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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)

2023 FIRST QUARTERLY REPORT

The board of directors (the “Board”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) is pleased to announce the first quarterly unaudited consolidated results of the Company and its subsidiaries (the “Group”) prepared in accordance with China Accounting Standards for Business Enterprises for the three months ended 31 March 2023. 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 first 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 (%)
Operating income	80,935.69	4.33
Net profits attributable to shareholders of the parent company	18,826.28	-19.18
Net profit attributable to shareholders of the parent company after deducting non-recurring gains and losses	18,007.20	-20.42
Net cash flows from operating activities	-52,498.36	N/A
Basic earnings per share (RMB/share)	0.23	-20.69
Diluted earnings per share (RMB/share)	0.23	-17.86
Weighted average return on net asset (%)	4.06	Reduced by 3.09 percentage point
Total research and development investment	28,689.76	44.45
Percentage of research and development investment in operating income (%)	35.45	Increased by 9.85 percentage point

	As at the end of the Reporting Period	As at the end of last year	Change as compared with last year (%)
Total assets	695,423.32	611,088.81	13.80
Total equity attributable to shareholders of the parent company	474,919.50	453,123.04	4.81

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

For the Reporting Period, the operating income of the Group was approximately RMB809 million which representing an increase of approximately 4.33% over the same period of last year. The net profits attributable to shareholders of the parent company was approximately RMB188 million which representing a decrease of approximately 19.18% 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 RMB180 million which representing a decrease of approximately 20.42% over the same period of last year.

The operating income during the Reporting Period of each product line was: approximately RMB208 million for security and identification chips which representing a decrease of approximately 2.99% over the same period of last year; approximately RMB277 million for non-volatile memory which representing an increase of approximately 12.71% over the same period of last year; approximately RMB47 million for smart meter chips which representing a decrease of approximately 54.43% over the same period of last year; approximately RMB228 million for FPGA and other chips which representing an increase of approximately 33.62% over the same period of last year; and approximately RMB50 million for testing services (after consolidation offset) which representing an increase of approximately 16.46% over the same period of last year.

The reasons for the changes in the above principal accounting data and key financial indicators are as follows:

A. Operating income continued to grow and the comprehensive gross profit margin remained at relatively good level

Although the market demand for some product lines slowed down and the sales volume of the products decreased, the Company benefited from the comprehensive product lines with obvious technological advantages, and sale of another product lines grew well, resulting in an increase in the overall operating income of the Company. Benefiting from product restructuring and new product launches, the comprehensive gross profit margin for the Reporting Period was 66.77%, representing an increase of 3.18 percentage points over the same period of last year.

B. The impact of expenses on net profit

1. Increase in research and development expenses: during the Reporting Period, the Company continued to maintain a relatively strong investment in research and development ("R&D"), with R&D expenses of approximately RMB219,344,600, representing an increase of approximately RMB50,691,700 as compared to the corresponding period of the last year, mainly due to the increase in materials and processing costs, depreciation and amortisation, and staff remuneration, etc. consumed for R&D projects.
2. Analysis of other expenses with significant impact: during the Reporting Period, the increase in credit impairment loss of approximately RMB16,782,400 was due to the increase in accounts receivable balance as a result of the growth in operating income and the increase in provision in accordance with relevant policies; the increase in income tax expense of approximately RMB11,684,100 was due to the end of the offsetting tax loss in previous years.

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

RMB

Item	Amount of the Reporting Period
Gains or losses from disposal of non-current assets	403,378.93
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	8,617,729.95
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	1,124,893.15
Other profit and loss items in line with the definition of non-recurring gains and losses	1,596,146.66
Less : Affected amount of income tax	1,395,499.33
Affected amount of minority interest (after tax)	2,155,828.92
Total	8,190,820.44

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
Net cash flows from operating activities	N/A	The net cash flow from operating activities for the same period of the last year was RMB178,013,700 and the net cash flow from operations for the reporting period was RMB -524,983,600, which was mainly due to the increase in cash paid for the purchase of goods as a result of the expansion of the Company's business scale and the increase in prepayments to suppliers and inventories to secure the supply chain.
Total R&D investment	44.45	The Company continued to increase its investment in product development projects, mainly due to the increase in materials and processing costs, amortisation of equipment depreciation and staff salaries used in R&D projects.

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	23,868	Total number of preference shareholders whose voting rights have been restored at the end of the Reporting Period (if any)	Share N/A
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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	284,204,990	34.80			Unknown	
Shanghai Fudan Fukong Technology Enterprise Holdings Limited	State-owned entity	109,620,000	13.42	109,620,000	109,620,000	Nil	
Shanghai Fuxin Fangao IC Technology Co. Ltd.	State-owned entity	106,730,000	13.07	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	6.39			Pledged	52,167,270
Shanghai Zhenghua Corporate Management Consultant Partnership Enterprise (limited partnership)	Domestic non-state-owned legal person	25,398,258	3.11			Nil	
China Merchants Bank - ChinaAMC SSE 50 Constituent Traded Open-ended Index Investment Fund	Other	10,904,890	1.34			Nil	
HKSCC Limited	Other	10,027,776	1.23			Nil	
Industrial and Commercial Bank of China - Fortune Mixed Securities Investment Fund	Other	8,556,396	1.05			Nil	
Shi Lei	Domestic natural person	7,210,000	0.88			Nil	
Jiang Guoxing	Domestic natural person	7,210,000	0.88			Nil	
Industrial and Commercial Bank of China - Fortune Tianhui Selective Growth Hybrid Securities Investment Fund (LOF)	Other	6,117,540	0.75			Nil	

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	284,204,990	Overseas listed foreign invested shares	284,204,990
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)	25,398,258	RMB ordinary shares	25,398,258
China Merchants Bank - ChinaAMC SSE 50 Constituent Traded Open-ended Index Investment Fund	10,904,890	RMB ordinary shares	10,904,890
HKSCC Limited	10,027,776	RMB ordinary shares	10,027,776
Industrial and Commercial Bank of China - Fortune Mixed Securities Investment Fund	8,556,396	RMB ordinary shares	8,556,396
Shi Lei	7,210,000	RMB ordinary shares	7,210,000
Jiang Guoxing	7,210,000	RMB ordinary shares	7,210,000
Industrial and Commercial Bank of China - Fortune Tianhui Selective Growth Hybrid Securities Investment Fund (LOF)	6,117,540	RMB ordinary shares	6,117,540
Industrial and Commercial Bank of China - E-Fonda SSE 50 Constituent Traded Open-ended Index Investment Fund	4,355,266	RMB ordinary shares	4,355,266
China Construction Bank Corporation – China AMC Semiconductor Chip Trading Open-ended Index Fund	4,267,194	RMB ordinary shares	4,267,194
Details relating to the related relationship of the above shareholders or the parties acting in concert	Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership) and Shanghai Nianjin Corporate Management Consultant Partnership Enterprise (limited partnership) are parties acting in concert. The Company is not aware whether other shareholders have related party relationship or acting-in-concert arrangements.		
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 A Share shareholders is 23857 and H Share shareholders is 11.

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 31 March 2023 was 284,208,990 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.

Note3: As at 31 March, 19,750,000 shares held by Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership) were under judicial freeze.

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 31 March 2023

Item	31 March 2023 (Unaudited)	31 December 2022 (Audited)
RMB		
Current assets:		
Cash at bank and on hand	701,472,041.44	1,190,828,339.52
Financial assets held for trading	118,385,257.53	80,167,958.90
Notes receivables	251,899,560.83	252,144,057.13
Accounts receivable	913,802,407.04	730,204,276.92
Receivables for financing	131,249,655.39	81,708,392.03
Prepayments	403,707,316.28	474,702,228.34
Other receivables	18,887,099.70	20,352,381.01
Inventories	2,283,583,401.62	1,483,264,548.04
Other current assets	91,986,119.97	13,728,762.53
Total current assets	4,914,972,859.80	4,327,100,944.42
Non-current assets:		
Long-term equity investments	41,393,865.08	42,508,902.76
Investment in other equity instruments	34,398,313.82	33,902,315.43
Investment properties	121,877,478.34	122,687,909.50
Fixed assets	714,990,829.22	694,446,705.71
Construction in progress	287,053,466.36	193,776,441.01

Right-of-use assets	42,111,876.49	41,886,980.15
Intangible assets	113,949,186.67	85,750,633.28
Development costs	377,080,258.15	316,521,697.31
Long-term prepaid expenses	70,236,240.61	66,244,507.84
Deferred tax assets	2,523,035.60	3,243,844.60
Other non-current assets	233,645,803.34	182,817,172.08
Total non-current assets	2,039,260,353.68	1,783,787,109.67
Total assets	6,954,233,213.47	6,110,888,054.09
Current liabilities:		
Short-term borrowings	380,563,472.36	54,000,000.00
Accounts payable	504,834,623.20	201,182,480.44
Contract liabilities	225,249,798.55	210,402,283.73
Employee benefits payable	131,268,047.41	192,340,093.25
Taxes payables	25,815,810.87	10,735,058.29
Other payables	79,017,779.07	72,335,632.38
Current portion of non-current liabilities	16,816,506.30	15,181,384.65
Other current liabilities	143,707,173.35	147,699,399.83
Total current liabilities	1,507,273,211.11	903,876,332.57
Non-current liabilities:		
Lease liabilities	29,856,021.55	33,162,705.60
Deferred income	35,567,891.39	16,548,141.05
Deferred tax liabilities	4,131,446.91	4,131,496.92
Total non-current liabilities	69,555,359.85	53,842,343.57
Total liabilities	1,576,828,570.96	957,718,676.14
Owners' equity (or shareholders' equity):		
Paid-in capital (or share capital)	81,665,650.00	81,665,650.00
Capital reserve	1,652,602,967.59	1,622,905,978.93
Other comprehensive income	13,689,309.04	13,684,518.28
Surplus reserve	40,832,825.00	40,832,825.00
Undistributed profits	2,960,404,216.17	2,772,141,379.40
Total equity attributable to shareholders of the parent company (or shareholders' equity)	4,749,194,967.80	4,531,230,351.61
Minority interests	628,209,674.71	621,939,026.34
Total shareholders' equity (or shareholders' equity)	5,377,404,642.51	5,153,169,377.95
Total liabilities and shareholders' equity (or shareholders' equity)	6,954,233,213.47	6,110,888,054.09

Consolidated Income Statement
From January to March 2023

RMB

Item	For the first quarter from January to March	
	2023	2022
	(Unaudited)	(Unaudited)
I. Total operating income	809,356,915.84	775,796,660.96
Including operating income	809,356,915.84	775,796,660.96
II. Total operating costs	583,615,423.54	538,227,875.80
Including: Operating costs	268,942,274.62	282,506,123.51
Taxes and surcharges	2,171,263.08	6,822,451.85
Selling expenses	58,686,474.21	51,445,688.23
Administrative expenses	35,868,105.53	29,624,906.63
Research and development expenses	219,344,606.32	168,652,941.66
Finance costs	-1,397,300.22	-824,236.08
Including: Interest expenses	1,333,910.13	1,080,901.96
Interest income	-4,792,674.01	-2,683,785.87
Add: Other income	14,390,349.42	13,580,919.01
Investment income (loss is expressed with negative value)	-77,425.92	638,807.34
Including: Investment loss from associates and joint venture	-985,020.44	-1,388,423.69
Profit arising from change in fair value	217,298.63	611,421.92
Impairment loss on credit (loss is expressed with negative value)	-20,782,856.27	-4,000,504.13
Impairment loss on assets (loss is expressed with negative value)	-11,579,645.97	-8,143,508.37
Gains on disposal of assets	403,378.93	-1,335.79
III. Operating profits	208,312,591.12	240,254,585.14
Add: Non-operating income	-	21,222.51
IV. Total profit	208,312,591.12	240,275,807.65
Less: Income tax expenses	13,779,105.98	2,095,043.03
V. Net profit	194,533,485.13	238,180,764.62
(1) Classified by continuity of operations		
Net profits from continuing operation	194,533,485.13	238,180,764.62
(2) Classified by ownership of the equity		
1. Net profits attributable to shareholders of the parent company	188,262,836.77	232,927,399.13
2. Gain or loss of minority interests	6,270,648.36	5,253,365.49
VI. Other comprehensive income, net of tax	4,790.76	-213,719.09
Other comprehensive income, net of tax, attributable to shareholders of the parent company	4,790.76	-213,719.09

Other comprehensive income that will be reclassified to profit or loss	4,790.76	-213,719.09
Exchange differences arising from translation of foreign currency denominated financial statements	4,790.76	-213,719.09
VII. Total comprehensive income	194,538,275.89	237,967,045.53
(I) Total comprehensive income attributable to shareholders of the parent company	188,267,627.53	232,713,680.04
(II) Total comprehensive income attributable to minority interests	6,270,648.36	5,253,365.49
VIII. Earnings per share:		
(I) Basic earnings per share (RMB/share)	0.23	0.29
(II) Diluted earnings per share (RMB/share)	0.23	0.28

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 March 2023**

RMB

Item	For the first quarter from January to March	
	2023 (Unaudited)	2022 (Unaudited)
I. Cash flows from operating activities:		
Cash received from sale of goods or rendering of services	600,363,197.33	892,890,047.42
Refund of taxes and surcharges	9,696,496.64	9,022,427.25
Cash received relating to other operating activities	30,943,035.31	4,476,816.01
Sub-total of cash inflows from operating activities	641,002,729.28	906,389,290.68
Cash paid for goods and services	781,706,785.17	380,622,439.49
Cash paid to and on behalf of employees	301,229,978.12	242,586,050.91
Payments of taxes and surcharges	7,185,166.28	68,043,247.50
Cash paid relating to other operating activities	75,864,361.63	37,123,826.17
Sub-total of cash outflow from operating activities	1,165,986,291.20	728,375,564.07
Net cash flows generated from operating activities	-524,983,561.92	178,013,726.61
II. Cash flows from investing activities		
Net cash received from disposal of investments	221,549,131.51	182,198,390.77
Net cash received from return of investments	907,594.52	210,000.00

Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	433,469.03	-
Other cash received relating to other investment activities	2,792,834.72	993,116.49
Sub-total of cash inflows from investment activities	225,683,029.78	183,401,507.26
Cash paid to acquire fixed assets, intangible assets and other long-term assets	253,469,972.83	258,439,398.34
Cash paid for investments	266,556,000.00	-
Cash paid for other investing activities	-	820,184.38
Sub-total of cash outflows from investment activities	520,025,972.83	259,259,582.72
Net cash flows from investment activities	-294,342,943.05	-75,858,075.46
III. Cash flows from financing activities:		
Cash received from loans obtained	330,563,472.36	23,124,235.84
Sub-total of cash inflow from financing activities	330,563,472.36	23,124,235.84
Cash paid for distribution of dividends, profit or interest expenses	774,076.22	450,221.68
Other cash paid relating to financing activities	6,558,210.80	5,195,583.99
Sub-total of cash outflow from financing activities	7,332,287.02	5,645,805.67
Net cash flows generated from financing activities	323,231,185.34	17,478,430.17
IV. Effect of changes in foreign exchange rate on cash and cash equivalents	-1,926,738.19	-711,150.97
V. Net increase in cash and cash equivalents	-498,022,057.82	118,922,930.35
Add: Balance of cash and cash equivalents at the beginning of the period	1,120,286,945.68	415,755,306.55
VI. Balance of cash and cash equivalents at the end of the period	622,264,887.86	534,678,236.90

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 April 2023

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