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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)

## RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the “Board”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2024, along with the comparative audited figures for the year ended 31 December 2023. Such financial results in this announcement had been agreed by Ernst & Young Hua Ming (LLP), the external auditor of the Company.

### CONSOLIDATED BALANCE SHEET

As at 31 December 2024

(All amounts in RMB unless otherwise stated)

	Note 4	2024	2023
<b>Assets</b>			
<b>Current assets</b>			
Cash at bank and on hand		1,087,494,485.36	1,003,337,496.96
Financial assets held for trading		140,423,986.11	30,213,750.00
Notes receivable	1	298,713,176.51	390,946,203.95
Accounts receivable	2	1,493,805,646.24	929,619,309.54
Financing of accounts receivable		146,984,229.37	156,656,371.19
Prepayments		113,644,331.24	110,682,041.34
Other receivables		9,833,164.05	23,871,720.59
Inventories		3,134,456,903.75	3,177,370,636.58
Other current assets		55,622,669.89	114,586,140.71
<b>Total current assets</b>		<b>6,480,978,592.52</b>	<b>5,937,283,670.86</b>
<b>NON-CURRENT ASSETS</b>			
Long-term equity investments		54,181,165.60	42,519,687.82
Investments in other equity instruments		34,816,060.94	35,465,034.27
Fixed assets		1,567,673,557.56	1,115,454,318.00
Construction in progress		54,802,756.87	480,656,568.13
Right-of-use assets		21,412,383.49	33,859,418.43
Intangible assets		197,495,198.20	143,276,878.80
Development costs		502,272,190.99	456,108,580.08
Long-term prepaid expenses		50,444,603.53	64,086,240.91
Deferred tax assets		12,150,568.25	4,129,192.02
Other non-current assets		64,885,721.14	98,511,297.07
<b>Total non-current assets</b>		<b>2,560,134,206.57</b>	<b>2,474,067,215.53</b>
<b>Total assets</b>		<b>9,041,112,799.09</b>	<b>8,411,350,886.39</b>

**LIABILITIES AND EQUITY****Current liabilities**

Short-term borrowings		<b>1,071,872,039.08</b>	893,860,090.54
Accounts payable	3	<b>234,621,512.71</b>	235,756,887.78
Contract liabilities		<b>103,194,260.37</b>	57,567,549.49
Employee benefits payable		<b>164,318,991.66</b>	251,118,256.79
Taxes payable		<b>38,398,088.82</b>	13,936,835.09
Other payables		<b>76,683,635.99</b>	182,230,721.48
Current portion of non-current liabilities		<b>368,203,159.44</b>	72,340,225.85
Other current liabilities		<b>167,099,502.06</b>	172,510,566.20

**Total current liabilities**

		<b>2,224,391,190.13</b>	1,879,321,133.22
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**Non-current liabilities**

Long-term borrowings		<b>239,863,539.60</b>	530,063,719.49
Lease liabilities		<b>8,582,179.88</b>	21,710,718.02
Deferred income		<b>20,516,501.67</b>	14,682,715.04
Deferred tax liabilities		<b>3,638,465.02</b>	3,870,791.48

**Total non-current liabilities**

		<b>272,600,686.17</b>	570,327,944.03
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**Total liabilities**

		<b>2,496,991,876.30</b>	2,449,649,077.25
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**Owners' equity**

Share capital	4	<b>82,142,730.00</b>	81,906,040.00
Capital surplus		<b>1,882,822,116.58</b>	1,782,726,457.49
Other comprehensive income		<b>16,211,183.24</b>	16,123,727.63
Surplus reserves		<b>41,071,365.00</b>	40,953,020.00
Undistributed profits	5	<b>3,871,837,648.79</b>	3,381,266,932.48

**Total equity attributable to shareholders of the parent company**

		<b>5,894,085,043.61</b>	5,302,976,177.60
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## Minority interests

		<b>650,035,879.18</b>	658,725,631.54
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**Total shareholders' equity**

		<b>6,544,120,922.79</b>	5,961,701,809.14
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**Total liabilities and shareholders' equity**

		<b>9,041,112,799.09</b>	8,411,350,886.39
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## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

(All amounts in RMB unless otherwise stated)

	Note 4	2024	2023
<b>Revenue</b>	7	<b>3,590,223,828.23</b>	3,536,259,423.60
Less: Cost of sales	7	<b>1,581,600,939.97</b>	1,371,667,976.42
Taxes and surcharges	8	<b>11,783,676.78</b>	8,272,565.61
Selling expenses		<b>242,133,769.33</b>	251,742,037.01
Administrative expenses		<b>158,443,584.15</b>	157,935,778.03
Research and development expenses	9	<b>1,030,651,521.72</b>	1,010,597,572.06
Finance expenses		<b>28,666,755.68</b>	15,701,504.77
Including: Interest expenses		<b>42,712,216.50</b>	27,985,971.22
Interest income		<b>16,796,059.39</b>	15,544,504.78
Add: Other income		<b>233,599,228.29</b>	173,899,040.96
Investment gains		<b>513,788.17</b>	4,488,302.27
Including: Investment losses in associates and joint ventures		<b>(3,430,403.58)</b>	(239,042.91)
Profit/ (Loss) arising from changes in fair value		<b>210,236.11</b>	(1,398,871.91)
Credit impairment losses		<b>(45,676,282.02)</b>	(13,630,536.85)
Assets impairment losses		<b>(168,768,031.87)</b>	(133,519,476.99)
Gains on disposals of assets		<b>2,116,899.58</b>	1,236,606.63
<b>Operating profit</b>		<b>558,939,418.86</b>	751,417,053.81
Add: Non-operating income		<b>467,689.36</b>	433,800.91
Less: Non-operating expenses		<b>513,570.59</b>	-
<b>Total profit</b>		<b>558,893,537.63</b>	751,850,854.72
Less: Income tax credit / (expenses)	10	<b>865,377.50</b>	(2,992,107.44)
<b>Net profit</b>		<b>559,758,915.13</b>	748,858,747.28
<b>Classified by operation continuity</b>			
Net profit from continuing operations		<b>559,758,915.13</b>	748,858,747.28
<b>Classified by ownership of the equity</b>			
Net profit attributable to shareholders of the parent company		<b>572,595,101.31</b>	719,494,375.58
Gains or losses of minority interests		<b>(12,836,186.18)</b>	29,364,371.70
<b>Other comprehensive income, net of tax</b>		<b>87,455.61</b>	2,439,209.35
Other comprehensive income, net of tax, attributable to shareholders of the parent company		<b>87,455.61</b>	2,439,209.35
Other comprehensive income that may not be reclassified to profit or loss			
Changes in fair value of investments in other equity instrument		<b>(247,753.77)</b>	1,116,462.83

Other comprehensive income that will be reclassified to profit or loss		
Exchange differences on translation of foreign currency financial statements		<u>1,322,746.52</u>
	<u><b>335,209.38</b></u>	
<b>Total comprehensive income</b>	<u><b>559,846,370.74</b></u>	<u>751,297,956.63</u>
Including :		
Attributable to shareholders of the parent company	<b>572,682,556.92</b>	721,933,584.93
Attributable to minority interests	<b>(12,836,186.18)</b>	29,364,371.70
<b>Earnings per share</b>	11	
Basic earnings per share	<u><b>0.70</b></u>	<u>0.88</u>
Diluted earnings per share	<u><b>0.70</b></u>	<u>0.87</u>

## **Notes to Financial Statements**

For the year ended 31 December 2024

(All amounts in RMB unless otherwise stated)

### **1. Basis of preparation of the financial statements**

These financial statements have been prepared in accordance with Accounting Standards for Business Enterprises - Basic Standard and specific accounting standards, implementation guidance, interpretations and other relevant provisions issued subsequently by the Ministry of Finance (collectively “Accounting Standards for Business Enterprises” or “ASBEs”). In addition, these financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The financial statements have been prepared on a going concern basis.

The financial statements have been prepared under the historical cost convention, except for certain financial instruments. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant requirements.

### **2. Significant accounting policies and estimates**

The Group formulated specific accounting policies and accounting estimates according to the characteristics of its actual production and operation, which is mainly embodied in the impairment of financial instruments, depreciation of fixed assets, amortization of intangible assets, eligibility of the development costs for capitalisation and recognition and measurement of revenue.

#### **1. Declaration Following ASBEs**

The financial statements have been prepared in accordance with ASBEs, and presented truly and completely the Group’s and the Company’s financial position as at 31 December 2024 and the operating results for the year ended 31 December 2024.

#### **2. Accounting Period**

The Group has adopted the calendar year as its accounting year, i.e. from 1 January to 31 December.

#### **3. Functional Currency**

The Company’s functional currency is Renminbi and these financial statements are presented in Renminbi. The currency unit is Renminbi Yuan unless otherwise stated.

The subsidiaries and associates of the Group determine their functional currencies according to the main economic environment in which they operate. In preparation of the financial statements, their functional currencies are translated into RMB.

### 3. Products and services

#### Revenue from external transactions

	2024	2023
Security and Identification Chips	790,957,781.09	862,638,795.64
Non-Volatile Memory	1,135,832,442.81	1,072,193,991.40
Smart Meter Chips	396,694,720.15	273,770,814.68
FPGA and Other products	1,133,630,167.08	1,139,456,334.02
Integrated Circuit Test Services	130,163,015.77	184,872,103.05
Lease income	2,945,701.33	3,327,384.81
	<u>3,590,223,828.23</u>	<u>3,536,259,423.60</u>

#### Geographic information

##### Revenue from external transactions

	2024	2023
Mainland China	3,388,010,913.84	3,311,820,003.97
Others	202,212,914.39	224,439,419.63
	<u>3,590,223,828.23</u>	<u>3,536,259,423.60</u>

#### Segment Reporting

##### Operating segment

For management purposes, the Group is organised into business units based on their products and services and has two reporting segments as follows:

(1) The design and sales of integrated circuits segment (“Design segment”) manufactures products including Security and Identification Chips, Non-Volatile Memory, Smart Meter Chips, FPGA and Other products;

(2) The integrated circuit testing services segment (“Testing segment”) provides testing services for Integrated Circuit chips and products.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is measured consistently with the Group’s total profit from continuing operation.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

2024

	Design segment	Testing segment	Offsets between segments	Consolidation
Sales to external customers	3,457,956,337.56	132,267,490.67	-	3,590,223,828.23
Inter-segment sales	-	144,008,061.33	(144,008,061.33)	-
Investment losses in associates and joint ventures	3,430,403.58	-	-	3,430,403.58
Assets impairment losses	168,768,031.87	-	-	168,768,031.87
Depreciation and amortisation	199,640,771.24	139,656,656.31	1,856,023.33	341,153,450.88
Total profit	587,465,062.23	(23,028,412.98)	(5,543,111.62)	558,893,537.63
Income tax	7,122,318.51	(8,045,183.99)	57,487.98	(865,377.50)
Total assets	7,766,982,774.09	1,317,390,545.48	(43,260,520.48)	9,041,112,799.09
Total liabilities	2,322,543,877.35	217,708,519.43	(43,260,520.48)	2,496,991,876.30
Long-term equity investments in joint ventures and associates	54,181,165.60	-	-	54,181,165.60
Capital expenditure (note)	311,184,331.49	195,153,297.17	-	506,337,628.66

2023

	Design segment	Testing segment	Offsets between segments	Consolidation
Sales to external customers	3,350,877,320.55	185,382,103.05	-	3,536,259,423.60
Inter-segment sales	-	130,107,523.56	(130,107,523.56)	-
Investment losses in associates and joint ventures	239,042.91	-	-	239,042.91
Assets impairment losses	133,519,476.99	-	-	133,519,476.99
Depreciation and amortisation	138,598,074.16	100,930,735.42	29,110,168.48	268,638,978.06
Total profit	706,248,069.67	77,363,051.78	(31,760,266.73)	751,850,854.72
Income tax	4,764,040.01	2,500,493.06	(4,272,425.63)	2,992,107.44
Total assets	7,128,640,710.76	1,319,631,808.63	(36,921,633.00)	8,411,350,886.39
Total liabilities	2,282,620,554.24	203,950,156.01	(36,921,633.00)	2,449,649,077.25
Long-term equity investments in joint ventures and associates	42,519,687.82	-	-	42,519,687.82
Capital expenditure (note)	487,043,775.58	620,917,401.57	(22,221,323.64)	1,085,739,853.51

Note: Capital expenditure includes fixed assets, construction in progress, right of use assets, intangible assets, development costs, long-term prepaid expenses and other non-current assets.

#### 4. Notes to Major Items of the Consolidated Financial Statements

##### 1. Notes receivable

	2024	2023
Bank acceptance bills	19,225,396.18	22,231,659.30
Commercial acceptance bills	<u>286,740,412.59</u>	<u>376,305,047.42</u>
	305,965,808.77	398,536,706.72
Less: Provision for bad debts	<u>7,252,632.26</u>	<u>7,590,502.77</u>
	<u><u>298,713,176.51</u></u>	<u><u>390,946,203.95</u></u>

The movements on the provision for bad debts in relation to the notes receivable are as follows:

	Opening balance	Provision	Recovered or reversal	Closing balance
<b>2024</b>	7,590,502.77	-	337,870.51	7,252,632.26
2023	4,091,493.99	3,499,008.78	-	7,590,502.77

##### 2. Accounts receivable

The credit period of accounts receivable is generally 1 to 6 months. Accounts receivable are non-interest bearing.

An ageing analysis of accounts receivable based on the invoice date is as follows:

	2024	2023
Within 1 year	1,066,133,983.44	775,315,910.07
1 to 2 years	430,339,657.61	159,934,313.88
2 to 3 years	60,587,802.99	12,708,380.25
3 to 4 years	1,767,651.58	1,850,998.95
4 to 5 years	1,136,154.93	707,935.67
Over 5 years	<u>1,224,109.80</u>	<u>2,915,437.53</u>
	1,561,189,360.35	953,432,976.35
Less: Provision for bad debts	<u>67,383,714.11</u>	<u>23,813,666.81</u>
	<u><u>1,493,805,646.24</u></u>	<u><u>929,619,309.54</u></u>



	Book balance		31 December 2024 Provision for bad debts		Book value
	Amount	proportion (%)	Amount	proportion (%)	Amount
	Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics				
Highly Reliable Product Sales Portfolio	1,377,451,107.96	88.23	46,713,948.23	3.39	1,330,737,159.73
Industrial Sales Portfolio	136,176,470.73	8.72	19,209,800.93	14.11	116,966,669.80
Testing Services Portfolio	47,561,781.66	3.05	1,459,964.95	3.07	46,101,816.71
	<u>1,561,189,360.35</u>	<u>100.00</u>	<u>67,383,714.11</u>	<u>4.32</u>	<u>1,493,805,646.24</u>

	Book balance		31 December 2023 Provision for bad debts		Book value
	Amount	proportion (%)	Amount	proportion (%)	Amount
	Accounts receivable for which bad debt allowance is provided by portfolio of credit risk characteristics				
Highly Reliable Product Sales Portfolio	765,073,292.23	80.25	17,308,068.45	2.26	747,765,223.78
Industrial Sales Portfolio	144,571,248.29	15.16	5,191,945.28	3.59	139,379,303.01
Testing Services Portfolio	43,788,435.83	4.59	1,313,653.08	3.00	42,474,782.75
	<u>953,432,976.35</u>	<u>100.00</u>	<u>23,813,666.81</u>	<u>2.50</u>	<u>929,619,309.54</u>

The movements on the provision for bad debts in relation to the accounts receivable are as follows:

	Opening balance	Provision	Translation of foreign currency	Recovered or Reversal	Written-off	Closing balance
2024	23,813,666.81	46,014,152.53	-	-	(2,444,105.23)	67,383,714.11
2023	16,463,401.99	10,131,528.07	-	-	(2,781,263.25)	23,813,666.81

### 3. Accounts payable

Accounts payable are non-interest-bearing and are generally settled within 3 months. An ageing analysis of accounts payable based on the invoice date is as follows:

	2024	2023
Within 1 year	205,214,678.96	209,303,850.23
1 to 2 years	11,596,707.46	17,542,109.49
Over 2 years	17,810,126.29	8,910,928.06
	<u>234,621,512.71</u>	<u>235,756,887.78</u>

As at 31 December 2024, the Group did not have significant accounts payable aged over 1 year (31 December 2023: Nil).

#### 4. Share capital

2024

	Opening balance	Changes for the year			Closing balance
		Issue of new			
		shares	Others	Total	
Ordinary shares in RMB	53,473,040.00	236,690.00	-	236,690.00	53,709,730.00
Foreign shares listed overseas	28,433,000.00	-	-	-	28,433,000.00
	<u>81,906,040.00</u>	<u>236,690.00</u>	<u>-</u>	<u>236,690.00</u>	<u>82,142,730.00</u>

On 18 December 2024, the Company issued ordinary shares of A shares to the eligible persons who satisfied the vesting conditions of the third vesting period of the first batch and the second vesting period of the reserved batch of the 2021 A Share Restricted Share Incentive Scheme, the share capital was increased by RMB 236,690.00.

2023

	Opening balance	Changes for the year			Closing balance
		Issue of new			
		shares	Others	Total	
Ordinary shares in RMB	53,232,650.00	240,390.00	-	240,390.00	53,473,040.00
Foreign shares listed overseas	28,433,000.00	-	-	-	28,433,000.00
	<u>81,665,650.00</u>	<u>240,390.00</u>	<u>-</u>	<u>240,390.00</u>	<u>81,906,040.00</u>

#### 5. Undistributed profits

	2024	2023
Balance at the beginning of the year	3,381,266,932.48	2,772,141,379.40
Net profit attributable to shareholders of the parent company	572,595,101.31	719,494,375.58
Less: Withdrawal of statutory surplus reserve	(118,345.00)	(120,195.00)
Dividends paid	(81,906,040.00)	(110,248,627.50)
Balance at end of the year	<u>3,871,837,648.79</u>	<u>3,381,266,932.48</u>

## 6. Dividend

On 25 March 2025, the Company held the 21st meeting of the 9th session of the Board for the purpose of considering and passing the “Resolution of the 2024 Distribution Plan of the Company”. The Company intends to use the total share capital registered on the record date for the implementation of equity distribution as the base, every 10 shares will be distributed with a cash dividend of RMB0.80 (tax included) (2023 paid: RMB1.00 (tax included)) with total cash dividend amounted to RMB65,714,184 (2023 paid: RMB81,906,040.00), representing 11.48% of the net profits attributable to the shareholders of the parent for the year 2024.

## 7. Revenue and Costs of Sales

	2024		2023	
	Revenue	Cost of sales	Revenue	Cost of sales
Principal businesses	3,584,932,102.66	1,580,427,287.15	3,524,386,886.82	1,362,081,367.46
Other businesses	<u>5,291,725.57</u>	<u>1,173,652.82</u>	<u>11,872,536.78</u>	<u>9,586,608.96</u>
	<u><b>3,590,223,828.23</b></u>	<u><b>1,581,600,939.97</b></u>	<u>3,536,259,423.60</u>	<u>1,371,667,976.42</u>

## 8. Taxes and surcharges

	2024	2023
Urban maintenance and construction tax	4,480,357.95	940,966.23
Property tax	4,615,033.74	4,376,763.26
Stamp duties	2,612,420.49	2,916,661.42
Land use tax	29,184.70	29,184.70
Education surcharge	23,975.94	-
Local education surcharge	15,983.96	-
Vehicle and vessel tax	<u>6,720.00</u>	<u>8,990.00</u>
	<u><b>11,783,676.78</b></u>	<u>8,272,565.61</u>

## 9. Research and development expenses

	2024	2023
Staff costs	579,160,860.11	567,047,623.09
Material costs	194,882,743.21	181,512,576.47
Depreciation and amortisation	154,116,239.84	130,900,553.56
Professional service fee	46,405,686.37	50,094,984.53
Equity incentive fees	40,256,370.09	69,814,425.09
Office and administrative expenses	7,851,863.42	3,567,292.63
Travelling expense	2,703,272.06	2,364,173.57
Others	<u>5,274,486.62</u>	<u>5,295,943.12</u>
	<u><b>1,030,651,521.72</b></u>	<u>1,010,597,572.06</u>

## 10. Income tax expenses

	2024	2023
Current income tax expenses	7,155,998.73	3,877,454.86
Deferred income tax expenses	<u>(8,021,376.23)</u>	<u>(885,347.42)</u>
	<u>(865,377.50)</u>	<u>2,992,107.44</u>

The reconciliation between income tax expenses and total profit is as follows:

	2024	2023
Total profit	558,893,537.63	751,850,854.72
Income tax expense at the rate of 15%	83,834,030.64	112,777,628.21
Effect of different tax rates for some subsidiaries	(2,176,153.98)	(1,832,425.78)
Expenses not deductible for tax purposes	2,740,770.86	3,835,266.49
Deduction of research and development costs	(142,526,763.19)	(143,915,550.02)
Tax impact of utilisation of unrecognized deductible losses and deductible temporary differences in previous years	(309,012.29)	(6,829,738.85)
Tax impact of unrecognised deductible temporary differences and deductible losses in the year	50,421,460.17	38,956,927.39
Others	<u>7,150,290.29</u>	<u>-</u>
Tax charge at the Group's effective tax rate	<u>(865,377.50)</u>	<u>2,992,107.44</u>

## 11. Earnings per Share

	2024 RMB/Share	2023 RMB/Share
Basic earnings per share		
Continuing operations	<u>0.70</u>	<u>0.88</u>
Diluted earnings per share		
Continuing operations	<u>0.70</u>	<u>0.87</u>

Basic earnings per share and diluted earnings per share are calculated as follows.

	2024	2023
Earnings		
Net profit for the year attributable to ordinary shareholders of the Company		
Continuing operations	<u>572,595,101.31</u>	<u>719,494,375.58</u>

	2024	2023
Shares		
Weighted average number of common shares in issued	<b>819,202,673.00</b>	816,735,532.00
Dilution effect - weighted average number of common shares		
Share options	<u>3,415,660.00</u>	<u>6,082,601.00</u>
Weighted average number of common shares of the Company issued and outstanding	<u><b>822,618,333.00</b></u>	<u>822,818,133.00</u>

## MANAGEMENT DISCUSSION AND ANALYSIS

### I. DISCUSSION AND ANALYSIS OF OPERATING

For the year ended 31 December 2024 (the “Reporting Period”), the semiconductor industry was affected by factors such as economic environment, consumer demand and industry cycle, etc. The semiconductor industry was fluctuating at the bottom but signals of stabilisation were evident. Demand and sales volume for some chips were increased, represented by consumer electronics products which were benefited from factors such as improved sales to end customers and channel stocking progress, however, the gross profit margin still needs to be improved; FPGAs and some non-volatile memory products for high-reliability scenarios benefited from advanced and reliable technologies, continued expansion of application areas and steady growth in demand from major customers, and the revenue of related products remained stable. Meanwhile, FPGA series products expanded in non-high-reliability application scenarios. During the year of 2024, the Group achieved revenue of approximately RMB3,590 million, representing a slight increase when compared with last year; comprehensive gross profit margin decreased to 55.95% due to the downward price adjustment of certain product lines and products restructuring; net profit attributable to shareholders of the parent company of approximately RMB573 million, representing a decrease of 20.42% when compared with last year. The report on the business situation in 2024 is as follows:

#### (1) Business situation for each product line

The Group is a domestic chips design enterprise with a wide range of products with four major product lines: security and identification chips, non-volatile memory, smart meter chips, and programmable gate array FPGA. We also provide chip testing services to customers through a subsidiary, Sino IC Technology Co., Ltd. (上海華嶺集成電路技術股份有限公司) (“Sino IC”).

##### 1. Product line of security and identification chips

The product line has several sub-products including smart card and security chips, radio frequency identification (“RFID”) and sensor chips, and smart identification device chips, etc. In 2024, it achieved revenue of approximately RMB791 million.

The Group's market situation in each of the application segments of smart cards and security chips varies significantly. The traditional market is sluggish, the bank card market is highly competitive, social security cards are at the end of the current card issuance cycle, and the contribution from overseas demand is not yet significant. Security chips (security certification module) achieved better results, the Group was the first domestic security chip supplier to obtain WPC certification, and the sales volume of wireless charging security modules is gradually rising. The vehicle on-board SE has made its way into Tier 1 of the automotive industry and is expected to be in mass production in the future.

Competitiveness in RFID and sensing chips continues to be maintained. NFC channel chips are widely used in electronic price tags, and have performed well in overseas markets for large customers. High-frequency RFID chips in the library market and ultra-high-frequency RFID chips in footwear and clothing as well as aviation baggage tags and other markets began to be applied in large quantities, high-frequency security tags in the liquor industry shipments remains stable.

In terms of smart identification device chips, the original financial POS, smart locks and access control market is highly competitive. The Business Division has been actively promoting anti-counterfeiting matching and sales in the car regulation market; the digital key car regulation project has already been implemented. In the area of one-touch connectivity/payment, the Group's competitiveness is remarkable and highly recognised by its customers.

## 2. Product line of non-volatile memory

The product line has products including EEPROM memory, NOR Flash memory and SLC NAND Flash memory in a variety of capacities, interfaces and packages. In 2024, it achieved revenue of approximately RMB1,136 million.

During the Reporting Period, sales of EEPROMs increased mainly attributable to the rebound in end-use sectors such as CCM (mobile phone camera modules), meter business, white household appliances and displays monitors. There is increased in sales of NOR high-capacity products in the display module, security and WiFi module markets. The NAND chip market is becoming more competitive, however, as the mainstay of digital storage applications, the total market demand is large, and the business division continues to focus on areas such as networking, security and wearable devices. The high-reliability business continued to be an important support for the Group's memory products, contributed to the stability of the product line's performance significantly.

## 3. Product line of smart meter chips

The Group's smart meter product line covers smart meter MCUs, general-purpose MCUs and automotive MCUs. Smart Meter MCU is the core component of Smart Meter, which can realise the functions of electricity consumption information measurement, automatic reading and information transmission for industrial and domestic users. General-purpose MCUs are widely used in the fields of smart water, gas and heat meters, smart home appliances, and industrial applications. Automotive MCUs can be applied to vehicle body control and comfort systems. In 2024, it achieved revenue of approximately RMB397 million.

During the Reporting Period, the product line's revenue recovered significantly and the Group continued to maintain its leading position in smart meter MCUs. Sales of smart meter MCUs grew significantly as a result of the growth in meter tenders for the State Grid and South Grid. As the new technical specifications of the State Grid and the South Grid keep changing continuously, the Group has been following up actively and cooperating with its customers to complete the research, development, integration and joint investigation of the technical solutions for the new specifications, and the demand from overseas metering markets has also continued to grow. We are also promoting the introduction and mass production of more smartmeter MCU products at the customer end. In terms of general-purpose MCUs and automotive MCUs, the sales volume was increased attributable to the sales layout arranged in the previous period in the field of automotive electronics, smart home appliances, industrial and other areas, which the sales volume in the field of automotive electronics has exceeded 10 million units.

## 4. FPGA and other products

The Company is one of the leading companies in the field of field-programmable gate array ("FPGA") technology in China. At present, we can provide four series of products: 10 million-gate-level FPGA chips, 100 million-gate-level FPGA chips, 1000 million-gate-level FPGA chips and embedded programmable system-on-chip (PSoC). In 2024, it achieved revenue of approximately RMB1,134 million.

The Group's FPGA products are widely used in communication, industrial control and high reliability fields. In the communications field, the products are used in network equipment, wireless communication systems, optical fibre communication and digital TV, etc., which enabled fast data transmission and processing. In the field of industrial control, it is applied to machine vision, industrial robot control, power system management and intelligent interaction of industrial equipment to enhance production efficiency and stability. In the high-reliability field, it is mainly used for encryption and decryption of communication systems, etc. Its flexible and reconfigurable characteristics can optimise system performance.

The Group's PSoC products are also used in industrial control and high reliability field. In the industrial control field, the products are applied in such scenes as rail traffic control system, traction power controller, digital instrumentation system and industrial robots and other mechanical PLC control, distributed system control and intelligent high-voltage equipment controller. With its high-performance embedded system, programmable FPGA logic and multiple general-purpose interfaces, it realises data acquisition and processing, command execution, system optimisation, fault detection and other functions to accelerate the realisation of industrial control system solutions, enhance system stability and efficiency, and reduce energy consumption and floor space. In the high-reliability area, PSoC products are used in communication systems and control and scheduling systems. High-performance processors, comprehensive peripheral interfaces, and reconfigurable FPGAs enable information collection, processing, and collaborative control, making them the preferred choice for critical devices.

The Group is now pursuing the research and development, spectrum development and marketing of new-generation FPGAs and intelligent reconfigurable SoCs based on the advanced 1xnm FinFET process.

Other products mainly include smart electrical chips which has good applications in new energy fields such as leakage protection devices, charging piles for new energy electric vehicles, photovoltaic and prevention of electrical fires. During the Reporting Period, shipments of leakage protection chips in the domestic and overseas low-voltage appliance industry and the new energy electric vehicle charging piles market increased significantly, and there were certain shipments of arc fault protection chips, which drove the growth in the sales value and sales volume of smart electrical appliance chips.

## 5. Other business

### (1) Testing services business of Sino IC

The Company's subsidiary, Sino IC, is one of the earliest companies in China to be involved in the research and development of IC testing technology and professional services. It has accumulated a wealth of technical experience in high-end product testing solutions, mass production automation, testing information technology and other areas, and has achieved significant results in technological innovation. Sino IC has undertaken a number of major national science and technology projects and provincial and ministerial-level research projects, developed more than 1,000 high-end chip testing solutions independently, and achieved mass production breakthroughs in high-speed wafer KGD testing and ultra-high density wafer testing. In addition, Sino IC continues to carry out R&D and innovative applications in the areas of artificial intelligence chips, high-performance computing chips, automotive chip testing solutions and complete sets of engineering technologies.

### (2) Business of Fuwei Xunjie

The business of Shanghai Fuwei Xunjie Digital Technology Co., Ltd.\* (上海復微迅捷數字科技股份有限公司) (“Fuwei Xunjie”) currently account for a relatively small portion of the Group's total operating results, however, it is striving to develop a distinctive business with NFC technology as the fulcrum of its business. During the Reporting Period, Fuwei Xunjie continued to promote mobile NFC applications in the areas of campus cards and access control in universities across China by upgrading the application scenarios of physical cards. Fuwei Xunjie cooperated with hundreds of IP manufacturers, participated in the new sector economy actively, and made progress in mobile phone traffic card IP applications. Its IC card car key in the vehicle regulation class realises bulk supply. Its short-range communication test laboratory provides professional testing services for automotive companies.



## (2) Research and development and Talent team building

During the Reporting Period, the Group highly valued research and development (“R&D”) and invested approximately RMB1,142 million in R&D for the year, representing a decrease of 4.03% when compared with the last year. The Group's R&D staff of 1,130 remains stable when compared with last year. The Group is simultaneously pursuing projects including but not limited to the New Generation FPGA Platform Development and Industrialization Project, the Intelligent and Reconfigurable SoC Platform Development and Industrialization Project, the New Technical Platform Storage Development and Industrialization Project, the New High-end Security Controller Development and Industrialization Project, and the Passive IoT Basic Chip Development and Industrialization Projects. For details, please refer to the relevant filing documents of the Company's convertible bonds application.

## II. PRINCIPAL BUSINESSES, PRODUCTS OR SERVICES DURING THE REPORTING PERIOD

### 1. Principal activities

The Group engaged in the design, development and testing of very large integrated circuits as well as provision of system solutions to customers. The Group has established and improved product lines such as security and identification IC chips, non-volatile memory, smart meter chips, FPGA chips and testing services for IC products, and the products are widely used in numerous fields such as finance, social security, anti-counterfeiting and traceability, network communications, home appliances, automotive electronics, industrial control, signal processing, data centers, artificial intelligence and many other aspects.

### 2. Main products and services

#### 2.1 Security and identification IC chips

The security and identification products rely on self-developed radio-frequency, memory chips and security anti-attack technologies, and has formed a number of product series, such as smart card and security chips, RFID and sensor chips, smart identification device chips, etc. The products include memory card, HF/UHF tag chips, NFC TAG, contact/contactless/dual interface smart card, security SE chips, security MCU chips, contactless reader equipment and mobile payment and dozens of other products. The Company is one of the suppliers with a complete range of domestic security and identification chip products.

Description and application fields of the security and identification chip product line of the Group are as follows:

<b>Product type</b>	<b>Product description</b>	<b>Application fields</b>
RFID and sensor chip series	It is mainly composed of FM11, FM13 and FM44 series products, including contactless logic encryption chips, NFC tag and access chips, high-frequency RFID chips, UHF RFID tag chips, reader chips, sensor chips, etc.	Identity identification, electronic shelf, smart household electrical appliances, logistics management, anti-counterfeiting and traceability, vehicle management, etc.
Smart card and security chip series	It is mainly composed of FM12, FM15 and other series products, including contactless CPU card chips, dual interface CPU card chips and security chips	Banking, social security, electronic documents, transportation, campus, health, telecommunications, anti-counterfeiting, etc.

Smart identification device chip series	It is mainly composed of FM17 series, and the product is of contactless reader chip type	Door lock, access control, contactless card reader, OBU, financial POS, subway gate, smart home appliances , e-bikes etc.
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2.2 Non-volatile memory

The memory chip product line of the Group provides a variety of non-volatile memory products with multiple interfaces, packages, comprehensive capacity and cost-effectiveness. At present, the main products are EEPROM memory chips, NOR flash memory chips and SLC NAND Flash memory, with a variety of capacity, interfaces and packaging forms, which representing a leading market share in China.

Description and application fields of non-volatile memory products of the Group are as follows:

<b>Product type</b>	<b>Product description</b>	<b>Application fields</b>
EEPROM memory	It is mainly composed of FM24 / FM25 / FM93 series, supports I2C, SPI and Micro Wire interfaces with 1Kbit-2Mbit memory capacity, and DDR5 memory interface chips such as SPD5 Hub and TS5 will be launched accordingly	Mobile phone module, smart meter, communication, home appliances, display, LCD panel, automotive electronics, computer memory strip, medical instruments, industrial control instruments, password lock, etc.
NOR Flash memory	It is mainly composed of FM25 / FM29 series, supports SPI and general parallel interface with storage capacity of 0.5Mbit-2Gbit	Network communication, IoT module, computer and peripheral products, mobile phone module, display and screen module, smart meter, security monitoring, on-board box, Ukey, automotive electronic, medical instruments, industrial control instruments, wifi/ Bluetooth module, high reliability application, etc.
SLC NAND Flash memory	It is mainly composed of FM25 / FM29 series, supports SPI and ONFI parallel interfaces with storage capacity of 1Gbit-8Gbit	Network communication, security monitoring, wearable device, on-board box, automotive electronics, medical instruments, etc.

2.3 Smart meter chips

Smart meter MCU is the core component of smart meter, which can realize the functions, such as, power consumption information measurement, automatic reading, information transmission of industrial and household users; general low-power MCU products can be applied to many fields including smart meter, smart water, gas and heat meter, smart home appliances, industrial controls etc. Automotive MCUs are available for vehicle body control and comfort systems.

Description and application fields of MCU chip product series of the Group are as follows:

<b>Product type</b>	<b>Product description</b>	<b>Application fields</b>
Smart meter MCU	It is mainly composed of FM33A series of products, and the product is of the type of 32-bit ARM Cortex-M0 core smart meter MCUs and SoC chips.	State Grid single-phase / three-phase smart energy meter, Southern Power Grid single-phase / three-phase smart energy meter, overseas single-phase / three-phase smart energy meter, etc.
General low-power MCU	It is mainly composed of FM33LC, FM33LG, FM33LE, FM33FR, FM33LF, FM33FK5, FM33LR, FM33FD5, FM33FH series of MCU products, including 32-bit with ARM Cortex-M0\M-star cores Processor cores Low-power MCU chips	Smart meters, smart water, gas and heat meters, smart home appliances, industrial control etc.
Automotive MCU	It is mainly composed of FM33LG0xxA, FM33LE0xxA, FM33FT0xxA, FM33FG0xxA, FM33LF0xxA, FM33HT0xxA, FM33FG5xxA automotive MCUs, which are 32-bit ARM Cortex-M0\M-star core automotive MCU chips.	Vehicle body control and comfort systems

## 2.4 FPGA chips

FPGA, an on-site programmable gate array, is a hardware reconfigurable integrated circuit chip. FPGA has the programmability and flexibility of software, which is an ideal solution in 5G communication, artificial intelligence and other fields with frequent repeated operation and fast upgrading cycles and large technical uncertainty. The Company is one of the leading companies in the field of FPGA technology in China.

Description and application fields of FPGA chip product series of the Company are as follows:

<b>Product type</b>	<b>Product description</b>	<b>Application fields</b>
10-million gate FPGA chips	Using 65nm CMOS technology, it is a series of SRAM FPGA products with high performance and cost-effective	Applicable to high-performance and large-scale applications such as network communication, information security, industrial control and high reliability application

100-million gate FPGA chips	Using 28nm CMOS technology, it is a series of SRAM FPGA products with high performance and in large scale	Applicable to 5G communication, artificial intelligence, data center, high reliability and other high-performance, large bandwidth and ultra large-scale applications
1000-million gate FPGA chips	New-generation FPGA serialisation based on 1xnm FinFET advanced process	Provide low-cost, low-power, high-performance and high-reliability products for computer vision, machine learning, high-speed digital processing and other applications, targeting intelligent cockpit, video surveillance, medical imaging, network communication and other industry sectors.
Embedded programmable device PSoC	Using 28nm CMOS technology, it is a series of embedded programmable SoC products	Applicable to video, industrial control, security, AI, high reliability and other applications
Smart Communication Chip RFSoc	New-generation PSOC serialisation using 1xnm FinFET advanced process	5G small base station, intelligent communication and other industry fields, providing low power consumption, high performance, high integration, high security and high reliability products

## 2.5 Testing services for IC products

The subsidiary of the Company, Sino IC, an independent and professional IC testing company, which is dedicated to providing high-quality, cost-effective and efficient testing solutions and a variety of value-added services for all kinds of IC enterprises. Its principal business includes testing of technology research, testing of hardware and software development, testing of equipment research and development, testing of verification and analysis, wafer testing, finished product testing, reliability testing, and leasing of equipment.

Sino IC provides customers with a total solution of IC testing services from chip verification and analysis, wafer testing to finished product testing. Its testing capabilities cover a wide range of products such as processors, 5G communications, artificial intelligence, wireless connectivity, memory, automotive MCUs, analogue chips etc.

## III. ANALYSIS OF OPERATING RESULTS

During the Reporting Period, the Group achieved revenue of approximately RMB3,590 million, representing a slight increase when compared with last year; net profit attributable to shareholders of the parent company of approximately RMB573 million, representing a decrease of 20.42% when compared with last year.

As at 31 December 2024, the total assets of the Group were approximately RMB9,041 million, representing an increase of 7.49% when compared with last year; and the net assets attributable to shareholders of the parent company were approximately RMB5,894 million, representing an increase of 11.15% when compared with last year.

The change of the above major accounting data and financial indicators is mainly due to the following:

- (1) The market competition of various product faced by the Group was keen. The Group launched new products and expanded markets actively and adjusted the selling prices of certain products in a timely manner in accordance with the market situation, in order to enhance or expand its market share, which resulting in an increase in both sales volume and revenue. Meanwhile, the comprehensive gross profit margin of the products was affected by the price of certain products, which decreased by 5.26 percentage points as compared with that of last year, resulting in a decrease in gross profit by approximately RMB155,968,600;
- (2) During the Reporting Period, the Group recorded an increase in credit impairment loss of approximately RMB32,045,700 as compared to last year mainly due to the increase in the balance of accounts receivables from highly reliable customers. Provision of impairment loss on assets increased by approximately RMB35,248,600 as compared to last year mainly due to the decrease in net realisable value of certain inventories which was affected by the change of market;

#### Description of the main business by industry, product, region and sales pattern

- (1) Revenue from the design and sale of integrated circuits increased slightly, while gross profit margin decreased by 4.5 percentage points when compared to last year which is due to product restructuring and price reductions. For IC testing services, revenue decreased by 28.45% due to lower testing price levels as a result of restructuring of testing product. In additional, with the operation of the Lingang testing base, there was increase in depreciation and staff costs resulted in a 33.32 percentage point drop of gross profit margin.
- (2) Revenue from Smart meter chips increased by 44.9% when compared with last year due to the recovery in demand in the Smart meter market and shipment growth in white household appliances, automotive and other application markets, while there were small fluctuations in revenue of other product line. Gross profit margins for security and identification chips, smart meter chips, FPGAs and other products decreased due to drop of products price and changes in products sales structure.
- (3) Mainly attributable to the yearly increase in revenue from smart meter chips and non-volatile memory, which are mainly sold on distribution. Security and identification chips are mainly sold by direct sales, its revenue declined, thus, direct sales revenue decreased and distribution revenue increased when compared to last year.

Reasons for changes in cost of sales: Mainly attributable to the increase in cost of sales as a result of the increase in sales volume of the Group's products

Reasons for changes in finance expenses: Mainly attributable to the increase in interest expenses on the Group's bank loans

Reasons for changes in other income: Mainly attributable to the increase in income from the addition and deduction of tax incentives of IC enterprise value-added tax during the Reporting Period

Reasons for changes in credit impairment losses: Mainly attributable to the increase in accounts receivable for highly reliable products

Reasons for changes in assets impairment losses: Mainly attributable to the fact that the Group made provision for the decrease in value of inventories for certain products which showed signs of slow-moving

## **MATERIAL INVESTMENTS AND ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES**

The Group had no material investments in and acquisitions and disposals of subsidiaries during the year.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

The Company is applying to the Shanghai Stock Exchange and the China Securities Regulatory Commission for the Issuance of A Share Convertible Bonds to non-specific investors in China with a total amount not exceeding RMB2 billion (RMB2 billion inclusive). The proceeds shall be fully invested in the Company's principal business, including, (i) the New Generation FPGA Platform Development and Industrialization Project, (ii) the Intelligent and Reconfigurable SoC Platform Development and Industrialization Project, (iii) the New Technical Platform Storage Development and Industrialization Project, (iv) the New High-end Security Controller Development and Industrialization Project, and (v) the Passive IoT Basic Chip Development and Industrialization Projects. On 19 July 2024, the Company received the "Approval on the Consent to the Registration of Shanghai Fudan Microelectronics Group Company Limited to issue Convertible Corporate Bonds to Non-Specific Investors" which issued by the China Securities Regulatory Commission, the content of which is giving approval to the registration of the Issuance of A Share Convertible Corporate Bonds by the Company to Non-Specific Investors and will be effective for 12 months from the date of consent to the registration. The special resolution in relation to the extension of the validity period of the resolution in respect of the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors and the special resolution in relation to the extension of Authorisations to the Board and its authorised persons to deal with the matters relating to the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors at their absolute discretion, both of which were proposed and not duly passed at the H Shareholders' Class Meeting held on 18 June 2024. Therefore, the Issuance of A Share Convertible Corporate Bonds to Non-Specific Investors is still subject to the approval of the Shareholders' General Meeting and the Shareholders' Class Meeting for the aforesaid renewal of the validity period.

Before the receipt of the proceeds from the issuance of A Share Convertible Corporate Bonds, the Company will invest with its own or self-raised funds as required based on the actual progress of the projects to be invested. When the proceeds are available, such funds used will be replaced by the proceeds so raised according to the procedures stipulated by the relevant laws and regulations. In the event that the actual amount of proceeds from the Issuance after deducting issuance expenses is less than the amount of proceeds proposed to be invested in the projects above, any shortfall will be made up by the Company with its own or self-raised funds.

Save as mentioned in this announcement, there was no other specific plan for material investments or capital assets as at 31 December 2024.

## **FINANCIAL RESOURCES AND LIQUIDITY**

As at 31 December 2024, net assets of the Group amounted to RMB6,544,120,922.79 (2023: RMB5,961,701,809.14), representing an increase of approximately 9.77% over last year; of which current assets amounted to RMB6,480,978,592.52 (2023: RMB5,937,283,670.86), representing an increase of approximately 9.16% over last year; of which included cash at bank and on hand which were RMB1,087,494,485.36 (2023: RMB1,003,337,496.96), representing an increase of approximately 8.39% over last year.

The Group kept profiting for the past years, and thus profit, placement of shares, bank borrowings and cash flows generated internally have been used to meet the operations and business development needs. With the cautious treasury policy adopted by the Group, the current cashflow is sufficient to cope with daily operation and future development. The Group may also obtain appropriate credit facilities from financial institutions when there is additional funding requirement for its business development in the future, including but not limited to bank borrowings, acceptance bills, discounted bills, trade finance and letters of credit, depending on the scale and duration of the funding requirements. The Group does

not use any financial instruments for hedging purposes and does not have foreign currency net investments hedged by currency borrowings and other hedging instruments.

The Group's exposure to currency exchange rate risk is relatively low as most of the Group's operations are carried out in the PRC and most of the transactions conducted are denominated and settled in Renminbi. The Group has not entered into any foreign exchange hedging arrangements. The Directors are of the opinion that the fluctuation of exchange rate has no material impact on the financial performance of the Group.

As at 31 December 2024, the Group had bank borrowings amounted to RMB1,665,513,184.63, which are repayable in 1 to 7 years with interest rate 2.27% to 2.66% per annual (2023: RMB1,436,202,110.03).

## CHANGE OF SHARE CAPITAL

On 18 December 2024, the Company issued 2,366,900 ordinary shares of A shares to the eligible persons who satisfied the vesting conditions of the third vesting period of the first batch and the second vesting period of the reserved batch of the 2021 A Share Restricted Share Incentive Scheme, the share capital was increased by RMB236,690.00. The total number of shares upon the completion of the issuance was 821,427,300 shares (including 537,097,300 A shares and 284,330,000 H shares).

## PLEDGE OF ASSETS

As at 31 December 2024, the Group did not have any assets pledged as security (2023: Nil).

## CAPITAL MANAGEMENT

The key objective of the Group's capital management is to ensure the Group's ability to operate on a going concern basis and maintain healthy capital ratios so as to support business growth and maximise shareholder value.

The Group manages its capital structure and makes adjustments in response to changes in economic conditions and risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the distribution of profits to shareholders, return capital to shareholders or issue new shares. The Group is not constrained by any external mandatory requirements on capital. The capital structure of the Group consists of equity attributable to owners of the Company, comprising bank borrowings, issued share capital and various reserves. There was no change in the Group's capital management objectives, policies or procedures in 2024 and 2023.

The Group manages its capital with the gearing ratio. The gearing ratio of the Group, which is the total liabilities divided by the total liabilities and owner's equity as at 31 December 2024 is approximately 27.62% (2023: 29.12%).

## COMMITMENTS AND CONTINGENCIES

### 1. Major Commitments

	2024	2023
Contracted but not provided Capital commitment	<u>9,619,477.16</u>	<u>202,947,261.42</u>

### 2. Contingencies

As at the balance sheet date, the Group has no contingent that need to be disclosed.

## **EMPLOYEES**

The Group provides employees with competitive compensation and benefits, including salary, bonus, social insurance, housing provident fund, health examination, supplementary commercial medical insurance and other welfare systems. The Group provides employees with various leave in accordance with the law, including personal leave, sick leave, marriage leave, work injury leave, bereavement leave, annual leave, maternity leave, paternity leave and others. The Group has established a complete performance appraisal system, and evaluates each employee according to the targeted appraisal objectives. At the end of each year, the Group formulates a salary adjustment plan based on the results of employee performance evaluation, and with reference to the market salary situation and the Group's current operating conditions. Besides, the Group optimizes the talent team through comprehensive talent evaluation mechanisms such as performance appraisal and talent promotion channels to achieve the development goal of building and developing a first-class talent team.

## **FUTURE OUTLOOK**

In year 2025, the Group will continue to consolidate and enhance its comprehensive competitive advantages in terms of technology, service, quality and brand name, and further expand its production capacity and product application areas, and continue to improve the coverage of the Group's business in the industrial chain at the same time, so as to achieve the sustainable, rapid and healthy development of the Group. Meanwhile, the Group will continue to enhance its technological advantages through university-enterprise technological cooperation and continuous investment in research and development, etc. The Group will also pay active attention to overseas advanced technologies and products in order to build up the Group's competitive advantages in the international market.

### Product technology

Research and Development is based on a solid foundation which includes in-depth study of requirements, mastery of core knowledge, construction of knowledge systems and optimisation of the R&D process. On this foundation, we should bravely explore new paths, new technologies, upgrade methods and concepts, and refine new competitiveness actively in order to move towards a higher level. The Group will continue to invest resources to strengthen its R&D capabilities and improve its R&D system processes. We will create a favourable atmosphere to encourage innovation, to stimulate the passion for innovation and creativity of R&D personnel, and to promote both enhancement of R&D work in terms of quality and efficiency.

### Marketing

We will conduct in-depth market insights, collecting market information and accurately grasping market dynamics. Dig deep into the target customers, predict the potential demand qualitatively and quantitatively, and transform the demand into product specifications accurately. We pay close attention to industry trends, analyse our own strengths and weaknesses, identify our market positioning and formulate differentiated competition strategies. The Group provides customers with quality products and services that meet their needs and exceed their expectations. Through effective marketing strategies, we aim to increase the market share of our products, thereby increasing sales and profits; optimise customer relationship management, enhance customer loyalty and promote word-of-mouth, thereby bringing sustainable business value to the Group. The Group will continue to innovate and optimise its marketing approach to adapt to the changing market environment and achieve sustainable development. At the same time, we need to maintain a high degree of sensitivity to changes in market demand, through data analysis, supply and demand research, etc., to grasp the changes accurately, adjust the procurement plan and production scheduling timely, in order to avoid inventory backlog or lack of goods phenomenon. In terms of business layout, it is necessary to focus resources on the development of core businesses to enhance core competitiveness.



### Internal management

At a time when the semiconductor industry is being restructured, the ability to adapt to changes in the environment is critical. The market is ever-changing and the environment is complex, the Group needs to maintain a keen sense of observation and keep a watchful eye on the macro-economic trend and the industry development trend. In particular, we shall pay close attention to the supply chain, especially policy and regulatory developments and formulate strategies in advance to minimize the impact of risks. We need to control the key links effectively, achieve efficient operation of internal management, and move forward in the ever-changing internal and external environments steadily, so as to provide solid and powerful support for the development of the Group.

### Grouping operation

We have conducted a comprehensive review and in-depth examination of our existing business processes to optimise the implementation of streamlined and efficient workflows, improve efficiency and speed up the transfer of information, so that the Group can be more agile and responsive to the changing environment. We shall abandon systems that restrict employees' motivation and creativity and those hinder innovation in enterprises, and shall develop more flexible and reasonable systems that are conducive to stimulating vitality. We respect and trust our employees, establish reasonable incentives and career development mechanisms to mobilise them, and create an atmosphere of fairness, equality and positivity. We also insist in cultural dissemination, public welfare and charity activities, and fulfil our corporate social responsibility.

## **FINAL DIVIDEND**

The Board proposes to declare a final dividend of RMB 0.8 (tax inclusive) per 10 shares for the year ended 31 December 2024 (2023 paid: RMB1.00 (tax included)) with total cash dividend amounted to RMB65,714,184.00 (2023 paid: RMB81,906,040.00).

The above proposal is subject to consideration and approval at the upcoming annual general meeting (the "AGM") of the Company. If the proposed distribution being approved at the AGM, the final dividend distribution for the year ended 31 December 2024 is expected to be implemented within 60 days after the AGM. Details of the Company's closure of register of shares and the declaration and payment of dividends will be announced in due course.

## **DIRECTORS' AND SUPERVISORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or supervisor or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, or any of its subsidiaries a party to any arrangement to enable the directors or supervisors to acquire such rights in any other body corporate.

## **DIRECTORS' AND SUPERVISORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct on terms no less exacting than the model code for securities transactions by directors of listed issuers as set out in Appendix C3 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). Having made specific enquiries to all directors and supervisors, the directors and supervisors have complied with such code of conduct and the required standard of dealings throughout the year ended 31 December 2024.

## **DIRECTORS' AND SUPERVISORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

No director or supervisor nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of the Company's subsidiaries was a party during the year.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the People's Republic of China.

## **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

On 18 December 2024, the Company issued 2,366,900 new A Shares ordinary shares pursuant to the 2021 A Shares Restricted Share Incentive Scheme, with issue price of RMB17.7 per share and increment of share capital RMB236,690.00 with a premium of RMB41,657,440.00. The closing price of the A Shares on 23 September 2021, being the date on which the Board approved the Incentive Scheme and the terms of issue were fixed, was RMB38.80 per A Share. Total fund raised and the actual net proceeds is RMB41,894,130.00, the net price to of each share is RMB17.7. According to the proposed use of proceeds under the 2021 A Shares Restricted Share Incentive Scheme, the proceeds of which were used as daily working capital in 2024. At 31 December 2024, the Company's outstanding restricted shares under the 2021 A Shares Restricted Share Incentive Scheme were 2,466,200 (further details are set out in the circular dated 20 October 2021, and the Company's overseas regulatory announcements dated 5 November 2021, 6 December 2021, 28 October 2022, 7 December 2022, 15 December 2022, 19 December 2023, 26 December 2023 and 11 December 2024). According to the capital structure of the Company, if all the outstanding restricted shares are vested, 2,466,200 additional A Shares ordinary shares of the Company will be issued. Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Reporting Period.

## **DIRECTORS' AND SUPERVISOR' INTERESTS IN A COMPETING BUSINESS**

During the year and up to the date of this announcement, none of the directors or supervisors of the Company had an interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

## **SUFFICIENCY OF PUBLIC FLOAT**

Based on information that is publicly available to the Company and within the knowledge of the directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this announcement.

## **CORPORATE GOVERNANCE PRACTICES**

The Company has adopted the code provisions set out in the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the Listing Rules. In the opinion of the Directors, the Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2024.

## **EVENTS AFTER THE REPORTING PERIOD**

The Group does not have any significant subsequent events.

## **AUDIT COMMITTEE**

The Company has an audit committee which was established with written terms of reference in compliance with the Listing Rules which also available on the website of the Stock Exchange of Hong Kong Limited ("the Stock Exchange") and the Company respectively. The primary duties of the audit committee are to review and supervise the financial reporting process, internal control and risk management system of the Group. The audit committee comprises three independent non-executive directors, Mr. Wang Pin (Chairman), Mr. Cao Zhongyong and Mr. Cai Minyong.

The Group's audited financial statements for the year ended 31 December 2024 have been reviewed by the committee, who is of the opinion that these statements complied with the applicable accounting standards, the requirements as set out by the Stock Exchange and the relevant regulations, and that adequate disclosures had been made.

## **SCOPE OF WORK OF ERNST & YOUNG HUA MING LLP**

The figures in respect of the Group's consolidated balance sheet and consolidated income statement and the related notes thereto for the year ended 31 December 2024 as set out in the results announcement have been agreed by the Company's auditor, Ernst & Young Hua Ming LLP, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young Hua Ming LLP in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young Hua Ming LLP on this results announcement.

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

Shanghai, the PRC, 25 March 2025

As at the date of this announcement, the Company's executive Directors are Mr. Jiang Guoxing, Mr. Shi Lei, Mr. Yu Jun and Mr. Shen Lei; non-executive Directors are Mr. Zhuang Qifei, Ms. Zhang Rui, Mr. Song Jiale and Ms. Yan Na, and independent non-executive Directors are Mr. Cao Zhongyong, Mr. Cai Minyong, Mr. Wang Pin and Ms. Zou Fuwen.

*\* For identification purpose only*