

Chinese chip firms flag profit surge on AI infrastructure demand

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Chinese chip and tech firms have flagged as much as six-fold growth in unaudited third-quarter profits, as huge demand for home-grown processors and artificial intelligence infrastructure filters through links in the supply chain amid the country's push for self-reliance.

Shanghai-listed Yuanjie Semiconductor Technology expected its quarterly net profit to land between 403 million yuan and 453 million yuan, up 579 per cent to 660 per cent from a year earlier.

The maker of laser chips for optical communications said data-centre demand was driving shipments and helping maintain high margins.

Some public firms offered a glimpse of their financial performance in the first nine months of the year, ahead of final third-quarter results announcements.

Graphics processing unit (GPU) designer MetaX, listed in Shanghai but also pursuing a Hong Kong listing, turned a profit in the period thanks to increasing orders. It estimated a net profit of between 587 million yuan (US\$88 million) and 717 million yuan, reversing a year-earlier loss, even excluding non-recurring gains.

A 12-inch silicon wafer is displayed at the Micron Technology booth during the China International Supply Chain Expo in Beijing on July 16, 2025. Photo: AFP

Hygon Information, whose processors serve both general computing and AI workloads, projected revenue growth of 50 per cent to 64 per cent in the first nine months. It cited rising demand for high-end chips as customers increasingly choose domestic alternatives over foreign suppliers.

Storage giant Shenzhen Longsys Electronics said its net profit during the period could reach 14 billion to 14.9 billion yuan, roughly 20 times the figure for the previous year. It noted that price increases for DRAM and NAND flash storage had slowed in the third quarter, giving profits a smaller boost.

Memory prices could remain firm through 2027, according to a Morgan Stanley report on Sunday, which also warned that supply catching up or customers slowing their purchases could cool the boom even without weaker AI demand.

Optical module supplier Accelink Technologies forecast a nine-month net profit growth of 65 per cent to 82 per cent, citing both global AI capital spending and Chinese cloud providers' continued investment in data centres as profit drivers.

Silicon wafer supplier Xian Eswin Material Technology said its production lines ran at full capacity in the first nine months, with sales volumes up about 43 per cent to 8.3 million wafers. Although its net profit of about 151 million yuan during the period was boosted by gains from investments in initial public offerings by its customers, it still expected a loss after excluding non-recurring items.

China's AI buildout and efforts to replace imported processors are bringing more business to local chip designers. Research firm TrendForce projected in August that Chinese-designed chips would account for almost 90 per cent of the country's high-end AI processor market this year.

The growth in chip production is also lifting materials suppliers. Hubei Feilihua Quartz Glass forecast nine-month net profit growth of 35 per cent to 56 per cent, citing stronger semiconductor demand and opportunities to replace imported products.

The research firm Bernstein said in a Tuesday report that quartz components used in chipmaking equipment were already well localised in China, with further growth increasingly tied to orders for domestic chipmaking equipment.