



**FUDAN
MICRO**

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)

2025 INTERIM REPORT



* for identification only

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Principal Accounting Data and Key Financial Indicators

The board of directors (the “Board”) of Shanghai Fudan Microelectronics Group Company Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the half-year ended 30 June 2025 together with the comparative figures for the corresponding period in 2024 or as at 31 December 2024 as follows:

KEY ACCOUNTING DATA

	Half-year ended 30 June	
	2025	2024
	RMB 0'000	RMB 0'000
	(Unaudited)	(Unaudited)
Revenue	183,885.10	179,409.53
Net profits attributable to the shareholders of the Company	19,361.41	34,809.20
Net profits attributable to the shareholders of the Company after deducting non-recurring profit or loss	18,231.26	30,882.02
Net cash flows generated from operating activities	18,553.43	12,712.92
	As at	As at
	30 June 2025	31 December 2024
	RMB 0'000	RMB 0'000
	(Unaudited)	(Audited)
Net assets attributable to the shareholders of the Company	603,401.43	589,408.50
Total assets	930,318.71	904,111.28

Principal Accounting Data and Key Financial Indicators

KEY FINANCIAL INDICATORS

	Half-year ended 30 June	
	2025	2024
	RMB (Unaudited)	RMB (Unaudited)
Basic earnings per share (RMB/share)	0.24	0.42
Diluted earnings per share (RMB/share)	0.24	0.42
Basic earnings per share after deducting non-recurring profit or loss (RMB/share)	0.22	0.38
Weighted average return on net asset (%)	3.23	6.34
Weighted average return on net asset after deducting non-recurring profit or loss (%)	3.04	5.63
Percentage of research and development investment of revenue (%)	28.99	33.31

During 1 January 2025 and 30 June 2025 (the “Reporting Period”), the Group achieved an revenue of approximately RMB1.839 billion, representing an increase of approximately 2.49% over the same period in 2024; the comprehensive gross profit margin was 56.80%, representing an increase of 0.31 percentage points over the same period in 2024; net profit attributable to owners of the parent company of approximately RMB194 million, representing a decrease of approximately 44.38% over the same period in 2024; and net profit attributable to owners of the parent company after deducting non-recurring profit or loss of approximately RMB182 million, representing a decrease of approximately 40.96% over the same period in 2024. The Group’s product lines faced intense market competition. The Group expanded new products and new markets actively to consolidate or expand its market share. All product lines in the integrated circuit design segment achieved growth except for Non-volatile memory products, and the overall revenue increased. The decrease in net profit attributable to owners of the parent company for the Reporting Period was due to 1.) the Company recognized a decrease in the amount of input tax credits of IC enterprise value-added tax and a decrease in government subsidies for project acceptance resulting in decrease in other income; and 2.) an increase in impairment loss on inventory resulting from factors such as a decline in demand for certain products in inventory and an increase in inventory aging.

As at 30 June 2025, the total assets of the Group amounted to approximately RMB9.303 billion, representing an increase of approximately 2.90% over the beginning of the Reporting Period, and the net assets attributable to the owners of the parent company amounted to approximately RMB6.034 billion, representing an increase of approximately 2.37% over the beginning of the Reporting Period.

During the Reporting Period, cash flows from operating activities amounted to approximately RMB186 million, representing an increase of approximately 45.94% over the same period in 2024. This was mainly due to an increase in cash received from sales of products during the Reporting Period, which led to an increase in cash inflows from operating activities.

Management Discussion and Analysis

(I) INDUSTRY AND PRINCIPAL BUSINESS

1. Industry Development

The Group is mainly engaged in the design, development and testing of large integrated circuits. According to the “Classification of Industries of the National Economy (GB/T 4754-2017)” the Company is under the industry of “C Manufacturing Industry - C39 Computer, Communication and Other Electronic Equipment Manufacturing Industry”.

In the first half of 2025, the global semiconductor industry showed an obvious growth trend. The World Semiconductor Trade Statistics organization (WSTS) predicts that the semiconductor market will achieve comprehensive growth in 2025, with an increment of 11.2% and an estimated global market valuation of US\$697 billion. According to data from the National Bureau of Statistics, China’s semiconductor production reached 239.47 billion units for the period from January to June 2025, representing an increase of 8.7% over the same period in 2024.

2. Business situation for each product line

a) *Security and identification IC chips*

The Group’s security and identification product line relies on independently developed radio frequency, memory, and security anti-attack technologies to form multiple product series, including smart cards and security chips, radio frequency identification (RFID) and sensor chips, and smart identification device chips. The product portfolio includes storage cards, high-frequency/ultra-high-frequency tags chips, NFC tags, contact/contactless/dual-interface smart cards, SE security chips, contactless readers, and mobile payment solutions, among dozens of other products. The Group is one of the most comprehensive suppliers of security and identification chip products in China.

b) *Non-volatile memory*

The Group’s memory chip product line offers a variety of interfaces, various types of packaging, comprehensive capacities, and cost-effective non-volatile memory products. Currently, the main products are EEPROM memory, NOR Flash memory, and SLC NAND Flash memory which available in various capacities, interfaces, and packaging formats, and with a leading market share in China.

Management Discussion and Analysis

(I) INDUSTRY AND PRINCIPAL BUSINESS *(Continued)*

2. Business situation for each product line *(Continued)*

c) *Smart meter chips*

The Group's smart meter product line includes smart meter MCUs and general-purpose MCUs and automotive MCUs. Smart meter MCU is the core component of electronic energy smart meter, enabling functions such as electricity consumption measurement, automatic meter reading, and data transmission for industrial and residential electricity users. General-purpose MCU products can be applied to many fields such as smart electricity meters, smart water, gas, and heat meters, smart home appliances, and industrial control. Automotive MCU products can be used in vehicle body control and comfort systems.

d) *FPGA chips and other products*

FPGA is a type of hardware-reconfigurable integrated circuit chip characterized by high flexibility, high parallelism, and low latency. It is an ideal solution for fields such as wired and wireless communications, low-orbit satellite communications, video imaging, industrial control, artificial intelligence, and special high-reliability applications that require frequent iterative upgrades or deterministic low latency. The Group is one of the leading companies in high-end FPGA technology in China.

Other products mainly include smart appliance chips, which have good applications in areas such as leakage protection devices and household appliances.

e) *Integrated circuit testing services*

The Group's subsidiary, Sino IC Technology Co., Ltd. (上海華嶺集成電路技術股份有限公司) ("Sino IC"), is an independent professional integrated circuit testing company dedicated to providing high-quality, cost-effective, and efficient testing solutions and a variety of value-added services to various integrated circuit companies. Main business includes: testing technology research, testing software and hardware development, testing equipment manufacturing, testing verification analysis, wafer testing, finished product testing, reliability testing, and leasing of proprietary equipment.

Sino IC provides customers with comprehensive integrated circuit testing solutions, ranging from chip verification analysis and wafer testing to finished product testing. Its testing capabilities cover a wide range of product areas, including processors, 5G communications, artificial intelligence, wireless connectivity, memory, automotive-grade MCUs, and analog chips.

Management Discussion and Analysis

(II) CORE TECHNOLOGY AND RESEARCH AND DEVELOPMENT PROGRESS

Core technology and its leading advancements and changes during the Reporting Period

(a) *Security and identification IC chips*

The Group's security and identification product line has undergone years of continuous research and development and technological accumulation, establishing a significant technological and research and development ("R&D") advantage in the two key areas of radio frequency and security. Based on years of technical expertise in RF chip design, low-power design, and high-reliability storage design, we have further developed a new generation of NFC tag design technology that is highly compatible with high-frequency usage scenarios such as Alipay's "Tap to Pay" feature. The optimized high-frequency reader design technology supports a wider range of NFC devices. We have also established a certain technical advantage in the field of ultra-high frequency RFID tag chips and ultra-high frequency reader chips. In term of both high-frequency NFC products and ultra-high-frequency RFID products, the Group is one of the few companies in the industry that possesses core design technologies for both tag chips and reader chips, enabling us to integrate the two to better meet the needs of end users. The product line is continuing to expand into higher frequency bands such as 2.4GHz, while simultaneously developing sensor technologies for temperature, humidity, and other parameters. We aim to provide customers with a chip-level integrated solution that combines sensing, connectivity, computing, and security by leveraging the product line's extensive expertise in secure computing product design technology.

During the Reporting Period, the Group's security and identification product line continued to upgrade and improve its traditional advantage products to consolidate its leading market position. We have achieved a technological breakthrough in improving the performance of NFC tag products, successfully launching a new generation of active NFC tag products and passive NFC tag products, thereby meeting the application requirements of key customers. We launched the second generation of PUF (Physically Unclonable Function) security tag chips with chip anti-transfer technology, enabling them to better meet the anti-counterfeiting application needs of high-end alcoholic beverages and other products. The second-generation ultra-high frequency RFID tag chip UF52A has been successfully launched, with significantly improved performance that better meets the needs of high-density application scenarios such as footwear and apparel. We launched the third generation of NFC channel series chips, covering ISO14443 and ISO15693 protocols, as well as small-capacity and large-capacity products, to better meet the connection needs of ESL, LED, smart appliances, and other devices with smartphones. The NFC reader/writer chip has become the only chip supplier in China to pass both relevant certifications and achieved mass production in the financial application field. Meanwhile, the NFC automotive-grade reader/writer chip has been successfully introduced into the automotive application field, continuing to penetrate the market of high-performance, high-reliability designs.

Management Discussion and Analysis

(II) CORE TECHNOLOGY AND RESEARCH AND DEVELOPMENT PROGRESS

(Continued)

Core technology and its leading advancements and changes during the Reporting Period

(Continued)

(b) Non-volatile memory

The Group's non-volatile memory product line based on a comprehensive product layout in the industry, which continues to focus on improving performance and reliability, expanding applications, and optimizing costs. It adheres to key technological breakthroughs, the coordinated development of multiple device process platforms, and product upgrades, and has made significant progress in core areas.

In terms of EEPROM core technology, the Group's newly developed SONOS platform products have entered to mass production stage, with a range of products featuring multiple capacities and interfaces being produced in bulk. This breakthrough has overcome challenges related to automotive-grade wide temperature ranges, ultra-wide voltage, and low power consumption technology. The erase/write lifespan and data retention capabilities of these products are leading the industry. Our products cover the entire range of 2Kbit~2Mbit industrial-grade/automotive-grade and DDR5 module interface chipsets, suitable for communication, PC, industrial control, home appliances, automotive electronics, and many other fields. During the Reporting Period, we completed the design, development, and tape-out of multiple small- and medium-capacity EEPROM products ranging from 2Kbit~32Kbit based on the new platform. Several large and medium-capacity EEPROM products have passed AEC-Q100 Grade 1 certification and have been successfully introduced into the supply chains of some Tier 1 suppliers and original equipment manufacturers (OEMs). The SPD5 Hub product, which is compatible with DDR5, has achieved mass production.

In terms of NOR core technology, The Group continues to advance process node evolution. In addition to continuously optimizing the original ETOX high-voltage, wide-voltage, and high-reliability technology platform and expanding the product series, The Group has completed the establishment of the ETOX low-voltage high-speed platform, optimizing core technologies such as architecture and algorithms continuously, improving product speed and reliability effectively, and reducing power consumption, and the platform has successfully passed automotive-grade testing in an orderly manner. In addition to the ETOX process platform, the Group has continued to invest in the research and development of NORD device platform products, achieving dual optimization of cost and performance in the field of medium and small capacity and high reliability requirements. During the Reporting Period, low-voltage high-speed series products were gradually put into mass production, covering capacities from 16Mbit~1Gbit, with key indicators such as performance and reliability reaching industry-leading levels. The optimization of the new generation of ETOX process devices has been verified. Several high-reliability, high-capacity products have completed tape-out verification, and the first automotive-grade product has completed evaluation, and the series of products is progressing steadily. Based on NORD's new generation unit technology platform, product testing and verification feedback has been positive. Ultra-low voltage NORD platform products are being developed to meet the low power consumption requirements of multiple system applications.

Management Discussion and Analysis

(II) CORE TECHNOLOGY AND RESEARCH AND DEVELOPMENT PROGRESS

(Continued)

Core technology and its leading advancements and changes during the Reporting Period

(Continued)

(b) Non-volatile memory (Continued)

In terms of SLC NAND core technology, we continue to adhere to a strategy of parallel mass production and optimization across multiple platforms. We continue to optimize process characteristics and algorithms in line with the characteristics of the 2Xnm process, improving cost competitiveness while enhancing stability and reliability to strengthen product competitiveness. Multiple products have been successfully introduced to customers. A new-generation process platform based on the domestic supply chain has completed the design, testing, and optimization of multiple products. During the Reporting Period, the 2Xnm platform series products have all entered mass production, with performance and reliability meeting customer requirements in application markets such as communications, surveillance, and wearables. High-capacity, high-reliability products based on a new domestic process platform have been verified by customers. A series of new platform-based products have been designed and taped out, ensuring supply chain security effectively.

(c) Smart meter chips

In terms of smart meter MCU technology, research has been conducted to implement integrated internal and external storage technology, low-power clock technology, built-in true random number generators, AES encryption units, and ECC/RSA public key cryptography acceleration engine implementation technology. When compared with competitors in the same industry, the products developed by the Company based on the above technologies have larger storage capacity, higher main frequency, significantly lower standby power consumption, and chip size significantly smaller than competitors, demonstrating the Company's leading chip design capabilities.

During the Reporting Period, the Group completed the development and tape-out of 12-inch 40nm, 55nm, and 90nm embedded flash memory process platforms for its MCU products and actively promoted productization efforts. In the future, the Group will achieve a complete layout of 12-inch and 8-inch process platforms, further enriching its product portfolio and expanding its market share in key industries such as smart meters, smart water and gas meters, smart home appliances, automotive electronics, and industrial control markets. Also, the Group will gradually launch multiple high-capacity, high-reliability, high-performance industrial-grade and automotive-grade MCU products based on the 12-inch process platform.

Management Discussion and Analysis

(II) CORE TECHNOLOGY AND RESEARCH AND DEVELOPMENT PROGRESS

(Continued)

Core technology and its leading advancements and changes during the Reporting Period

(Continued)

(d) FPGA chips and other chips

The Company is one of the leading companies in FPGA technology in China. Our Company's FPGA product line has successfully broken through key technologies such as ultra-large-scale FPGA architecture, programmable device compilers, multi-protocol ultra-high-speed serial transceivers, high-speed high-precision ADC/DAC, and ultra-large-scale programmable device supporting full-process EDA. We have formed a clear technological cluster advantage in the FPGA field, built a core technology barrier, and solidified our competitive advantage. The Company currently offers FPGA products and PSoC products with 10 million-gates, 100 million-gates and billion-gates, and has full-process independent intellectual property rights for the FPGA-compatible EDA tool Procise™. The Company has developed a comprehensive FPGA product line, and our series of products are widely used in wired and wireless communications, industrial control, image and video, and high reliability fields.

The Company committed to the research and development, and industrialization of heterogeneous fusion programmable devices. We have successfully broken through a number of key heterogeneous fusion technologies and have established a clear technological cluster advantage in the PSoC field. Our PSoC products have also been mass-produced successfully and are being used in bulk by multiple customers. We have established a PSoC product series and possess full-process independent intellectual property rights for PSoC-compatible EDA tools. We have established a comprehensive PSoC product line, and our series of products are widely used in the communications, power, industrial control, and high-reliability fields.

The Company's FPAI heterogeneous fusion architecture chip integrates CPU, FPGA, and NPU into one, serving as the Company's reconfigurable intelligent chip for customized edge and fusion-end inference applications. The Company has established a chip design platform and application development software platform for this heterogeneous fusion smart chip, and is currently developing a series of products with computing power ranging from 4TOPS to 128TOPS. The first 32TOPS computing power chip is progressing well in its promotion.

During the Reporting Period, the Company completed testing and reliability verification of a new RF-FPGA product and launched market promotion and small-scale mass production. The Company is planning a product line-up of RF-FPGA and RFSoc, and expects to begin tape-out in the second half of the year. The Company is promoting the next generation of FPGA and PSoC products actively in the communications, industrial, and high-reliability markets. We have introduced these products to many customers and achieved small-scale sales with good progress.

Management Discussion and Analysis

(II) CORE TECHNOLOGY AND RESEARCH AND DEVELOPMENT PROGRESS

(Continued)

Core technology and its leading advancements and changes during the Reporting Period

(Continued)

(e) Research and development achievements obtained during the Reporting Period

As at the end of the Reporting Period, the Group held 226 domestic and overseas invention patents, 25 utility model patents, 4 design patents, 352 computer software copyrights, and 187 integrated circuit layout design registration certificates.

List of intellectual property rights obtained during the Reporting Period:

	Addition		Accumulated	
	Application number	Obtained number	Application number	Obtained number
Invention patents	13	12	199	226
Utility model patents	8	5	19	25
Design patents	0	0	1	4
Software copyrights	9	10	243	352
Others	16	12	15	187
Total	46	39	477	794

(f) R&D expenditure table

	30 June 2025	30 June 2024	RMB 0'000 Change (%)
R&D expenses	46,347.99	49,114.52	-5.63
Capitalized R&D expenditures	6,965.55	10,654.21	-34.62
Total R&D expenditures	53,313.54	59,768.73	-10.80
Total R&D expenditures over revenue (%)	28.99	33.31	Decreased by 4.32 percentage point
Proportion of Capitalized R&D expenditures (%)	13.07	17.83	Decreased by 4.76 percentage point

Management Discussion and Analysis

(III) MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, certain sub-product lines of the Group's security and identification chip products, and smart meter product lines achieved strong sales performance which driven by growth in the consumer electronics market. The increasing demand in the high-reliability sector has played an important role in supporting the Group's operations. The smart card products in the memory product line and the security and identification chip product line are facing intense competition due to factors such as weak demand and excess market capacity. The high-reliability product line faces a situation where some products are in short supply while others need to adjust their pricing strategies to keep pace with the market in order to respond to competition. In order to secure supply chain, the Group has made strategic stockpiling in previous years, which has enhanced the Group's supply security but also brought certain inventory and financial pressures. The Group is adjusting its inventory structure and reducing inventory levels for certain products actively. In the second half of the year, the Group will explore growth drivers actively, strengthen upstream and downstream industrial synergy, respond to market changes sensitively, and adjust strategic planning for product lines in a timely manner to promote the Group's high-quality development.

In the first half of 2025, the Group achieved revenue of approximately RMB1.839 billion, representing an increase of approximately 2.49% over the same period in 2024; the comprehensive gross profit margin was 56.80%, representing an increase of 0.31 percentage points over the same period in 2024; net profit attributable to owners of the parent company of approximately RMB194 million, representing a decrease of approximately 44.38% over the same period in 2024. During the Reporting Period, there were no significant changes in the Group's main business. The Group has a wide range of product lines among the domestic chip design enterprises, with four major product lines, namely, security and identification, non-volatile memory, smart meter chips and field-programmable gate arrays (FPGAs), and provides chip testing services to customers through its holding subsidiary, Sino IC.

Management Discussion and Analysis

(III) MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

1. **Security and identification:** The product line has a number of sub-product series, including smart card and security chips, RFID and sensor chips, and chips for intelligent identification devices. During the Reporting Period, the product line achieved revenue of approximately RMB393 million (2024: RMB370 million).

During the Reporting Period, the business division actively followed up on user demand in response to changes in the financial card and social security card markets for smart cards and security chips, consolidated its existing market share and achieved a certain increase in sales volume. However, revenue from these products declined due to keen competition. The Company has maintained a strong competitive edge in areas such as battery anti-counterfeiting and WPC wireless charging. Also, the division will explore actively and cultivate new areas of application for smart cards and security chips which involve many sub-sectors. Radio Frequency Identification (RFID) and sensor chips are experiencing strong growth. The Company's products have gained customer recognition due to excellent reputation and performance advantages. The Company is in a favorable competitive position for traditional logic encryption chip applications, ESL and LED NFC channel chip applications, high-frequency RFID tag applications such as anti-counterfeiting for alcoholic beverages, libraries, and high-level conference credentials, and ultra-high frequency RFID tag applications such as footwear and airport luggage, and ultra-high frequency readers and writers. In addition to maintaining its leading position in traditional market sales, NFC tag chips have gained a major share of the new market through deep cooperation with Alipay in the "Tap to Pay" application. The smart identification device chip has continued to accumulate customer reviews in many fields based on the product's excellent performance and reliable quality assurance, such as financial POS payments, door locks and access control applications, consumables anti-counterfeiting, one-touch applications, and automotive applications, and has achieved good sales growth.

Management Discussion and Analysis

(III) MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

2. **Non-volatile memory:** The product line features a wide range of memory products such as Electrically Erasable Read-Only Memory (EEPROM), NOR Flash, and SLC NAND Flash with a variety of capacities, interfaces, and packages. During the Reporting Period, the product line achieved revenue of approximately RMB440 million (2024: RMB599 million).

During the Reporting Period, the EEPROM product line benefited from China's subsidy policies in the consumer electronics market, with downstream demand recovering and shipment volumes increased significantly in markets such as smartphone camera modules and home appliances. It continues to hold a leading position in niche markets such as industrial instrumentation. In response to the needs of the automotive market, it has completed the layout of its automotive-grade product series and has launched over 60 new mass-produced products recently which meet the Automotive Grade 1 standards. The EEPROM series products based on the SONOS platform have a strong competitive advantage in the market due to their outstanding cost advantages and reliability. The NOR product line has benefited from the recovery in downstream consumer market demand, with increased sale volume in ESL electronic tags, display modules, and the PC market. The product line has launched a new low-voltage, high-speed NOR FLASH series, which will significantly expand its application areas. Key target application scenarios include AMOLED display modules, IoT modules, PC motherboards, graphics cards, and Bluetooth devices, with promising future performance growth. The overall market for SLC NAND products is still in a price trough, with keen price competition. In the first half of the year, the Company adopted a conservative pricing strategy to control losses, resulting in a year-on-year decline in revenue. The introduction and mass production of new products based on the 2X nm platform continue to be vigorously promoted and good progress has been made in promoting these products in the network communications, security monitoring, and wearable markets, and they have been successfully introduced to industry benchmark customers. Due to the rise in market prices of products related to DDR4 and MLC NAND, coupled with increased domestic demand for SLC NAND, prices are expected to rise in the second half of the year, and profitability is expected to improve.

Management Discussion and Analysis

(III) MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

3. **Smart meter:** The product line mainly includes: smart meter MCUs, general-purpose MCUs and automotive-grade MCUs, etc. The smart meter MCU is the core component of a smart meter, enabling functions such as electricity consumption measurement, automatic meter reading, and data transmission for industrial and residential electricity users. General-purpose MCU products are widely used in smart water, gas, and heat meters, smart home appliances, industrial control, and other fields, while automotive-grade MCU products can be used in vehicle body control and comfort systems. During the Reporting Period, the product line achieved revenue of approximately RMB248 million (2024: RMB212 million). During the Reporting Period, the volume of State Grid electricity meter tenders decreased when compared to last year, but the Company maintained its competitive advantage in this field. The Company recorded growth in revenue in the areas of smart water, gas, and heat meters, smart home appliances, and industrial control. The Company's automotive-grade MCUs have a more solid foundation, which focusing on the vehicle body control and comfort system application fields, the Company's MCU products have accumulated a certain reputation in the industry for their performance and technical services. The Company's MCU products are gradually becoming one of the domestic platform options for customers.
4. **FPGA and other products:** The product line includes three sub-series of products: field-programmable gate array (FPGA) chips, embedded programmable system-on-chip (PSoC) chips, and field programmable artificial intelligence (FPAI) chips, and provides dedicated EDA development tools. The Group is one of the leading companies in FPGA technology in China. During the Reporting Period, the product line achieved revenue of approximately RMB681 million (2024: RMB553 million).

During the Reporting Period, the product line adhered to high-quality product and service standards and built a “chip-software-solution” ecosystem. The product line features 100 million-gates FPGA and PSoC chips based on 28nm process technology as its main products, which are widely used in communications, industrial, and high-reliability fields. The product line is also actively promoting the introduction and mass production of ultra-large-scale FPGAs, RF-FPGAs, and RFSOC products based on 1xnm FinFET advanced processes and 2.5D advanced packaging.

Other products mainly include smart appliance chips, which have found good application in new energy fields such as leakage protection devices, new energy electric vehicle charging stations, photovoltaics, and electrical fire prevention. During the Reporting Period, smart appliance chips suffered a significant decline due to factors such as the postponement of new national standards for new energy electric vehicle charging facilities, keen market competition, and difficulties in overseas exports.

Management Discussion and Analysis

(III) MANAGEMENT DISCUSSION AND ANALYSIS *(Continued)*

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. During the Reporting Period, Sino IC achieved revenue of approximately RMB158 million (2024: RMB130 million), and revenue after consolidation and offsetting amounted to approximately RMB77 million (2024: RMB58 million).

(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, which uses NFC technology as its business fulcrum and strives to develop distinctive business services. During the Reporting Period, Fuwei Xunjie mainly engaged in the operation of NFC virtual transportation cards, covering first-tier cities such as Beijing and Shanghai. By upgrading the application scenarios of physical cards, Fuwei Xunjie continues to promote the use of mobile NFC applications in university campuses across the country. Fuwei Xunjie has also collaborated with hundreds of IP vendors to participate actively in the goods economy and have made progress in areas such as mobile IP applications. Fuwei Xunjie supplies automotive - grade IC card truck keys to multiple new energy vehicle manufacturers. Fuwei Xunjie also provides short-range communication testing laboratory and professional testing services to vehicle manufacturers.

Management Discussion and Analysis

(IV) RISK FACTORS

1. Risk of new product development and technology iteration

The integrated circuit design industry in which the Group operates is a typical technology-intensive industry, where technology upgrades and product iterations are fast. At the same time, chip products have high technical barriers and the advantages of first-mover companies are obvious. The Group will face the risk of being seized by competitors for market share if the Group misjudges the market demand in the follow-up research and development process or the research and development progress becomes slow. In addition, high-end chip research and development has the characteristics of long development cycle, large capital investment, and high research and development risk. During the research and development process, some key technologies may be failed to break through or product performance, parameters, yield, etc. which may not meet the needs of the market and there is risk of failure of research and development and falling behind next-generation technology.

2. Risks related to attracting talent and maintaining innovation capabilities

Currently, the domestic chip design industry is developing rapidly, and competition among companies for R&D talent is fierce. If the Group fails to formulate effective talent incentive policies or if its human resources management cannot adapt to the needs of rapid development, it will face the risk of losing core talent and may also find it difficult to attract outstanding talent, thereby jeopardizing the Group's ability to maintain its innovative capabilities.

3. Risk of falling of product selling price and gross profit margin

In the international market, compared with the leading enterprises in the industry, there are shortfalls in the richness of the Group's product layout, the advancement of technical indicators such as technological process and performance, and the scale of operation or market share of certain products of the Group. In the domestic market, there was increasing attention from the society, market and capital for the IC design industry. The Group is also facing an increasing number of competitors in each of its product lines and the competition is keen.

In recent years, the supply and demand relationship for some products has changed, and the overall gross profit margin level of the industry has been significantly impacted. At the same time, the performance of the Group's existing high-reliability mature products are subject to certain downward risks due to factors such as market competition and lower gross profit margins in newly expanded areas.

If the Group is unable to take effective measures to consolidate and enhance the competitiveness of its products in the future as a result of advancement in technology standards, increase in labour and raw material costs as well as decrease in the bargaining power of the Group's products, the Group's comprehensive gross profit margins will be subject to the risk of decline, which will put the Group in an unfavourable position in the keenly competitive marketplace and reduce its sustainable profitability.

Management Discussion and Analysis

(IV) RISK FACTORS *(Continued)*

4. Risk of impairment of inventories

The inventories of the Group mainly include chips and wafers. To safeguard the supply chain, the Group has invested more resources in inventories. At the end of the reporting period, the carrying amount of the inventories of the Group was approximately RMB3,088.9847 million, accounting for 45.75% of the corresponding total current assets at the end of the period. The Group makes corresponding impairment provisions every year according to the amount of the net realizable value of inventories lower than the cost. At the end of the reporting period of the reporting period, the balance of inventory impairment provisions of the Group was approximately RMB548.2611 million, and the proportion of inventory impairment provisions was 15.07%. If the market accelerates to go down in the future or the product replacement is accelerated due to technical repetitive computing, the risk of impairment of inventories may increase, which will have an adverse impact on the operating results of the Group.

5. Financial risks associated with R&D investment

The Group attaches great importance to the independent research and development of core technologies. During the Reporting Period, the R&D investment was approximately RMB533 million, accounting for 28.99% of the revenue during the Reporting Period. The R&D investment intensity was relatively high. The amortization provided for the intangible assets formed by development expenditure or write-off of the development expenditure and impairment of the intangible assets may have a significant impact on the profits of the Group.

6. Risks of policy changes such as government subsidies and tax incentives

The Group's integrated circuit design and integrated circuit testing related businesses are encouraged and supported by national industrial policies. The Group has strong scientific research capabilities and obtained more subsidies for scientific research projects during the Reporting Period, which can make up for the Group's R&D investment to a certain extent. As a high and new technology enterprise, the Group enjoys preferential tax policy support. If the national incentive policy changes, it may cause the risk of fluctuations in the profitability of the Group.

7. Risk of collection of accounts receivable and notes receivable

At the end of the Reporting Period, the book balance of the accounts receivable of the Group was approximately RMB1,743.2925 million, and the book balance of notes receivable was approximately RMB295.3871 million. The total book balance of accounts receivable and notes receivable accounted for 110.87% of the revenue. If the macroeconomic situation, industry development prospects and other factors adversely change in the future, and the operating conditions of customers experience major difficulties, the Group may face the risk of increasing bad debt losses due to uncollectible accounts receivable and notes receivable.

Management Discussion and Analysis

(IV) RISK FACTORS *(Continued)*

8. Industry risks

During the Reporting Period, changes in the supply and demand of chips and intensified competition in the industry brought challenges to the Group's gross profit margin. Although the Group's product lines cover industrial grade products, consumer and high reliability applications and are more resilient to volatility, an industry-wide slowdown in growth could adversely affect the Group's results.

9. Macro-environmental risks

In recent years, the uncertainty of the international trade environment has increased, and anti-globalization trade has further spread. Some countries have adopted trade protection measures and have repeatedly taken longarm jurisdictional measures, which have had an impact on China's integrated circuit industry. The integrated circuit industry has typical characteristics of global division of labor and cooperation. If there are major adverse changes in the international trade environment, the trade friction between countries and regions further escalates, and global trade protectionism continues to heat up, the production and operation of upstream and downstream companies in the integrated circuit industry chain may be adversely affected, resulting in an increase in upstream and downstream transaction costs in the industry chain or influence on the security of supply chain of the Group, which may adversely affect the operation of the Group.

10. Risk of intellectual property and legal

Chip design is a technology-intensive industry, and the final chip product is highly complex. Therefore, even if the Group has taken strict intellectual property protection measures and quality control measures, etc., it is still unable to eliminate legal risks completely that caused by intellectual property disputes, technology licensing risks (EDA design tools, IP core licensing, etc.) and disputes caused by product quality defects.

Management Discussion and Analysis

(V) MAIN OPERATION SITUATION IN THE REPORTING PERIOD

Main business analysis

1. Analysis of changes in financial statements related items

Item	Half-year ended 30 June		RMB0'000
	2025	2024	Change (%)
Other income	3,562.31	10,366.77	-65.64
Asset impairment losses	(15,051.65)	(294.54)	N/A
Net cash flow generated from operating activities	18,553.43	12,712.92	45.94
Net cash flow generated from investing activities	(11,479.89)	(32,461.50)	N/A

Reasons for changes in other income: mainly attributable to the decrease in the amount of input tax credits of IC enterprise value-added tax and a decrease in government subsidies for project acceptance.

Reasons for changes in asset impairment losses: mainly attributable to the decrease in the demand of certain products and increase in inventory ageing. For the Reporting Period, the Group recorded impairment loss on inventories of RMB142,951,639.78 and impairment loss on intangible assets of RMB7,564,881.83. Inventories are stated at the lower of cost and net realizable value, which are written down below cost to net realizable value if the cost is higher than the net realizable value.

Reasons for changes in net cash flow generated from operating activities: mainly attributable to the increase in cash received from sales of goods, which led to an increase in cash inflows from operating activities.

Reasons for changes in net cash flow generated from investing activities: mainly attributable to decrease in the net decrease in investments in bank wealth management products during the Reporting Period.

Management Discussion and Analysis

(V) MAIN OPERATION SITUATION IN THE REPORTING PERIOD *(Continued)*

Main business analysis *(Continued)*

2. Analysis of assets and liabilities status

Status of assets and liabilities

Item	30 June 2025	Balance as at 30 June 2025 as a percentage of total assets (%)	31 December 2024	Balance as at 31 December 2024 as a percentage of total asset (%)	RMB0'000
					Change in balance as at the end of the Reporting Period as compared with last year (%)
Accounts receivable	174,329.25	18.74	149,380.56	16.52	16.70
Prepayments	19,212.45	2.07	11,364.43	1.26	69.06
Intangible assets	15,985.74	1.72	19,749.52	2.18	-19.06
Short-term borrowings	86,550.00	9.30	107,187.20	11.86	-19.25
Contract liabilities	14,583.16	1.57	10,319.43	1.14	41.32
Long-term borrowings	40,357.25	4.34	23,986.35	2.65	68.25

Reasons for changes in accounts receivable: mainly attributable to high proportion of revenue was generated from high-reliability customers with long collection cycles, which led to an increase in accounts receivable.

Reasons for changes in Prepayments: mainly attributable to an increase in advance payments to suppliers for new products.

Reasons for changes in intangible assets: mainly attributable to the amortization of software usage rights and proprietary technology during the Reporting Period.

Reasons for changes in Short-term borrowings: mainly attributable to the repayment of short-term loans that had matured.

Reasons for changes in Contract liabilities: mainly attributable to the increase in sales orders from customers and increase in advance payments received from customers.

Reasons for changes in long-term borrowings: mainly attributable to the adjustments in the debt structure and an increase in bank loans with maturities of more than one year.

Consolidated Balance Sheet (Unaudited)

30 June 2025

		RMB	
Item	Note	30 June 2025 (unaudited)	31 December 2024 (audited)
Current assets:			
Cash at bank and on hand	(4)	1,098,255,942.76	1,087,494,485.36
Financial assets held for trading	(5)	119,187,777.78	140,423,986.11
Notes receivable	(6)	295,387,124.87	298,713,176.51
Accounts receivable	(7)	1,743,292,485.68	1,493,805,646.24
Receivable financing	(8)	159,298,287.13	146,984,229.37
Prepayments	(9)	192,124,539.47	113,644,331.24
Other receivables	(10)	9,210,404.31	9,833,164.05
Inventories	(11)	3,088,984,743.93	3,134,456,903.75
Other current assets	(12)	46,746,427.70	55,622,669.89
Total current assets		6,752,487,733.63	6,480,978,592.52
Non-current assets:			
Long-term equity investments	(13)	52,135,567.48	54,181,165.60
Investment in other equity instruments	(14)	34,768,610.55	34,816,060.94
Fixed assets	(15)	1,513,033,509.22	1,567,673,557.56
Construction in progress	(16)	77,568,503.80	54,802,756.87
Right-of-use assets	(17)	26,185,790.13	21,412,383.49
Intangible assets	(18)	159,857,403.64	197,495,198.20
Development costs	(58)	544,101,772.29	502,272,190.99
Long-term prepaid expenses	(19)	58,546,823.37	50,444,603.53
Deferred income tax assets	(20)	20,079,991.42	12,150,568.25
Other non-current assets	(21)	64,421,387.81	64,885,721.14
Total non-current assets		2,550,699,359.71	2,560,134,206.57
Total assets		9,303,187,093.34	9,041,112,799.09
Current liabilities:			
Short-term borrowings	(22)	865,500,000.00	1,071,872,039.08
Accounts payable	(23)	268,566,330.00	234,621,512.71
Contract liabilities	(24)	145,831,602.42	103,194,260.37
Employee benefits payables	(25)	157,587,822.70	164,318,991.66
Taxes payables	(26)	39,523,711.74	38,398,088.82
Other payables	(27)	121,049,797.30	76,683,635.99
Non-current liabilities due within one year	(28)	397,875,893.03	368,203,159.44
Other current liabilities	(29)	183,518,485.53	167,099,502.06
Total current liabilities		2,179,453,642.72	2,224,391,190.13

Consolidated Balance Sheet (Unaudited)

30 June 2025

Item	Note	RMB	
		30 June 2025 (unaudited)	31 December 2024 (audited)
Non-current liabilities:			
Long-term borrowings	(30)	403,572,485.00	239,863,539.60
Lease liabilities	(31)	19,020,972.64	8,582,179.88
Deferred income	(32)	26,587,337.27	20,516,501.67
Deferred income tax liabilities	(20)	3,638,425.67	3,638,465.02
Total non-current liabilities		452,819,220.58	272,600,686.17
Total liabilities		2,632,272,863.30	2,496,991,876.30
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)	(33)	82,142,730.00	82,142,730.00
Capital reserve	(34)	1,895,188,116.16	1,882,822,116.58
Other comprehensive income	(35)	15,874,490.96	16,211,183.24
Surplus reserve	(36)	41,071,365.00	41,071,365.00
Undistributed profit	(37)	3,999,737,556.99	3,871,837,648.79
Total owners' equity attributable to the parent company (or shareholders' equity)		6,034,014,259.11	5,894,085,043.61
Minority interest		636,899,970.93	650,035,879.18
Total owners' equity (or shareholders' equity)		6,670,914,230.04	6,544,120,922.79
Total liabilities and owners' equity (or shareholders' equity)		9,303,187,093.34	9,041,112,799.09

Balance Sheet of the Parent Company (Unaudited)

30 June 2025

		RMB	
Item	Note	30 June 2025 (unaudited)	31 December 2024 (audited)
Current assets:			
Cash at bank and on hand		912,186,739.75	835,707,104.02
Financial assets held for trading		99,187,777.78	140,423,986.11
Notes receivable		252,784,948.71	279,301,288.57
Accounts receivable	(68)1	1,708,487,804.73	1,464,950,102.30
Receivable financing		151,972,696.22	139,125,331.87
Prepayments		191,373,405.54	113,088,508.18
Other receivables	(68)2	6,081,262.38	6,126,612.87
Inventories		3,088,054,321.05	3,130,514,634.99
Other current assets		29,593,480.21	22,677,665.21
Total current assets		6,439,722,436.37	6,131,915,234.12
Non-current assets:			
Long-term equity investments	(68)3	142,971,874.61	144,363,865.30
Investment in other equity instruments		23,370,006.56	23,370,006.56
Fixed assets		690,166,512.46	720,696,127.16
Construction in progress		964,359.70	762,984.99
Right-of-use assets		4,280,739.58	7,721,767.74
Intangible assets		161,162,714.95	198,577,909.20
Development costs		544,101,772.29	502,272,190.99
Long-term prepaid expenses		30,954,828.20	34,904,995.40
Other non-current assets		53,486,363.53	55,286,260.00
Total non-current assets		1,651,459,171.88	1,687,956,107.34
Total assets		8,091,181,608.25	7,819,871,341.46
Current liabilities:			
Short-term borrowings		865,500,000.00	1,071,872,039.08
Accounts payable		310,430,254.20	271,682,393.45
Contract liabilities		141,912,316.76	100,580,468.41
Employee benefits payables		156,246,672.67	157,233,143.05
Taxes payables		38,895,108.33	37,499,004.64
Other payables		86,811,676.96	50,715,348.24
Non-current liabilities due within one year		385,905,907.52	357,603,188.40
Other current liabilities		156,105,894.81	144,303,353.58
Total current liabilities		2,141,807,831.25	2,191,488,938.85

Balance Sheet of the Parent Company (Unaudited)

30 June 2025

Item	Note	30 June 2025 (unaudited)	31 December 2024 (audited)
RMB			
Non-current liabilities:			
Long-term borrowings		272,626,200.00	106,917,254.60
Lease liabilities		1,118,669.66	1,533,098.51
Deferred income		17,618,139.26	11,445,434.34
Deferred tax liabilities		3,635,871.84	3,635,871.84
Total non-current liabilities		294,998,880.76	123,531,659.29
Total liabilities		2,436,806,712.01	2,315,020,598.14
Owners' equity (or shareholders' equity):			
Paid-in capital (or share capital)		82,142,730.00	82,142,730.00
Capital reserve		1,701,606,239.13	1,689,240,239.55
Other comprehensive income		11,235,033.32	11,235,033.32
Surplus reserve		41,071,365.00	41,071,365.00
Undistributed profit		3,818,319,528.79	3,681,161,375.45
Total owners' equity (or shareholders' equity)		5,654,374,896.24	5,504,850,743.32
Total liabilities and owners' equity (or shareholders' equity)		8,091,181,608.25	7,819,871,341.46

Consolidated Income Statement (Unaudited)

For the half-year ended 30 June 2025

Item	Note	RMB	
		Half-year ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Total Revenue	(38)	1,838,851,016.48	1,794,095,311.26
Including: Revenue		1,838,851,016.48	1,794,095,311.26
Total cost of sales		1,530,652,926.71	1,535,418,500.77
Including: Cost of sales	(38)	794,327,683.07	780,619,386.93
Business taxes and surcharges	(39)	11,428,375.33	4,625,993.78
Selling expenses	(40)	117,085,245.69	120,356,300.26
Administrative expenses	(41)	83,820,612.68	70,938,744.49
Research and development expenses	(42)	508,610,492.48	540,299,186.90
Finance expenses	(43)	15,380,517.46	18,578,888.41
Including: Interest expenses		19,919,772.17	21,459,686.35
Interest income		8,594,860.95	8,149,763.40
Add: Other income	(44)	35,623,070.31	103,667,742.69
Investment income/ (loss)	(45)	713,852.94	(951,694.96)
Including: Investment losses from associates and joint venture		(1,391,990.69)	(2,023,462.08)
(Losses)/Gains from changes in fair value	(46)	(236,208.33)	209,361.11
Credit impairment losses	(47)	(21,276,085.38)	(15,026,452.41)
Assets impairment losses	(48)	(150,516,521.61)	(2,945,369.09)
Gains on disposal of assets	(49)	22,274.43	925,633.09
Operating profits		172,528,472.13	344,556,030.92
Add: Non-operating income	(50)	940.06	51,200.92
Less: Non-operating expenses	(51)	4,134.75	500,000.00
Total profits		172,525,277.44	344,107,231.84
Less: Income tax expenses	(52)	(7,952,906.51)	4,422,997.41
Net profits		180,478,183.95	339,684,234.43

Consolidated Income Statement (Unaudited)

For the half-year ended 30 June 2025

Item	Note	RMB	
		Half-year ended 30 June 2025 (unaudited)	2024 (unaudited)
Net profits attributable to shareholders of the parent company		193,614,092.20	348,091,959.43
Gains or losses of minority interests		(13,135,908.25)	(8,407,725.00)
Net other comprehensive income after tax		(336,692.28)	206,889.38
Net other comprehensive income after tax attributable to owners of the parent company		(336,692.28)	206,889.38
Other comprehensive income that will be reclassified to profit or loss		(336,692.28)	206,889.38
Other comprehensive income can be classified as profit or loss under the equity method		—	—
Exchange differences arising from translation of foreign currency denominated financial statements		(336,692.28)	206,889.38
Total comprehensive income		180,141,491.67	339,891,123.81
Total comprehensive income attributable to owners of the parent company		193,277,399.92	348,298,848.81
Total comprehensive income attributable to minority interests		(13,135,908.25)	(8,407,725.00)
Earnings per share:			
Basic earnings per share (RMB/share)		0.24	0.42
Diluted earnings per share (RMB/share)		0.24	0.42

Income Statement of the Parent Company (Unaudited)

For the half-year ended 30 June 2025

Item	Note	RMB	
		Half-year ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Revenue	(68)4	1,745,619,954.77	1,719,083,335.60
Less: Cost of sales	(68)4	733,130,679.76	766,486,595.58
Business taxes and surcharges		11,047,184.05	4,491,573.07
Selling expenses		110,752,744.26	113,323,162.73
Administrative expenses		52,037,092.69	43,422,770.77
Research and development expenses		483,748,917.78	495,054,446.37
Finance costs		14,835,148.08	19,560,909.56
Including: Interest expenses		17,691,368.27	20,942,914.05
Interest income		7,277,994.45	6,915,936.24
Add: Other income		34,854,788.51	89,040,825.51
Investment income	(68)4	404,570.06	5,353,993.86
Including: Investment losses from associates and joint venture		(1,391,990.69)	(1,940,881.22)
(Losses)/ Gains from changes in fair value		(236,208.33)	209,361.11
Credit impairment losses		(21,218,427.23)	(15,099,489.72)
Assets impairment losses		(150,516,521.61)	(2,945,369.09)
Gains on disposal of assets		15,947.79	925,633.09
Operating profits		203,372,337.34	354,228,832.28
Less: Non-operating expenses		500,000.00	500,000.00
Total profits		202,872,337.34	353,728,832.28
Less: Income tax expenses		—	7,148,282.39
Net profits		202,872,337.34	346,580,549.89
Net other comprehensive income after tax		—	—
Total comprehensive income		202,872,337.34	346,580,549.89

Consolidated Cash Flows Statement (Unaudited)

For the half-year ended 30 June 2025

		RMB	
Item	Note	Half-year ended 30 June	
		2025	2024
		(unaudited)	(unaudited)
Cash flow generated from operating activities:			
Cash received from sale of goods and rendering of services		1,670,846,359.33	1,603,297,345.80
Receipts of taxes and surcharges refunds		27,680,666.13	16,296,115.78
Cash received relating to other operating activities	(53)	30,366,982.94	43,035,028.70
Sub-total of cash inflow from operating activities		1,728,894,008.40	1,662,628,490.28
Cash paid for purchase of goods and services received		771,929,590.57	746,651,031.68
Cash paid to and on behalf of employees		509,963,824.78	640,302,150.28
Payments of taxes and surcharges		121,277,449.94	31,379,158.54
Cash paid relating to other operating activities	(53)	140,188,855.27	117,166,965.93
Sub-total of cash outflow from operating activities		1,543,359,720.56	1,535,499,306.43
Net cash flow generated from operating activities		185,534,287.84	127,129,183.85
Net cash flow generated from investing activities			
Cash received from disposal of investments		734,197,390.19	279,589,259.02
Cash received from return on investments		1,368,428.62	506,808.22
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets		46,215.00	62,470.00
Cash received relating to other investing activities	(53)	749,883.04	792,458.92
Sub-total of cash inflow from investing activities		736,361,916.85	280,950,996.16
Cash paid to acquire fixed assets, intangible assets and other long-term assets		158,160,773.18	195,566,029.33
Cash payments for investments		693,000,000.00	410,000,000.00
Sub-total of cash outflow from investing activities		851,160,773.18	605,566,029.33
Net cash flow generated from investing activities		(114,798,856.33)	(324,615,033.17)

Consolidated Cash Flows Statement (Unaudited)

For the half-year ended 30 June 2025

		RMB	
Item	Note	Half-year ended 30 June	
		2025 (unaudited)	2024 (unaudited)
Cash flow generated from financing activities:			
Cash proceeds from investments by others		–	14,541,402.41
Cash received from borrowings		787,872,000.00	798,089,293.68
Sub-total of cash inflow from financing activities		787,872,000.00	812,630,696.09
Cash repayments of borrowings		798,992,039.08	722,163,886.93
Cash paid for distribution of dividends, profit or interest expenses		19,502,757.05	84,601,611.63
Cash paid relating to other financing activities	(54)	5,387,944.29	13,396,103.76
Sub-total of cash outflow from financing activities		823,882,740.42	820,161,602.32
Net cash flow generated from financing activities		(36,010,740.42)	(7,530,906.23)
Effect of changes in foreign exchange rate on cash and cash equivalents		(3,880,611.47)	(5,585,878.82)
Net decrease in cash and cash equivalents		30,844,079.62	(210,602,634.37)
Add: Balance of cash and cash equivalents at the beginning of the period		1,063,300,787.15	992,924,996.96
Balance of cash and cash equivalents at the end of the period		1,094,144,866.77	782,322,362.59

Cash Flows Statement of the Parent Company (Unaudited)

For the half-year ended 30 June 2025

Item	RMB	
	Half-year ended 30 June 2025 (unaudited)	2024 (unaudited)
Cash flow generated from operating activities:		
Cash received from sale of goods and rendering of services	1,596,577,783.43	1,496,280,769.87
Receipts of taxes and surcharges refunds	5,829,481.34	13,865,382.28
Cash received relating to other operating activities	23,594,173.67	16,411,468.28
Sub-total of cash inflow from operating activities	1,626,001,438.44	1,526,557,620.43
Cash paid for purchase of goods and services received	827,599,863.63	801,881,062.36
Cash paid to and on behalf of employees	425,455,702.64	552,483,991.35
Payments of taxes and surcharges	119,498,625.80	28,551,594.21
Cash paid relating to other operating activities	122,962,874.63	96,644,301.01
Sub-total of cash outflow from operating activities	1,495,517,066.70	1,479,560,948.93
Net cash flow generated from operating activities	130,484,371.74	46,996,671.50
Cash flow generated from investing activities:		
Cash received from disposal of investments	512,177,534.25	139,559,335.60
Cash received from return on investments	1,020,318.88	6,729,916.18
Net cash recovered from disposal of fixed assets, intangible assets and other long-term assets	46,215.00	62,470.00
Cash received relating to other investing activities	749,883.04	792,458.92
Sub-total of cash inflow from investing activities	513,993,951.17	147,144,180.70
Cash paid to acquire fixed assets, intangible assets and other long-term assets	62,608,985.15	56,393,390.77
Cash payments for investments	451,000,000.00	270,000,000.00
Sub-total of cash outflow from investing activities	513,608,985.15	326,393,390.77
Net cash flow generated from investing activities	384,966.02	(179,249,210.07)

Cash Flows Statement of the Parent Company (Unaudited)

For the half-year ended 30 June 2025

Item	RMB	
	Half-year ended 30 June 2025 (unaudited)	2024 (unaudited)
Cash flow generated from financing activities:		
Cash received from borrowings	787,872,000.00	798,089,293.68
Sub-total of cash inflow from financing activities	787,872,000.00	798,089,293.68
Cash repayments of borrowings	798,492,039.08	722,163,886.93
Cash paid for distribution of dividends, profit or interest expenses	17,743,430.19	75,590,327.82
Cash paid relating to other financing activities	2,177,724.27	7,157,634.51
Sub-total of cash outflow from financing activities	818,413,193.54	804,911,849.26
Net cash flow generated from financing activities	(30,541,193.540)	(6,822,555.58)
Effect of changes in foreign exchange rate on cash and cash equivalents	(3,726,841.82)	(5,783,361.87)
Net decrease in cash and cash equivalents	96,601,302.40	(144,858,456.02)
Add: Balance of cash and cash equivalents at the beginning of the period	815,585,437.35	707,197,960.37
Balance of cash and cash equivalents at the end of the period	912,186,739.75	562,339,504.35

Consolidated Statement of Changes in Owners' Equity (Unaudited)

For the half-year ended 30 June 2025

Item	Owners' equity attributable to the Parent Company						Minority interest	Total owners' equity
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Subtotal		
At 31 December 2024 and at 1 January 2025	82,142,730.00	1,882,822,116.58	16,211,183.24	41,071,365.00	3,871,837,648.79	5,894,085,043.61	650,035,879.18	6,544,120,922.79
Increase/decrease in the current period	-	12,365,999.58	(336,692.28)	-	127,899,908.20	139,929,215.50	(13,135,908.25)	126,793,307.25
Total comprehensive income	-	-	(336,692.28)	-	193,614,092.20	193,277,399.92	(13,135,908.25)	180,141,491.67
Amount of share-based payment included in owners' equity	-	12,365,999.58	-	-	-	12,365,999.58	-	12,365,999.58
Profit distribution to owners (or shareholders)	-	-	-	-	(65,714,184.00)	(65,714,184.00)	-	(65,714,184.00)
At 30 June 2025	82,142,730.00	1,895,188,116.16	15,874,490.96	41,071,365.00	3,999,737,556.99	6,034,014,259.11	636,899,970.93	6,670,914,230.04

For the half-year ended 30 June 2024

Item	Owners' equity attributable to the Parent Company						Minority interest	Total owners' equity
	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	Subtotal		
At 31 December 2023 and at 1 January 2024	81,906,040.00	1,782,726,457.49	16,123,727.63	40,953,020.00	3,381,266,932.48	5,302,976,177.60	658,725,631.54	5,961,701,809.14
Increase/decrease in the current period	-	29,996,625.82	206,889.38	-	266,185,919.43	296,389,434.63	(17,419,008.81)	278,970,425.82
Total comprehensive income	-	-	206,889.38	-	348,091,959.43	348,298,848.81	(8,407,725.00)	339,891,123.81
Amount of share-based payment included in owners' equity	-	29,996,625.82	-	-	-	29,996,625.82	(9,011,283.81)	20,985,342.01
Profit distribution to owners (or shareholders)	-	-	-	-	(81,906,040.00)	(81,906,040.00)	-	(81,906,040.00)
At 30 June 2024	81,906,040.00	1,812,723,083.31	16,330,617.01	40,953,020.00	3,647,452,851.91	5,599,365,612.23	641,306,622.73	6,240,672,234.96

Statement of Changes in Owners' Equity of the Parent Company (Unaudited)

For the half-year ended 30 June 2025

Item	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	RMB Total owners' equity
At 31 December 2024 and at 1 January 2025	82,142,730.00	1,689,240,239.55	11,235,033.32	41,071,365.00	3,681,161,375.45	5,504,850,743.32
Increase/decrease in the current period	–	12,365,999.58	–	–	137,158,153.34	149,524,152.92
Total comprehensive income	–	–	–	–	202,872,337.34	202,872,337.34
Amount of share-based payment included in owners' equity	–	12,365,999.58	–	–	–	12,365,999.58
Profit distribution to owners (or shareholders)	–	–	–	–	(65,714,184.00)	(65,714,184.00)
At 30 June 2025	82,142,730.00	1,701,606,239.13	11,235,033.32	41,071,365.00	3,818,319,528.79	5,654,374,896.24

For the half-year ended 30 June 2024

Item	Paid-in capital (or share capital)	Capital reserve	Other comprehensive income	Surplus reserve	Undistributed profit	RMB Total owners' equity
At 31 December 2023 and at 1 January 2024	81,906,040.00	1,590,711,665.24	12,551,863.83	40,953,020.00	3,200,007,316.38	4,926,129,905.45
Increase/decrease in the current period	–	29,813,225.82	–	–	264,674,509.89	294,487,735.71
Total comprehensive income	–	–	–	–	346,580,549.89	346,580,549.89
Amount of share-based payment included in owners' equity	–	29,813,225.82	–	–	–	29,813,225.82
Profit distribution to owners (or shareholders)	–	–	–	–	(81,906,040.00)	(81,906,040.00)
At 30 June 2024	81,906,040.00	1,620,524,891.06	12,551,863.83	40,953,020.00	3,464,681,826.27	5,220,617,641.16

Notes to Financial Statements

For the half-year ended 30 June 2025

(1) BASIC INFORMATION ON THE COMPANY

Company overview

Shanghai Fudan Microelectronics Group Company Limited (the “Company”) established on 10 July 1998 is a joint stock limited liability company incorporated in Shanghai, the People’s Republic of China. The RMB ordinary shares, A shares and H shares, issued by the Company are listed on the Shanghai Stock Exchange and the Stock Exchange of Hong Kong Limited, respectively. The registered address of the Company is No. 220, Handan Road, Shanghai.

The principal activities of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) include the design, development and sale of integrated circuit products; and integrated circuit product testing services.

The financial statements have been approved by resolution of the board of directors of the Company on 27 August 2025.

The scope of consolidation in the consolidated financial statements is determined on the basis of control.

(2) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Basis of preparation

The financial statements have been prepared in accordance with the “Accounting Standards for Business Enterprises – Basic Standards” promulgated by the Ministry of Finance and the specific accounting standards, application guidelines, interpretations and other relevant regulations subsequently announced and revised (collectively “Accounting Standards for Business Enterprises” or “ASBEs”). In addition, these financial statements also discloses relevant financial information in accordance with “Rule No. 15 of the Rules for the Preparation and Disclosure of Information by Companies Issuing Public Securities – General Provisions for Financial Reports.”

The financial statements are presented on a going concern basis.

Except for certain financial instruments, the financial statements have been prepared under the pricing principle of historical cost. If the assets are impaired, corresponding provisions for impairment shall be made according to relevant regulations.

Going concern

There is no event or circumstance of the Company which casts material doubts to the going concern abilities for the 12 months from the end of the Reporting Period.

Notes to Financial Statements

For the half-year ended 30 June 2025

(3) PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

The Group has 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, impairment of inventories, depreciation of fixed assets, amortization of intangible assets, eligibility of the development costs for capitalisation and recognition and measurement of revenue.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Company are in accordance with the requirements of the ASBEs, and gives a true and complete view on information including the financial position, the operating results, changes in owners' equity and cash flows of the Company. The unaudited interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with the ASBEs.

2. Accounting period

The Company adopts the Gregorian calendar year as its accounting year, commencing from 1 January to 31 December.

3. Functional currency

The functional currency of the Company is Renminbi.

4. Principal Accounting Policies

The accounting policies used in the preparation of the unaudited interim financial statements are consistent with those used in the preparation of the Group's annual financial statements for the year ended 31 December 2024. The unaudited interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2024, which have been prepared in accordance with the ASBEs.

5. Tax

1. Main types of taxes and corresponding tax rates

Tax type	Tax basis	Tax rate
Value-added tax ("VAT")	VAT payable is the difference between VAT output and deductible VAT input for the current period	13%, 6%
Urban maintenance and construction tax	VAT actually paid	7%
Corporate income tax ("CIT")	Taxable profit	29.84%, 25%, 16.5% or 15%
Property tax	It is paid at 1.2% of the original value of the property after deducting 30% or 10%.	1.2%

Notes to Financial Statements

For the half-year ended 30 June 2025

(3) PRINCIPAL ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(Continued)

5. Tax (Continued)

1. Main types of taxes and corresponding tax rates (Continued)

Different companies with different CIT rates, disclosed as follows:

Name of taxpayer	Income tax rate (%)
The Company	15%
Sino IC Technology Co., Ltd.	15%
Shanghai Fuwei Xunjie Digital Technology Co., Ltd.	15%
Shanghai Fudan Microelectronics (Hong Kong) Limited	In accordance with the Inland Revenue (Amendment) (No.3) Ordinance 2018, under the two-tiered profits tax rates regime effective from the year of assessment 2018/2019, the first Hong Kong Dollar (“HK\$”) 2,000,000 of assessable profits of a qualifying entity is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.
Fudan Microelectronics (USA) Inc.	Subject to US federal corporate income tax rate of 21% and 8.84% in accordance with local laws

2. Tax preferential benefits

- (a) According to “Corporate Income Tax Law of the People’s Republic of China”, the preferential income tax rate of 15% is applicable to high-new technology enterprises. The Company and Sino IC obtained the high-tech enterprise certificates No. GR202331003224 and GR202331002511 respectively in 2023, and Shanghai Fuwei Xunjie Digital Technology Co., Ltd. obtained the high-tech enterprise certificates No. GR202431000324 in 2024, which are valid for three years. Accordingly, the Company, Sino IC and Fuwei Xunjie pay corporate income tax at a reduced rate of 15% for the year 2025.
- (b) In accordance with the requirements under the Circular of the Ministry of Finance and the State Administration of Taxation on the Value-added Tax Policy of Software Products (Cai Shui [2011] No. 100), the Company is entitled to the policies of recovery upon payment of VAT for software products.

Notes to Financial Statements

For the half-year ended 30 June 2025

(4) CASH AT BANK AND ON HAND

		RMB
Item	30 June 2025	31 December 2024
Cash on hand	17,302.32	67,527.99
Deposits with banks	1,098,238,640.44	1,087,426,957.37
Total	1,098,255,942.76	1,087,494,485.36
Including: Total overseas deposits	35,591,923.07	40,848,669.51

Note: As at 30 June 2025, the Group has no cash balance being restricted.

As at 30 June 2025, the Group's non-cash and cash equivalent time deposits and accrued interest on time deposits are RMB4,111,075.99. Bank current deposits generate interest income at the interest rate of bank current deposits. The term of short-term time deposits ranges from 6 months to 12 months which depending on the cash needs of the Group, and interest income is obtained at the corresponding bank time deposit rates.

(5) FINANCIAL ASSETS HELD FOR TRADING

		RMB
Item	30 June 2025	31 December 2024
Financial assets at fair value through current profit or loss	119,187,777.78	140,423,986.11
– debt instrument investments	119,187,777.78	140,423,986.11

(6) NOTES RECEIVABLE

1. Notes receivable by category

		RMB
Item	30 June 2025	31 December 2024
Bank acceptance notes	22,925,203.47	19,225,396.18
Commercial acceptance notes	272,461,921.40	279,487,780.33
Total	295,387,124.87	298,713,176.51

Note: As at 30 June 2025, the Group had no discounted bank acceptance notes and discounted commercial acceptance notes, the Group had endorsed bank acceptance notes of RMB1,636,731.20; the Group had endorsed commercial acceptance notes of RMB40,046,970.77.

Notes to Financial Statements

For the half-year ended 30 June 2025

(6) NOTES RECEIVABLE (Continued)

2. Disclosure under the methods of provision for bad debts by category

Category	RMB									
	30 June 2025					31 December 2024				
	Book balance		Provision for bad and doubtful debts			Book balance		Provision for bad and doubtful debts		
	Percentage			Percentage of	Carrying	Percentage		Percentage of	Carrying	
	Amount	(%)	Amount	provision (%)	amounts	Amount	(%)	Amount	provision (%)	amounts
Bad debt provision made on individual basis	304,415,857.94	100.00	9,028,733.07	2.97	295,387,124.87	305,965,808.77	100.00	7,252,632.26	2.37	298,713,176.51
Of which:										
Bank acceptance notes portfolio	22,925,203.47	7.53	-	-	22,925,203.47	19,225,396.18	6.28	-	-	19,225,396.18
Commercial acceptance notes portfolio	281,490,654.47	92.47	9,028,733.07	3.21	272,461,921.40	286,740,412.59	93.72	7,252,632.26	2.53	279,487,780.33
Total	304,415,857.94	/	9,028,733.07	/	295,387,124.87	305,965,808.77	/	7,252,632.26	/	298,713,176.51

3. Provision for bad debts

Category	At 31 December 2024 and at 1 January 2025	Change during the period	30 June 2025
		Provision	
Commercial acceptance notes	7,252,632.26	1,776,100.81	9,028,733.07
Total	7,252,632.26	1,776,100.81	9,028,733.07

Notes to Financial Statements

For the half-year ended 30 June 2025

(7) ACCOUNTS RECEIVABLE

1. An ageing analysis based on the invoice date is as follows:

Ageing	RMB	
	30 June 2025	31 December 2024
Within 1 year	1,145,167,151.44	1,066,133,983.44
1 to 2 years	524,148,980.44	430,339,657.61
2 to 3 years	147,309,674.28	60,587,802.99
3 to 4 years	11,142,005.88	1,767,651.58
4 to 5 years	493,339.05	1,136,154.93
Over 5 years	1,921,977.64	1,224,109.80
Total	1,830,183,128.73	1,561,189,360.35

2. Disclosure under the methods of provision for bad debts by category

RMB										
30 June 2025						31 December 2024				
	Book balance		Provision for bad and doubtful debts			Book balance		Provision for bad and doubtful debts		
	Percentage		Percentage of			Percentage		Percentage of		
Category	Amount	(%)	Amount	provision (%)	Carrying amounts	Amount	(%)	Amount	provision (%)	Carrying amounts
Bad debt allowance is provided by portfolio of credit risk characteristics	1,830,183,128.73	100.00	86,890,643.05	4.75	1,743,292,485.68	1,561,189,360.35	100.00	67,383,714.11	4.32	1,493,805,646.24
Of which:										
Highly Reliable Product										
Sales Portfolio	1,636,493,979.53	89.42	65,386,173.50	4.00	1,571,107,806.03	1,377,451,107.96	88.23	46,713,948.23	3.39	1,330,737,159.73
Industrial Sales Portfolio	143,010,889.50	7.81	19,979,902.08	13.97	123,030,987.42	136,176,470.73	8.72	19,209,800.93	14.11	116,966,669.80
Testing Services Portfolio	50,678,259.70	2.77	1,524,567.47	3.01	49,153,692.23	47,561,781.66	3.05	1,459,964.95	3.07	46,101,816.71
Total	1,830,183,128.73	/	86,890,643.05	/	1,743,292,485.68	1,561,189,360.35	/	67,383,714.11	/	1,493,805,646.24

Notes to Financial Statements

For the half-year ended 30 June 2025

(7) ACCOUNTS RECEIVABLE (Continued)

3. Provision for bad debts

Category	At		Change during the period		RMB
	31 December 2024 and at 1 January 2025	Provision	Recovery or reversal	Write-off or cancellation	
Bad debt provision	67,383,714.11	19,506,928.94	–	–	86,890,643.05
Total	67,383,714.11	19,506,928.94	–	–	86,890,643.05

4. Five largest accounts receivable by debtors at the end of the period

Entity name	Book balance	Percentage of balance of accounts receivable (%)	Provision for bad debts	RMB
First	365,107,200.00	19.95	–	
Second	160,717,440.00	8.78	8,246,856.00	
Third	154,183,197.62	8.42	10,423,574.76	
Forth	75,570,140.00	4.13	3,734,472.00	
Fifth	68,283,420.00	3.73	5,803,806.00	
Total	823,861,397.62	45.01	28,208,708.76	

(8) RECEIVABLE FINANCING

Item	RMB	
	30 June 2025	31 December 2024
Bank acceptance notes	159,298,287.13	146,984,229.37
Total	159,298,287.13	146,984,229.37

Notes receivable that were endorsed or discounted but not yet due at the balance sheet date were as follows:

Item	30 June 2025	
	Termination of confirmation	Non-termination confirmation
Bank acceptance notes	74,388,631.99	–

Notes to Financial Statements

For the half-year ended 30 June 2025

(9) PREPAYMENTS

1. Prepayments by ageing

Ageing	30 June 2025		31 December 2024	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	148,828,178.32	77.47	83,942,528.29	73.86
1 to 2 years	13,696,694.37	7.13	27,803,778.47	24.47
2 to 3 years	29,599,666.78	15.40	1,898,024.48	1.67
Total	192,124,539.47	100.00	113,644,331.24	100.00

2. Five largest prepayments by debtor at the end of the period

Entity name	Book balance	RMB Percentage of balance of prepayments (%)
First	51,984,700.05	27.06
Second	51,866,747.46	27.00
Third	26,161,530.47	13.62
Forth	19,741,609.59	10.28
Fifth	12,932,118.31	6.73
Total	162,686,705.88	84.69

(10) OTHER RECEIVABLES

Item	RMB	
	30 June 2025	31 December 2024
Other receivables	9,210,404.31	9,833,164.05
Total	9,210,404.31	9,833,164.05

Notes to Financial Statements

For the half-year ended 30 June 2025

(10) OTHER RECEIVABLES (Continued)

Other receivables

1. By ageing

		RMB
Ageing	30 June 2025	31 December 2024
Within 1 year	6,124,081.06	4,450,790.17
1 to 2 years	644,713.35	3,183,875.77
2 to 3 years	445,334.24	256,446.70
Over 3 years	1,996,275.66	1,942,051.41
Total	9,210,404.31	9,833,164.05

2. By nature

		RMB
Nature	30 June 2025	31 December 2024
Deposit guarantee	4,739,260.60	7,106,116.23
Payment on behalf	518,240.33	253,673.72
Reserve fund	69,000.00	69,000.00
Others	3,883,903.38	2,404,374.10
Total	9,210,404.31	9,833,164.05

3. Five largest other receivables by debtor at the end of the period

				RMB
Entity name	Nature of the receivable	30 June 2025	Ageing	Percentage of total other receivables at the end of the period (%)
Shanghai Foreign Service Holding Group Co., Ltd.	Payments on behalf	1,348,583.85	Within 1 year	14.64
Kweichow Moutai Co., Ltd.	Security deposits	1,000,000.00	Within 1 year	10.86
Shanghai Qianda Economic and Technological Development Co., Ltd.	Security deposits	721,629.50	Over 3 years	7.83
Forth	Receivable – equipments	430,662.28	1-2 years	4.68
Shanghai Fudan Science and Technology Park Co., Ltd.	Security deposits	350,518.62	2-3 years, over 3 years	3.81
Total	/	3,851,394.25	/	41.82

Notes to Financial Statements

For the half-year ended 30 June 2025

(11) INVENTORIES

1. Inventories by category

Item	30 June 2025			31 December 2024		
	Book balance	Provision for impairment of inventory/contract performance cost	Carrying amounts	Book balance	Provision for impairment of inventory/contract performance cost	Carrying amounts
Raw materials	1,163,902,100.13	88,176,058.90	1,075,726,041.23	1,152,815,291.54	59,012,534.14	1,093,802,757.40
Work-in-progress	1,155,621,104.60	127,104,245.96	1,028,516,858.64	1,157,237,136.51	125,202,003.00	1,032,035,133.51
Finished goods	1,305,922,378.38	332,980,775.19	972,941,603.19	1,249,426,899.89	248,009,259.06	1,001,417,640.83
Contract performance costs	11,800,240.87	–	11,800,240.87	7,201,372.01	–	7,201,372.01
Total	3,637,245,823.98	548,261,080.05	3,088,984,743.93	3,566,680,699.95	432,223,796.20	3,134,456,903.75

As at 30 June 2025, the Group did not have inventories used for pledge or guarantee purposes (31 December 2024: Nil).

2. Provision for impairment of inventory and contract performance cost

Item	At 31 December 2024 and at 1 January 2025		Increase during the period		Decrease during the period	30 June 2025
			Provision	Others	Write-back or write-off	
Raw materials	59,012,534.14	33,029,631.00	–	–	3,866,106.24	88,176,058.90
Work-in-progress	125,202,003.00	3,764,015.14	–	–	1,861,772.18	127,104,245.96
Finished goods	248,009,259.06	106,157,993.64	–	–	21,186,477.51	332,980,775.19
Total	432,223,796.20	142,951,639.78	–	–	26,914,355.92	548,261,080.05

Notes to Financial Statements

For the half-year ended 30 June 2025

(12) OTHER CURRENT ASSETS

Item	RMB	
	30 June 2025	31 December 2024
Input VAT to be deducted	15,577,468.18	31,380,189.73
Prepaid corporate income tax	28,664,238.92	19,278,102.17
Amortized expenses	2,504,720.60	354,581.31
Others	–	4,609,796.68
Total	46,746,427.70	55,622,669.89

(13) LONG-TERM EQUITY INVESTMENTS

RMB							
Investee	At 31 December 2024 and at 1 January 2025	Opening balance of provision for impairment	Reduction of Investment	Increase or decrease during the period Investment profit or loss recognized with the equity method	Others	Closing balance of provision for impairment	30 June 2025
Associates							
Shanghai Xihongqiao Navigation Technology Co., Ltd	3,414,642.32	–	–	(240,818.33)	–	–	3,173,823.99
Shanghai Fukong Hualong Microsystem Technology Co., Ltd.	11,529,965.41	24,933,174.46	–	(670,582.86)	–	–	10,859,382.55
Shanghai Fudan Sci-Tech. Park Venture Investment Co., Ltd	14,555,003.38	–	–	(428,895.72)	–	–	14,126,107.66
Shanghai Haojun Venture Capital Partnership (Limited Partnership)	24,027,947.06	–	–	(51,693.78)	–	–	23,976,253.28
Spear Innovations Oy Ltd.	653,607.43	–	(653,607.43)	–	–	–	–
Total	54,181,165.60	24,933,174.46	(653,607.43)	(1,391,990.69)	–	–	52,135,567.48

Notes to Financial Statements

For the half-year ended 30 June 2025

(14) INVESTMENTS IN OTHER EQUITY INSTRUMENTS

Investee				RMB		
	At 31 December 2024 and at 1 January 2025	Others	30 June 2025	Accumulated profit in other comprehensive income	Accumulated loss in other comprehensive income	Reasons for being designated as at fair value through other comprehensive income
Shanghai Fudan Communication Co., Ltd.	23,370,006.56	–	23,370,006.56	11,235,033.32	–	Non-trading
Shenglianke (Shanghai) Technology Co.	9,561,319.80	(39,637.19)	9,521,682.61	5,840,910.71	–	Non-trading
ScaleFlux, Inc	1,884,734.58	(7,813.20)	1,876,921.38	–	1,666,763.11	Non-trading
Zhejiang Jingchang Electronics Co., Ltd.	–	–	–	–	–	Non-trading
Total	34,816,060.94	(47,450.39)	34,768,610.55	17,075,944.03	1,666,763.11	

Notes to Financial Statements

For the half-year ended 30 June 2025

(15) FIXED ASSETS

Item	RMB	
	30 June 2025	31 December 2024
Fixed assets	1,513,033,509.22	1,567,673,557.56
Total	1,513,033,509.22	1,567,673,557.56

Fixed assets status

Item	RMB				
	Buildings and structures	Machinery and equipment	Motor vehicles	Electronics and other equipment	Total
Original book value					
31 December 2024	941,728,861.78	1,290,991,330.00	8,447,220.40	292,726,707.96	2,533,894,120.14
Increase during the period	5,281,448.63	46,374,201.49	–	10,776,030.64	62,431,680.76
Additions	–	–	–	9,880,636.47	9,880,636.47
Transfer from construction in progress	5,281,448.63	46,374,201.49	–	896,917.78	52,552,567.90
Exchange realignment	–	–	–	(1,523.61)	(1,523.61)
Decrease during the period	–	749,025.41	–	16,527.18	765,552.59
Disposal or written off	–	749,025.41	–	16,527.18	765,552.59
30 June 2025	947,010,310.41	1,336,616,506.08	8,447,220.40	303,486,211.42	2,595,560,248.31
Accumulated depreciation					
31 December 2024	78,172,134.51	794,285,156.30	6,623,009.41	87,140,262.36	966,220,562.58
Increase during the period	16,370,631.61	74,086,555.03	319,615.55	26,263,833.56	117,040,635.75
Provision	16,370,631.61	74,086,555.03	319,615.55	26,265,201.97	117,042,004.16
Exchange realignment	–	–	–	(1,368.41)	(1,368.41)
Decrease during the period	–	718,758.20	–	15,701.04	734,459.24
Disposal or written off	–	718,758.20	–	15,701.04	734,459.24
30 June 2025	94,542,766.12	867,652,953.13	6,942,624.96	113,388,394.88	1,082,526,739.09
Carrying amounts					
30 June 2025	852,467,544.29	468,963,552.95	1,504,595.44	190,097,816.54	1,513,033,509.22
31 December 2024	863,556,727.27	496,706,173.70	1,824,210.99	205,586,445.60	1,567,673,557.56

Notes to Financial Statements

For the half-year ended 30 June 2025

(16) CONSTRUCTION IN PROGRESS

Item	RMB	
	30 June 2025	31 December 2024
Construction in progress	77,568,503.80	54,802,756.87
Total	77,568,503.80	54,802,756.87

Construction in progress status

Item	30 June 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amounts	Book balance	Provision for impairment	Carrying amounts
Decorations	384,480.74	–	384,480.74	8,294,202.45	–	8,294,202.45
Equipment to be commissioned	77,184,023.06	–	77,184,023.06	46,508,554.42	–	46,508,554.42
Total	77,568,503.80	–	77,568,503.80	54,802,756.87	–	54,802,756.87

Changes in the current period of important projects under construction

Item	At 31					30 June 2025	Source of Fund
	Budget	December 2024 and at 1 January 2025	Increase during the period	Transferred to fixed assets during the period	Accumulative investment of the budget (%)		
IC Technology R&D and Industrial Application Base	800,000,000.00	23,681,917.62	24,945,323.47	31,508,393.92	84.48	17,118,847.17	Own funds/ raised funds
Total	800,000,000.00	23,681,917.62	24,945,323.47	31,508,393.92	/	17,118,847.17	

Notes to Financial Statements

For the half-year ended 30 June 2025

(17) RIGHT-OF-USE ASSETS

Item	RMB Buildings and structures
Original book value	
31 December 2024	89,397,559.18
Increase during the period	12,476,783.91
Addition	12,517,171.55
Exchange realignment	(40,387.64)
Decrease during the period	4,297,094.44
Disposal	4,297,094.44
30 June 2025	97,577,248.65
Accumulated depreciation	
31 December 2024	67,985,175.69
Increase during the period	7,824,700.42
Provision	7,824,700.42
Decrease during the period	4,418,417.59
Disposal	4,418,417.59
30 June 2025	71,391,458.52
Carrying amounts	
30 June 2025	26,185,790.13
31 December 2024	21,412,383.49

Notes to Financial Statements

For the half-year ended 30 June 2025

(18) INTANGIBLE ASSETS

Item	Software use right	Patent technologies	RMB Total
Original book value			
31 December 2024	111,603,688.46	766,562,062.56	878,165,751.02
Increase during the period	4,845,161.40	27,825,964.51	32,671,125.91
Additions	4,845,161.40	–	4,845,161.40
In-house research and development	–	27,825,964.51	27,825,964.51
30 June 2025	116,448,849.86	794,388,027.07	910,836,876.93
Accumulated amortisation			
31 December 2024	64,880,464.25	507,745,150.67	572,625,614.92
Increase during the period	17,559,185.49	45,184,853.15	62,744,038.64
Provision	17,559,185.49	45,130,549.78	62,689,735.27
Others	–	54,303.37	54,303.37
30 June 2025	82,439,649.74	552,930,003.82	635,369,653.56
Provision for impairment			
31 December 2024	–	108,044,937.90	108,044,937.90
Increase during the period	–	7,564,881.83	7,564,881.83
Provision	–	7,564,881.83	7,564,881.83
30 June 2025	–	115,609,819.73	115,609,819.73
Carrying amounts			
30 June 2025	34,009,200.12	125,848,203.52	159,857,403.64
31 December 2024	46,723,224.21	150,771,973.99	197,495,198.20

At the end of the period, the intangible assets formed through in-house research and development of the Group accounted for 78.73% of the carrying amount of intangible assets.

Notes to Financial Statements

For the half-year ended 30 June 2025

(19) LONG-TERM PREPAID EXPENSES

				RMB
Item	At 31 December 2024 and at 1 January 2025	Increase during the period	Amortised during the period	30 June 2025
Leasehold improvements of offices and factories	50,444,603.53	16,580,035.08	8,477,815.24	58,546,823.37
Total	50,444,603.53	16,580,035.08	8,477,815.24	58,546,823.37

(20) DEFERRED INCOME TAX ASSETS/DEFERRED INCOME TAX LIABILITIES

1. Deferred income tax assets before offsetting

Item	30 June 2025		31 December 2024	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deductible losses	113,280,625.96	16,992,093.89	70,130,087.20	10,519,513.08
Government grants	30,511,098.01	4,576,664.70	25,812,967.33	3,871,945.10
Lease liabilities	23,486,529.73	3,522,979.46	12,460,148.92	1,869,022.34
Provision for impairment of assets	1,662.67	249.40	1,418,349.13	212,752.37
Accrued expenses	940,500.00	141,075.00	1,004,500.00	150,675.00
Total	168,220,416.37	25,233,062.45	110,826,052.58	16,623,907.89

Notes to Financial Statements

For the half-year ended 30 June 2025

(20) DEFERRED INCOME TAX ASSETS/DEFERRED INCOME TAX LIABILITIES *(Continued)*

2. Deferred income tax liabilities before offsetting

Item	30 June 2025		31 December 2024	
	Taxable temporary differences	Deferred income tax Liabilities	Taxable temporary differences	Deferred income tax Liabilities
Fair value change of other equity instrument investments	23,370,006.56	3,635,871.84	23,370,006.56	3,635,871.84
Depreciation of fixed assets	15,517,617.61	2,327,642.64	18,334,518.31	2,750,177.75
Difference of depreciation of fixed assets	15,490.18	2,553.83	15,716.24	2,593.18
Right-of-use assets	18,836,189.28	2,825,428.39	10,206,267.99	1,530,940.20
Unrealised profit of intra-group transaction	–	–	1,281,477.93	192,221.69
Total	57,739,303.63	8,791,496.70	53,207,987.03	8,111,804.66

3. Deferred income tax assets or liabilities presented at net amount after offsetting:

Item	30 June 2025		31 December 2024	
	Offset amount of deferred income tax assets and Liabilities	Remaining deferred income tax assets or liabilities after offset	Offset amount of deferred income tax assets and Liabilities	Remaining deferred income tax assets or liabilities after offset
Deferred income tax assets	(5,153,071.03)	20,079,991.42	(4,473,339.64)	12,150,568.25
Deferred income tax liabilities	(5,153,071.03)	3,638,425.67	(4,473,339.64)	3,638,465.02

Notes to Financial Statements

For the half-year ended 30 June 2025

(20) DEFERRED INCOME TAX ASSETS/DEFERRED INCOME TAX LIABILITIES *(Continued)*

4. Details of unrecognised deferred income tax assets

Item	RMB	
	30 June 2025	31 December 2024
Deductible temporary differences	1,228,736,299.84	1,057,711,961.36
Deductible losses	224,141,377.57	151,807,924.19
Total	1,452,877,677.41	1,209,519,885.55

5. Deductible losses that are not recognized for deferred income tax assets will expire in the following years

Year	RMB	
	30 June 2025	31 December 2024
2025	27,753.07	27,753.07
2026	873,924.24	873,924.24
2027	14,974,499.19	11,336,164.59
2028	41,626,861.87	29,319,935.34
2029	54,514,510.21	110,250,146.95
2030	112,123,828.99	–
Total	224,141,377.57	151,807,924.19

(21) OTHER NON-CURRENT ASSETS

Item	30 June 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amounts	Book balance	Provision for impairment	Carrying amounts
Prepayment of production capacity deposit	43,037,192.79	–	43,037,192.79	54,991,260.00	–	54,991,260.00
Prepaid equipment	19,019,514.64	–	19,019,514.64	9,379,147.24	–	9,379,147.24
Rental deposit	2,364,680.38	–	2,364,680.38	515,313.90	–	515,313.90
Total	64,421,387.81	–	64,421,387.81	64,885,721.14	–	64,885,721.14

Notes to Financial Statements

For the half-year ended 30 June 2025

(22) SHORT-TERM BORROWINGS

Item	RMB	
	30 June 2025	31 December 2024
Unsecured borrowings	865,500,000.00	1,071,872,039.08
Total	865,500,000.00	1,071,872,039.08

As at 30 June 2025, annual interest rate for the above unsecured borrowings is ranged from 2.11% to 2.40% (31 December 2024: 2.27% to 2.50%). At 30 June 2025, according to the borrowings agreements, the above short-term borrowings were repayable within one year, and the Group had no short-term borrowings due but outstanding (31 December 2024: Nil).

(23) ACCOUNTS PAYABLE

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

Ageing	RMB	
	30 June 2025	31 December 2024
Within 1 year	227,559,126.42	205,214,678.96
1 to 2 years	21,259,449.19	11,596,707.46
Over 2 years	19,747,754.39	17,810,126.29
Total	268,566,330.00	234,621,512.71

Accounts payable are non-interest-bearing and are generally settled on terms of within 3 months. As at 30 June 2025, the Group had no significant accounts payable aged over 1 year (31 December 2024: Nil).

(24) CONTRACT LIABILITIES

Item	RMB	
	30 June 2025	31 December 2024
Contract payment and testing fee in advance	145,831,602.42	103,194,260.37
Total	145,831,602.42	103,194,260.37

At the balance sheet date, the total transaction price allocated to the remaining performance obligations will be recognized as revenue in one year as the related services are provided and goods are sold.

Notes to Financial Statements

For the half-year ended 30 June 2025

(25) EMPLOYEE BENEFITS PAYABLES

1. Employee benefits payable

				RMB
Item	At 31 December 2024 and at 1 January 2025	Increase during the period	Decrease during the period	30 June 2025
Short-term employee benefits	157,230,519.66	496,245,113.63	503,077,392.78	150,398,240.51
Post-employment – Defined contribution plan	7,088,472.00	48,387,968.09	48,286,857.90	7,189,582.19
Total	164,318,991.66	544,633,081.72	551,364,250.68	157,587,822.70

2. Short-term employee benefits

				RMB
Item	At 31 December 2024 and at 1 January 2025	Increase during the period	Decrease during the period	30 June 2025
Salary, bonus, allowances and subsidies	114,803,689.07	446,901,346.52	453,661,895.27	108,043,140.32
Employee welfare	–	829,158.44	829,158.44	–
Social insurance	3,581,780.08	27,698,029.67	27,593,700.47	3,686,109.28
Including:				
Medical insurance	3,199,389.67	26,209,990.18	26,148,978.04	3,260,401.81
Work injury insurance	272,808.87	1,449,949.15	1,406,474.66	316,283.36
Maternity insurance	109,581.54	38,090.34	38,247.77	109,424.11
Housing funds	2,978,436.78	20,562,540.14	20,541,646.62	2,999,330.30
Labour union funds and employee education funds	35,866,613.73	254,038.86	450,991.98	35,669,660.61
Total	157,230,519.66	496,245,113.63	503,077,392.78	150,398,240.51

3. Defined contribution plan

				RMB
Item	31 December 2024 and 1 January 2025	Increase during the period	Decrease during the period	30 June 2025
Basic pensions	6,793,236.65	46,888,761.15	46,790,664.69	6,891,333.11
Unemployment insurance	295,235.35	1,499,206.94	1,496,193.21	298,249.08
Total	7,088,472.00	48,387,968.09	48,286,857.90	7,189,582.19

Notes to Financial Statements

For the half-year ended 30 June 2025

(26) TAXES PAYABLES

Item	RMB	
	30 June 2025	31 December 2024
VAT	21,738,831.44	24,245,510.67
CIT	169,567.34	177,995.02
Individual income tax	14,078,538.66	10,246,981.77
City maintenance and construction tax	1,655,696.97	1,808,482.08
Stamp duties	620,676.20	665,563.70
Property tax	1,247,865.38	1,246,472.63
Land-use tax	12,535.75	7,082.95
Total	39,523,711.74	38,398,088.82

(27) OTHER PAYABLES

Item	RMB	
	30 June 2025	31 December 2024
Dividend payable for ordinary shares	65,714,184.00	–
Other payables	55,335,613.30	76,683,635.99
Total	121,049,797.30	76,683,635.99

Other payables – others by nature of payment

Item	RMB	
	30 June 2025	31 December 2024
Payable equipment expenses	39,744,426.04	33,492,300.41
Collection and payment of behalf	6,242,976.56	31,366,924.35
Others	9,348,210.70	11,824,411.23
Total	55,335,613.30	76,683,635.99

(28) NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

Item	RMB	
	30 June 2025	31 December 2024
Current portion of long-term borrowings	385,360,249.12	353,777,605.95
Current portion of lease liabilities	12,515,643.91	14,425,553.49
Total	397,875,893.03	368,203,159.44

Notes to Financial Statements

For the half-year ended 30 June 2025

(29) OTHER CURRENT LIABILITIES

Item	RMB	
	30 June 2025	31 December 2024
Accrued expenses	6,117,953.50	6,519,616.92
Government grants	117,273,425.00	117,523,425.00
Output tax to be transferred	18,443,405.06	12,967,888.14
Endorsed bills receivable	41,683,701.97	30,088,572.00
Total	183,518,485.53	167,099,502.06

(30) LONG-TERM BORROWINGS

Item	RMB	
	30 June 2025	31 December 2024
Unsecured borrowings	788,932,734.12	593,641,145.55
Less: Long-term borrowings due within one year	385,360,249.12	353,777,605.95
Total	403,572,485.00	239,863,539.60

As at 30 June 2025, annual interest rate for the above unsecured borrowings is ranged from 2.24% to 2.88% (31 December 2024: 2.35% to 2.66%).

(31) LEASE LIABILITIES

Item	RMB	
	30 June 2025	31 December 2024
Lease liabilities	31,536,616.55	23,007,733.37
Less: Lease liabilities due within one year	12,515,643.91	14,425,553.49
Total	19,020,972.64	8,582,179.88

Notes to Financial Statements

For the half-year ended 30 June 2025

(32) DEFERRED INCOME

Deferred income status

				RMB
Item	At 31 December 2024 and at 1 January 2025	Increase during the period	Decrease during the period	30 June 2025
Government grants related to assets	20,516,501.67	11,540,115.19	5,469,279.59	26,587,337.27
Government grants related to revenue	–	5,973,092.36	5,973,092.36	–
Total	20,516,501.67	17,513,207.55	11,442,371.95	26,587,337.27

(33) PAID-IN CAPITAL (OR SHARE CAPITAL)

			RMB
	At 31 December 2024 and at 1 January 2025	change in the period	30 June 2025
Share capital	82,142,730.00	–	82,142,730.00

(34) CAPITAL RESERVE

			RMB
Item	At 31 December 2024 and at 1 January 2025	Increase during the period	30 June 2025
Capital premium (share capital premium)	1,591,290,916.18	–	1,591,290,916.18
Other capital reserve	291,531,200.40	12,365,999.58	303,897,199.98
Total	1,882,822,116.58	12,365,999.58	1,895,188,116.16

During the Reporting Period, the Company implements an employee incentive plan and recognises expenses and other capital surplus amounting to RMB12,365,999.58.

Notes to Financial Statements

For the half-year ended 30 June 2025

(35) OTHER COMPREHENSIVE INCOME

RMB

Item	At 31 December 2024 and at 1 January 2025	Amount before income tax in the period	Amount for the period Prior period included in other comprehensive income which transferred to profit or loss for the current period	Attributable to the parent company, after tax	30 June 2025
Changes in the fair value of other equity instrument investments	15,441,004.91	–	–	–	15,441,004.91
Differences on translation of foreign currency financial statements	770,178.33	–	–	(336,692.28)	433,486.05
Total other comprehensive income	16,211,183.24	–	–	(336,692.28)	15,874,490.96

(36) SURPLUS RESERVE

RMB

Item	30 June 2025	31 December 2024
Statutory surplus reserve	41,071,365.00	41,071,365.00
Total	41,071,365.00	41,071,365.00

According to the Company Law and the Articles of Association of the Company, the Company appropriates 10% of the net profit to the statutory surplus reserve. If the accumulated amount of statutory surplus reserve is more than 50% of the company's registered capital, it can no longer be withdrawn.

(37) UNDISTRIBUTED PROFIT

RMB

Item	Half-year ended 30 June 2025	Year ended 31 December 2024
Closing balance of undistributed profits for the prior period before adjustment	3,871,837,648.79	3,381,266,932.48
Opening balance of undistributed profits after adjustment	3,871,837,648.79	3,381,266,932.48
Add: net profits attributable to owners of the Parent Company for the period	193,614,092.20	572,595,101.31
Less: transfer statutory surplus reserve	–	118,345.00
Less: dividend payable for ordinary shares	65,714,184.00	–
Distributions to owners	–	81,906,040.00
Closing balance of undistributed profits	3,999,737,556.99	3,871,837,648.79

Notes to Financial Statements

For the half-year ended 30 June 2025

(38) REVENUE AND COST OF SALES

1. Revenue and Cost of sales

Item	Half-year ended 30 June				RMB
	2025		2024		
	Income	Cost	Income	Cost	
Principal businesses	1,838,092,624.45	793,108,040.12	1,792,572,236.62	780,043,676.09	
Other businesses	758,392.03	1,219,642.95	1,523,074.64	575,710.84	
Total	1,838,851,016.48	794,327,683.07	1,794,095,311.26	780,619,386.93	

2. Revenue

Contract classification	Design and sales of integrated circuits	Integrated Circuit Testing Service	RMB	
			Total	
Types of products				
Security and identification chips	392,569,356.51	—	392,569,356.51	
Non-volatile memory	439,792,877.24	—	439,792,877.24	
Smart meter chips	247,520,307.60	—	247,520,307.60	
FPGA and other products	681,071,876.75	—	681,071,876.75	
Integrated circuit testing service	—	76,290,032.49	76,290,032.49	
Lease income	284,736.66	1,321,829.23	1,606,565.89	
Sort by place of business				
PRC	1,669,772,291.67	74,655,421.16	1,744,427,712.83	
Others	91,466,863.09	2,956,440.56	94,423,303.65	
Sort by distribution channels				
Direct sale	799,204,540.43	77,611,861.72	876,816,402.15	
Distributor	962,034,614.33	—	962,034,614.33	
Sort by time of products transfer				
At a certain point of time	1,755,925,069.11	76,290,032.49	1,832,215,101.60	
In a period of time	5,029,348.99	—	5,029,348.99	
Lease	284,736.66	1,321,829.23	1,606,565.89	
Total	1,761,239,154.76	77,611,861.72	1,838,851,016.48	

The revenue of RMB92,784,411.23 is derived from the balance of contract liabilities as of the end of 2024.

Notes to Financial Statements

For the half-year ended 30 June 2025

(38) REVENUE AND COST OF SALES (Continued)

3. Cost of sales

Contract classification	Design and sales of integrated circuits	Integrated Circuit Testing Service	RMB
			Total
Types of products			
Security and identification chips	269,238,741.08	—	269,238,741.08
Non-volatile memory	151,216,117.63	—	151,216,117.63
Smart meter chips	145,404,383.37	—	145,404,383.37
FPGA and other products	167,906,758.35	—	167,906,758.35
Integrated circuit testing service	—	60,091,074.44	60,091,074.44
Lease income	—	470,608.20	470,608.20
Sort by place of business			
PRC	677,918,309.40	58,254,728.38	736,173,037.78
Others	55,847,691.03	2,306,954.26	58,154,645.29
Sort by distribution channels			
Direct sale	287,207,827.49	60,561,682.64	347,769,510.13
Distributor	446,558,172.94	—	446,558,172.94
Sort by time of products transfer			
At a certain point of time	730,496,923.59	60,091,074.44	790,587,998.03
In a period of time	3,269,076.84	—	3,269,076.84
Lease	—	470,608.20	470,608.20
Total	733,766,000.43	60,561,682.64	794,327,683.07

The information related to the performance obligations of the Group is as follows:

Sale of IC products

Fulfill performance obligations when delivering products to customers. Usually, the payment obligation is performed after the customer received the products. The Group gives different credit arrangements to different customers.

Testing services

The customer usually pays the price according to contract after the service is completed and the customer received the tested product.

Notes to Financial Statements

For the half-year ended 30 June 2025

(39) BUSINESS TAXES AND SURCHARGES

Item	RMB	
	Half-year ended 30 June 2025	2024
City maintenance and construction tax	7,574,865.98	951,512.30
Education surcharge	8,285.72	12,250.70
Local education surcharge	5,523.81	8,167.14
Property tax	2,445,433.04	2,335,794.52
Land use tax	25,924.40	15,018.80
Vehicle and vessel use tax	1,600.00	3,460.00
Stamp duty	1,366,742.38	1,299,790.32
Total	11,428,375.33	4,625,993.78

(40) SELLING EXPENSES

Item	RMB	
	Half-year ended 30 June 2025	2024
Employee remuneration	85,071,253.07	84,667,736.61
Share-based payment expenses	2,761,969.56	6,653,081.74
Property rental expenses	575,598.81	632,178.58
Consulting service fee	3,235,311.70	2,738,482.53
Office expenses	3,572,192.67	3,669,012.61
Sample expenses	3,553,836.86	3,827,039.62
Transportation and travel expenses	4,288,570.06	4,261,827.49
Business promotion expenses	1,665,639.36	1,659,304.37
Entertainment expenses	4,558,304.36	4,240,389.92
Transportation costs	1,375,584.42	1,698,484.93
Depreciation and amortization	4,294,022.89	4,184,527.55
Others	2,132,961.93	2,124,234.31
Total	117,085,245.69	120,356,300.26

Notes to Financial Statements

For the half-year ended 30 June 2025

(41) ADMINISTRATIVE EXPENSES

Item	RMB	
	Half-year ended 30 June 2025	2024
Employee remuneration	45,354,164.16	39,395,084.75
Repairs and maintenance	1,841,615.48	3,084,443.13
Depreciation and amortization	8,121,148.18	8,207,854.91
Consulting service fee	7,796,824.89	4,502,598.16
Office expenses	7,650,925.43	9,010,963.65
Share-based payment expenses	394,867.98	1,137,236.10
Travelling expenses	1,492,846.69	1,346,311.26
Entertainment expenses	1,122,818.57	1,497,028.03
Others	10,045,401.30	2,757,224.50
Total	83,820,612.68	70,938,744.49

(42) RESEARCH AND DEVELOPMENT EXPENSES

Item	RMB	
	Half-year ended 30 June 2025	2024
Employee remuneration	320,770,561.29	332,827,727.24
Share-based payment expenses	9,209,162.04	23,759,110.67
Material and processing expenses	75,591,041.05	88,909,739.24
Depreciation and amortization	82,999,178.90	69,912,304.80
Technical services expenses	10,832,534.24	14,146,023.47
Office expenses	4,869,372.26	4,897,003.43
Travel expenses	1,329,237.74	1,207,724.86
Others	3,009,404.96	4,639,553.19
Total	508,610,492.48	540,299,186.90

Notes to Financial Statements

For the half-year ended 30 June 2025

(43) FINANCIAL EXPENSES

Item	RMB	
	Half-year ended 30 June 2025	2024
Interest expense	19,703,496.09	21,134,184.71
Less: interest income	8,594,860.95	8,149,763.40
Exchange gains and losses	3,923,315.25	5,126,192.42
Bank charges	132,290.99	142,773.05
Interest on lease liabilities	216,276.08	325,501.64
Total	15,380,517.46	18,578,888.41

(44) OTHER INCOME

Item	RMB	
	Half-year ended 30 June 2025	2024
Government grants (Note)	18,389,176.40	52,127,602.60
Refund of commission for paying individual income tax	2,420,743.87	2,490,459.64
Input tax credits	14,813,150.04	49,049,680.45
Total	35,623,070.31	103,667,742.69

Note: Details of government grants included in other gains are set out in note (60) of the financial statements.

(45) INVESTMENT INCOME/(LOSS)

Item	RMB	
	Half-year ended 30 June 2025	2024
Loss on long-term equity investments under the equity method	(1,391,990.69)	(2,023,462.08)
Investment income from held-for-trading financial assets during the period of holding	2,105,843.63	1,071,767.12
Total	713,852.94	(951,694.96)

Notes to Financial Statements

For the half-year ended 30 June 2025

(46) (LOSSES)/GAINS FROM CHANGES IN FAIR VALUE

Item	RMB	
	Half-year ended 30 June 2025	2024
Financial assets held for trading	(236,208.33)	209,361.11
Total	(236,208.33)	209,361.11

(47) CREDIT IMPAIRMENT LOSSES

Item	RMB	
	Half-year ended 30 June 2025	2024
Impairment loss on bad debts of notes receivable	(1,776,100.81)	5,584,741.99
Impairment loss on bad debts of accounts receivable	(19,499,984.57)	(20,611,194.40)
Total	(21,276,085.38)	(15,026,452.41)

(48) ASSET IMPAIRMENT LOSSES

Item	RMB	
	Half-year ended 30 June 2025	2024
Impairment loss on inventory and contract performance cost	(142,951,639.78)	(2,767,993.49)
Impairment loss on intangible assets	(7,564,881.83)	(177,375.60)
Total	(150,516,521.61)	(2,945,369.09)

Notes to Financial Statements

For the half-year ended 30 June 2025

(49) GAINS ON DISPOSAL OF ASSETS

Item	RMB	
	Half-year ended 30 June 2025	2024
Gains on disposal of fixed assets	22,274.43	925,633.09
Total	22,274.43	925,633.09

(50) NON-OPERATING INCOME

Item	Half-year ended 30 June		RMB
	2025	2024	Amount included in current non-recurring profit or loss
Others	940.06	51,200.92	940.06
Total	940.06	51,200.92	940.06

(51) NON-OPERATING EXPENSES

Item	Half-year ended 30 June		RMB
	2025	2024	Amount included in current non- recurring profit or loss
Donations	–	500,000.00	–
Tax penalty	4,134.75	–	4,134.75
Total	4,134.75	500,000.00	4,134.75

Notes to Financial Statements

For the half-year ended 30 June 2025

(52) INCOME TAX EXPENSES

1. Table of income tax expenses

Item	RMB	
	Half-year ended 30 June 2025	2024
Current income tax expense	10,196.88	7,148,282.39
Deferred income tax expense	(7,963,103.39)	(2,725,284.98)
Total	(7,952,906.51)	4,422,997.41

2. Reconciliation of accounting profits and income tax

Item	RMB	
	Half-year ended 30 June 2025	
Total profits	172,525,277.44	
Income tax expense calculated at statutory/applicable tax rate	25,878,791.61	
Impact of different tax rates applied to subsidiaries	1,494,807.97	
Impact of adjustment for the income taxes for prior periods	4,470.00	
Impact of non-deductible costs, expenses and losses	1,222,247.56	
Impact of deductible temporary differences or deductible losses that have not recognized for deferred income tax assets during the period	42,061,225.28	
Deduction of research & development expenses	(77,092,926.88)	
Utilization of tax loss	(1,521,522.05)	
Income tax expense	(7,952,906.51)	

Notes to Financial Statements

For the half-year ended 30 June 2025

(53) ITEMS IN THE CASH FLOW STATEMENT

1. Cash received relating to other operating activities

Item	RMB	
	Half-year ended 30 June 2025	2024
Grants received	18,346,135.40	18,963,048.39
Deposit refund	–	14,197,650.08
Interest income	7,844,977.91	7,357,304.48
Others	4,175,869.63	2,517,025.75
Total	30,366,982.94	43,035,028.70

2. Cash paid relating to other operating activities

Item	RMB	
	Half-year ended 30 June 2025	2024
Cash paid for expenses	140,188,855.27	117,166,965.93
Total	140,188,855.27	117,166,965.93

3. Cash received relating to other investing activities

Item	RMB	
	Half-year ended 30 June 2025	2024
Time deposits interest	749,883.04	792,458.92
Total	749,883.04	792,458.92

(54) CASH PAID RELATING TO OTHER FINANCING ACTIVITIES

Item	RMB	
	Half-year ended 30 June 2025	2024
Rent and interest paid	5,387,944.29	11,934,541.23
Payment of convertible bond issuance costs	–	1,461,562.53
Total	5,387,944.29	13,396,103.76

Notes to Financial Statements

For the half-year ended 30 June 2025

(55) SUPPLEMENTARY INFORMATION OF THE CASH FLOW STATEMENT

1. Supplementary information of the cash flow statement

Supplementary information	RMB	
	Half-year ended 30 June 2025	2024
Net profit adjusted to cash flows of operating activities:		
Net profit	180,478,183.95	339,684,234.43
Add: Provision for impairment of assets	150,516,521.61	2,945,369.09
Provision for credit impairment	21,276,085.38	15,026,452.41
Depreciation of fixed assets, depletion of oil and gas assets and depreciation of productive biological assets	117,040,635.75	93,024,307.26
Amortization of right-of-use assets	7,824,700.42	7,907,009.79
Amortization of intangible assets	62,744,038.64	44,576,120.88
Amortization of long-term prepaid expenses	8,443,180.81	8,360,166.10
Losses from disposal of fixed assets, intangible assets and other long-term assets	(22,274.43)	(925,633.09)
Losses on changes in fair value	236,208.33	(209,361.11)
Finance expenses	23,595,618.45	25,793,419.84
Investment losses	(713,852.94)	951,694.96
Decrease in deferred income tax assets	(7,929,423.17)	(2,725,284.98)
Increase in deferred income tax liabilities	(39.35)	18.09
Decrease in inventories	(70,565,124.03)	(39,245,477.41)
Decrease in operating receivables	(343,606,449.70)	(410,365,274.86)
Increase in operating payables	23,850,278.54	10,781,993.94
Others	12,365,999.58	31,549,428.51
Net cash flows generated from operating activities	185,534,287.84	127,129,183.85
Net changes in cash and cash equivalents:		
Closing balance of cash	1,094,144,866.77	782,322,362.59
Less: Opening balance of cash	1,063,300,787.15	992,924,996.96
Net decrease in cash and cash equivalents	30,844,079.62	(210,602,634.37)

Notes to Financial Statements

For the half-year ended 30 June 2025

(55) SUPPLEMENTARY INFORMATION OF THE CASH FLOW STATEMENT

(Continued)

2. Composition of cash and cash equivalents

Item	RMB	
	30 June 2025	31 December 2024
Cash	1,094,144,866.77	1,063,300,787.15
Including: Cash on hand	17,302.32	67,527.99
Other cash readily available for payment	1,094,127,564.45	1,063,233,259.16
Closing balance of cash and cash equivalents	1,094,144,866.77	1,063,300,787.15

Note: As at the end of June 2025, closing balance of cash and cash equivalents in the cash flow statement is RMB1,094,144,866.77, and the closing balance of cash at bank and on hand on the balance sheet is RMB1,098,255,942.76, with a difference of RMB4,111,075.99, which is due to the fact that the RMB4,111,075.99 of fixed deposits and interest that do not meet the definition of cash and cash equivalents were deducted from “balance of cash and cash equivalents at the end of the period” in cash flow statement.

(56) MONETARY ASSETS IN FOREIGN CURRENCY

Item	Dollar	
	Balance of foreign currency as at 30 June 2025	Balance converted to RMB as at 30 June 2025
Cash		
Including: USD	34,472,224.27	246,772,864.66
HKD	8,549,224.83	7,796,465.58
NTD	449,015.00	111,041.41
SGD	55,575.68	312,218.61
Won₩	5,478,410.00	28,833.74
Accounts receivable		
Including: USD	4,926,904.35	35,269,737.48
Accounts payable		
Including: USD	5,802,680.00	41,539,065.05
Other receivable		
Including: USD	89,380.00	639,835.67

Notes to Financial Statements

For the half-year ended 30 June 2025

(57) LEASES

1. As a lessee

Short-term lease expenses of RMB500,445.35, which are accounted for using the simplified method and included in current period profit or loss, and low-value asset lease expenses (excluding short-term leases) of RMB2,045,048.32, which are also accounted for using the simplified method and included in current period profit or loss. The total cash outflow related to leases amounted to RMB8,100,940.09.

2. As a Lessor

Item	RMB
	Half-year ended 30 June 2025
Rental income	1,606,565.89
Total	1,606,565.89

(58) DEVELOPMENT COSTS

1. The classification by nature is as follows

Item	RMB	
	Half-year ended 30 June 2025	2024
Staff costs	367,450,311.77	382,051,366.63
Material and processing costs	91,518,613.91	116,281,578.55
Expense for incentive plan	9,209,162.04	22,187,293.98
Depreciation and amortisation	45,110,814.51	45,193,668.09
Professional service fee	10,918,144.76	19,966,171.79
Office and administrative expenses	3,941,222.98	3,747,453.41
Travelling expenses	1,469,751.40	1,300,819.89
Others	3,517,467.14	6,958,909.76
Total	533,135,488.51	597,687,262.10
Include: Expensed R&D expenditures	463,479,942.70	491,145,162.98
Capitalised R&D expenditures	69,655,545.81	106,542,099.12

Notes to Financial Statements

For the half-year ended 30 June 2025

(58) DEVELOPMENT COSTS *(Continued)*

2. The development expenditures of R&D projects eligible for capitalization are as follows:

RMB

Item	At 31 December 2024 and at 1 January 2025	Increase during the period In-house development expenses	Decrease during the period Recognized as intangible assets	Included in profit or loss	30 June 2025
Security and identification					
IC chips	77,013,764.64	17,244,403.02	9,425,521.58	–	84,832,646.08
Non-volatile memory	35,110,054.82	7,090,027.92	18,400,442.93	–	23,799,639.81
FPGA and other chips	390,148,371.53	45,321,114.87	–	–	435,469,486.40
Total	502,272,190.99	69,655,545.81	27,825,964.51	–	544,101,772.29

Significant capitalized research and development projects

Item	R&D progress	Expected completion date	Expected way of economic benefits	Starting time of capitalization	Basis of capitalization
Item 1	Design and development	December 2025	Apply to new products for sales	September 2019	Through technical and economic feasibility studies and the issuance of project approval notices, R&D expenditures have been incurred.

Notes to Financial Statements

For the half-year ended 30 June 2025

(59) INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(a) Composition of the Group

Name of subsidiaries	Operating place	Registered and paid capital	Registered place	Business nature	Shareholding percentage (%)		
					Direct	Indirect	Manner
Sino IC Technology Co., Ltd. ("Sino IC") (note 1)	Shanghai	RMB269,507,392	Shanghai	IC products test	42.32	–	Establish
Shanghai Fudan Microelectronics (Hong Kong) Ltd.	Hong Kong	HK\$45,900,000	Hong Kong	Investment and trading of IC products	100.00	–	Establish
Fudan Microelectronics (USA) Inc	United States	US\$5,000,000	United States	Trading of IC products	100.00	–	Establish
Shenzhen Fudan Microelectronics Co., Ltd.	Shenzhen	RMB5,000,000	Shenzhen	Trading of IC products	100.00	–	Establish
Beijing Fudan Microelectronics Technology Co., Ltd.	Beijing	RMB10,000,000	Beijing	Trading of IC products	100.00	–	Establish
Shanghai Fuwei Xunjie Digital Technology Co., Ltd. ("Fuwei Xunjie") (note 2)	Shanghai	RMB50,000,000	Shanghai	Technology services and technology development	40.85	–	Establish

Note 1: The Company originally held 50.29% shares of Sino IC. On 28 October 2022, additional shares of Sino IC were issued to the public and the Company's shares of Sino IC was reduced to 42.75%. On 12 September 2024, after the first vesting period of the first grant of Sino IC' Stock Option Incentive Plan was completed, the Company's shares of Sino IC were reduced to 42.32%. Management believes that the Company still has control over Sino IC because the Company is the largest single shareholder of Sino IC and the other shares are widely held by numerous other shareholders.

Note 2: The Company has entered into a concert party agreement with another shareholder of Fuwei Xunjie (holding 15% shares of Fuwei Xunjie), which stipulates that in exercising the voting rights of Fuwei Xunjie shareholders' meeting and board of directors' motions, the other party guarantees to be consistent with the Company in exercising the voting rights, and through the agreement arrangement is able to exercise control over Fuwei Xunjie's financial and operating decisions and include Fuwei Xunjie in the scope of consolidation.

(b) Significant non-wholly-owned subsidiaries

Name of subsidiaries	Percentage of minority shareholding (%)	Profits or loss attributable to the minority shareholders	Dividends declared to distribute to the minority shareholders	Balance of minority interests as at 30 June 2025
Sino IC Technology Co., Ltd.	57.68%	(13,585,708.55)	–	617,259,334.47

Notes to Financial Statements

For the half-year ended 30 June 2025

(59) INTERESTS IN OTHER ENTITIES (Continued)

1. Interests in subsidiaries (Continued)

(c) Main financial information of significant non-wholly-owned subsidiaries

Sino IC Technology Co., Ltd.

Item	RMB	
	30 June 2025	31 December 2024
Current assets	335,473,624.61	355,720,689.53
Non-current assets	988,828,846.51	961,669,855.95
Total assets	1,324,302,471.12	1,317,390,545.48
Current liabilities	81,436,079.02	69,789,180.05
Non-current liabilities	156,704,253.87	147,919,339.38
Total liabilities	238,140,332.89	217,708,519.43
Item	RMB	
	Half-year ended 30 June 2025	2024
Revenue	157,643,804.51	129,774,826.48
Net profit	(13,519,887.82)	(2,824,399.35)
Total comprehensive income	(13,519,887.82)	(2,824,399.35)
Cash flow from operating activities	58,640,966.19	64,376,077.54

2. Interests in joint ventures or associates

(a) Significant joint ventures or associates

						RMB
Name of joint venture or associated company	Place of principal operation	Place of registration	Nature of business	Shareholding percentage (%)		Accounting treatment method on investment in joint venture or associates
				Direct	Indirect	
Associates						
Shanghai Fukong Hualong Microsystem Technology Co., Ltd.	Shanghai	Shanghai	IC design	21.25	–	Equity method
Shanghai Fudan Sci-Tech Park Venture Investment Co., Ltd	Shanghai	Shanghai	Equity investment	20.00	–	Equity method
Shanghai Haojun Venture Capital Partnership (Limited Partnership)	Shanghai	Shanghai	Equity investment	25.00	–	Equity method

Notes to Financial Statements

For the half-year ended 30 June 2025

(59) INTERESTS IN OTHER ENTITIES (Continued)

2. Interests in joint ventures or associates (Continued)

(b) Major financial information of significant associates

	30 June 2025/Half-year ended 30 June 2025		31 December 2024/Half-year ended 30 June 2024	
	Shanghai Fukong Hualong Microsystem Technology Co., Ltd.	Shanghai Haojun Venture Capital Partnership (Limited Partnership)	Shanghai Fukong Hualong Microsystem Technology Co., Ltd.	Shanghai Haojun Venture Capital Partnership (Limited Partnership)
Current assets	61,668,423.58	44,725,343.92	62,331,398.27	51,751,880.93
Non-current assets	7,524,896.49	51,469,762.00	8,442,627.77	32,000,000.00
Total assets	69,193,320.07	96,195,105.92	70,774,026.04	83,751,880.93
Current liabilities	13,940,292.74	645,000.00	12,365,314.63	795,000.00
Non-current liabilities	6,001,227.71	–	6,001,227.71	–
Total liabilities	19,941,520.45	645,000.00	18,366,542.34	795,000.00
Equity attributable to shareholders of the parent company	49,251,799.62	95,550,105.92	52,407,483.70	82,956,880.93
Share of net assets calculated according to shareholding ratio	10,466,007.42	23,887,526.48	11,136,590.29	20,739,220.23
Adjustment:	393,375.13	88,726.80	393,375.12	3,288,726.83
– Others	393,375.13	88,726.80	393,375.12	3,288,726.83
Book value of equity investment in associates	10,859,382.55	23,976,253.28	11,529,965.41	24,027,947.06
Revenue	1,749,823.01	–	2,535,561.24	–
Net profit	(3,155,684.08)	(206,775.01)	(5,628,939.90)	(712,329.12)
Total comprehensive income	(3,155,684.08)	(206,775.01)	(5,628,939.90)	(712,329.12)

Notes to Financial Statements

For the half-year ended 30 June 2025

(59) INTERESTS IN OTHER ENTITIES *(Continued)*

2. Interests in joint ventures or associates *(Continued)*

(b) Major financial information of significant associates *(Continued)*

	RMB	
	30 June 2025/ Half-year ended 30 June 2025	31 December 2024/ Half-year ended 30 June 2024
	Shanghai Fudan Sci-Tech Park Venture Investment Co., Ltd	
Current assets	54,114,746.02	41,130,764.01
Non-current assets	35,529,019.27	30,095,042.76
Total assets	89,643,765.29	71,225,806.77
Current liabilities	16,077,607.26	5,729,424.96
Total liabilities	16,077,607.26	5,729,424.96
Equity attributable to shareholders of the parent company	73,566,158.03	65,496,381.81
Share of net assets calculated according to shareholding ratio	14,713,231.61	13,099,276.36
Adjustment	(587,123.95)	1,455,727.02
– Others	(587,123.95)	1,455,727.02
Book value of equity investment in associates	14,126,107.66	14,555,003.38
Revenue	600,000.00	1,050,000.00
Net profit	(1,930,223.78)	(1,449,961.24)
Total comprehensive income	(1,930,223.78)	(1,449,961.24)

Notes to Financial Statements

For the half-year ended 30 June 2025

(60) GOVERNMENT GRANTS

Liabilities in relation to government subsidies were as follows:

					RMB
Item	At 31 December 2024 and at 1 January 2025	Increase during the period	Charge to other income during the period	30 June 2025	Related to assets/income
Deferred income	20,516,501.67	11,540,115.19	5,469,279.59	26,587,337.27	Related to Assets
Deferred income	–	5,973,092.36	5,973,092.36		– Related to Revenue
Total	20,516,501.67	17,513,207.55	11,442,371.95	26,587,337.27	/

Government grants recognized in profit or loss are as follows

		RMB	
		Half-year ended 30 June 2025	2024
Related to income		12,919,896.81	48,438,301.02
Related to assets		5,469,279.59	3,689,301.58
Total		18,389,176.40	52,127,602.60

Notes to Financial Statements

For the half-year ended 30 June 2025

(61) RISKS RELATED TO FINANCIAL INSTRUMENTS

The Group is exposed to risks from various financial instruments in its daily activities, mainly including credit risk, liquidity risk and market risk. The Group's risk management policy in this regard is summarized as follows:

1. Credit risk

The Group only has trade with recognized third party with good credit standing. Based on the Group's policies, customers who conduct credit transaction will be subject to credit review. In addition, the Group will continuously monitor balance of accounts receivable to ensure that the Group will not be exposed to significant risk of bad debts.

Since counterparties of cash and bank balances, bank acceptance notes receivables and structured deposits are banks with good reputation and high credit ratings, credit risk arising from these financial instruments is insignificant.

Other financial assets of the Group include commercial acceptance notes receivables, accounts receivable and other receivables, etc. Credit risk from such financial assets is from default of counterparties, and its maximum risk exposure is equivalent to the carrying amount of such instruments.

The Group's maximum credit risk exposure at each balance sheet date is the total amount charged to customers less the amount of impairment allowances.

Since the Group only trades with recognized third parties with good credit standing, no guarantee is required. Credit risk concentration is managed based on customer/counterparty, geographical region and industry sector. As at 30 June 2025, the Group is exposed to certain credit risk concentration, as 45.02% (31 December 2024: 47.11%) of accounts receivable are from top five customers. The Group does not hold any security or other credit increment over the balances of accounts receivable.

Criteria for judging significant increases in credit risk

The Group will evaluate whether credit risk in connection with financial instruments is increased significantly from initial recognition on each balance sheet date. The Group's main criteria for determining a significant increase in credit risk are the number of days past due exceeding 30 days, or a significant change in one or more of the following indicators: Significant adverse changes in the debtor's business environment, internal and external credit ratings, and actual or expected operating results.

Notes to Financial Statements

For the half-year ended 30 June 2025

(61) RISKS RELATED TO FINANCIAL INSTRUMENTS *(Continued)*

1. Credit risk *(Continued)*

Definition of credit-impaired assets

The Group's primary criterion for determining that a credit impairment has occurred is that the number of days past due exceeds 90 days, however, in certain circumstances the Group also considers a credit impairment to have occurred if internal or external information indicates that the contractual amount may not be recoverable in full before considering any credit enhancements held.

Credit impairment of financial assets may be a joint result of multiple events, rather than a single identifiable event.

Credit risk exposure

Refer to Note (6), (7), (8) and (10) for the information on Group's credit risk exposure from notes receivable, accounts receivable, receivable financing and other receivables.

2. Liquidity risk

The Group's objective is to maintain a balance between continuity and flexibility of financing by utilising a variety of financing instruments. The Group finances its operations with funds generated from operations and borrowings.

The tables below summarise the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Item	Within 1 year	30 June 2025		Total
		1-3 years	Over 3 years	
Short-term borrowings	865,500,000.00	–	–	865,500,000.00
Accounts payable	227,559,126.42	40,964,763.58	42,440.00	268,566,330.00
Others payables	12,009,923.75	8,839,180.34	914,104.03	21,763,208.12
Non-current liabilities due				
within one year	397,875,893.03	–	–	397,875,893.03
Long-term borrowings	–	403,572,485.00	–	403,572,485.00
Lease liabilities	–	19,020,972.64	–	19,020,972.64
Total	1,502,944,943.20	472,397,401.56	956,544.03	1,976,298,888.79

Notes to Financial Statements

For the half-year ended 30 June 2025

(61) RISKS RELATED TO FINANCIAL INSTRUMENTS (Continued)

2. Liquidity risk (Continued)

Item	Within 1 year	31 December 2024		Total
		1-3 years	Over 3 years	
Short-term borrowings	1,082,849,242.07	–	–	1,082,849,242.07
Accounts payable	234,621,512.71	–	–	234,621,512.71
Others payables	76,683,635.99	–	–	76,683,635.99
Non-current liabilities due within one year	382,213,024.47	–	–	382,213,024.47
Long-term borrowings	–	141,846,644.77	112,849,078.46	254,695,723.23
Lease liabilities	–	7,430,790.94	1,557,217.39	8,988,008.33
Total	1,776,367,415.24	149,277,435.71	114,406,295.85	2,040,051,146.80

3. Market risk

- (1) Interest rate risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market interest rates. Interest-bearing financial instruments with fixed interest rates expose the Group to fair value interest rate risk, and interest-bearing financial instruments with floating interest rates expose the Group to cash flow interest rate risk. The Group determines the ratio of fixed interest rate and floating interest rate financial instruments according to the market environment, and maintains an appropriate financial instrument portfolio through regular review and monitoring.
- (2) Foreign exchange risk refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in foreign exchange rates. The risk of exchange rate changes faced by the Group is mainly related to the Group's foreign currency monetary assets and liabilities. The Group operates in China and its main activities are denominated in RMB. Therefore, the market risk of foreign exchange changes undertaken by the Group is not significant.

For the details of the Group's foreign currency monetary assets and liabilities, please refer to the description in Note (56) to the financial statements.

Notes to Financial Statements

For the half-year ended 30 June 2025

(62) TRANSFERS OF FINANCIAL ASSETS

The transfer of financial assets was as follows:

Type of transfer	The category of the transferred financial assets	Carrying amount	Derecognition	Judgement basis for derecognition
Endorsement	Bank Acceptance Bills	74,388,631.99	Derecognized	Transferred substantially all the risks and rewards
Endorsement	Commercial Acceptance Bills	40,046,970.77	Not derecognized	Retained substantially all of its risks and rewards
Endorsement	Bank Acceptance Bills	1,636,731.20	Not derecognized	Retained substantially all of its risks and rewards
Total		116,072,333.96		

The following financial assets were derecognized as a result of transfers:

	Type of transfer	Carrying amount	Income or loss related to the derecognition
Notes receivable	Endorsement	74,388,631.99	/
Total	/	74,388,631.99	/

Notes to Financial Statements

For the half-year ended 30 June 2025

(63) DISCLOSURE OF FAIR VALUE

1. Fair value of assets and liabilities measured at fair value at the end of the period

RMB

Item	Fair value as at 30 June 2025			Total
	Fair value measured at level 1	Fair value measured at level 2	Fair value measured at level 3	
Investment measured at continuous fair value				
Debt instruments	–	119,187,777.78	–	119,187,777.78
Others equity instrument	–	–	34,768,610.55	34,768,610.55
Financial assets designed at fair value through other comprehensive income Receivable financing	–	159,298,287.13	–	159,298,287.13
Total assets measured at continuous fair value	–	278,486,064.91	34,768,610.55	313,254,675.46

2. Qualitative and quantitative data on the valuation techniques used and important parameters for continuous and non-continuous second-level fair value measurement items

Investments in debt instruments and financing receivables are determined at fair value using the discounted future cash flow method, using market yields on other financial instruments with similar contractual terms, credit risk and remaining maturities as the discount rate. The risk of non-performance against investments in debt instruments and financing of receivables is assessed as insignificant at 30 June 2025.

3. Qualitative and quantitative data on the valuation techniques used and important parameters for continuous and non-continuous third-level fair value measurement items

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the Finance Director. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the Finance Controller.

Notes to Financial Statements

For the half-year ended 30 June 2025

(63) DISCLOSURE OF FAIR VALUE *(Continued)*

3. Qualitative and quantitative data on the valuation techniques used and important parameters for continuous and non-continuous third-level fair value measurement items *(Continued)*

The fair values of non-listed equity instrument investments are estimated using discounted valuation model, latest financing price and a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. Discounted valuation model requires the Group to make estimates about the expected future cash flows including expected future dividends and proceeds on subsequent disposal of the shares; Market-based valuation model requires the Group to determine comparable listed companies based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to sales multiple, for each comparable company identified for market-based valuation model. They are adjusted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The Group believes that the fair values and changes thereof estimated by valuation technique are reasonable and also the most appropriate values at the balance sheet date.

RMB			
Item	Fair value at 30		Unobservable inputs
	June 2025	Valuation techniques	
Non-listed equity instrument investments	34,768,610.55	Discounted valuation model	Perpetual growth rate, discount rate, liquidity discount, minority interest discount
		Market multiplier model	Average price-to-sales ratio of comparable companies and revenue of investee
		Recent Financing Price model	Recent Financing Price of investee

Notes to Financial Statements

For the half-year ended 30 June 2025

(64) RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Information on other related parties

Name of other related party	Relationship between the other related party with the Company
Fudan University	Shareholders who indirectly hold more than 5% of the Company's shares
Shanghai Fudan Communication Company Limited	Company in which related natural persons serve as directors
Ningbo Xinjian Semiconductor Co., Ltd.	Company in which related natural persons serve as directors
Shanghai Huahong (Group) Company Limited and its subsidiaries	Company in which related natural persons serve as directors

2. Information on related party transactions

(a) Related party transactions on purchase or sales of goods and provision or acceptance of services

Purchase of goods/services

Related party	Content of related party transactions	RMB	
		Half-year ended 30 June 2025	2024
Fudan University	Purchase of services (note)	184,466.02	116,504.85
Ningbo Xinjian Semiconductor Co., Ltd.	Purchase of services	689,160.71	1,082,668.24
Shanghai Huahong (Group) Company Limited and its subsidiaries	Purchase of raw materials	14,024,180.90	—

Notes to Financial Statements

For the half-year ended 30 June 2025

(64) RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

2. Information on related party transactions *(Continued)*

(a) *Related party transactions on purchase or sales of goods and provision or acceptance of services (Continued)*

Sales of goods/services

Related party	Content of related party transactions	RMB	
		Half-year ended 30 June 2025	2024
Fudan University	Sales of services (note)	145,283.03	33,018.87
Shanghai Fudan Communication Company Limited	Sales of goods (note)	184,327,605.11	155,919,739.07
Spear Innovations Oy Ltd	Sales of goods	484,109.58	3,972.53
Shanghai Huahong (Group) Company Limited and its subsidiaries	Sales of goods	372,085.52	–

Note:

The independent non-executive directors of the Company have reviewed the connected transactions set out above and have confirmed that these connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to independent third parties; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

(b) *Compensation of key management personnel*

Item	RMB'0,000	
	Half-year ended 30 June 2025	2024
Compensation of key management personnel	987.71	1,249.84

(c) *Amount due from or to related parties*

Receivable items

Item	Related party	RMB			
		30 June 2025		31 December 2024	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Notes receivable	Shanghai Fudan Communication Co., Ltd.	98,798,062.32	–	106,864,930.70	–
Accounts receivable	Spear Innovations Oy Ltd	480,914.75	–	1,234,228.15	–
Accounts receivable	Fudan University	–	–	12,000.00	–
Accounts receivable	Shanghai Huahong (Group) Company Limited and its subsidiaries	398,288.68	–	–	–

Notes to Financial Statements

For the half-year ended 30 June 2025

(64) RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

2. Information on related party transactions (Continued)

(c) Amount due from or to related parties (Continued)

Payable items

		RMB	
		30 June	31 December
Item	Related party	2025	2024
Contract liabilities	Fudan University	23,400.00	23,400.00
Contract liabilities	Shanghai Fudan Communication Co., Ltd.	48,352,194.71	20,552,457.00
Accounts payable	Ningbo Xinjian Semiconductor Co., Ltd.	73,200.00	581,221.73
Accounts payable	Shanghai Huahong (Group) Company Limited and its subsidiaries	20,696,815.93	–

Amount due to related parties are interest free, unsecured and with no fixed maturity date.

(65) GENERAL INFORMATION OF SHARE-BASED PAYMENT

1. The various equity instruments outstanding for the Company at the end of the period are as follows:

Parent Company

		RMB	
Category of Grantees	Exercise price	Other equity instruments issued at the end of the period	Remaining duration of the contract
Salesman	RMB17.70/share		1.5 years
Management personnel	RMB17.70/share		1.5 years
R&D personnel	RMB17.70/share		1.5 years

Subsidiary Sinc IC

		RMB	
Category of Grantees	Exercise price	Other equity instruments issued at the end of the period	Remaining duration of the contract
Salesman	RMB5.371/share		1.5 years
Management personnel	RMB5.371/share		1.5 years
R&D personnel	RMB5.371/share		1.5 years

Notes to Financial Statements

For the half-year ended 30 June 2025

(65) GENERAL INFORMATION OF SHARE-BASED PAYMENT *(Continued)*

2. Equity settled share-based payments

	RMB
Method of determining the fair value equity instruments as at the grant date	Black-Scholes option pricing model
Important parameters of fair value of equity instruments on grant date	Dividend Ratio, historical volatility, Risk-free interest rate, expected expiry date of share options, weighted average share price
Basis for determining the quantity of exercisable equity instruments	Best estimation based on achievements of prescribed performance condition and assessment of the grantee's performance during the vesting period
Reasons for significant differences between this period's estimates and last period's estimates	Nil
Accumulated amounts recorded in the capital reserves for the equity-settled share-based payments	347,445,444.93

3. Expense relating to Share-based payment incurred during the period are as follows:

Item	RMB Expense relating to equity-settled share-based payments
Production personnel	164,202.50
Salesman	2,597,767.08
Management personnel	394,867.92
R&D personnel	9,209,162.08
Total	12,365,999.58

(66) PROFIT DISTRIBUTION

	RMB
Profit or dividend to be distributed	
– Approved profit or dividend to be distributed	65,714,184.00

The 2024 profit distribution plan was reviewed and approved at the 2024 annual general meeting on 18 June 2025, and a cash dividend of RMB65,714,184.00 (i.e., RMB0.08 for every 1 ordinary share) was distributed to shareholders of ordinary shares before the date of this report.

Notes to Financial Statements

For the half-year ended 30 June 2025

(67) SEGMENT INFORMATION

1. Determining basis and accounting policies of reporting segments

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

- (1) The design and sale of IC segment (“Design segment”) manufactures products including Security and Identification Chips, Non-Volatile Memory, Smart Meter Chips, FPGA and Other Products;
- (2) The IC testing services segment (“Testing segment”) provides testing services for IC chips and products.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss before tax. The segment profit/loss before tax is measured consistently with the Group’s profit/loss of 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.

2. Financial information of the reporting segments

				RMB
Item	Design Segment	Testing Segment	Eliminations among segments	Total
Revenue	1,761,239,154.76	157,643,804.51	80,031,942.79	1,838,851,016.48
Cost of sales	733,766,000.43	123,011,790.31	62,450,107.67	794,327,683.07
Total assets	8,028,661,752.22	1,324,586,570.46	50,061,229.34	9,303,187,093.34
Total liabilities	2,444,193,759.75	238,140,332.89	50,061,229.34	2,632,272,863.30

Notes to Financial Statements

For the half-year ended 30 June 2025

(68) NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1. Accounts receivable

(a) An ageing analysis based on the invoice date is as follows:

Ageing	RMB	
	30 June 2025	31 December 2024
Within 1 year	1,110,572,343.25	1,035,818,474.55
Over 1 year	682,501,537.06	494,275,376.91
Total	1,793,073,880.31	1,530,093,851.46

(b) Disclosure under the methods of provision for bad debts by category

RMB										
Type	30 June 2025					31 December 2024				
	Book balance		Bad debt provision		Carrying amounts	Book balance		Bad debt provision		Carrying amounts
	Amount	%	Amount	%		Amount	%	Amount	%	
Provision of bad debts by categories	1,793,073,880.31	100.00	84,586,075.58	4.72	1,708,487,804.73	1,530,093,851.46	100.00	65,143,749.16	4.26	1,464,950,102.30
Highly Reliable Product Sales										
Portfolio	1,636,493,979.53	91.27	65,386,173.50	4.00	1,571,107,806.03	1,377,451,107.96	90.02	46,713,948.23	3.39	1,330,737,159.73
Industrial Sales Portfolio	137,494,548.56	7.67	19,199,902.08	13.96	118,294,646.48	129,604,708.83	8.47	18,429,800.93	14.22	111,174,907.90
Related party portfolio in the scope of consolidation	19,085,352.22	1.06	-	-	19,085,352.22	23,038,034.67	1.51	-	-	23,038,034.67
Total	1,793,073,880.31	/	84,586,075.58	/	1,708,487,804.73	1,530,093,851.46	/	65,143,749.16	/	1,464,950,102.30

Bad debt provision by combinations:

Combinations basis: credit risk

Item	RMB		
	30 June 2025		
	Accounts receivable	Bad debt provision	Provision ratio (%)
Highly Reliable Product			
Sales Portfolio	1,636,493,979.53	65,386,173.50	4.00
Industrial Sales Portfolio	137,494,548.56	19,199,902.08	13.96
Related party portfolio in the scope of consolidation	19,085,352.22	-	-
Total	1,793,073,880.31	84,586,075.58	4.72

Notes to Financial Statements

For the half-year ended 30 June 2025

(68) NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

1. Accounts receivable *(Continued)*

(c) Bad debt provision

RMB

Category	31 December 2024	Provision	Change for the Period		Other changes	30 June 2025
			Recovered or reversed	Write-off or cancellation		
Bad debt provision	65,143,749.16	19,442,326.42	–	–	–	84,586,075.58
Total	65,143,749.16	19,442,326.42	–	–	–	84,586,075.58

(d) Five largest accounts receivable by debtors at the end of the period

RMB

Name of entity	Book balance	Percentage to accounts receivables	
		balance (%)	Bad debt provision
First	365,107,200.00	20.36	–
Second	160,717,440.00	8.96	8,246,856.00
Third	154,183,197.62	8.60	10,423,574.76
Forth	75,570,140.00	4.21	3,734,472.00
Fifth	68,283,420.00	3.81	5,803,806.00
Sub-total	823,861,397.62	45.94	28,208,708.76

2. Other receivables

RMB

Item	30 June 2025	31 December 2024
Other receivables	6,081,262.38	6,126,612.87
Total	6,081,262.38	6,126,612.87

Notes to Financial Statements

For the half-year ended 30 June 2025

(68) NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

2. Other receivables *(Continued)*

(a) Disclosure by ageing

		RMB
Ageing	30 June 2025	31 December 2024
Within 1 year	3,628,617.69	3,035,243.89
1-2 years	239,726.43	1,319,209.29
2-3 years	445,334.24	58,944.44
Over 3 years	1,767,584.02	1,713,215.25
Total	6,081,262.38	6,126,612.87

(b) Classified by the nature

		RMB
Nature	30 June 2025	31 December 2024
Deposit	3,292,276.82	5,287,764.82
Receipt or payment on behalf	518,240.33	253,673.72
Reserve funds	69,000.00	69,000.00
Others	2,201,745.23	516,174.33
Total	6,081,262.38	6,126,612.87

(c) Five largest other receivables by debtor at the end of the period

				RMB
Entity name	Nature of the receivable	30 June 2025	Ageing	Percentage of total other receivables at the end of the period (%)
Kweichow Moutai Co., Ltd.	Security deposits	1,000,000.00	Within 1 year	16.44
Shanghai Qianda Economic and Technological Development Co., Ltd.	Security deposits	721,629.50	Over 3 years	11.87
Shanghai Fudan Science and Technology Park Co., Ltd.	Security deposits	350,518.62	2-3 years, over 3 years	5.76
Guangzhou Yangcheng Tong Co., Ltd.	Security deposits	226,800.00	Over 3 years	3.73
Fifth	Security deposits	200,000.00	2-3 years	3.29
Total	/	2,498,948.12	/	41.09

Notes to Financial Statements

For the half-year ended 30 June 2025

(68) NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

3. Long-term equity investments

Item	30 June 2025			31 December 2024		
	Book balance	Provision for impairment	Carrying amounts	Book balance	Provision for impairment	Carrying amounts
Investments in subsidiaries	100,836,307.13	10,000,000.00	90,836,307.13	100,836,307.13	10,000,000.00	90,836,307.13
Investments in associates and joint ventures	77,068,741.94	24,933,174.46	52,135,567.48	78,460,732.63	24,933,174.46	53,527,558.17
Total	177,905,049.07	34,933,174.46	142,971,874.61	179,297,039.76	34,933,174.46	144,363,865.30

(a) Investments in subsidiaries

Investee	31 December 2024		30 June 2025	
	Balance of provision for impairment as at 31 December 2024	Balance of provision for impairment as at 30 June 2025	Balance of provision for impairment as at 31 December 2024	Balance of provision for impairment as at 30 June 2025
Sino IC Technology Co., Ltd.	25,146,906.64	–	25,146,906.64	–
Shanghai Fudan Microelectronics (Hong Kong) Ltd.	40,262,700.49	–	40,262,700.49	–
Shenzhen Fudan Microelectronics Company Ltd.	5,000,000.00	–	5,000,000.00	–
Beijing Fudan Microelectronics Technology Co., Ltd.	–	10,000,000.00	–	10,000,000.00
Shanghai Fuwei Xunjie Digital Technology Co., Ltd.	20,426,700.00	–	20,426,700.00	–
Total	90,836,307.13	10,000,000.00	90,836,307.13	10,000,000.00

Notes to Financial Statements

For the half-year ended 30 June 2025

(68) NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

3. Long-term equity investments *(Continued)*

(b) Investment in associates and joint ventures

RMB					
Investee	At 31 December 2024	Balance of provision for impairment at the beginning of the Reporting Period	Increase or decrease during the period Investment profit or loss recognized with the equity method	30 June 2025	Balance of provision for impairment at the end of the Reporting Period
Associates					
Shanghai Xihongqiao Navigation Technology Co., Ltd.	3,414,642.32	–	(240,818.33)	3,173,823.99	–
Shanghai Fukong Hualong Microsystem Technology Co., Ltd.	11,529,965.41	24,933,174.46	(670,582.86)	10,859,382.55	24,933,174.46
Shanghai Fudan Sci-Tech Park Venture Investment Co., Ltd	14,555,003.38	–	(428,895.72)	14,126,107.66	–
Shanghai Haojun Venture Capital Partnership (Limited Partnership)	24,027,947.06	–	(51,693.78)	23,976,253.28	–
Total	53,527,558.17	24,933,174.46	(1,391,990.69)	52,135,567.48	24,933,174.46

4. Revenue and Cost of sales

(a) Revenue and Cost of sales

RMB				
Half-year ended 30 June				
Item	2025		2024	
	Revenue	Cost	Revenue	Cost
Main business	1,743,752,054.67	731,817,532.63	1,716,192,545.34	765,344,847.00
Others business	1,867,900.10	1,313,147.13	2,890,790.26	1,141,748.58
Total	1,745,619,954.77	733,130,679.76	1,719,083,335.60	766,486,595.58

Notes to Financial Statements

For the half-year ended 30 June 2025

(68) NOTES TO THE MAIN ITEMS IN THE FINANCIAL STATEMENTS OF THE PARENT COMPANY *(Continued)*

4. Revenue and Cost of sales *(Continued)*

(b) Revenue and cost of sales generated from contracts

Contract classification	Revenue	RMB
		Cost of sales
Types of products		
Security and Identification IC Chips	392,407,696.19	269,746,365.31
Non-volatile Memory	437,470,059.10	153,222,595.14
Smart meter chip	247,919,843.44	145,816,389.64
FPGA and other products	666,905,752.82	164,345,329.67
Lease income	916,603.22	—
Place of business		
PRC	1,656,851,278.15	677,162,406.43
Others	88,768,676.62	55,968,273.33
Sort by time of products transfer		
At a certain point of time	1,744,703,351.55	733,130,679.76
Lease	916,603.22	—
Sort by distribution channels		
Direct sale	774,253,321.50	275,343,053.71
Distributor	971,366,633.27	457,787,626.05
Total	1,745,619,954.77	733,130,679.76

The information related to the performance obligations of the Group is as follows:

Sale of IC products

Fulfill performance obligations when delivering products to customers. Usually, the payment obligation is performed after the customer received the products, and the Group gives different credit arrangements to different customers.

(c) Investment income

Item	RMB	
	Half-year ended 30 June 2025	2024
Loss on long-term equity investments accounted with the equity method	(1,391,990.69)	(1,940,881.22)
Investment income on financial assets held for trading	1,796,560.75	564,958.90
Investment income from controlled subsidiaries	—	6,729,916.18
Total	404,570.06	5,353,993.86

Notes to Financial Statements

For the half-year ended 30 June 2025

(69) SUPPLEMENTARY INFORMATION

(a) Statement of non-recurring profit or loss for the period

Item	RMB Amount
Gains or losses on disposal of non-current assets, including the write-off of the provision for impairment of assets	22,274.43
Government grants charged to profit or loss for the current period (except for except for those which are closely related to the normal operation of a company, comply with the provisions of state policies, are enjoyed under specific standards, and have a continuing impact on the profits and losses of the Company)	9,977,603.75
Gains and losses on fair value changes arising from financial assets and financial liabilities held by non-financial corporations and gains and losses arising from the disposal of financial assets and financial liabilities, except for the effective hedging activities related to the Company's ordinary operation	1,869,635.30
Non-operating income and expense other than the above-mentioned	(3,194.69)
Less: Effect of income tax	111,414.48
Effect of minority interest (net of tax)	453,437.55
Total	11,301,466.76

(b) Net return rate of assets and earnings per share

Profit for the Reporting Period	Weighted average net return rate of assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to ordinary shareholders of the Company	3.23	0.24	0.24
Net profit after deducting non-recurring profit or loss attributable to ordinary shareholders of the Company	3.04	0.22	0.22

Other Information

EVENT AFTER THE REPORTING DATE

There is no significant subsequent event after the reporting date.

CONTINGENT LIABILITIES

As at 30 June 2025, the Group has no contingency that need to be disclosed (2024: Nil).

CHANGES IN DIRECTOR AND SUPERVISOR

The Executive Directors, Mr. Jiang Guoxing, Mr. Shi Lei and Mr. Yu Jun, and the Independent Non-executive Directors, Mr. Cao Zhongyong, Mr. Cai Minyong, Mr. Wang Pin and Ms. Zou Fuwen were retired as Directors, effective from 18 June 2025. Ms. Zhang Yanfeng was resigned as an employee representative supervisor of the Company, effective from 18 June 2025.

Mr. Zhang Wei was appointed as Non-executive Director for the Tenth Session of the Board and redesignated to an Executive Director; and Ms. Shi Yanling, Ms. Wang Meijuan and Mr. Hu Xue were appointed as Independent Non-executive Directors for the Tenth Session of the Board, effective from 18 June 2025.

Ms. Wang Xiaoyan was elected by the employee congress as an employee representative supervisor of the Company, effective from 27 June 2025.

Biographical details of the directors and the supervisors appointed during the Reporting Period are set out below:

Mr. Zhang Wei, aged 57, Chinese nationality, with no permanent residency outside China, is currently the Dean of the School of Microelectronics of Fudan University, a professor and a doctoral supervisor. From June 1995 to May 1997, He was Postdoctoral Fellow of Fudan University, China. He was the Associate Professor of Fudan University from June 1997 to April 1999. From May 1999 upon now, he is a Professor of Fudan University. Mr. Zhang Wei has long been engaged in the research of semiconductor devices, IC technology and semiconductor materials, and has extensive experience in the semiconductor field.

Mr. Zhang Wei is entitled to receive a director's emolument of RMB200,000 (before tax) per annum under the service agreement signed between the Company and Mr. Zhang Wei. The Director emoluments are determined by the remuneration and evaluation committee of the Company with reference to the time and effort devoted to the Company's affairs, his responsibilities and expertise.

Ms. Shi Yanling, aged 56, Chinese nationality, with no permanent residency outside China, is a doctor of science, a professor and a doctoral supervisor of East China Normal University. She is a member of the Shanghai Municipal Association for Science and Technology Integrated Circuit Professional Committee, a commissioner of the Ministry of Science and Technology of China's major scientific and technological projects, an assessment expert, and a former deputy dean of the School of Information Science and Technology of the East China Normal University. From July 1993 to February 2024, she taught at the East China Normal University, where she has been engaged in education and research in the field of integrated circuits.

Ms. Shi Yanling is entitled to receive a director's emolument of RMB200,000 (before tax) per annum under the service agreement signed between the Company and Ms. Shi Yanling.

Other Information

Ms. Wang Meijuan, aged 60, Chinese nationality, with no permanent residency outside China, holds a master's degree in financial management from Shanghai University of Finance and Economics. From January 1988 to October 1994, she was a lecturer in the Management Engineering Department of Shanghai Institute of Building Materials; From May 1992 to May 2001, she was the Senior Manager of Grand Cathay CPA Limited and a Certified Public Accountant (CPA) in China; From May 2001 to May 2020, she was the General Manager of the Audit Department of Haitong Securities Company Limited, a Supervisor of Haitong Securities Company Limited, the Chairman of the Supervisory Committee of Haitong Futures Company Limited, a Director of Haitong Kaiyuan Investment Company Limited, a Supervisor of Haitong Innovative Securities Investment Company Limited, and the Chairman of the Supervisory Committee of Haitong Hengxin International Leasing Company Limited. She is currently an adjunct faculty member at the National Accounting Institute of Shanghai.

Ms. Wang Meijuan is entitled to receive a director's emolument of RMB200,000 (before tax) per annum under the service agreement signed between the Company and Ms. Wang Meijuan.

Mr. Hu Xue, aged 52, Chinese nationality, with no permanent residency outside China, graduated from the Law Department of East China University of Political Science and Law. Since July 1994 to June 2000, he was an officer and prosecutor of the Railway Transportation Branch of Shanghai Municipal People's Procuratorate, and from June 2000 to present, he is a solicitor and a partner of Shanghai United Law Firm.

Mr. Hu Xue is entitled to receive a director's emolument of RMB200,000 (before tax) per annum under the service agreement signed between the Company and Mr. Hu Xue.

The emoluments of the Independent non-executive Directors are determined by the remuneration and evaluation committee of the Company with reference to the time and effort devoted to the Company's affairs, their responsibilities, expertise and also with reference to the current range of fees for independent non-executive directors of listed companies.

Ms. Wang Xiaoyan, aged 45, Chinese nationality, with no permanent residency outside China. She holds a Bachelor of Engineering degree from the University of Electronic Science and Technology and a Master of Engineering degree from Singapore Nanyang Technological University. She was the general manager of the product line of Gore Acoustic Electronics Co., Ltd. and deputy general manager of its subsidiary, assistant to the deputy general manager of Howell Technologies (Shanghai) Co., Ltd and senior manager of Innovation Technology (China) Co., Ltd. She joined the Company in 2020. She is currently the assistant of general manager and the director of human resources. Ms. Wang holds 16,258 A Shares of the Company.

The Company has entered into a service contract with Ms. Wang. The remuneration of Ms. Wang is determined in accordance with her positions in the Company and the remuneration management policy of the Company, and shall not receive additional remuneration as a supervisor of the Company.

Other Information

CHANGE IN INFORMATION OF DIRECTORS DISCLOSED PURSUANT TO LISTING RULES 13.51B(1)

With effect from 25 March 2025:

1. Ms. Zou Fuwen, an Independent Non-executive Director, retired as the member of the Nomination Committee of the Company;
2. Ms. Yan Na, a Non-executive Director, was appointed as the member of the Nomination Committee of the Company;
3. Mr. Cai Minyong, an Independent Non-executive Director, retired as the member of the Environmental, Social and Governance Committee of the Company; and
4. Mr. Shen Lei, an Executive Director, was appointed as the member of the Environmental, Social and Governance Committee of the Company.

With effect from 18 June 2025:

1. Mr. Zhang Wei was appointed as the Chairman of the Tenth Session of the Board and the Managing Director of the Company and redesignated from a Non-executive Director to an Executive Director;
2. Mr. Shi Lei resigned as the Authorised Representative of the Company;
3. Mr. Zhang Wei, an Executive Director, was appointed as the Authorised Representative of the Company;
4. Mr. Shen Lei, an Executive Director, was appointed as the Deputy Managing Director of the Company;
5. Mr. Zhang Wei, an Executive Director, was appointed as the chairman of the Strategy and Investment Committee and Environmental, Social and Governance Committee of the Company;

Other Information

6. Mr. Shen Lei, an Executive Director, was appointed as the member of the Strategy and Investment Committee;
7. Ms. Zhang Rui, a Non-executive Director, was appointed as the member of the Strategy and Investment Committee of the Company;
8. Ms. Shi Yanling, an Independent Non-executive Director, was appointed as the chairman of the Remuneration and Evaluation Committee, the member of the Audit Committee, Nomination Committee and Strategy and Investment Committee of the Company;
9. Ms. Wang Meijuan, an Independent Non-executive Director, was appointed as the Chairman of the Audit Committee, the member of the Remuneration and Evaluation Committee and Environmental, Social and Governance Committee of the Company;
10. Mr. Hu Xue, an Independent Non-executive Director, was appointed as the Chairman of the Nomination Committee, the member of the Audit Committee and Remuneration and Evaluation Committee of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the half-year ended 30 June 2025 (2024: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

There was no significant investment and material acquisition or disposal of subsidiaries, associates and joint ventures during the six months ended 30 June 2025 (2024: Nil).

PLEDGE OF ASSETS

As at 30 June 2025, the Group did not have any pledge of assets (2024: 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 issued share capital and various reserves) and bank borrowings. There was no change in the Group's capital management objectives, policies or procedures from January to June of 2025 and year 2024.

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 30 June 2025 is approximately 28.29% (2024: 27.62%).

Other Information

FINANCIAL RESOURCES AND LIQUIDITY

As at 30 June 2025, net assets of the Group amounted to RMB6,670,914,230.04 (2024: RMB6,544,120,922.79), representing an increase of approximately 1.94% over last year; of which current assets amounted to RMB6,752,487,733.63 (2024: RMB6,480,978,592.52), representing an increase of approximately 4.19% over last year; of which cash at bank and on hand amounted to RMB1,098,255,942.76 (2024: RMB1,087,494,485.36), representing an increase of approximately 0.99% 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 30 June 2025, the Group had bank borrowings amounted to RMB1,654,432,734.12, which are repayable in 2 years with interest rate 2.11% to 2.88% per annual (2024: RMB1,665,513,184.63).

An analysis of the Group's borrowings at 30 June 2025 is set out below:

	RMB
Within 1 year	1,250,761,277.70
1 – 2 years	285,626,200.00
2 – 5 years	93,000,000.00
Over 5 years	25,045,256.42
Total	1,654,432,734.12

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this report, there was no other specific plan for material investments or capital assets as at 30 June 2025.

Other Information

HUMAN RESOURCES

As at 30 June 2025, the Group had a total of 2,056 employees (31 December 2024: 2,077). The employee remunerations (included directors' emoluments) were RMB544,633,081.72 for the 6 months ended 30 June 2025 (2024: RMB554,538,988.08). The remuneration package of the employees is determined by various factors such as their working experience and job performance, the market condition, industry practice and applicable employment law. Year-end bonus based on job performance will be paid to employees as recognition of and reward for their contributions.

The Human Resources Department has set up a human resource management process, based on an annual performance appraisal and assessment of the prior year and the development objectives of all departments, formulated the annual training plan. The implementation of training plan adopts two types of training being outsourcing and in-house. The effectiveness of the training plan will be assessed by examinations, feedbacks and performance appraisals with recommendations for the further improvements.

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF DIRECTORS AND SUPERVISORS AND CHIEF EXECUTIVE

At 30 June 2025, the interests or short positions of the directors and supervisors and chief executives of the Company in the share capital and underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of Listed Companies contained in the Listing Rules, were as follows:

Long positions in A shares of the Company:

	<u>Number of issued shares held, capacity and nature of interest</u>			Total	Percentage of the Company's issued share capital
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation		
Supervisor					
Ms. Zhang Yanfeng	16,258	—	—	16,258	0.002

Other Information

Long positions in associated corporations of the Company:

<u>Number of issued shares held, capacity and nature of interest</u>					Percentage of the associated corporation's issued share capital	
	Directly beneficially owned	Through spouse or minor children	Through controlled corporation	Total		
Sino IC						
Director						
Mr. Shen Lei	481,950	—	—	481,950	0.18	
Shanghai Fuwei Xunjie Digital Technology Co., Ltd.						
Director						
Mr. Shen Lei	—	—	156,830	156,830	0.31	
Shanghai Fukong Hualong Microsystem Technology Co., Ltd						
Director						
Mr. Shen Lei	—	—	150,000	150,000	0.21	

Save as disclosed above, as at 30 June 2025, none of the directors and supervisors and chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required to be entered in the register referred to therein pursuant to section 352 of the SFO; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by directors of Listed Companies contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouse 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 to acquire such rights in any other body corporate.

Other Information

INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

At 30 June 2025, so far as any Directors are aware, the interests and short positions owned by the following parties in the Shares or underlying shares of the Company which were required to be disclosed to the Company under Part XV of the SFO or were recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO, were as follows:

Long positions in shares of the Company:

Name of shareholders	Note	Capacity and nature of interest	Number of Ordinary shares held	Class of shares	Percentage of shareholding on relevant class of shares	Percentage of the Company's issued share capital
Shanghai Fudan Fangao IC Technology Co. Ltd. ("Fuxin Fangao")	(1)	Beneficially owned	106,730,000	A shares	19.87	12.99
Shanghai Fudan Asset Management Co., Ltd. ("Fudan Asset")	(1)	Interest of corporation controlled	106,730,000	A shares	19.87	12.99
Fudan University	(1)	Interest of corporation controlled	106,730,000	A shares	19.87	12.99
Shanghai Fudan Fukong Technology Enterprise Holdings Limited ("Fudan Fukong")	(2)	Beneficially owned	101,732,384	A shares	18.94	12.38
Shanghai Commerce and Invest (Group) Corporation ("SCI")	(2)	Interest of corporation controlled	101,732,384	A shares	18.94	12.38
Bailian Group Company Limited ("Bailian Group")	(2)	Interest of corporation controlled	101,732,384	A shares	18.94	12.38
Shanghai Zhengben Corporate Management Consultant Partnership Enterprise (limited partnership) ("Shanghai Zhengben")	(3)	Beneficially owned	28,987,738	A shares	5.40	3.53
Shanghai Yikun Investment Consultant Partnership Enterprise ("Shanghai Yikun")	(3)	Interest of corporation controlled	28,987,738	A shares	5.40	3.53
Zhang Yong	(3)	Interest of corporation controlled	28,987,738	A shares	5.40	3.53

Notes:

- (1) Fuxin Fangao is a state-owned enterprise wholly owned by Fudan Asset and Fudan Asset is wholly owned by Fudan University.
- (2) Bailian Group is a state-owned enterprise wholly owned by the Shanghai Municipal Government and wholly owned SCI, and SCI held 70.2% of the equity interest of Fudan Fukong. Accordingly, each of SCI and Bailian Group is deemed to be interested in Fudan Fukong's interest in the Company.
- (3) Zhang Yong held 95% of the equity interest in Shanghai Yikun, and Shanghai Yikun held 99.81% of the equity interest in Shanghai Zhengben. Accordingly, each of Shanghai Yikun and Zhang Yong is deemed to be interested in Shanghai Zhengben's interest in the Company.

Other Information

Save as disclosed above, as at 30 June 2025, no person, other than the directors and supervisors of the Company, whose interests are set out in the section headed “Interests and short positions in shares and underlying shares and debentures of directors and supervisors and chief executives” above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be disclosed to the Company under Part XV of the SFO or to be recorded in the register of interests required to be kept by the Company pursuant to section 336 of the SFO.

2021 A SHARES RESTRICTED SHARE INCENTIVE SCHEME

The Company implemented the 2021 A Shares Restricted Share Incentive Scheme (the “Scheme”) on 6 December 2021 (the “Grant Date”) for the purpose of motivating and rewarding persons who contribute to the operations of the Group. Eligible persons include those persons, other than directors, chief executive and substantial shareholders of the Company, whom the Board of Directors considers to be in need of incentives. The Scheme is valid for a maximum period of 60 months from the date of grant of the A Shares restricted shares (the “Restricted Shares”) to the date when all the Restricted Shares granted to the incentive recipients vest or lapse. As at 30 June 2025, the remaining life of the Scheme is 1.5 years.

The total number of underlying shares involved in this Scheme during the entire validity period is 10,000,000 shares, which does not exceed 20.00% of shares of the Company in aggregate at the time of submitting this scheme to the shareholders’ meeting, which represent 1.22% of the issued shares at the date of this report. The cumulative number of shares of the Company granted to any one incentive recipient and the maximum entitlement of each incentive recipient under this Scheme during the entire validity period does not exceed 1.00% of the total number of shares of the Company.

The grant price of the Restricted Shares under the first grant is RMB18.00 per Share, i.e., the incentive recipients who have satisfied the conditions of grant and conditions of vesting can subscribe for the Restricted Shares to be issued by the Company to them at the price of RMB18.00 per A Share. Grant price was adjusted to RMB17.7 per Share after distribution of cash dividend to shareholder in 2022, 2023 and 2024. The pricing method for the Restricted Shares grant price under the Scheme is self-pricing. The purpose of determining the grant price by independent pricing is to promote the development of the Company, protect the rights and interests of the Shareholders, and provide a mechanism and talent guarantee for the long-term and stable development of the Company. The Participants did not need to pay on the application or acceptance of Restricted Shares. The Participants who have fulfilled the attribution conditions shall pay the funds for the subscription of the Restricted Shares into the account designated by the Company according to the Company’s requirements before the vesting of the Restricted Shares. Participants who have not paid the funds within the period stipulated by the Company shall be deemed to have waived his/her right to subscribe for the Restricted Shares.

The Company did not grant any Restricted Shares during the Reporting Period (2024: Nil), of which the Group recognized share option expenses of RMB12,365,999.58 during the Reporting Period (2024: RMB29,996,625.82).

Other Information

Movements of restricted shares for the Reporting Period

Name or category of participants	Grant date	As at 1 January 2025 (Share)	Number of restricted shares				As at 30 June 2025 (Share)	Vesting period	Vesting price
			Granted (Share)	Vested (Share)	Cancelled (Share)	Lapsed (Share)			
Employee (total 570 employee)	6/12/2021 and 28/10/2022	2,466,200	-	-	-	-	2,466,200	8/12/2024 to 7/12/2026	RMB17.7
Total		2,466,200	-	-	-	-	2,466,200		

During the Reporting Period , the Company did not grant, vest or cancel any Restricted Shares, and there was no Restricted Shares lapsed (2024: Nil).

At the beginning and the end of the Reporting Period, the number of Restricted Shares that may be granted under the Scheme is zero. The number of shares that may be issued in respect of the Restricted Shares granted under the Scheme during the Reporting Period divided by the weighted average number of shares of the relevant class in issue for the Reporting Period is 0%.

The Scheme is valid for five years from the date of grant of the restricted shares. The granted Restricted Shares of the First Grant will be exercised in four batches of 25%, 25%, 25% and 25% of the exercise ratio from the date of grant, after a 12-month exercise restriction period, provided that the exercise conditions are met, and the incentive recipients can exercise the Restricted Shares during the exercise period in accordance with the exercise price determined in the Scheme. The granted Restricted Shares of the Reservation Grant will be exercised in three batches of 30%, 30% and 40% of the exercise ratio from the date of grant, after a 12-month exercise restriction period, provided that the exercise conditions are met, and the incentive recipients can exercise the restricted shares during the exercise period in accordance with the exercise price determined in the Scheme.

As at 30 June 2025 and the date of this annual report, the Company had 2,466,200 Restricted Shares granted and outstanding for vesting under the Scheme, which represented approximately 0.30% of the Company's issued shares at that date. Based on the capital structure of the Company, if all the Restricted Shares issued and outstanding are exercised, 2,466,200 additional A Shares ordinary shares of the Company will be issued, increasing the share capital by RMB246,620.00 and the share premium by RMB43,405,120.00 of the Company (before deduction of issue expenses).

Performance targets

The performance assessment requirements of the First Grant will be evaluated on an annual basis for the 4 financial years of 2021 to 2024 at the Group level, and the achievement of performance assessment target of the participants for each year. The performance assessment objectives of the First Grant according to the 2021 A Shares Restricted Share Incentive Scheme are set out below:

Other Information

Performance assessment requirements at the Group level:

Tranche		Performance Assessment Target A, Company vesting factor 100%	Performance Assessment Target B, Company vesting factor 80%
Restricted Shares granted for the First Grant	First vesting	Meet any one of the following conditions: 1. The revenue increased by 40% or above over 2020; 2. Sales profit margin increased by 50% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 32% over 2020; 2. Sales profit margin increased no less than 40% over 2020.
	Second vesting	Meet any one of the following conditions: 1. The revenue increased by 65% or above over 2020; 2. Sales profit margin increased by 65% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 52% over 2020; 2. Sales profit margin increased no less than 52% over 2020.
	Third vesting	Meet any one of the following conditions: 1. The revenue increased by 90% or above over 2020; 2. Sales profit margin increased by 90% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 72% over 2020; 2. Sales profit margin increased no less than 72% over 2020.
	Fourth vesting	Meet any one of the following conditions: 1. The revenue increased by 120% or above over 2020; 2. Sales profit margin increased by 120% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 96% over 2020; 2. Sales profit margin increased no less than 96% over 2020.

Other Information

The performance assessment requirements of the Reserved Grant will be evaluated on an annual basis for the 3 financial years of 2022 to 2024 at the Group level, and the achievement of performance assessment target of the participants for each year. The performance assessment objectives of the Reserve Grant according to the 2021 A Shares Restricted Share Incentive Scheme are set out below:

Performance assessment requirements at the Group level:

Tranche		Performance Assessment Target A, Company vesting factor 100%	Performance Assessment Target B, Company vesting factor 80%
Restricted Shares granted for the Reserved Grant	First vesting	Meet any one of the following conditions: 1. The revenue increased by 65% or above over 2020; 2. Sales profit margin increased by 65% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 52% over 2020; 2. Sales profit margin increased no less than 52% over 2020.
	Second vesting	Meet any one of the following conditions: 1. The revenue increased by 90% or above over 2020; 2. Sales profit margin increased by 90% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 72% over 2020; 2. Sales profit margin increased no less than 72% over 2020.
	Third vesting	Meet any one of the following conditions: 1. The revenue increased by 120% or above over 2020; 2. Sales profit margin increased by 120% or above over 2020.	Meet any one of the following conditions: 1. The revenue increased no less than 96% over 2020; 2. Sales profit margin increased no less than 96% over 2020.

Note: As referred above, “revenue” means audited consolidated revenue of the Group; “sales profit margin” means audited revenue after deducting cost of sales of the Group.

Performance assessment requirements at the participant’s individual level:

The individual assessment of participants is carried out according to the internal performance assessment system of the Company. The individual evaluation results of the participants are divided into two levels: “pass” and “fail”. The corresponding vesting situations are as follows:

Assessment standards	Pass	Fail
Individual Vesting Coefficient	100%	0%

If the Group’s performance reaches performance assessment target, the number of restricted shares can be vested attributable to the participant in the current year = the number of shares can be vested of the individual for the year × the company vesting factor × the individual vesting coefficient.

If the restricted shares that the belong to the participant for the current period cannot be vested or cannot be fully vested due to assessment reasons, the restricted shares shall become invalid and shall not be deferred to the next year.

Other Information

USE OF PROCEEDS

- A. For year 2021, the Company had its first initial public offering of A shares in the PRC and listed on the Shanghai Stock Exchange upon completion of issuance. The Company offered to the public for 120,000,000 RMB ordinary shares of RMB0.1 each for an issuance price of RMB6.23 per share. The total amount raised was RMB747,600,000 and the actual net proceeds after deducting issuing expenses (tax not inclusive) was RMB680,282,800.

I. On 27 August 2021, the Board has approved:

1. the Proposal on the Replacement of Self-raised Funds Invested in Advance with Proceeds from the Issuance (關於使用募集資金置換預先投入的自籌資金的議案), which agreed the Company to replace the self-raised funds invested in advance in investment projects with proceeds from the Issuance amounting to RMB374,561,298.30, and the replacement of self-raised funds used in advance for the payment of issuance expenses with proceeds from the Issuance amounting to RMB5,730,425.73. In aggregate, the Company will replace self-raised funds invested in advance with proceeds amounting to RMB380,291,724.03.
2. The Proposal on Using Part of the Over-raised Proceeds to Permanently Supplement Working Capital (關於使用部分超募資金永久補充流動資金的議案), which agreed the Company to use part of the over-raised proceeds of RMB24 million for permanent supplement of working capital, which the proposal was approved by the second extraordinary general meeting in 2021.

II. On 17 January 2023, the Board has approved:

The Proposal on Using Part of the Over-raised Proceeds to Permanently Supplement Working Capital (關於使用部分超募資金永久補充流動資金的議案), which agreed the Company to use part of the over-raised proceeds of RMB24 million for permanent supplement of working capital, which the proposal was approved by the 2022 annual general meeting.

III. On 22 March 2024, the Board has approved.

The Proposal on Using Part of the Over-raised Proceeds to Permanently Supplement Working Capital (關於使用部分超募資金永久補充流動資金的議案), which agreed the Company to use part of the overraised proceeds of RMB24 million for permanent supplement of working capital, which the proposal was approved by the 2023 annual general meeting.

IV. Use of proceeds and balance of funds

As at 30 June 2025, all of the fund raised (except the surplus funds raised, income from cash management of fund raising and interest income) were fully utilized according to the intentions previously disclosed by the Company, the use of proceeds and balance of funds were:

	RMB
Net Proceeds received on 29/7/2021	680,282,781.80

Other Information

From 29/7/2021 to 31/12/2021

Proposed use of proceeds	Original allocation of the Proceeds RMB	Utilisation of the Surplus Funds		Used from 29/7/2021 to 31/12/2021 RMB	Received from 29/7/2021 to 31/12/2021 RMB	Unused Proceeds up to 31/12/2021 RMB
		Raised for Permanent Replenishment of Working Capital (approved by EGM on 5/11/2021) RMB	Replacement of Self-raised Funds invested in advance RMB			
SOPC Chips R&D and Industrialization Project	300,000,000.00	–	(300,000,000.00)	–	–	–
Development and Technology Reserve Funds	300,000,000.00	–	(74,561,300.00)	(24,245,561.98)	–	201,193,138.02
Surplus Funds Raised	80,282,781.80	(24,000,000.00)	–	–	–	56,282,781.80
Permanent supplement of working capital	–	24,000,000.00	–	(24,000,000.00)	–	–
Income from cash management of fund raising	–	–	–	–	1,662,931.51	1,662,931.51
Interest income net of charges	–	–	–	–	1,474,565.70	1,474,565.70
Total	680,282,781.80	–	(374,561,300.00)	(48,245,561.98)	3,137,497.21	260,613,417.03

From 1/1/2022 to 31/12/2022

Proposed use of proceeds	Unused Proceeds as at 1/1/2022 RMB	Used from 1/1/2022 to 31/12/2022 RMB	Received from 1/1/2022 to 31/12/2022 RMB	Unused Proceeds up to 31/12/2022 RMB
Development and Technology Reserve Funds	201,193,138.02	(105,503,449.60)	–	95,689,688.42
Surplus Funds Raised	56,282,781.80	–	–	56,282,781.80
Income from cash management of fund raising	1,662,931.51	–	4,889,007.84	6,551,939.35
Interest income net of charges	1,474,565.70	–	973,546.95	2,448,112.65
Total	260,613,417.03	(105,503,449.60)	5,862,554.79	160,972,522.22

Other Information

From 1/1/2023 to 31/12/2023

Proposed use of Proceeds	Utilisation of the Surplus Funds Raised for Permanent				
	Unused Proceeds as at 1/1/2023 RMB	Replenishment of Working Capital (approved by AGM on 2/6/2023) RMB	Used from 1/1/2023 to 31/12/2023 RMB	Received from 1/1/2023 to 31/12/2023 RMB	Unused Proceeds up to 31/12/2023 RMB
Development and Technology Reserve Funds	95,689,688.42	–	(95,689,688.42)	–	–
Surplus Funds Raised	56,282,781.80	(24,000,000.00)	–	–	32,282,781.80
Permanent supplement of working capital	–	24,000,000.00	(24,000,000.00)	–	–
Income from cash management of fund raising	6,551,939.35	–	–	1,518,345.61	8,070,284.96
Interest income net of charges	2,448,112.65	–	(691,600.00)	567,247.01	2,323,759.66
Total	160,972,522.22	–	(120,381,288.42)	2,085,592.62	42,676,826.42

From 1/1/2024 to 31/12/2024

Proposed use of Proceeds	Utilisation of the Surplus Funds Raised for Permanent				
	Unused Proceeds as at 1/1/2024 RMB	Replenishment of Working Capital (approved by AGM on 28/5/2024) RMB	Used from 1/1/2024 to 31/12/2024 RMB	Received from 1/1/2024 to 31/12/2024 RMB	Unused Proceeds up to 31/12/2024 RMB
Surplus Funds Raised	32,282,781.80	(24,000,000.00)	–	–	8,282,781.80
Permanent supplement of working capital	–	24,000,000.00	(24,000,000.00)	–	–
Income from cash management of fund raising	8,070,284.96	–	–	430,500.00	8,500,784.96
Interest income net of charges	2,323,759.66	–	–	173,819.24	2,497,578.90
Total	42,676,826.42	–	(24,000,000.00)	604,319.24	19,281,145.66

Other Information

From 1/1/2025 to 30/6/2025

Proposed use of Proceeds	Unused Proceeds as at 1/1/2025 RMB	Used from 1/1/2025 to 30/6/2025 RMB	Received from 1/1/2025 to 30/6/2025 RMB	Unused Proceeds up to 30/6/2025* RMB
Surplus Funds Raised	8,282,781.80	-	-	8,282,781.80
Income from cash management of fund raising	8,500,784.96	-	96,425.00	8,597,209.96
Interest income net of charges	2,497,578.90	-	42,925.42	2,540,504.32
Total	19,281,145.66	-	139,350.42	19,420,496.08

* The Company will keep the expected timetable to use the unutilized Surplus Funds Raised, income from cash management of fund raising and interest income balance before 31 December 2025 as supplement of work capital. The utilisation of Surplus Funds Raised is subject to the approval of the shareholders in general meeting.

Other Information

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the half-year ended 30 June 2025, none of the directors 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.

CORPORATE GOVERNANCE

In the opinion of the directors, the Company has complied with the code provisions set out in the Corporate Governance Code contained in Appendix C1 of the Listing Rules throughout the half-year ended 30 June 2025.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct on terms no less exacting than the model code of securities transactions by directors of listed issuers as set out in Appendix C3 of the Listing Rules. Having made specific enquiry to all directors, the directors have complied with such code of conduct and the required standard of dealings throughout the half-year ended 30 June 2025.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the half-year ended 30 June 2025, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities.

AUDIT COMMITTEE

The Company has an audit committee which was established with written terms of reference in compliance with the Listing Rules and Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 of the Listing Rules. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control system of the Group. At the date of this report, the audit committee comprises three Independent Non-executive Directors Ms. Shi Yanling, Ms. Wang Meijuan and Mr. Hu Xue. The Group's unaudited financial statements for the half-year ended 30 June 2025 have been reviewed by the committee, who were of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

Other Information

APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements had been approved by the third meeting of the tenth session of the Board on 27 August 2025 for publication.

By order of the Board
Shanghai Fudan Microelectronics Group Company Limited*
Chairman
Zhang Wei

Shanghai, the PRC, 27 August 2025

As at the date of this report, the Company's executive Directors are Mr. Zhang Wei and Mr. Shen Lei; non-executive Directors are Ms. Yan Na, Mr. Zhuang Qifei, Ms. Zhang Rui and Mr. Song Jiale, and independent non-executive Directors are Ms. Shi Yanling, Ms. Wang Meijuan and Mr. Hu Xue.

* *For identification purposes only*