics Group Company Limited* (the “Company” and together with its subsidiaries, the “Group”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

I. KEY FINANCIAL DATA AND INDICATORS FOR THE YEAR ENDED 31 DECEMBER 2023 (the “Year 2023”)

	RMB '0,000		
Item	Year 2023	Last year	Change
Revenue	353,628.65	353,890.89	-0.07%
Operating profit	74,476.25	112,139.96	-33.59%
Total Profit	74,519.63	112,151.07	-33.55%
Net profit attributable to owners of the parent company	72,477.70	107,684.33	-32.69%
Net profit attributable to owners of the parent company after deducting non-recurring profit or loss	59,882.70	101,940.55	-41.26%
Basic earnings per share (RMB)	0.89	1.32	-32.58%
Weighted average rate of return on net assets (%)	14.79%	28.48%	Decreased by 13.69 percentage point
	At the end of the Year 2023	At the beginning of the Year 2023	
Total assets	837,454.77	611,088.81	37.04%
Equity attributable to owners of the parent company	530,245.79	453,123.04	17.02%
Share capital ('0,000 shares)	81,906.04	81,665.65	0.29%
Net assets per share attributable to owners of the parent company (RMB)	6.47	5.55	16.65%

Notes:

1. The data as at the beginning of the Year 2023 is the same as the data statutorily disclosed as at the end of last year.
2. The above financial data and indicators were extracted from data of the unaudited consolidated financial statements of the Group.

II. PROFIT WARNING

The Board of the Company wishes to inform the shareholders of the Company and potential investors that based on the preliminary review and analysis of the latest available unaudited management accounts of the Group for the year ended 31 December 2023, the net profit attributable to owners of the parent company was estimated to be approximately RMB725 million, representing a decrease of RMB352 million as compared to approximately RMB1,077 million for the previous year.

III. EXPLANATION OF THE OPERATING RESULTS AND FINANCIAL STATUS

1. Operating conditions, financial conditions and major factors affecting operating results of the Year 2023

A. Operating conditions of the Year 2023

The Group achieved revenue of approximately RMB3,536 million in the Year 2023, representing a decrease of 0.07% as compared to last year. The Group achieved net profit attributable to owners of the parent company of approximately RMB725 million in the Year 2023, representing a decrease of 32.69% as compared to last year. The Group achieved net profit attributable to owners of the parent company after deducting non-recurring profit or loss of approximately RMB599 million in the Year 2023, representing a decrease of 41.26% as compared to last year.

B. Financial conditions of the Year 2023

As at 31 December 2023, the amount of total assets of the Group was approximately RMB8,375 million, representing an increase of 37.04% over the beginning of the Year 2023; the equity attributable to owners of the parent company of approximately RMB5,302 million, representing an increase of 17.02% over the beginning of the Year 2023; and net assets per share attributable to owners of the parent company of approximately RMB6.47 per share, representing an increase of 16.65% over the beginning of the Year 2023.

C. Major factors affecting operating results

1. Effect of revenue and gross profit on net profit

In the Year 2023, the semiconductor industry was in a downward cycle. Demand for some chips which represented by consumer electronic products, showed a downtrend due to factors such as the structural slowdown in production capacity and the digestion of prior-period inventories. Sales of some of the Group's products which applied in the consumer electronics and power electronics industries are affected significantly. Although the relevant product lines adopted countermeasures proactively such as launching new products and exploring new customers, they were still under great pressure in the Year 2023, resulting in a significant decline in revenue. The Group's FPGA products and some of the non-volatile memory products applied in high-reliability scenarios benefited from the advanced and reliable technology, continuous expansion of application areas and steady growth in demand from major customers. The revenue of the relevant products maintained a steady growth, which contributed materially to the Group's annual results for Year 2023. For the Year 2023, the Group's revenue was generally stable and the comprehensive gross profit margin of its products was affected by the prices of certain product lines, which decreased by 3.38 percentage points as compared to last year and resulting in a decrease in gross profit of approximately RMB121,130,300 as compared to last year.

2. Effect of expenses on net profit

Increase in research and development (“R&D”) expenses. In Year 2023, the Group continued to maintain a strong investment in R&D with a relatively large increase in the number of R&D personnel, continuous technology iteration and new product R&D to enrich the product sequence in order to fulfill more application areas, and strengthen the product development based on diversified supply-side technology. For the Year 2023, the R&D expense was approximately RMB1,010,597,600, representing an increase of approximately RMB275,177,900 as compared with the corresponding period of the last year, which was mainly due to the increase in the salaries of staff, materials consumed for R&D projects, processing and testing fees, depreciation and amortisation in the R&D expenses.

2. The main reasons of change for the relevant items in the above table with a change over 30%, including but not limited to the follows:

- i. Compared with the last year, operating profit decreased by 33.59%; total profit decreased by 33.55%; net profit attributable to owners of the parent company decreased by 32.69%; net profit attributable to owners of the parent company after deducting non-recurring profit or loss decreased by 41.26%; and basic earnings per share decreased by 32.58%; mainly due to the decrease in comprehensive gross profit margin caused by the decrease of selling price of certain product lines while the revenue of Year 2023 was basically stable as mentioned in above section, as well as the increase in R&D expenses.
- ii. Compared with the last year, the total assets increased by 37.04%. This was mainly attributable to the increase in inventories as a result of stockpiling of FPGAs and other products; and the purchase of production equipment (including equipment which has not yet been inspected and accepted) and plants in Lingang which have not yet reached operating status by a subsidiary, Sino IC Technology Co., Ltd.* (上海華嶺集成電路技術股份有限公司) during Year 2023 which resulting in an increase in fixed assets and construction in progress.
- iii. Weighted average rate of return on net assets decreased by 13.69 percentage point as compared to last year, mainly due to the increase in the Group's equity attributable to owners of the parent company and the decrease in net profit attributable to owners of the parent company.

IV. RISK WARNING

The Company is still in the process of finalising the unaudited consolidated financial results for the Year 2023. The information contained in this announcement is only based on a preliminary assessment of the unaudited management accounts of the Group and information currently available. It is not based on any data or information that have been audited or reviewed by the auditors of the Company.

Further details of the Group's financial information and performance for the Year 2023 will be disclosed in the forthcoming results announcement for the Year 2023 to be published by the Company in March 2024.

Shareholders of the Company and potential investors should exercise caution when dealing in the shares of the Company.

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

Shanghai, the PRC, 23 February 2024

As at the date of this announcement, the Company's executive Directors are Mr. Jiang Guoxing, Mr. Shi Lei and Mr. Yu Jun; non-executive Directors are Ms. Zhang Qianling, Mr. Wu Ping 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 purposes only*