



HUA HONG SEMICONDUCTOR LIMITED
華虹半導體有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

(Stock Code: 1347)

(股份代號：1347)

2014

ANNUAL REPORT
年度報告

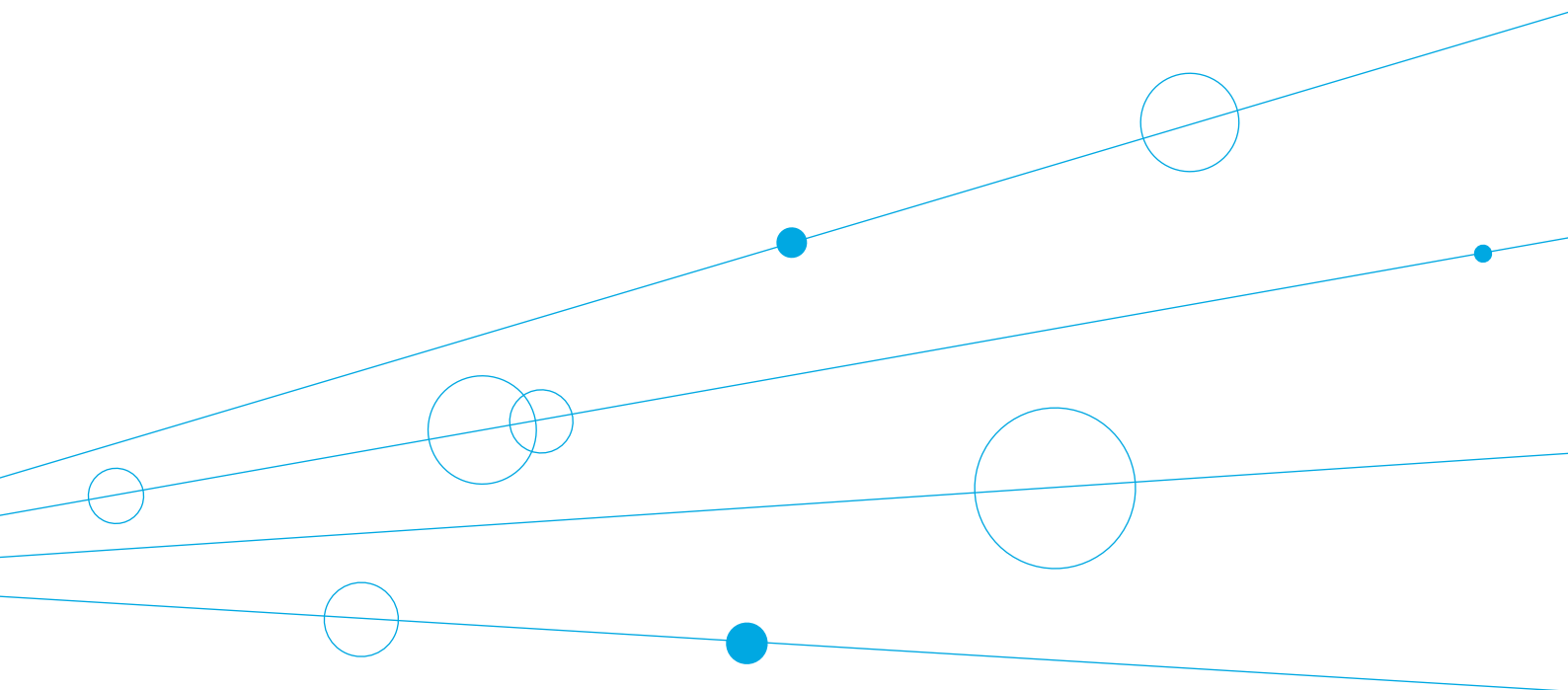


SMART LIFE, EVERYWHERE
智能生活，無處不在

Contents

目錄

Definitions	02	釋義	74
Key Financials	05	主要財務指標	77
Letter to Shareholders	08	致股東的信	80
Corporate Information	10	公司資料	82
Business Review	17	業務回顧	89
Management Discussion and Analysis	23	管理層討論及分析	95
Directors and Senior Management Team	29	董事及高級管理層	101
Corporate Governance Report	35	企業管治報告	107
Directors' Report	43	董事會報告	115
Corporate Social Responsibility	55	企業社會責任	126
Independent Auditors' Report	144	獨立核數師報告	144
Consolidated Statement of Profit or Loss	146	綜合損益表	146
Consolidated Statement of Comprehensive Income	147	綜合全面收益表	147
Consolidated Statement of Financial Position	148	綜合財務狀況表	148
Consolidated Statement of Changes in Equity	150	綜合權益變動表	150
Consolidated Statement of Cash Flows	151	綜合現金流量表	151
Statement of Financial Position	153	財務狀況表	153
Notes to Financial Statements	154	財務報表附註	154
Financial Summary	235	財務概覽	235



Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Annual General Meeting”	an annual general meeting of the Company to be held on 15 May 2015 at 2:00 p.m. at the Conrad Hong Kong, Pacific Place, 88 Queensway, Hong Kong;
“AOS”	Alpha and Omega Semiconductor Limited, a Bermuda exempted company incorporated in September 2000, is a designer, developer and global supplier of a broad portfolio of power semiconductors;
“Board”	the board of Directors of the Company;
“CEC”	China Electronics Corporation (中國電子信息產業集團有限公司), a company incorporated in the PRC in May 1989 and a substantial shareholder of Huahong Group;
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to “China” and the “PRC” do not include Taiwan, the Macau Special Administrative Region and Hong Kong;
“Company” or “our Company”	Hua Hong Semiconductor Limited, a company incorporated in Hong Kong with limited liability on 21 January 2005 and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
“Company Secretaries”	the company secretaries of the Company;
“Cypress”	Cypress Semiconductor Corporation, a company incorporated in California in December 1982 which was reincorporated in Delaware in February 1987, and an independent third party;
“Director(s)”	the director(s) of the Company;
“EPS”	earnings per share;
“Executive Director(s)”	the executive director(s) of our Company;
“Grace Cayman”	Grace Semiconductor Manufacturing Corporation, an exempted company with limited liability incorporated in the Cayman Islands on 5 October 1999 and a wholly-owned subsidiary of our Company;
“Grace Shanghai”	Shanghai Grace Semiconductor Manufacturing Corporation (上海宏力半導體製造有限公司), a company incorporated in the PRC on 20 December 2000 and a wholly-owned subsidiary of our Company;
“Greater China”	a geographic region including China, Taiwan, the Macau Special Administrative Region and Hong Kong;
“Group”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (or became such associated companies of our Company), the business operated by such subsidiaries or their predecessors (as the case may be);

Definitions

“HHGrace”	Shanghai Huahong Grace Semiconductor Manufacturing Corporation (上海華虹宏力半導體製造有限公司), a company incorporated in the PRC on 24 January 2013 and a wholly-owned subsidiary of our Company;
“HHNEC”	Shanghai Hua Hong NEC Electronics Co., Ltd. (上海華虹NEC電子有限公司), a company incorporated in the PRC on 17 July 1997 and a wholly-owned subsidiary of our Company;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Huada”	CEC Huada Electronic Design Co., Ltd. (北京中電華大電子設計有限責任公司), a company incorporated in the PRC in June 2002 and a subsidiary of CEC, which is a substantial shareholder of Huahong Group;
“Huahong Group”	Shanghai Huahong (Group) Co., Ltd. (上海華虹(集團)有限公司), a company incorporated in the PRC on 9 April 1996 as Shanghai Hua Hong Microelectronics Co., Ltd. and renamed as Shanghai Huahong (Group) Co., Ltd. in 1998, and a controlling shareholder of our Company;
“Huahong Technology Development”	Shanghai Huahong Technology Development Co., Limited (上海華虹科技發展有限公司), a company incorporated in the PRC on 10 May 2010, a company 50% held by and consolidated with Huahong Group and 50% held by HHNEC, and a connected person;
“Huahong Real Estate”	Shanghai Huahong Real Estate Co., Ltd. (上海華虹置業有限公司), a company incorporated in the PRC on 28 October 2011 and a wholly-owned subsidiary of Huahong Technology Development;
“Independent Non-Executive Director(s)”	the independent non-executive director(s) of our Company;
“INESA”	INESA Holding Group (上海儀電控股(集團)有限公司), a state-owned company incorporated in the PRC in December 1993, and a controlling shareholder of our Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
“Merger”	the merger of Grace Cayman and Hua Hong Semiconductor (Cayman) Inc., an exempted company established by the Company in Cayman Islands;
“Microchip”	Microchip Technology Incorporated, a company incorporated in Delaware in 1989, a shareholder of our Company;
“Nationz”	Nationz Technologies Inc. (國民技術股份有限公司), a company incorporated in the PRC in 2000 and an independent third party;

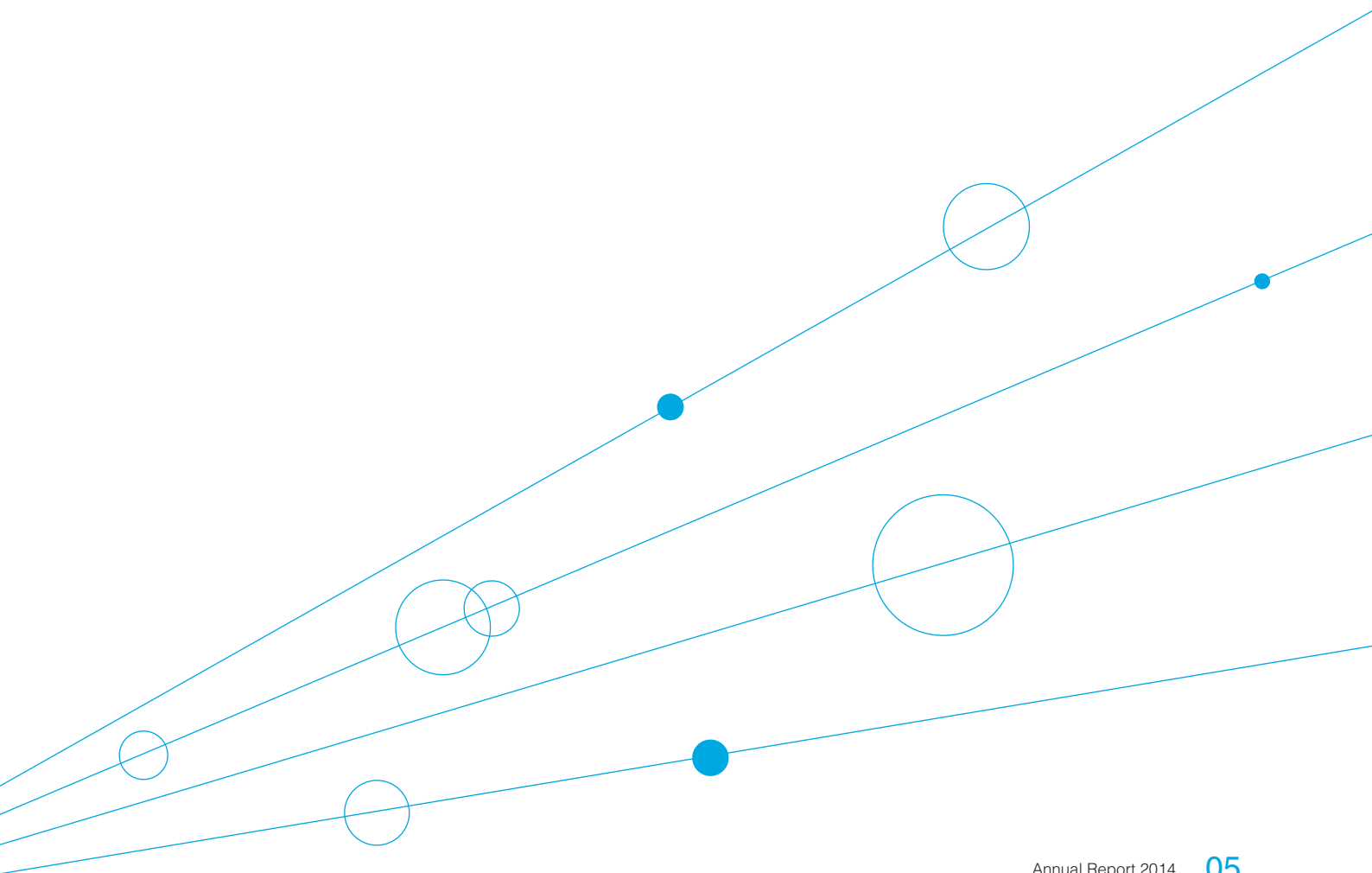
Definitions

“NEC”	NEC Corporation, a company incorporated in Japan and founded in 1899 as Nippon Electric Company, Limited;
“Non-Executive Director(s)”	the non-executive director(s) of our Company;
“ON Semiconductor”	ON Semiconductor Corporation, a company incorporated in Delaware and spun off from Motorola Inc. in August 1999 and the parent company of one of our shareholders, System Solutions Co., Ltd., formerly known as Sanyo Semiconductor Co., Ltd., a company incorporated in Japan on 3 July 2006;
“QST”	QST Corporation (上海矽睿科技有限公司), a company incorporated in the PRC on 13 September 2012 and a connected person;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAIL”	Shanghai Alliance Investment Ltd (上海聯和投資有限公司), a company incorporated in the PRC on 26 September 1994, and a controlling shareholder of our Company;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shanghai Huali”	Shanghai Huali Microelectronics Co., Ltd (上海華力微電子有限公司), a company incorporated in the PRC on 18 January 2010 and a connected person;
“Shareholders”	holders of ordinary shares in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“TMC”	Beijing Tongfang Microelectronics Co., Ltd. (北京同方微電子有限公司), a company incorporated in the PRC in 2001 and an independent third party.

Key Financials

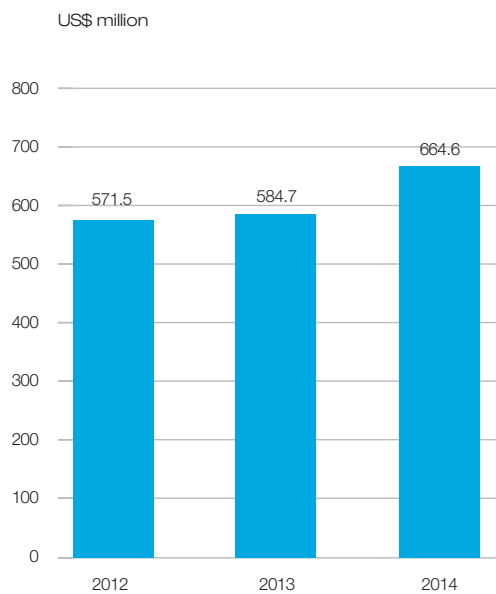
	2014 US\$ million	2013 US\$ million	2012 US\$ million
Revenue	664.6	584.7	571.5
Gross profit	197.8	125.4	117.9
Gross profit margin	29.8%	21.5%	20.6%
Net profit	93.1	61.8	59.7
EPS (US\$)	0.11	0.08	0.07

	31 December 2014 US\$ million	31 December 2013 US\$ million	31 December 2012 US\$ million
Net current assets	571.5	279.9	212.2
Net assets	1,465.5	1,056.2	963.8

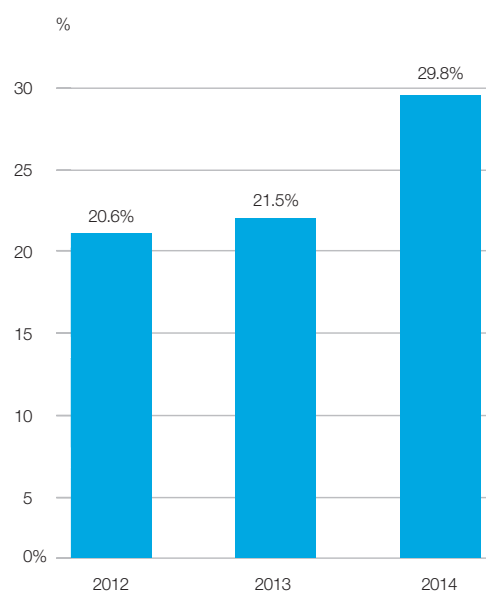


Key Financials

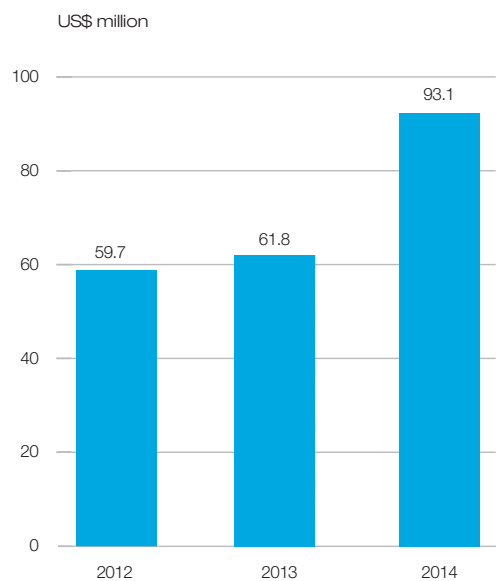
Revenue



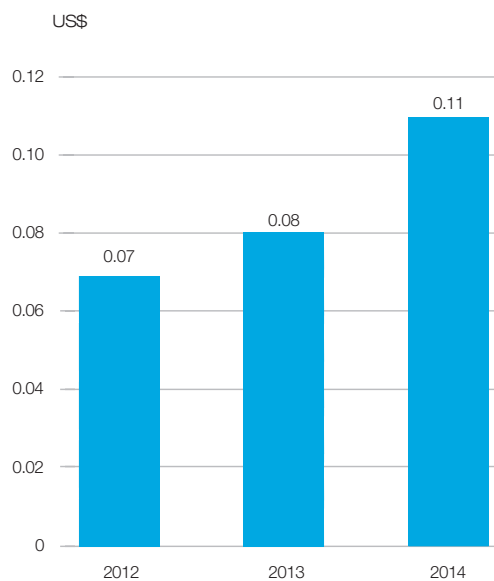
Gross Profit Margin



Net Profit



EPS



LETTER TO SHAREHOLDERS



Hua Hong Semiconductor Limited was listed on the Main Board of The Stock Exchange of Hong Kong Limited on 15 October 2014

Mr. Wenbiao Fu, Chairman of the Board and Executive Director (right) and Mr. Takayuki Morita, Non-Executive Director

Letter to Shareholders

Dear Shareholders:

Thanks to your trust and support, Hua Hong Semiconductor Limited was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited in October 2014. We are pleased to report the operating results of the Company for the year. With its continued focus on market development at home and abroad, the Company was successful in improving these results dramatically.

As of the end of 2014, the Company had already experienced 16 consecutive profitable quarters and achieved a record high in both sales revenue and gross margin. In particular, the sales of US\$665 million represented a year-on-year increase of 13.7%. The gross margin reached 29.8%, up 8.3 percentage points from the previous year, and the net profit reached US\$93 million, a year-on-year increase of 50.5%.

In 2014, the Company's annual wafer output increased by 15.3% as compared with 2013, with an average capacity utilization rate of 93.5% and an overall production yield of 99.2%. We ended 2014 with a total monthly processing capacity of 129,000 8-inch wafers from our three 200mm fabs in Shanghai. This production capacity will be further increased step by step to a total monthly capacity of about 139,000 by the end of 2015.

At the same time, the Company's shipment of chips for smart cards reached 3.14 billion pieces, of which 2.66 billion chips were for SIM cards, accounting for approximately 50% of the global market share. As the world's largest 200mm wafer foundry for power discretes, our accumulative shipments exceeded 3.4 million wafers. In addition, the Company has also achieved outstanding performance in light-emitting diode (LED) lighting, smart meters, communications and automotive. We serve customers from Greater China, Japan, Europe and North America.

In technology research and development, we have an extensive and highly competitive technology platform spanning the 1 μ m to 90nm technology nodes, strategically focused on the advanced geometries of 0.13 μ m, 0.11 μ m and 90nm. Our technology platform covers embedded non-volatile memory, power discretes, radio frequency, analog and mixed signal, and power management integrated circuits (ICs). We are also developing various micro-electromechanical systems (MEMS) solutions on an ongoing basis for these high-growth markets.

In 2015, based on the foundation of our smart card business reaching another record high, we will significantly increase our banking IC business, another high-growth opportunity. Through close cooperation with our long-term technology partners, who are also our best clients, the Company will improve product competitiveness in all our endeavors and provide a green platform to manufacture chips with lower power consumption, higher efficiency and smaller size. We aim to seize high-margin and high-growth opportunities, in particular applications that promote global technology development, including the Internet of Things and automotive electronics. We sincerely hope that you will continue to lend us your valued support.

In conclusion, we would like to express our highest respect and deepest gratitude to you.

Mr. Wenbiao Fu

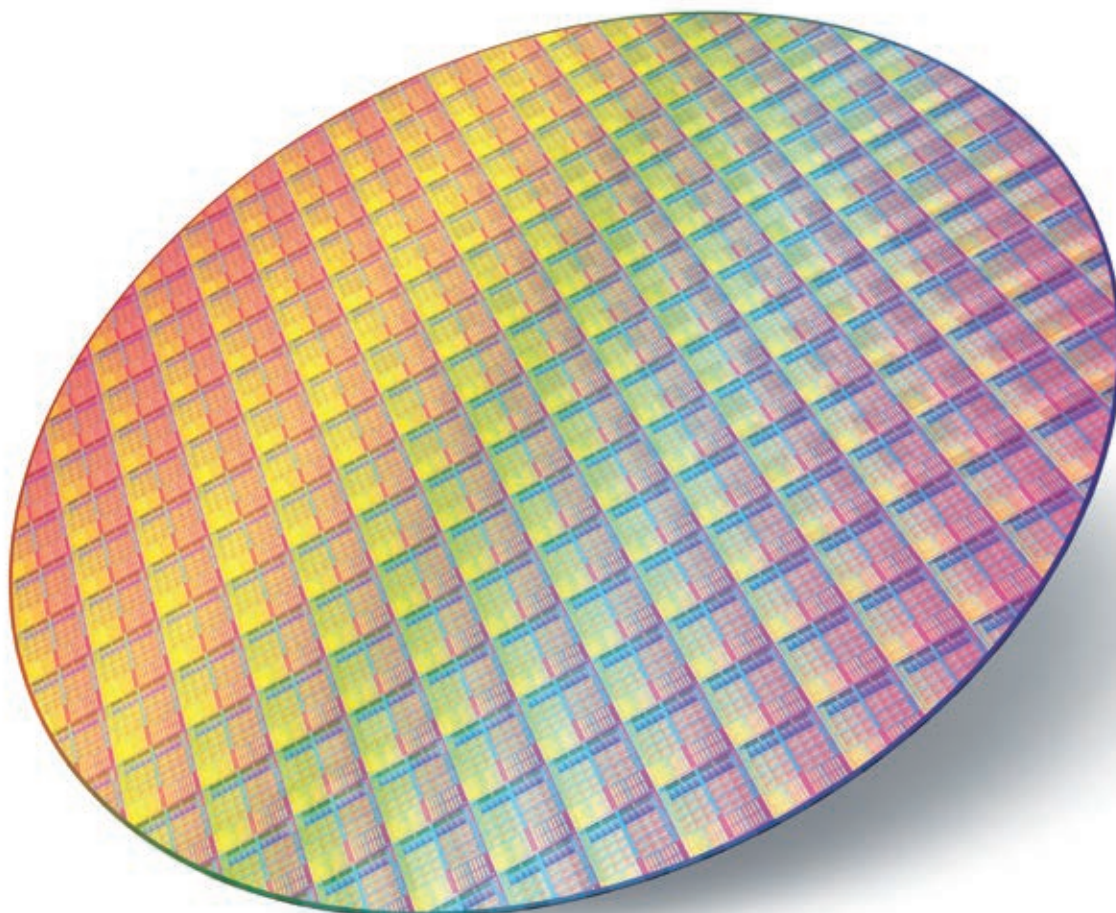
Chairman and Executive Director

Mr. Yu Wang

President and Executive Director

Shanghai, China
24 March 2015

CORPORATE INFORMATION



Corporate Information

Corporate Introduction

The Company is a global, leading pure-play foundry focused on research, development and manufacturing of semiconductors on 200mm wafers for specialty applications, in particular embedded non-volatile memories and power discretes. We also offer foundry services for advanced RFCMOS, analog and mixed signal, power management IC and MEMS. We are well positioned to capture new growth opportunities in these markets.

The semiconductors we manufacture are incorporated into a wide range of products in diverse markets, including consumer electronics, communications, computing, industrial and automotive. Importantly for our customers, we also offer a range of design and other value-added services.

We currently offer a broad and deep manufacturing platform spanning the 1.0 μ m to 90nm technology nodes. Within this range we place strategic focus on the advanced geometries of 0.13 μ m, 0.11 μ m and 90nm.

Through our subsidiary HHGrace, we operate three fabs in Shanghai with one of the largest 200mm wafer processing capacities in China of 129,000 wafers per month.

We will continue to improve our product mix, capture higher-margin and higher-growth opportunities and pursue capacity expansion strategically and profitably.

We are the trusted technology and manufacturing partner to both our international customers and our home market in China. We served over 600 customers across 20 countries, including some of the world's leading semiconductor companies such as AOS, Cypress, Huada, Microchip, Nationz, ON Semiconductor and TMC.

The Company currently has approximately 3,700 employees led by an experienced and talented team. We realize that one of our major competitive advantages is our motivated and skilled workforce. We strive to embody the spirit of the four cornerstones of our work ethic: Disruptive Innovation, Confidence, Initiative and Teamwork.

Corporate Information

Corporate Culture

Vision

We empower our customers through continuous innovation



Mission

Creating value for shareholders, customers and employees through collaboration, innovation and being a good corporate citizen



Spirit

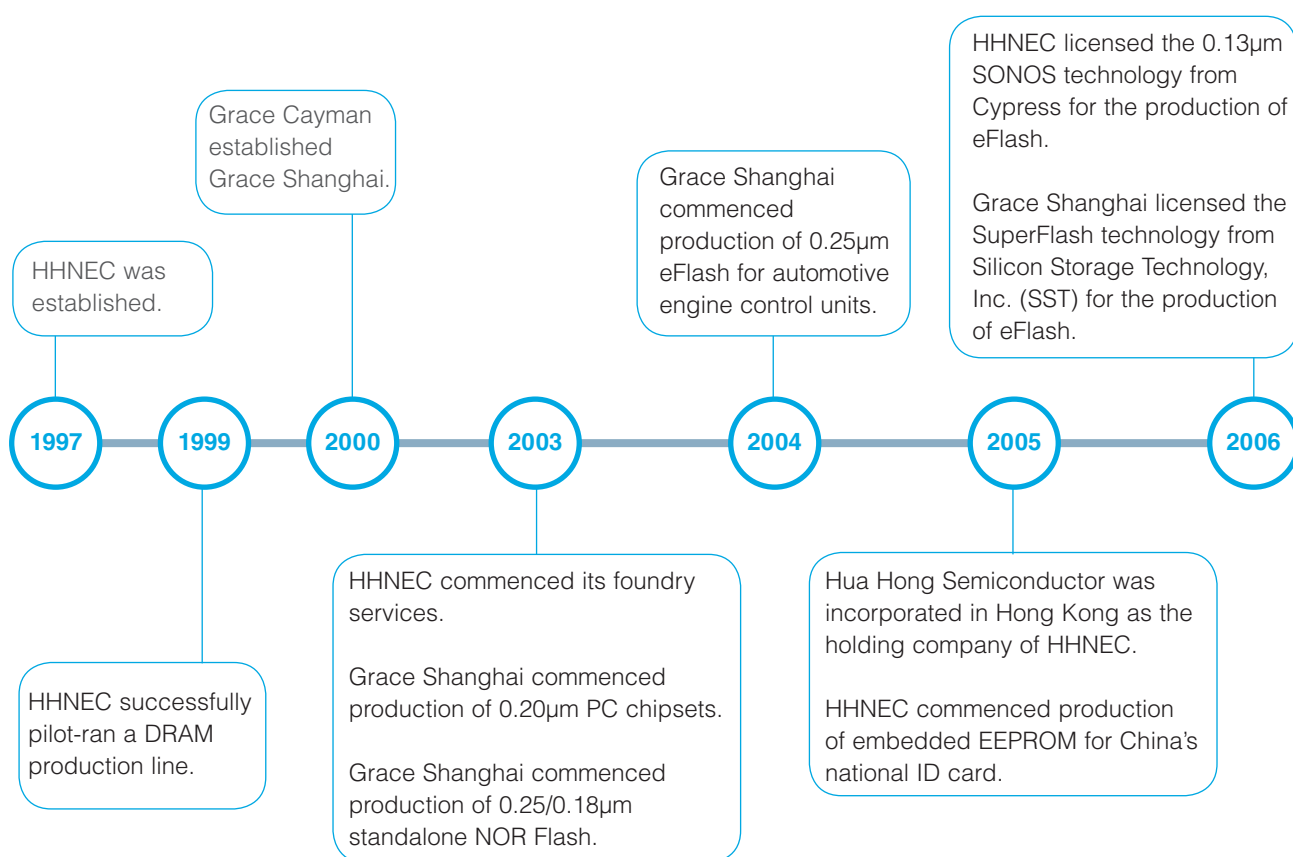
Disruptive Innovation, Confidence, Initiative and Teamwork



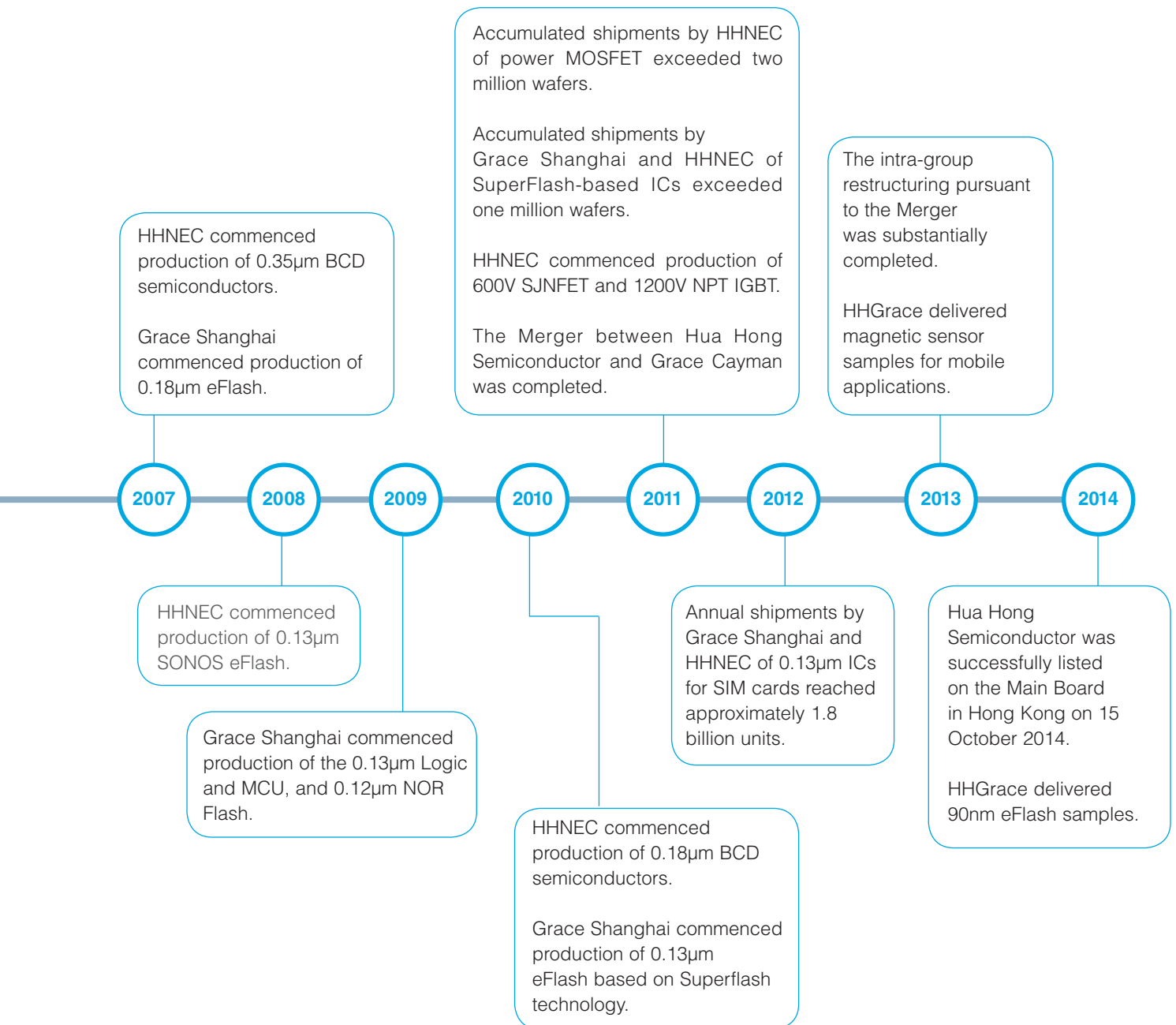
Corporate Information

Milestones

The following are the important milestones in our business history to date:



Corporate Information



Corporate Information

Major Awards & Recognition



No.	Year	Awarding Organization	Awards & Recognition
1	2010	The Office of the National Science and Technology Major Projects	The 2010 Outstanding Contribution Award
2	2013	Electronic Engineering Times – China, a magazine for the electronics industry in Greater China	2013 China Fabless Award – Most Recognized Foundry
3	2013	The State Council of the People’s Republic of China	The 2013 National Scientific and Technology Award – Second Prize
4	2013	China Electronics Enterprises Association (CEEA)	2013 China Electronic Information Industry Model Enterprise

Corporate Information



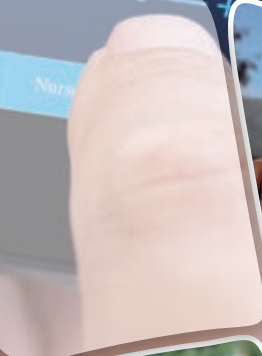
No.	Year	Awarding Organization
-----	------	-----------------------

5	2013	The Asia Pacific Quality Organization (APQO)
6	2014	China Information Industry Trade Association & China RFID Industry Alliance
7	2014	China Semiconductor Industry Association (CSIA)
8	2014	China Semiconductor Industry Association (CSIA) & China Electronics Materials Industry Association (CEMIA)
9	2014	The State Golden Card Project Coordination Leading Group Office

Awards & Recognition

The World Class Global Performance Excellence Award
2013 China Internet of Things Technology Innovation Award
2014 China Top Ten Semiconductor Manufacturers
The 8th (Year 2013) China Semiconductor Innovative Products and Technology Award
2014 Golden Ant Award on Industry Coordination for National Golden Card Project Achievements

BUSINESS REVIEW



Business Review

Business Overview

Shipments, Capacity, and Utilization in 2014

- Increased customer demand lifted wafer shipments to 1.4 million in 2014, a 14.6% increase over 2013.
- Our monthly capacity increased by 5,000 wafers per month to 129,000 wafers per month.
- Utilization increased to 93.5% from 84.0% in 2013.

Markets Analysis and Growth Segments

We derive 96.5% of our revenue from the sale of semiconductor wafers.

Revenue by service type	2014 %	2013 %
Wafers	96.5	96.9
Others (masks, probe cards, etc.)	3.5	3.1
Total	100.0	100.0

Revenue contribution from systems and fabless companies increased to 75.6% of our total revenue in 2014, compared to 67.5% in 2013.

Revenue by customer type	2014 %	2013 %
Systems and fabless companies	75.6	67.5
Integrated Device Manufacturers (IDMs)	24.4	32.5
Total	100.0	100.0

China remained our largest market in 2014, contributing approximately 53.6% of our total revenue. Our second largest market, the United States, contributed 20.8% of our total revenue for the same period. We will continue working closely with our customers, leveraging our scale and technology leadership to address opportunities in the global semiconductor markets, particularly in fast growing China.

Revenue by geography	2014 %	2013 %
China ¹	53.6	49.8
United States	20.8	25.0
Asia ²	10.0	8.9
Europe	9.1	7.2
Japan ³	6.5	9.1
Total	100.0	100.0

¹ Includes Hong Kong.

² Excludes China and Japan.

³ Includes a major customer in Japan that was acquired by a U.S. headquartered company in 2013.

Business Review

Embedded non-volatile memory (eNVM) revenue contribution increased to 41.8% of our total revenue in 2014, compared to 34.8% in 2013. Analog and power management revenue contribution increased to 15.5% in 2014, compared to 12.4% in 2013.

Revenue by technology platform	2014	2013
	%	%
eNVM	41.8	34.8
Discrete	18.5	19.5
Analog and power management	15.5	12.4
Logic & RF	14.1	20.5
Standalone non-volatile memory	9.1	11.5
Others	1.0	1.3
Total	100.0	100.0

The revenue from the more advanced process technology nodes of 0.13 μ m, 0.11 μ m and 90nm increased to 39.1% of our total revenue in 2014, compared to 31.5% in 2013, as a result of our strategic focus on these geometries.

Revenue by process technology node	2014	2013
	%	%
\leq 0.13 μ m	39.1	31.5
0.15 μ m & 0.18 μ m	20.4	25.8
0.25 μ m	0.8	2.4
\geq 0.35 μ m	39.7	40.3
Total	100.0	100.0

Consumer Electronics and Communications were our first and second largest end market segments, together contributing over 75% of our total revenue in 2014.

Revenue by end market distribution	2014	2013
	%	%
Consumer Electronics	50.5	45.5
Communications	27.4	29.8
Computing	10.0	14.9
Industrial & Automotive	12.1	9.8
Total	100.0	100.0

Business Review

Business Strategies for Improved Profitability

Continue to Improve Product Mix, Capture Higher-Margin and Higher-Growth Opportunities

We continue to shift our product mix towards higher margin and higher growth opportunities. The key end market applications include smart cards, microcontroller units (MCUs), automotive, smart grids, LED lighting, wearable devices and connected sensors via the Internet of Things (IoT). We believe these applications are fast-growing and the relevant semiconductor products should command higher margins.

Continue to Engage in Research and Development of Differentiated Advanced Technologies

We differentiate ourselves from our global peers through the depth of our specialty process technology portfolio and our focus on advanced technology nodes on 200mm wafers. We continue to engage in research and development (R&D) projects that are expected to result in better production yield, smaller die size and lower power consumption in order to maintain and grow our market leadership and maintain our competitive advantage. Our ability to develop our own advanced technologies and to co-develop specialty technologies with our customers and partners remains a cornerstone of our economic success.

Continue to Realize Merger Synergies

Key benefits from our merger in 2011 include greater manufacturing flexibility, an enlarged customer base, a more comprehensive and complementary product portfolio, increased economies of scale and a stronger financial base. Additionally we have been able to leverage the enlarged business to negotiate more favorable terms with suppliers.

Pursue Capacity Expansion Strategically and Profitably

We have been using the net proceeds from our global offering to invest prudently to expand our manufacturing capacity. We have readily available areas within our current fabs that enable us to expand capacity without having to undertake substantial infrastructure projects.

Strengthen Collaboration with Key Customers and Continue to Provide High Quality Service

We continue strengthening and deepening relationships with our key customers through strategic alliances on critical design and product development roadmaps. We believe such collaborative relationships solidify our position with our customers, enhance our competitiveness and accelerate our drive for deeper market penetration.



Business Review

Research and Development

For years, we have been a technology leader in smart card IC manufacturing and we are now the largest smart card IC foundry in the world. We shipped 3.14 billion smart card chips, including 2.66 billion SIM card chips in 2014, accounting for approximately a 50% share in the global market. Such significant growth has mainly benefited from the applications of Java smart cards driven by the mobile communication market.

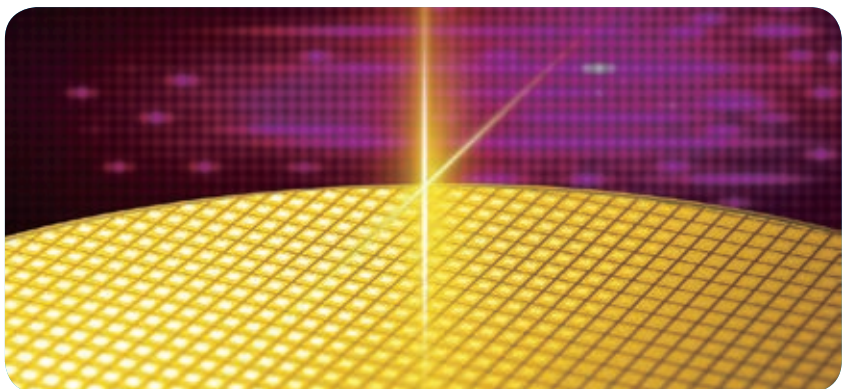
By leveraging technology and R&D advantages, we have delivered multiple project wafers on 90nm to selected customers. The 90nm program is expected to start production by the end of 2015, and it will primarily be used in smart cards and consumer products.

We place emphasis in our R&D to address new business opportunities by enhancing our integration capabilities across different technologies. Specifically, we are focused on the integration of our eNVM and RF technologies to provide cost-effective solutions for wearable devices, IoT and automotive applications. Our 0.11 μ m ultra-low leakage embedded flash technology with RF capability is expected to be in production in the first half of 2015. This technology will be used in wireless MCU applications for the IoT market. Additionally, we are engaged in R&D of RF products using silicon on insulator (SOI) substrates for improved performance, lower power consumption, and lower cost for wireless RF front-end modules.

Sensors are a new growth opportunity for our Company, in particular those that utilize MEMS technology. We are working together with customers to develop MEMS sensors for the mobile markets. The single-chip 3-axis MEMS accelerometer, developed by one of our customers on our MEMS technology, has successfully passed functional test. We will expand our capabilities into other MEMS sensor opportunities such as micro-bolometers, pressure sensors and gyroscopes for the IoT market.

In the high-voltage power discrete business, a new generation of field-stop insulated-gate bipolar transistors (IGBT) has successfully reached mass production. We are planning to launch the third generation super junction MOSFET (SJNFET) technology platform with state of the art performance in 2015. This will consolidate our leadership in power discrete devices by providing customers with low-cost and high-performance solutions.

During 2014, our Group achieved over 400 patent filings as a result of our R&D efforts. R&D projects generated significant innovations, resulting in a continuing increase in issued patents and patent applications. We view our patent portfolio as an important factor in ensuring our competitiveness and a critical entry barrier for competitors. We will continue to expand and vigorously defend our intellectual property portfolio.



Business Review

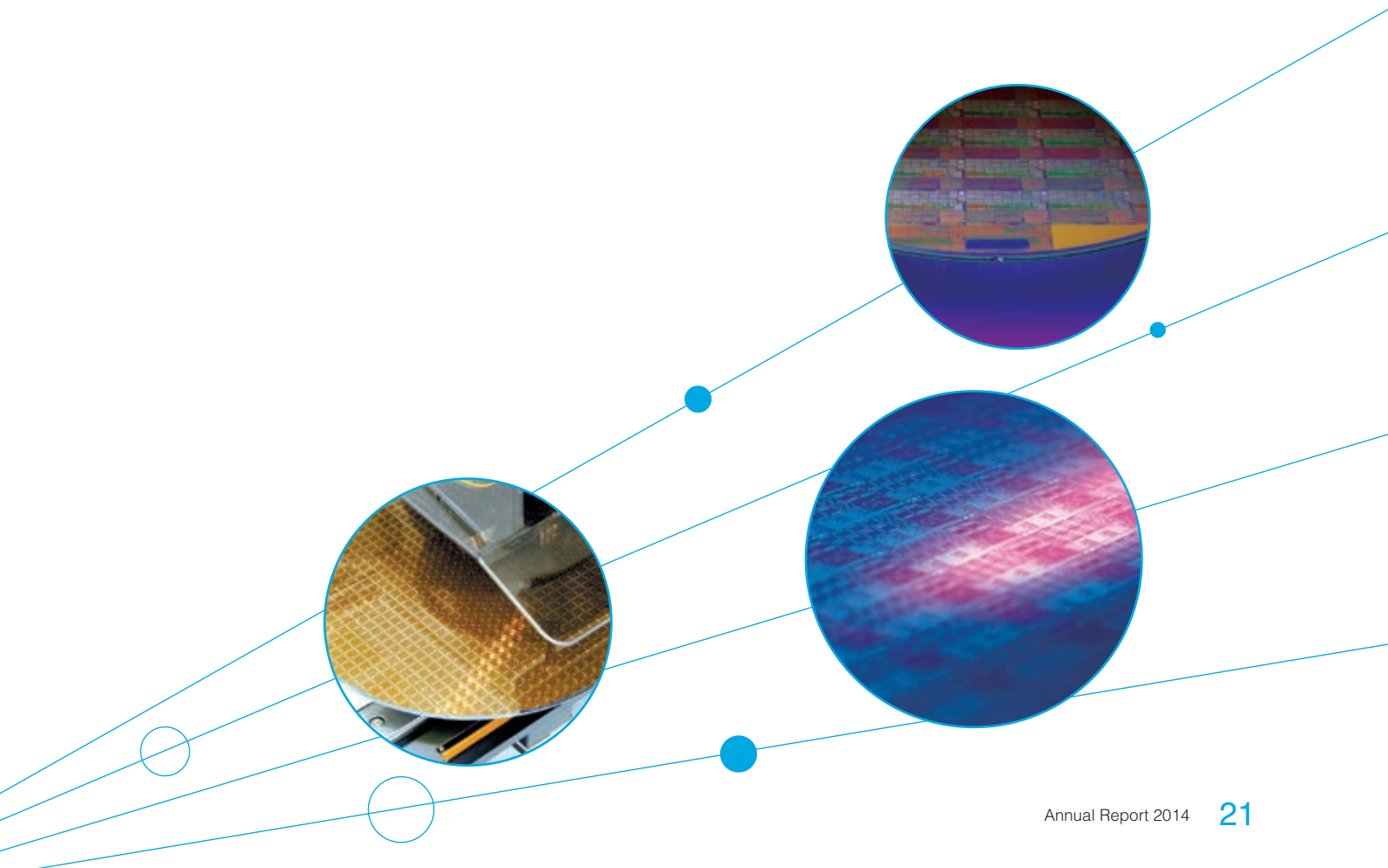
Outlook for 2015

We are in an exciting period, ready to serve the increasing demand for 200mm wafers. The PRC government considers the domestic manufacturing of semiconductor products as being strategic and key for Chinese economic growth. We believe we are well positioned to benefit from the strong demand in the smart card market, especially for domestic bank IC cards. We intend to take full advantage of the introduction of MCUs and MEMS sensors into the IoT market in 2015, a key sales growth factor.

The traditional MOSFET business will continue to benefit from the very large market size and demand from tier-1 IDM customers. The product mix will be further improved by introducing more SJNFET and IGBT products for the popular applications in booming areas, such as portable equipment, 4G networks and cloud computing.

In the power management IC field, we expect to grow on the 0.35 μ m and above nodes for products in consumer, computing and industrial applications. We believe that the 700V BCD process technology may become the mainstream technology for LED lighting starting in 2015.

We will continue to use the net proceeds from our global offering to invest prudently to expand our manufacturing capacity and R&D capability by procuring high quality, pre-owned factory-refurbished equipment to manage our capital expenditure. We believe we can increase our 200mm manufacturing capacity to approximately 139,000 wafers per month by the end of 2015, and 164,000 wafers per month by the end of 2016.



MANAGEMENT DISCUSSION AND ANALYSIS



Management Discussion and Analysis

Financial Performance

	2014 US\$'000	2013 US\$'000	Change
Revenue	664,586	584,719	13.7%
Cost of sales	(466,815)	(459,270)	1.6%
Gross profit	197,771	125,449	57.7%
Other income and gains	23,886	30,605	(22.0)%
Fair value gain on an investment property	1,127	2,095	(46.2)%
Selling and distribution expenses	(7,206)	(8,052)	(10.5)%
Administrative expenses	(85,053)	(69,043)	23.2%
Other expenses	(2,433)	(199)	1,122.6%
Finance costs	(12,136)	(16,479)	(26.4)%
Share of profits of an associate	4,856	6,437	(24.6)%
Profit before tax	120,812	70,813	70.6%
Income tax expense	(27,722)	(8,964)	209.3%
Profit for the year	93,090	61,849	50.5%

Explanation on Items with Fluctuation over 5%

Revenue

Revenue increased by 13.7% from US\$584.7 million in 2013 to US\$664.6 million in 2014, primarily due to increased demand for eNVM, discrete, analog and power management ICs.

Gross profit

Gross profit increased by 57.7% from US\$125.4 million in 2013 to US\$197.8 million in 2014. The increase was mainly attributable to increased revenue, improved product mix, higher utilization and decreased depreciation and amortization expenses.

Other income and gains

Other income and gains decreased by 22.0% from US\$30.6 million in 2013 to US\$23.9 million in 2014. The decrease was mainly due to (i) less interest income as an entrusted loan was paid back by an associate in 2014, and (ii) nil foreign exchange gains due to the strengthening of US dollar in 2014.

Fair value gain on an investment property

Fair value gain on an investment property reflected an increase in valuation on that investment property. Market value for this property remained stable in 2014, resulting in less increase of its fair value as compared to 2013.

Selling and distribution expenses

Selling and distribution expenses decreased by 10.5% from US\$8.1 million in 2013 to US\$7.2 million in 2014, primarily due to a better control on marketing expenses.

Administrative expenses

Administrative expenses increased by 23.2% from US\$69.0 million in 2013 to US\$85.1 million in 2014. The increase was mainly due to (i) increased labor expenses, (ii) one-off listing expenses, and (iii) increased dormitory rental expenses.

Management Discussion and Analysis

Other expenses

Other expenses increased from US\$0.2 million in 2013 to US\$2.4 million in 2014, mainly because of foreign exchange loss in 2014 due to RMB depreciation.

Finance costs

Finance costs decreased by 26.4% from US\$16.5 million in 2013 to US\$12.1 million in 2014, mainly due to the decrease in bank borrowings.

Share of profits of an associate

Share of profits of an associate decreased by 24.6% from US\$6.4 million in 2013 to US\$4.9 million in 2014, due to decreased profit realized by the associate.

Income tax expense

Income tax expense increased from US\$9.0 million in 2013 to US\$27.7 million in 2014, as a result of increased taxable profit and withholding tax accrued on dividend distribution.

Profit for the year

As a result of the cumulative effect of the above factors, profit for the year increased from US\$61.8 million in 2013 to US\$93.1 million in 2014. Net profit margin increased from 10.6% in 2013 to 14.0% in 2014.



Management Discussion and Analysis

Financial Status

	31 December 2014 US\$'000	31 December 2013 US\$'000	Change
Non-current assets			
Property, plant and equipment	568,626	579,304	(1.8)%
Investment property	191,533	191,098	0.2%
Investment in an associate	42,030	45,115	(6.8)%
Available-for-sale investments	230,512	172,219	33.8%
Other non-current assets	56,330	56,095	0.4%
Total non-current assets	1,089,031	1,043,831	4.3%
Current assets			
Inventories	93,988	99,229	(5.3)%
Trade and notes receivables	107,509	105,525	1.9%
Other current assets	50,185	79,915	(37.2)%
Pledged deposits	2,583	2,072	24.7%
Cash and cash equivalents	646,773	317,045	104.0%
Total current assets	901,038	603,786	49.2%
Current liabilities			
Trade payables	63,532	60,227	5.5%
Other current liabilities	184,349	162,119	13.7%
Interest-bearing bank borrowings	81,690	101,513	(19.5)%
Total current liabilities	329,571	323,859	1.8%
Net current assets	571,467	279,927	104.1%
Non-current liabilities			
Interest-bearing bank borrowings	183,031	265,012	(30.9)%
Deferred tax liabilities	11,988	2,527	374.4%
Total non-current liabilities	195,019	267,539	(27.1)%
Net assets	1,465,479	1,056,219	38.7%

Explanation on Items with Fluctuation over 5%

Investment in an associate

Investment in an associate decreased from US\$45.1 million as of 31 December 2013 to \$42.0 million as of 31 December 2014. The decrease was mainly due to receipt of dividends distributed by the associate, partially offset by the profit shared from the associate in 2014.

Available-for-sale investments

Available-for-sale investments increased from US\$172.2 million as of 31 December 2013 to US\$230.5 million as of 31 December 2014. The increase was mainly due to i) the additional investment of \$57.2 million paid to Shanghai Huali, in which we hold 17.72% of equity interest, and ii) an investment of US\$1.7 million to QST, in which we hold 16.41% of equity interest.

Inventories

Inventories decreased from US\$99.2 million as of 31 December 2013 to US\$94.0 million as of 31 December 2014, primarily due to a lower unit cost of work in progress as a result of improved fab utilization.

Management Discussion and Analysis

Other current assets

Other current assets included prepayments, deposits and other receivables, and due from related parties. The total amount of other current assets decreased from US\$79.9 million as of 31 December 2013 to US\$50.2 million as of 31 December 2014, mainly due to the recovery of an entrusted loan from an associate in 2014.

Pledged deposits

Pledged deposits increased from US\$2.1 million as of 31 December 2013 to US\$2.6 million as of 31 December 2014, largely due to the issuance of more letters of credit at the end of 2014.

Cash and cash equivalents

Cash and cash equivalents increased from US\$317.0 million as of 31 December 2013 to US\$646.8 million as of 31 December 2014, mainly due to (i) the IPO proceeds received in 2014 and, (ii) net cash flows from operating activities, offset by cash used in investment activities and repayment of bank borrowings.

Trade payables

Trade payables increased from US\$60.2 million as of 31 December 2013 to US\$63.5 million as of 31 December 2014, primarily due to increased purchases of materials in 2014.

Other current liabilities

Other current liabilities increased from US\$162.1 million as of 31 December 2013 to US\$184.3 million as of 31 December 2014, primarily due to (i) increased payroll and bonus payables, and (ii) increased income tax payable.

Interest-bearing bank borrowings

Total Interest-bearing bank borrowings decreased from US\$366.5 million as of 31 December 2013 to US\$264.7 million as of 31 December 2014, as a result of the repayment of bank borrowings in 2014.

Deferred tax liabilities

Deferred tax liabilities arose from withholding tax accrued for dividend distribution and fair value gain on an investment property.

Cash Flow

	2014	2013	Change
	US\$'000	US\$'000	
Net cash flows from operating activities	221,740	184,234	20.4%
Net cash flows used in investing activities	(96,930)	(16,754)	478.5%
Net cash flows generated from/(used in) financing activities	206,731	(72,059)	(386.9)%
Net increase in cash and cash equivalents	331,541	95,421	247.5%
Cash and cash equivalents at beginning of the year	317,045	218,170	45.3%
Effect of foreign exchange rate changes, net	(1,813)	3,454	(152.5)%
Cash and cash equivalents at end of the year	646,773	317,045	104.0%

Management Discussion and Analysis

Explanation on Items with Fluctuation over 5%

Net cash flows from operating activities

Net cash flows from operating activities increased from US\$184.2 million in 2013 to US\$221.7 million in 2014, mainly due to increased revenue in 2014.

Net cash flows used in investing activities

Net cash flows used in investing activities was US\$96.9 million in 2014, which was primarily attributed to (i) the additional investment of US\$57.2 million paid to Shanghai Huali and (ii) payment of US\$80.2 million for purchase of equipment, intangible assets and other assets. They were offset by (i) the recovery of an entrusted loan of US\$24.5 million from an associate, (ii) the receipt of a dividend of US\$8.2 million distributed by an associate, and (iii) the receipt of interest income of US\$4.6 million.

Net cash flows generated from financing activities

Net cash flows generated from financing activities was US\$206.7 million in 2014, primarily attributed to IPO proceeds of US\$320.2 million, offset by the repayment of principal and interest of bank borrowings.

Net increase in cash and cash equivalents

As a result of the cumulative effect of the above factors, cash and cash equivalents increased from US\$317.0 million as of 31 December 2013 to US\$646.8 million as of 31 December 2014.

Financial Risks

Foreign exchange risk

We are exposed to foreign exchange risks. Such exposures arise when transactions of our PRC operating subsidiary are denominated in US dollars rather than its functional currency, which is RMB.

As of 31 December 2014, if the US dollar had weakened/strengthened against the RMB by 5%, with all other variables held constant, our profit before tax for the year would have been approximately US\$2.5 million higher/lower.

Interest rate risk

Our exposure to risk of changes in market interest rates relates primarily to our interest-bearing loans and borrowings with a floating interest rate. Our policy is to manage our interest costs using a mix of fixed and variable rate debts.

As of 31 December 2014, if interest rates on bank loans had been 1% higher/lower with all other variables held constant, our profit before tax for the year would have been approximately US\$2.6 million lower/higher, as a result of higher/lower interest expenses.

Credit risk

We have policies in place to ensure credit terms are only granted to customers with an appropriate credit history, and we perform periodic credit evaluations on them, taking into account their financial position, past experience and other factors. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

As of 31 December 2014, all of our cash and cash equivalents were deposited with major financial institutions in the PRC and Hong Kong, which do not have recent history of default. Our management does not expect to incur any loss from non-performance by these financial institutions.

The carrying amounts of cash and cash equivalents, trade receivables and financial assets included in prepayments, deposits and other receivables included in the consolidated statements of financial position represent our maximum exposure to credit risk in relation to our financial assets. We have no other financial assets which carry significant exposure to credit risk.

Management Discussion and Analysis

Liquidity risk

Our liquidity position is monitored closely by our management. We maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

The Global Offering

	Number of shares Shares'000	Amount of share capital US\$'000
Before the Global Offering	805,176	1,229,996
The Global Offering	228,696	320,168
After the Global Offering	1,033,872	1,550,164

The Global Offering (as defined in the Company's prospectus dated 3 October 2014) comprised the Hong Kong Public Offering of 22,870,000 Shares and the International Offering of an aggregate of 205,826,000 Shares. The offering price was determined at HK\$11.25 per Share (exclusive of brokerage fee of 1.0%, SFC transaction levy of 0.003% and Stock Exchange trading fee of 0.005%).

Based on the offering price of HK\$11.25 per Share, the net proceeds from the Global Offering, after deducting the underwriting fees and commissions and other expenses in relation to the Global Offering were US\$320.2 million.

Gearing Ratio

Details of the gearing ratio are set out in note 37 to the Financial Statements.

Directors and Senior Management Team

Board of Directors

As of the date of this report, the Board consisted of nine Directors, including two Executive Directors, four Non-Executive Directors and three Independent Non-Executive Directors. They are:

Mr. Wenbiao Fu, aged 60, has been an Executive Director and the chairman of our Company since July 2009. Mr. Fu is primarily responsible for overall management, operations and the charting and reviewing of corporate directions and strategies of our Company. He has led many manufacturing enterprises throughout his career. Mr. Fu served as the factory chief of Shanghai Electrical Appliance Plastics Factory, Shanghai Electrical Engineering Mechanics Factory, Shanghai Compressor Factory and Shanghai Cable Factory, and as the general manager of Shanghai Wire and Cable Group Co., Ltd. In 1997, Mr. Fu joined HHNEC as vice general manager (Chinese Representative) and led the construction and operation of the first 200mm wafer semiconductor production line in Mainland China. Mr. Fu was the deputy director and director of Shanghai Municipal Commission of Informatization from 2001 to 2008. During the same period, he was also the director of the Shanghai Radio Administration Bureau. In 2009, he was appointed as the chairman of Huahong Group and was in charge of the Merger. Currently he is also the chairman of Shanghai Huali and the chairman of Shanghai Integrated Circuit Industry Association. Mr. Fu received his bachelor's degree in engineering from the University of Shanghai for Science and Technology (previously known as Shanghai Mechanical Engineering Institution) and further obtained his master's degree in economics from Fudan University. He was qualified as a senior engineer in industrial automations in 1993. Mr. Fu has been honored with various awards in his career, including the China Outstanding Young Entrepreneurs award, the China Outstanding Entrepreneurs in Engineering Industry award and the National Model Worker award presented by the State Council.

Mr. Yu Wang, aged 42, has been an Executive Director and the president of our Company since February 2012. He started his career at Shanghai Hua Hong Microelectronics Co., Ltd. in 1997. From January 1998 to October 2003, he served as the financial department manager and director of HHNEC. From October 2003 to March 2010, Mr. Wang served as the vice president and chief financial officer of HHNEC, during which period he contributed to the set-up from construction to production of the first 200mm wafer semiconductor production line in Mainland China. In March 2010, Mr. Wang joined Grace Shanghai as first vice president and was subsequently appointed president in September 2010. As president, he was instrumental in the successful consummation of the Merger and restructuring. Mr. Wang is an independent non-executive director of Xiao Nan Guo Restaurants Holding Limited (stock code: 3666.HK). Mr. Wang holds a bachelor's degree in international trade and a master's degree in international finance from Shanghai University of Finance and Economic.

Mr. Jianbo Chen, aged 50, has been a Non-Executive Director of our Company since February 2012. Mr. Chen is also vice president of Huahong Group and vice chairman of Huahong Technology Development. Mr. Chen has over 15 years of experience in electronics engineering. Prior to joining Huahong Group in November 2005, Mr. Chen held various positions, including president of the Shanghai Integrated Circuit Research & Development Center and chairman of Shanghai Huahong Jitong Smart System Co., Ltd. (300330.SZ). Between June 2003 and October 2005, Mr. Chen served as the general manager of Shanghai Zhangjiang (Group) Co., Ltd., the deputy office manager of Zhangjiang Innovation Park, and the chairman of Zhangjiang Hi-tech Park Development Co., Ltd. and Rivera (Holdings) Limited. Mr. Chen also worked at Shanghai S&T Investment as deputy general manager. He obtained a bachelor's degree in electronics engineering, a master's degree in electromagnetics and microwave technology, a doctorate degree in communications and electronics systems from Shanghai Jiao Tong University, and a master's degree in business administration from China Europe International Business School.

Directors and Senior Management Team

Mr. Yuchuan Ma, aged 49, has been a Non-Executive Director of our Company since May 2014. Mr. Ma has over 20 years of experience in the electronics and information industry. Mr. Ma is currently vice general manager of China Huada Integrated Circuit Design (Group) Corp., Ltd. and also serves as a director of the following companies: Shanghai Belling Co., Ltd (600171.SH), Shanghai Huahong Integrated Circuit Co., Ltd., CEC Huahong International Co., Ltd., Hua Yue Microelectronics Co., Ltd., Huahong Group, Chengdu Sino Microelectronics Technology Co. Ltd., CEC-View Technology Co., Ltd. and Shanghai Xinxin Investment Co., Ltd. Mr. Ma held various positions in CEC including vice general manager of the integrated circuit business group and the deputy general manager of the planning, science & technology department. Mr. Ma graduated from Zhejiang University with a bachelor's degree in semiconductor physics and devices.

Mr. Takayuki Morita, aged 55, has been a Non-Executive Director of our Company since July 2009. Mr. Morita joined NEC in April 1983. From 1983 to 2011 he held various positions in NEC, including manager of the international planning division, and senior vice president and executive general manager of the corporate business development unit. Mr. Morita is currently the executive vice president and the head of the global business unit at NEC and has held this position since July 2011. He holds various board positions in subsidiaries and associated companies of NEC Corporation. He also served as an auditor at Japan Aviation Electronics Industry Ltd (listed on Tokyo Stock Exchange) during 24 June 2008 to 26 June 2012. Mr. Morita graduated with a bachelor's degree in law from the University of Tokyo.

Mr. Jun Ye, aged 42, has been a Non-Executive Director of our Company since February 2012. Mr. Ye has 20 years of experience in finance and investment. Since 1996, Mr. Ye has held various positions within the business development and investment banking divisions of SAIL. In December 2009 he was promoted to his current position as vice president. Mr. Ye is also a director at Huahong Group, Shanghai Huali, Bank of Shanghai and Sino-US United MetLife Insurance Company Limited. Mr. Ye also serves as the chairman of Shanghai Zhaoxin Semiconductor Ltd. and SinoTherapeutics Inc. Mr. Ye obtained a bachelor's degree in industrial and international trade and a master's degree in business administration from Shanghai Jiao Tong University.

Mr. Stephen Tso Tung Chang, aged 66, is an Independent Non-Executive Director of our Company. Mr. Chang was certified public accountant in Hong Kong and was a member of the Hong Kong Society of Accountants from 1978 to the end of 2003. He was also a fellow member of the Institute of Chartered Accountants in England and Wales since January 1983. Mr. Chang has extensive experience in accounting, auditing and financial management. He held various positions at Ernst & Young starting in 1976. He became a management committee member of Ernst & Young in 1989 and was actively involved in establishing and monitoring the firm's internal control and risk management policy and procedures. Prior to his promotion in 2000 to managing partner of the professional services department, he was chairman of Ernst and Young's audit and advisory business services for four years. Before his retirement in 2003, he was a partner of Ernst and Young and also the chairman of Ernst and Young China and Hong Kong. He is a member of the Investment Committee of Shanghai Fudan University Education Development Foundation and Fudan University Education Development Foundation (overseas). He is also an independent non-executive director of three Hong Kong listed companies, China Cinda Asset Management Co., Ltd. (stock code: 1359.HK), Kerry Properties Limited (stock code: 683.HK), and China Life Insurance Company Ltd. (Stock code: 2628. HK). He was formerly an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (stock codes: 601601.SH and 2601.HK), a listed company in Hong Kong and Shanghai. Mr. Chang obtained a bachelor's of science degree in food science and chemistry from the University of London.

Directors and Senior Management Team

Mr. Kwai Huen Wong, BBS, JP, aged 63, is an Independent Non-Executive Director of our Company. Mr. Wong was admitted to practice as a solicitor in Hong Kong in October 1985, and in England & Wales in July 1989. He was admitted as a fellow member of the Chartered Institute of Arbitrators in June 1999 and was the chairman of the Hong Kong International Arbitration Centre, and is currently a senior member of the Hong Kong Institute of Arbitrators. Mr. Wong has been a council member of the Law Society of Hong Kong since 2000. From December 2011 to November 2013, he was the chairman of the Copyright Tribunal. He has been a council member of the Hong Kong Institute of Directors and the deputy chairman of the Inland Revenue Board of Review since 2011. He was a board member of the Hong Kong Airport Authority and is currently a board member of the Hong Kong Hospital Authority and Competition Committee, and he has been the president-elect of the Inter Pacific Bar Association and a member of the Competition Commission since 2014. He was appointed as the managing partner of Fried, Frank, Harris, Shriver & Jacobson from November 2006 to February 2011, and has held the position of a consultant to that firm since March 2011. Mr. Wong is currently an independent non-executive director of China International Marine Containers (Group) Co., Ltd. (stock codes: 000039.SZ and 2039.HK) and PICC Asset Management Co. Ltd. Mr. Wong graduated with a bachelor's degree in arts from Chinese University of Hong Kong, a bachelor's degree in Law and a solicitor certificate from the University of London and British Law School, and also with a certificate in PRC Law issued by the China Law Society.

Mr. Long Fei Ye, aged 73, is an Independent Non-Executive Director of our Company. Mr. Ye held various positions in the Shanghai Municipal Government. Mr. Ye was relocated to Hong Kong in 1991, and served until 1995 as the chief executive of the "Shanghai Desk", which was a cooperation arrangement for promoting Shanghai between the Shanghai government and Arthur Andersen & Co. He then joined Kerry Holdings Limited in 1995, and served as the chairman and deputy chairman of Shangri-La Asia Limited from October 2000 to August 2003 and August 2003 to March 2007, respectively. He has been an advisor to Shangri-La Asia Limited since March 2007. Mr. Ye obtained a bachelor's and master's degree, both in physics from Fudan University.

Senior Management

As of the date of this report, the Company's senior management includes:

Mr. Wenbiao Fu, aged 60, is an Executive Director and the chairman of our Company. For more information about Mr. Fu's past experience and academic background, see the section headed "Directors and Senior Management – Directors".

Mr. Yu Wang, aged 42, is an Executive Director and the president of our Company. For more information about Mr. Wang's past experience and academic background, see the section headed "Directors and Senior Management – Directors".

Mr. Wei Xu, aged 57, is an executive vice president of our Group and is responsible for manufacturing and engineering, purchasing, planning, quality and human resources of our Group. Mr. Xu participated in the start-up of HHNEC in July 1997 and made significant contributions to the set-up of the first 200mm wafer semiconductor production line in Mainland China. He has since held various positions at HHNEC in manufacturing, technology and quality control. From June 2012 to October 2013, Mr. Xu was the acting president of HHNEC. Prior to joining HHNEC, Mr. Xu worked with Wuxi Huajing Electronics Group in MOS circuit business unit. Mr. Xu graduated in 1982 from Xi'an Jiaotong University majoring in semiconductor physics and devices. He further enrolled in post-graduate studies at Tsinghua University.

Directors and Senior Management Team

Mr. Heng Fan, aged 53, is an executive vice president of our Group and is responsible for Sales and Marketing. Prior to joining our Group at the end of 2014, Mr. Fan was director and president of Shanghai Huahong Jitong Smart System Co. Ltd from 2003 to 2014. Before this, he held various positions including research analyst/deputy director of Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Science, and vice president of Shanghai Huahong Integrated Circuit Co. Ltd. Mr. Fan has also been the chairman of Shanghai RFID Engineering and Technology Association since 2011. Mr. Fan received his bachelor's degree in microelectronics from the Electronic Engineering Department of Fudan University and his master's degree in Semiconductor Physics and Semiconductor Device Physics from Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Science.

Mr. Daniel Yu-Cheng Wang, aged 52, is an executive vice president of our Group and oversees finance, information technology, listed company affairs, and international human resources for our Group. He joined Grace Shanghai in April 2001 and played a central leadership role in each stage of Grace Shanghai's development and in the preparation for and implementation of the Merger. Mr. Wang has been secretary of the Board of the Company since February 2012. Prior to joining Grace Shanghai, Mr. Wang worked at LSI Logic Corporation in Silicon Valley, U.S. from August 1995 to March 2001 as the division controller in the broadband entertainment division. Before joining LSI Logic Corporation, Mr. Wang was employed by Franklin Templeton Investments in the U.S. Mr. Wang obtained a bachelor's of science degree in industrial engineering and operations research from College of Engineering, University of California, Berkeley, and a master's of business administration in finance and banking from the University of San Francisco.

Dr. Cheng Fu, aged 36, is an executive vice president of our Group and is in charge of legal, compliance, and science and technology projects. He joined Grace Shanghai in May 2006 and has been instrumental in setting the strategic direction of the Company. Dr. Fu has also held various positions at SAIL, starting from September 2005, where his primary responsibilities include investments in the technology sector. Dr. Fu holds the position of deputy director of technology and industry investments at SAIL concurrently with his responsibilities at our Group. Dr. Fu earned a bachelor's of engineering degree in computer science and technology and a doctorate degree of engineering in computer software and theory from Shanghai Jiao Tong University.

Dr. Weiran Kong, aged 51, is an executive vice president of our Group and is in charge of technology development. He joined Grace Shanghai in March 2003 and has 20 years' experience in the semiconductor industry, with a proven track record of driving innovations in the area of NOR Flash, Logic and embedded Flash. Before joining Grace Shanghai, Dr. Kong was based in the U.S. and has worked for Sun Microsystems, Inc., LSI Logic Corporation and ISSI. He obtained a bachelor's degree in physics from Nankai University in Tianjin and graduated with a master's of science degree in electrical engineering and a doctorate degree in applied physics from Oregon Graduate Institute of Science & Technology in the U.S. Dr. Kong holds 12 U.S. patents, 24 PRC patents and co-authored over 20 technical papers.

Mr. Kai Gong, aged 59, is an executive vice president of our Group and is in charge of general office, government relations, general administrative, security, environmental safety and health. He joined HHNEC in 1998 and was the manager and director of the EHS and facility departments. Mr. Gong started his career in the Acrylic Factory of Shanghai Petrochemical Company and held various positions including workshop director, vice factory chief and factory chief from 1983 to 1995. Prior to joining HHNEC, he was the assistant to the general manager of Sinopec Shanghai Petrochemical Co, Ltd. and was in charge of basic construction and general administration. He obtained a bachelor's degree in business administration from the Shanghai University of Technology and a master's of business administration degree from China Europe International Business School. He was qualified as a senior economist in 2013 by Shanghai Municipal Human Resources and Social Security Bureau.

Directors and Senior Management Team

Dr. Qi Li, aged 52, is a vice president of our Group and is currently responsible for purchasing and logistics. Dr. Li has 20 years of professional working experience and joined Grace Shanghai in January 2003. Prior to that, he was the senior engineering manager at Applied Materials, Inc., in the U.S. from 1995 to 2002. Dr. Li received a bachelor's degree in physics from Peking University and his master's and doctorate degrees in physics from the University of Maryland.

Mr. Tony Chen, aged 56, is a vice president of our Group and currently responsible for regional sales and customer support. Mr. Chen has over 20 years of experience in the semiconductor industry and joined Grace Shanghai in March 2006. Prior to that, he worked for Chartered Semiconductor Manufacturing Ltd (which was later acquired by GLOBALFOUNDRIES) from January 1994 to February 2006 and was the chief representative for Chartered Semiconductor Manufacturing Ltd.'s China Representative Office from August 2002 until March 2006. Mr. Chen received his bachelor's degree in semiconductor physics from the Sun Yat-Sen University. He obtained his master's degrees of Science (M.Sc.) and University Administration (M.U.A.) from the University of Glasgow.

Dr. Steven Lin, aged 53, is a vice president of our Group and currently leads regional sales for North America and Japan. He worked in various non-volatile memory technology development roles at leading semiconductor companies such as Simtek Corporation and joined Grace Shanghai in August 2006. Dr. Lin received his bachelor's of science and master's of science degrees in electrical engineering from Massachusetts Institute of Technology, and a doctorate degree in electrical engineering from the California Institute of Technology.

Mr. Bill Lin, aged 46, is a vice president of our Group and is currently responsible for our Fab 3 operations. He has 20 years of working experience in the semiconductor industry and joined Grace Shanghai in August 2000. Before joining Grace Shanghai, he worked for Texas Instruments-Acer Inc. (later merged with Taiwan Semiconductor Manufacturing Company Limited) from 1995 to August 2000. Mr. Lin received his master's degree in chemical engineering from the National Taiwan University of Science and Technology (previous known as National Taiwan Institute of Technology in Taiwan).

Mr. Mirko Sonntag, aged 38, is a vice president of our Group and is currently responsible for sales operations and customer services and sales for Europe. His expertise encompasses demand and supply chain planning and business operations, with a strong foundation in business development. Mr. Sonntag joined Grace Shanghai in October 2008. Prior to that, he worked at Infineon Technologies AG in Germany. Mr. Sonntag obtained a diploma in process engineering and economics from the University of Applied Sciences Berlin and School of Economics Berlin, Germany.

Directors and Senior Management Team

Joint Company Secretaries

Mr. Xiaojun Wang, aged 60, is our joint Company Secretary and was appointed on 12 June 2014. He is a practicing solicitor admitted in the PRC, Hong Kong and England and Wales. He joined The Stock Exchange of Hong Kong Limited in 1992 and worked at Richards Butler, Peregrine Capital Limited and ING Barings Securities (Hong Kong) Limited. In 2001, he established X. J. Wang & Co. that was merged with Jun He Law Offices in 2009. He is currently a partner of Jun He Law Offices. From 2011 to 2012, Mr. Wang was a managing director of CCB International (Holdings) Limited. He was an independent non-executive director of Guangzhou Shipyard International Company Limited (stock codes: 317.HK and 600685.SH) from 2005 to 2011. Mr. Wang also serves as an independent non-executive director of OP Financial Investments Limited (stock code: 1140.HK), Yanzhou Coal Mining Company Limited (stock codes: 1171.HK, 600188.SH and YZC), NORINCO International Company Limited (stock code: 000065.SZ), China Aerospace International Holdings Limited (stock code: 31.HK), and Livzon Pharmaceutical Group Inc. (stock codes: 1513.HK and 000513.SZ). Mr. Wang obtained a bachelor's degree in laws from the Renmin University of China in 1983 and a master of laws degree from the Chinese Academy of Social Sciences in 1986.

Ms. Rao Fu, aged 37, is our joint Company Secretary and was appointed on 12 June 2014. Ms. Fu joined Grace Shanghai in 2007 and has held various positions, including manager of the legal department and senior legal counsel. She is very experienced on all legal matters, including mergers and acquisitions, management of litigation, commercial contracts, financing, regulatory and compliance matters, as well as other matters for the Group's business. Prior to joining Grace Shanghai, Ms. Fu worked at International Information Products (Shenzhen) Co., Ltd., from October 2000 to January 2002. This company was subsequently acquired by Lenovo in 2005 and renamed Lenovo Information Products (Shenzhen) Co., Ltd. Ms. Fu graduated with a bachelor's degree in economics from Jilin University of Finance and Economics (previously known as Changchun Taxation College) and obtained her Juris Master's degree from Fudan University School of Law and also her master of laws degree from Columbia Law School, the United States.

Corporate Governance Report

Corporate Governance Report

The shares of the Company were listed on the Main Board of the Stock Exchange on 15 October 2014 (the Listing Date). The Board hereby presents to the Shareholders the corporate governance report for the period from the Listing Date to 31 December 2014 (the Period).

Corporate Governance Practices

The Group is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the Code) as set out in Appendix 14 to the Listing Rules.

Compliance with the Code Provisions

Throughout the Period, the Company complied with the Code.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the Model Code) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the Period, complied with the required standards set out therein.

Board of Directors

The Board is entrusted with the overall responsibility of managing the Company's business and affairs and the ultimate responsibility of the day-to-day management of the Company which is delegated to the chairman and the management.

The Board currently comprises a total of nine Directors, with two Executive Directors, Mr. Wenbiao Fu (chairman) and Mr. Yu Wang (president), four Non-Executive Directors, Mr. Jianbo Chen, Mr. Yuchuan Ma, Mr. Takayuki Morita and Mr. Jun Ye and three Independent Non-Executive Directors, Mr. Stephen Tso Tung Chang, Mr. Long Fei Ye and Mr. Kwai Huen Wong JP. More details of the Directors are disclosed on pages 29 to 31 of this annual report. The Company has published and maintained on its website and on the Stock Exchange's website an updated list of the Directors identifying their roles and functions.

Each of the Non-Executive Directors of the Company is appointed for a specific term of three years and is subject to re-nomination and re-election by the Company in general meetings unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract.

The Board meets regularly throughout the year. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the Company Secretaries to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretaries and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

Corporate Governance Report

The Board is responsible for setting the strategic direction and policies of the Group and supervising management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or a Director, the approval of the quarterly, interim and final results, other disclosures to the public or regulators and the internal control system are reserved by the Board, and the decisions relating to such matter shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to management under the supervision of the respective Directors and the leadership of the chairman.

The chairman is responsible for formulating business strategies and providing leadership to the Board, ensuring effective running of the Board, including that all appropriate issues are discussed by the Board in a timely manner. The chairman ensures that all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate, complete and reliable information.

The roles of the chairman and the president are separate. The chairman is responsible for the overall management and operations of the Company and for proposing and reviewing the corporate directions and strategies of the Company. The president is responsible for the day-to-day management of the Company's business and operations as well as the implementation of the Company's business strategies.

During the Period, the Board at all times complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors representing at least one-third of the Board; one of the Independent Non-Executive Directors is required to possess appropriate professional qualifications or accounting or related financial management expertise. Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Directors' and Officers' Liabilities Insurance

Appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group has been arranged by the Group.

Corporate Governance Report

Board Operation

During the Period, the Board held one Board meeting. The attendance record of each member of the Board at the Board meeting and the audit committee meeting is set out below:

	Board meeting	Audit committee meeting
Executive Directors		
Wenbiao Fu	1	N/A
Yu Wang	1	N/A
Non-Executive Directors		
Jianbo Chen	1	N/A
Yuchuan Ma	0	N/A
Takayuki Morita	1	N/A
Jun Ye	1	1
Independent Non-Executive Directors		
Stephen Tso Tung Chang	1	1
Long Fei Ye	1	0
Kwai Huen Wong, JP	1	N/A

During the Period, the Company did not hold any extraordinary general meeting.

In place of physical meetings, the Board may circulate written resolutions for approval by the relevant members of the Board except for matters where a substantial shareholder or a Director has a conflict of interest that the Board has determined to be material in compliance with Code Provision A.1.7.

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his responsibilities.

Continuous Professional Development

Directors shall keep abreast of their responsibilities as Directors of the Company and of the conduct, business activities and development of the Company.

Every newly appointed Director will receive formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of his/her responsibilities and obligations under the Listing Rules and relevant statutory rules.

As the time since the listing of the Company's shares was relatively short, none of the Directors participated in any continuous professional development program during the Period. However, the Company understands that the Directors should participate in appropriate continuous professional development programs to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for the Directors will be arranged in the next financial year, and reading material on relevant topics will be issued to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

Corporate Governance Report

Remuneration Committee

The remuneration committee of the Company (the Remuneration Committee) currently comprises one Non-Executive Director, Mr. Jianbo Chen, and two Independent Non-Executive Directors, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye. The chairman of the Remuneration Committee is Mr. Kwai Huen Wong, JP. The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and the making of recommendations to the Board in connection with the remuneration of the Non-Executive Directors. The Remuneration Committee should consider factors such as the salaries paid by comparable companies, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. A copy of the terms of reference of the Remuneration Committee is available from the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once a year.

During the Period, no meeting of the Remuneration Committee was held.

Details of the emoluments of the Directors are set out in note 8 to the Financial Statements.

Nomination Committee

The nomination committee of the Company (the Nomination Committee) currently comprises one Executive Director, Mr. Wenbiao Fu, and two Independent Non-Executive Directors, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye. The chairman of the Nomination Committee is Mr. Wenbiao Fu. The role and function of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations on any proposed changes to the Board to complement the Company's corporate strategy, with due regard to the board diversity policy, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of Independent Non-Executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the president, and monitor the implementation of the board diversity policy and review such policy, as appropriate, to ensure its effectiveness. The Nomination Committee has established a specific written committee charter which deals clearly with its authority and duties. A copy of the terms of reference of the Nomination Committee is available from the Company's website and the Stock Exchange's website. The Nomination Committee shall meet at least once a year.

During the Period, no meeting of the Nomination Committee was held.

Pursuant to the articles of association of the Company (the Articles), any Director appointed to fill a casual vacancy of the Board shall hold office only until the next following annual general meeting of the Company and any Director appointed as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at the relevant general meeting. Every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election in accordance with the Articles. The Articles also allow for removal of a Director by an ordinary resolution.

Corporate Governance Report

Auditor's Remuneration

During the year ended 31 December 2014, the remuneration paid and payable to the auditors of the Group, Ernst & Young, for the provision of the Group's audit services and non-audit related services was US\$0.77 million and US\$0.07 million respectively.

Audit Committee

At least one of the members of the audit committee of the Company (the Audit Committee) has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company's existing external auditors within one year immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company. The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the Code.

The Audit Committee of the Company currently comprises one Non-Executive Director, Mr. Jun Ye and two Independent Non-Executive Directors Mr. Stephen Tso Tung Chang and Mr. Long Fei Ye. The chairman of the Audit Committee is Mr. Stephen Tso Tung Chang. The primary duties of the Audit Committee include the reviewing of the Group's financial reporting system, the nature and scope of audit review as well as the effectiveness of the system of internal control procedures and risk management. The Audit Committee is also responsible for making recommendations in relation to the appointment, reappointment and removal of the external auditors, and the reviewing and monitoring of the independence and objectivity of the external auditors. In addition, the Audit Committee discusses matters raised by the external auditors and regulatory bodies to ensure that appropriate recommendations are implemented. A copy of the terms of reference of the Audit Committee is available from the Company's website and the Stock Exchange's website. The Audit Committee shall meet at least twice a year.

During the Period, the Audit Committee held one meeting and a majority of the committee members were present at the meeting. In such meeting, the Audit Committee reviewed and approved the Group's financial statements for the three months ended 30 September 2014.

Summary of the Board Diversity Policy

On 22 September 2014, the Board adopted a board diversity policy (the Policy) in compliance with Code provision A.5.6.

The Policy aims to set out the approach to achieve diversity on the Board and does not apply to diversity in relation to the employees of the Company, nor the board and the employees of any subsidiary of the Company. The Company sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. In designing the Board's composition, Board diversity will be considered from a number of aspects, including without limitation, differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for performing the functions set out in provision D.3.1 of the Code.

The Board reviewed the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, and the Company's compliance with the Code and disclosure in this Corporate Governance Report.

Investor Relations

The Company maintains a website at www.huahonggrace.com with information and updates on the Company's business developments and operations, list of Directors and their role and function, constitutional documents, terms of reference of the Board and its committees, procedures for nomination of Directors for election, Shareholder rights and communication policy, corporate governance practices, announcements, circulars and reports released to the Stock Exchange and other information. Information on the Company's website will be updated from time to time.

The Company amended its Articles on 20 September 2014 in an extraordinary general meeting approving matters in relation to the listing of the Company's shares on the Hong Kong Stock Exchange. A copy of the Articles is available on the Company's website and the Hong Kong Stock Exchange's website.

Company Secretaries

The Company Secretaries, Mr. Xiaojun Wang and Ms. Rao Fu, are responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. They are also responsible for ensuring that the Board is fully apprised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretaries report to the chairman and the president, play an essential role in the relationship between the Company and its Shareholders, and assist the Board in discharging its obligations to Shareholders pursuant to the Listing Rules.

During the year ended 31 December 2014, Mr. Xiaojun Wang attended relevant professional seminars to update his skills and knowledge and has complied with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training.

As the time since the listing of the Company's shares was relatively short, Ms. Rao Fu did not attend any relevant professional training during the Period. However, Ms. Rao Fu will attend relevant professional seminars to update her skills and knowledge and comply with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training in the coming financial year.

Corporate Governance Report

Shareholder Rights

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include quarterly, interim and annual reports, announcements and circulars.

The general meetings of the Company are a primary forum for communication between the Shareholders and the Board. The Group encourages its Shareholders to attend and participate in general meetings to ensure a high level of accountability and to keep Shareholders informed of the Group's strategy and goals. The chairman of the Board, other Board members and the chairmen of all the Board committees, or in their absence, other members of the respective committees, are available to answer any questions from the Shareholders.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Extraordinary general meetings may be convened by the Directors on requisition of Shareholder(s) holding not less than one-twentieth of the paid up capital of the Company or by such Shareholder(s) who made the requisition (the Requisitionist(s)) (as the case may be) pursuant to sections 566 to 568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the Companies Ordinance). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in sections 580 to 583 of the Companies Ordinance for convening an extraordinary general meeting.

Procedures for Putting Forward Proposals at Shareholders' Meetings and Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their written requests, proposals, enquiries and concerns to the Company for the attention of chairman of the Board or the Company Secretaries whose contact details are as follows:

288 Halei Road, Zhangjiang Hi-Tech Park, Shanghai, P.R.China, 201203
Tel: (86) 21 38829909
Fax: (86) 21 50809999
Email: IR@hhgrace.com

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

Corporate Governance Report

System of Internal Controls

The Board ensures the maintenance of sound and effective internal controls to safeguard the Shareholders' investment and the assets of the Company. It is an important duty of the Directors to conduct a review of the effectiveness of the system of internal controls of the Group annually or at anytime necessary. The review covers all material controls, including financial, operational and compliance controls, and risk management functions, and takes into account the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programs and budget. The Board has reached the conclusion that the Group's internal control system was in place and effective.

General

The Directors acknowledge their responsibility in preparing the Group's financial statements for each financial period to give a true and fair view of the state of affairs of the Company and in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 31 December 2014, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The responsibilities of the auditors with respect to the financial reporting are set out in the Independent Auditors' Report on pages 144 and 145 of this annual report.

On behalf of the Board

Mr. Wenbiao Fu

Chairman

Directors' Report

The Directors present the annual report and the audited financial statements of the Company for the year ended 31 December 2014 (the Financial Statements).

Principal Activities

The Company is a pure-play 200mm foundry. We primarily focus on manufacturing semiconductors on 200mm wafers for special applications. The activities of our principal subsidiaries are set out in note 18 to the Financial Statements.

Results

The results of the Group for the year ended 31 December 2014 and the state of affairs at that date are set out in the Financial Statements on pages 146 to 234 of this report.

Final Dividends

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2014.

Dividend Policy

Subject to the approval of the Shareholders and the requirements of the law, it has been decided that the Company will pay dividends to the Shareholders for the year of 2015 and onwards if the Group is profitable, the operations environment is stable and there is no significant investment made by the Group. It is intended that the average of dividends paid in three consecutive years will be no less than 30% of the average distributable net profit of these three years. The remaining net profit will be used for the development and operations of the Group.

This dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. In the event that the Board recommends a dividend, the form and amount will depend on the assessment by the Directors of the factors affecting the Group from time to time.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2014 are set out in note 27 to the Financial Statements.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the past four financial years is set out on pages 235 and 236.

Directors' Report

Property, Plant and Equipment

Details of additions and other movements during the year ended 31 December 2014 in the property, plant and equipment and investment property of the Group are set out in notes 14 and 15 to the Financial Statements.

In addition, details of the investment property are set out below:

Location	Type of Use	Term of Lease	Group's Interest	Gross Floor Area (sq.m.)
Portions of 9 buildings No. 818 Guo Shou Jing Road Zhangjiang Hi-Tech Park Pudong New Area Shanghai, PRC	Industrial use	Held under a land use right for a term expiring on 8 March 2051	100%	91,563.11

Share Capital

Details of movement in the share capital of the Company during the year ended 31 December 2014 are set out in note 30 to the Financial Statements. The movements include the automatic inclusion of the amount standing to the share premium account into the share capital as from 3 March 2014 in accordance with section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), as part of the transition to the no-par value regime.

Reserves

As of 31 December 2014, none of our Company's reserves were considered available for distribution to our Shareholders. Details of movements in the reserves of the Group during the year ended 31 December 2014 are set out in the consolidated statement of changes in equity on page 150 of this report.

Directors' Report

Connected Transactions

The Group disclosed in the prospectus of the Company dated 3 October 2014 a series of continuing connected transactions relating to the Huahong Zealcore, QST, NEC Management Partner, Ltd. (NEC Management), INESA, Shanghai Huali, Huahong Real Estate and Shanghai Huajin Property Management Co., Ltd. (Huajin Property Management). Certain details of the transactions are summarized in the table below. The Company has applied for and the Stock Exchange has granted a waiver from, among others, strict compliance with the announcement and independent shareholders' approval requirement (as the case may be) in respect of such continuing connected transactions. Details of the continuing connected transaction of the Group are as follow:

Unit: US\$'000

Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2014	Proposed Annual Caps 2014
1 July 2014	Huahong Zealcore (as purchaser) The Company (as seller)	Huahong Zealcore is a wholly-owned subsidiary of Huahong Group, the Company's controlling shareholder.	Sales agreement between the Company as seller and Huahong Zealcore as purchaser in relation to the sales of IC and other semiconductor products to Huahong Zealcore.	11,303	12,600
1 November 2013	QST (as purchaser) The Company (as seller)	QST was 65.63% held by SAIL, the Company's controlling shareholder, of which 49.22% interest was held directly by SAIL and 16.41% interest was held directly by the Company. ⁽¹⁾	Sales agreement between the Company as seller and QST as purchaser in relation to the sales of IC and other semiconductor products to QST.	408	1,000
18 May 2014	QST (as receiver of services) The Company (as provider of services)	QST was 65.63% held by SAIL, the Company's controlling shareholder, of which 49.22% interest was held directly by SAIL and 16.41% interest was held directly by the Company. ⁽¹⁾	Service agreement between QST as receiver of services and the Company as provider of services in relation to the provision of services to QST.	1,059 ⁽²⁾	500
1 July 2014	Huahong Zealcore (as seller) The Company (as purchaser)	Huahong Zealcore is a wholly-owned subsidiary of Huahong Group, the Company's controlling shareholder.	Purchase agreement between Huahong Zealcore as seller and the Company as purchaser in relation to the purchase of materials used in the manufacturing process of the Group's semiconductor products.	448	800

Directors' Report

Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2014	Proposed Annual Caps 2014
1 July 2014	NEC Management (previously known as NEC Purchasing Service, Ltd.) (as seller) The Company (as purchaser)	NEC Management is a wholly-owned subsidiary of NEC Corporation, the Company's substantial shareholder.	Purchase agreement between NEC Management as seller and the Company as purchaser in relation to the purchase of materials and parts used for the Group's processing equipment.	559	1,300
23 September 2014	INESA (on behalf of itself and its subsidiaries) (as seller) The Company (as purchaser)	INESA is the Company's controlling shareholder.	Purchase agreement between INESA as seller (on behalf of itself and its subsidiaries) and the Company as purchaser in relation to the purchase of goods and services.	278	300
25 February 2010 (together with supplemental agreements dated 10 June 2011 and 25 July 2014)	Shanghai Huali (as lessee) The Company (as lessor)	Shanghai Huali is 73.42% owned by SAIL, the Company's controlling shareholder.	Lease agreement between Shanghai Huali as lessee and the Company as lessor in relation to the factory premise situated at Hill 2, 13th street, Zhangjiang Hi-Tech park, Pudong New Area, Shanghai, PRC leased by the Company to Shanghai Huali for their 300mm wafer production line. The total gross floor area leased was 96,099.2 square meters.	13,270	14,325

Directors' Report

Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2014	Proposed Annual Caps 2014
10 January 2013	Huahong Real Estate (as lessor) The Company (as lessee)	Huahong Real Estate is a wholly-owned subsidiary of Hua Hong Technology Development, a company 50% held by and consolidated with Huahong Group, our controlling shareholder, and 50% held by HHNEC.	Lease agreement between Huahong Real Estate as lessor and the Company as lessee in relation to the dormitory premises situated at Hua Hong Innovation Park, Nong 2777, Jinxiu Road East, Pudong New Area, Shanghai, PRC (Dormitory Premises) rented by the Company from Huahong Real Estate for use as staff quarters for the Company's employees. The total gross floor area rented was 17,412.87 square meters.	1,653	1,654
10 June 2014	Huajin Property Management (as property manager) The Company (as contractor)	Huajin Property Management is a wholly-owned subsidiary of Hua Hong Technology Development, a company 50% held by and consolidated with Huahong Group, our controlling shareholder, and 50% held by HHNEC.	Property management agreement between Huajin Property Management as property manager and the Company as contractor in relation to the engagement of Huajin Property Management by the Group to provide property management service for the Dormitory Premises.	205	213

Notes:

- (1) This reflects the position as at 31 December 2014.
- (2) The actual amount of service fees recognized for the year ended 31 December 2014 is US\$0.453 million. As a result, this falls within the annual cap approved for 2014. The amount of US\$1.059 million represents the amount of service fees recognized for the two years ended 31 December 2013 and 2014. As disclosed in the Prospectus of the Company dated 3 October 2014, the Company had accumulated service fees of US\$0.606 million for the year ended 31 December 2013 together with service fees of US\$0.23 million for the six months ended 30 June 2014. For the six months ended 31 December 2014, we recognized US\$0.223 million in fees from QST.

Directors' Report

The Board (including the Independent Non-Executive Directors) has reviewed the continuing connected transactions as described above and confirmed that such transactions did in fact continue in 2014:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditors of the Company have confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions of 2014:

- (i) nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Company's Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditors to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Prospectus in respect of each of the disclosed continuing connected transactions.

Related Party Transactions

During the year ended 31 December 2014, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the year ended 31 December 2014 are disclosed in note 34 to the financial statements. Save as disclosed in the paragraph headed "Connected Transactions" in this annual report, the other related parties transactions disclosed in note 34 were not regarded as connected transactions or were exempt from reporting, announcement and shareholder approval requirements under the Listing Rules.

Annual General Meeting

The 2015 AGM will be held on Friday, 15 May 2015.

Directors' Report

Closure of Register of Members

For determining eligibility of Shareholders to attend and vote at the 2015 AGM

Latest time to lodge transfer documents for registration	4:30 p.m. on 12 May 2015
Closure of Register of members	13 to 15 May 2015 (both dates inclusive)
Record date	15 May 2015

During the above closure periods, no transfer of shares will be registered. To be eligible to attend and vote at the AGM, all properly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than the aforementioned latest time.

Directors and Directors' Service Contracts

The Directors of the Company from the Listing Date up to the date of this report were:

Executive Directors:

Mr. Wenbiao Fu (*Chairman*)
Mr. Yu Wang (*President*)

Non-Executive Directors:

Mr. Jianbo Chen
Mr. Yuchuan Ma
Mr. Takayuki Morita
Mr. Jun Ye

Independent Non-Executive Directors:

Mr. Stephen Tso Tung Chang
Mr. Kwai Huen Wong, JP
Mr. Long Fei Ye

Each of the Directors of the Company is appointed for a specific term of three years and is subject to re-nomination and re-election by the Company in general meeting unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract.

Mr. Wenbiao Fu, Mr. Takayuki Morita and Mr. Jun Ye will retire by rotation from office as Directors at the forthcoming annual general meeting, and Mr. Wenbiao Fu, Mr. Takayuki Morita and Mr. Jun Ye, being eligible, will offer themselves for re-election pursuant to the articles of association of the Company.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Directors' Report

Profiles of Directors and Senior Management

Profiles of Directors and senior management of the Group are set out on pages 29 to 34 to this report.

Highest Paid Individuals and the Remuneration of the Directors and Senior Management

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in notes 8 and 9 respectively of the consolidated financial statements in this annual report.

Directors' and Chief Executive Interests in Shares and Underlying Shares of the Company

As at 31 December 2014, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of SFO), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Directors' Interest in Competing Business

During the year, none of the Directors of the Group had any interests in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

Directors' Interests in Contracts of Significance

No contract of significance to which the Company or any of its subsidiaries or associates was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2014 or at any time during the year.

Directors' Securities Transactions

The Company has devised its own code of conduct regarding Directors dealing in the Company's securities (the Company Code) on terms no less exacting than the Model Code. Specific enquiry has been made of all the Directors, and the Directors have confirmed that they have complied with the Company Code and the Model Code since the Listing Date and up to 31 December 2014.

Directors' Report

Substantial Shareholders' and Other Persons' Interests in the Shares and Underlying Shares of the Company

As at 31 December 2014, persons other than a Director or chief executive of the Company, having interests of 5% or more or short positions in the shares and underlying shares of the Group, were as follows:

Substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of aggregate interests in issued share capital*
Shanghai Hua Hong International, Inc. (Hua Hong International) ⁽²⁾	Legal and Beneficial owner	350,401,100 ⁽¹⁾	33.89%
Shanghai Huahong (Group) Co., Ltd. (Hua Hong Group) ⁽²⁾	Interest in a controlled corporation	350,401,100 ⁽¹⁾	33.89%
China Electronics Corporation (CEC) ⁽²⁾	Interest in a controlled corporation	350,401,100 ⁽¹⁾	33.89%
INESA Holding Group (INESA) ⁽²⁾	Interest in a controlled corporation	350,401,100 ⁽¹⁾	33.89%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Legal and Beneficial owner	237,450,330 ⁽¹⁾⁽³⁾⁽⁶⁾⁽⁷⁾	22.97%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Interest in a controlled corporation	36,508,686 ⁽¹⁾⁽⁴⁾	3.52%
Shanghai Alliance Investment Ltd. (SAIL)	Interest in a controlled corporation	624,360,116 ⁽¹⁾⁽⁵⁾⁽⁷⁾	60.39%
NEC Corporation	Legal and Beneficial owner	99,038,800 ⁽¹⁾	9.57%
Hylintek Limited	Legal and Beneficial owner	64,010,100 ⁽¹⁾⁽⁶⁾	6.19%
Shanghai Belling Co, Ltd.	Interest in a controlled corporation	64,010,100 ⁽¹⁾⁽⁶⁾	6.19%

Notes:

- (1) Long positions in the shares of the Company.
- (2) Hua Hong International is a wholly-owned subsidiary of Huahong Group. As at 31 December 2014, Huahong Group was 47.08% owned by CEC, and 47.08% owned by SAIL. In addition, SAIL controlled 51.83% of the voting rights of Huahong Group by virtue of its 47.08% equity interest in Huahong Group and an additional 4.75% voting rights pursuant to a voting bloc from INESA to SAIL. Therefore CEC, SAIL and INESA were deemed to be interested in all the Shares in which Huahong Group is interested in by virtue of Part XV of the SFO.
- (3) Including 3,645 shares held in escrow by Sino-Alliance International pursuant to an escrow arrangement.
- (4) Sino-Alliance International indirectly held interests in the Company through three wholly-owned subsidiaries, including an option held by a wholly owned subsidiary of Sino-Alliance International, to call for 1,589,332 Shares from Sino-Alliance International.
- (5) In addition to the 350,401,100 Shares (33.89%) it indirectly held through Hua Hong International, SAIL indirectly held interests in the Company through four wholly-owned subsidiaries, including Sino-Alliance International.
- (6) Hylintek Limited is a wholly-owned subsidiary of Shanghai Belling Co., Ltd. On 1 December 2014, Hylintek Limited entered an agreement with Sino-Alliance International whereby Hylintek Limited conditionally agreed to sell and Sino-Alliance International agreed to purchase 64,010,100 shares of the Company (the "Share Purchase"). The transaction had not yet completed as of 31 December 2014 pending certain condition to be fulfilled.
- (7) Including the 64,010,100 shares pursuant to the Share Purchase.

* The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2014, i.e., 1,033,871,656 shares.

Directors' Report

Save as disclosed above, so far as is known to any of the Directors and chief executive of the Company, as at 31 December 2014, no other person or corporation other than a Director or chief executive of the Company had any interests or short positions in any shares or underlying shares of the Company which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Share Option Scheme

There is no share option scheme operated by the Company.

Arrangement to Purchase Shares or Debentures

At no time during the year ended 31 December 2014 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Major Customers and Suppliers

For the year ended 31 December 2014, the total purchases attributable to the Group's five largest suppliers were less than 30%, and the total turnover attributable to the Group's five largest customers was less than 30%.

Emolument Policy

As at 31 December 2014, the Group had a total of 3,678 employees. The Group recruits and promotes individuals based on merit and their development potentials. The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results and individual performance.

Purchase, Sale or Redemption of Securities

Since the Listing Date and up to 31 December 2014, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Hong Kong, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' Report

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Directors are satisfied that the Company has maintained the prescribed minimum public float under the Listing Rules.

Auditors

A resolution will be submitted to the AGM to re-appoint Ernst & Young as auditors of the Company.

On behalf of the Board

Mr. Wenbiao Fu

Chairman

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility

Introduction

Corporate Social Responsibility (CSR) has been an integral part of our Group from the beginning. Our founding principles were grounded in the realization that every decision and action we take has an impact on all our stakeholders, including, in addition to our customers, employees and investors, the people in communities and countries in which we work and live, the industry and economies from which we derive our revenue and which we support, and the environment that sustains us all.

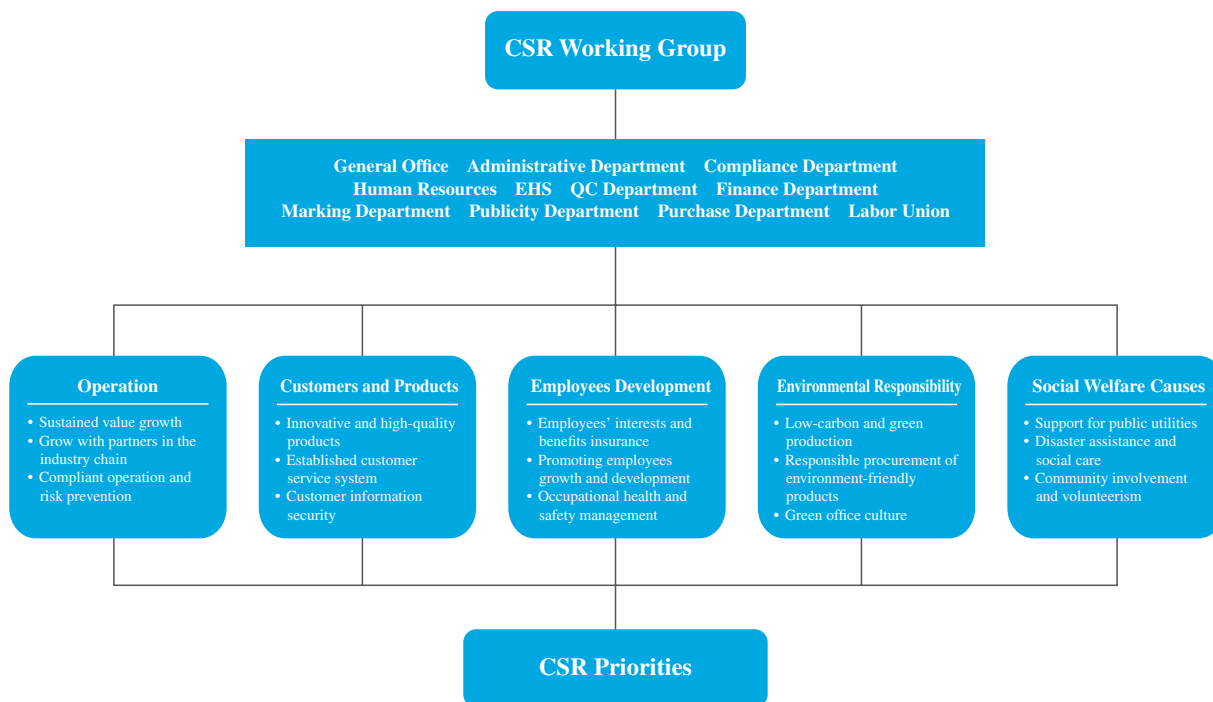
The financial success of our business provides the resources that enable our CSR activities, and therefore we must at first order remain profitable. At the same time, we have integrated CSR into our operations in ways that also achieve customer satisfaction, employee well being and environmental protection, all the while being a good citizen.

Social Responsibility Management System

Concept and Management

We believe the fulfillment of corporate social responsibility requires pro-active adherence to and implementation of the highest international standards of business and social ethics while creating value for and sharing value with all stakeholders. To this end, the Company incorporates economic, social and environmental responsibilities directly into its business strategies and operations.

Effective social responsibility management also requires ongoing senior management attention and the involvement of all staff. We established a “CSR Working Group” to set up a CSR organization system that enables management to participate in and coordinate among the functional departments horizontally and member companies vertically. Responsible officers from all functional departments make up the Working Group.



Corporate Social Responsibility

Stakeholders

Based on the business and operational characteristics of our Company and leveraging the experience and best practices in the industry at home and abroad, we have determined the following to be our stakeholders: our shareholders, customers, employees and partners; government agencies and regulators; and of course the communities in which we live and work as well as the general public. The Company actively communicates with all of these stakeholders via various channels and methods, including websites, the media, meetings, reports and other business and social activities.

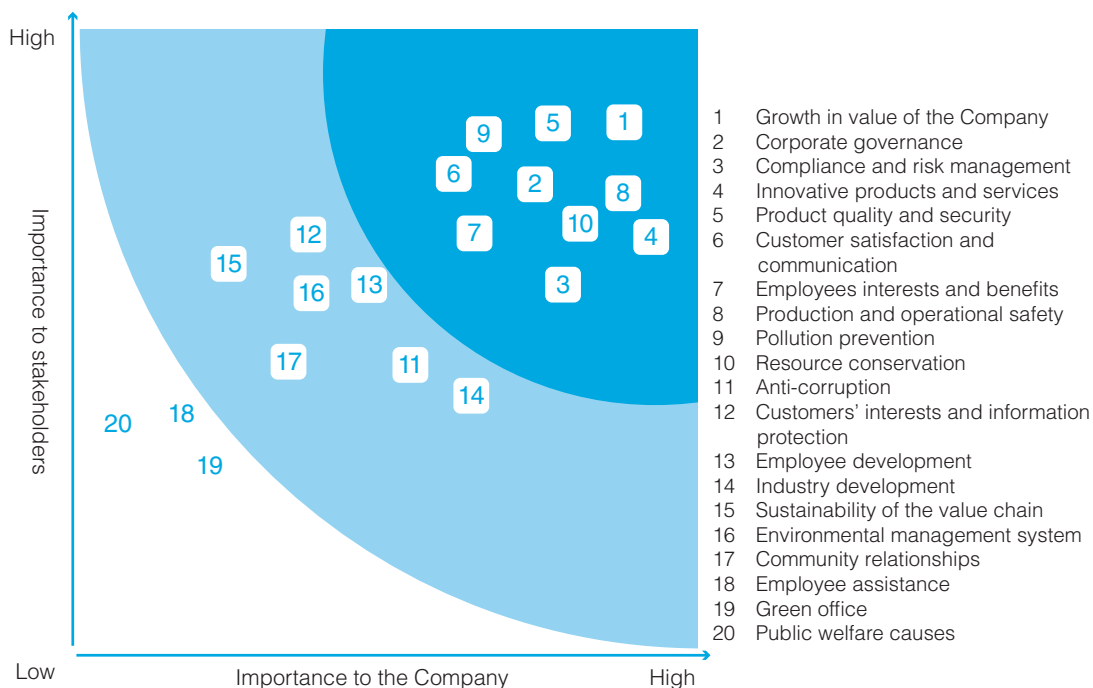
Expectations and Responses of Stakeholders

Key stakeholders	Description	Issues concerned	Communications and responses
Shareholders	The domestic and foreign holders of ordinary shares in the capital of the Company	Corporate governance system, business strategy and performance, stable profitability and return on investment	Shareholder meetings, financial reports, result announcement, road shows, etc.
Customers	IDMs, systems and fables companies	Quality, value, and protection of customer confidential information	Product exhibitions, customer research, technical seminars, e-biz systems and e-tapeout systems, after-sales services and complaints, customer satisfaction surveys, etc.
Employees	The Company's employees and contract personnel who serve the Company on a continuous basis	Employee interests and benefits, compensation systems, training and development, working conditions, health and family care	Employee activities, Employee Representatives Congress, trainings, self-service systems and employee manuals, internal publications, etc.
Government and regulators	Tax authorities, environmental authorities, SFC and other governmental or regulatory authorities	Compliant operation, regulatory transparency, full tax payment, carbon emission reduction, resource conservation	On-site visit, document exchanges, policy enforcement, information disclosure, etc.
Partners	Suppliers, research institutions, industry associations, etc.	Business ethics and creditworthiness, fair competition, compliant operation, strategic alliance with mutual benefits and win-win future	Public tender conferences, strategic cooperation negotiations, exchange visits, etc.
Communities and the public	The community in which we operate, the public, the media and non-profit organizations	Community development, social welfare, environmental protection, business ethics	Community activities, employee volunteer activities, public cause campaigns, social undertakings support programs, etc.

Corporate Social Responsibility

Identification and Analysis of Substantive Issues

We identify the more substantive issues of social responsibility on which to focus our operations through periodical analysis, taking into account both internal and external factors such as our strategic and operational direction, the stakeholders' concerns and expectations, as well as national and international standards and policies. We report disclosures under an identification, evaluation and screening process, and we also check social responsibility issues on a regular basis, in order to meet the social expectations for the Company.



Corporate Social Responsibility

Risk and Compliance Management

Risk Management

An effective risk management policy and strategy is crucial to the Company's success. Our management has designed and implemented a set of risk management policies to identify and address various potential risks arising in day-to-day operations, including strategic, operational, financial and legal risks. The Audit Committee of the Board is responsible for overseeing the overall risk management and assessing and updating our risk management policy on a yearly basis.

Compliance Management

The compliance department is responsible for overseeing overall compliance management. Each major department also has a representative in charge of compliance matters, including the implementation of internal control systems, policies and practices. Anglo Chinese Corporate Finance, Limited has been appointed as the compliance advisor under Rule 3A.19 of the Listing Rules. In 2014, there was no non-compliance with any laws and regulations.

Anti-Corruption

The Company embraces and adheres to the principles of honesty and integrity. In 2014, we entered into "Countering Commercial Bribery Undertaking" and "Rejecting Commercial Bribery Undertaking" agreements with 399 suppliers and with 620 employees (including executives, functional managers and relevant staff) from critical departments, especially those holding susceptible positions such as purchasing and sales. We then started to conduct inspections based on the specific circumstances specified in the undertakings by randomly visiting and investigating 198 positions. No non-compliance was found.

In addition, the Company has developed "Measures on Management of Staff Complaints and Reporting", which provides specific reporting channels (such as e-mail, telephone and mail), and encourages employees to report any suspected internal violation. It is the Company's policy to reply to a complaint from an identified person within one week, and to report the investigation results related to an anonymous complaint to the group concerned in a timely fashion. In addition, the Company actively organized anti-commercial-bribery trainings and related activities for employees. In 2014, the Company conducted 3 anti-corruption trainings in which 1,870 persons participated. During these trainings, three cases of suspected violation were reported internally. After thorough, timely investigations, all persons in all three cases were cleared.

Corporate Social Responsibility

Customers and Products

Product Quality and Innovation

Scientific Projects

The Company has improved its ability to integrate various technologies so as to maintain its leading position in the market. One way of doing this has been by optimizing the structure of research and development to best fit the strategic direction of specialty technologies for emerging high-growth applications, including the development of new technologies. In 2014, the Company declared a total of 10 scientific projects, of which six were approved for government subsidy. Government research fund amounting to RMB120 million was received in 2014.

Intellectual Property

Intellectual property is a key factor to the success of the Company. We protect our self-developed intellectual property and associated rights by way of actively applying for patents on the one hand, and on the other hand establishing systems to protect confidential information and trade secrets through controlled, restricted, need-to-know access. In addition, we respect the intellectual property rights of other parties. In order to reduce the risk of claims of infringement of third-party intellectual property rights against our manufacturing of semiconductor devices or the resulting end products, we accept orders only from reputable customers with no known potential risk of infringement and with the industry standard degree of indemnification. We also enter into a number of technology licensing agreements with major technology companies.

Supporting the Continuing Education of Employees

By attaching great importance to recruiting and retaining talents, the Company's R&D team comprises 262 R&D engineers with exceptional capabilities. These include technology integration, IP design and accurate modeling, covering the entire range of our products and services. In order to maintain the stability of the R&D team and to constantly develop and enhance its innovative capability, the Company has established a technical personnel management system. We encourage employees to continue their academic education by offering an academic education subsidy program for working employees, under which more than ten on-the-job Masters of Engineering are developed each year through cooperation with major universities. In 2003 the Company co-established with the Chinese Academy of Science and the Shanghai Institute of Microsystem and Information Technology a joint doctoral education program. To date 26 doctoral and two post-doctoral students have been enrolled in the program. Twenty-three students (including the post-docs) have graduated and taken positions in the IC design and manufacturing industry as well as in software programming. Five PhDs work at HHGrace, engaged in research and development of the Company's leading-edge technologies, and focused on major achievements enabling significant progress with innovative solutions to complex technical challenges.

Corporate Social Responsibility

Scientific Research and Innovation Statistics in 2014

Indicators	Performance
R&D investment	US\$36.5 million
Percentage of R&D investment to revenue	5.5%
Patents applied	415
Patents granted	213
Intellectual property rights infringement cases	nil

By the end of 2014, the Company had filed over 4,300 patent applications (including 136 in the US), of which over 1,300 patents had been granted (including 58 in the US).

The project of “0.13μm embedded self-align splitgate flash memory technology and process development” was awarded first prize of the 2014 Shanghai Science and Technology Progress Award

Product Quality Assurance

Quality products are the key to attracting and retaining customers and to fulfilling our responsibility to them. The Company established five integrated departments to ensure product quality and reliability over the full range of our operations. They are: Quality System and Customer Satisfaction, Supplier Management and Material Analysis, Quality Engineering, Reliability Assurance, and Failure Analysis. We assure correct implementation of relevant specifications at each process step for all products. We also set run tendency guidelines and reporting over key steps, in order to give in-time warning and make in-time adjustment. We established a system of regular meetings to review any materials abnormalities in the production line to fully ensure product quality. In 2014, the failure rate of our products at end-users was lower than two one-billionths.

The Company's quality control system has been granted BSI ISO9001 standards certification, and all its manufacturing facilities have been granted ISO/TS16949 and QC080000 IECQ HSPM standards certification. ISO/TS16949 is a system to help a company establish the strict automotive-level quality control standards, focusing on customer satisfaction, continuous improvement, defect prevention and reduction of variation and waste. In addition, the Company runs a product recalling system, under which substandard products in terms of functionality or harmful substances may be recalled. There were no recalls of Company products in 2014.

Product Quality Control Performance Statistics in 2014

Indicators	Performance
Percentage of recalled products sold due to safety or health issues	0%
Organized quality training courses	8
Quality trainings held	10
Number of participants in quality trainings	368
Average length of time of participation in quality trainings per person	2.4 hours
Quality improvement recommendations	72

Corporate Social Responsibility

Customer Service

Customer Service System

By the end of 2014, the Company had served more than 600 customers from 20 countries around the world, with most of whom the cooperation has been maintained for more than five years.

We listen to our customers and respond to their needs and complaints in a timely manner using multiple communication methods, including e-biz system, e-tapeout system, customer service hotlines and technical seminars. This ensures flexibility, quickness and accuracy throughout the course of manufacturing, delivery and after-sales services, so as to improve efficient running communication between the parties to reduce product delays due to misinformation or lack of information. We provide an online products status confirmation service, enabling customers to keep abreast of the progress of production. For customer complaints, the Company undertakes to give survey results within 48 hours, and provides an improvement report to the customer in question within 10 working days. In summary, we focus on giving our customers and the community open and transparent information on products and services.

The Company carries out a customer satisfaction survey once every six months, resulting in a satisfaction survey report. Meetings on the specific topics are then held in-house to analyze the survey results and to develop an improvement scheme to rectify any dissatisfaction and recommendations on new needs for follow-up implementation in a timely manner. In the customer satisfaction survey in the second half of 2014, the average customer satisfaction score was 8.39 out of 10, and 76% of customers chose Hua Hong Semiconductor as their preferred supplier.

Customer Service Performance Statistics in 2014

Indicators	Performance
Complaints	16
Completion rate of complaints	100%

Information Security

The Company values the security and protection of all types of confidential information from all sources. It established a customer information control system according to the requirements of ISO/IEC27001 Information Security Management, and entered into a confidentiality agreement with each customer and supplier. In addition, it sets control permission for access to information of customers (as well as our own), under which only authorized employees have access and then only to the information they need to do their job.

For sensitive products using smart card ICs, such as ID, social security and banking cards, the Company has a reliability laboratory that meets national information confidentiality and reliability requirements. We built a complete reliability system that encompasses both process reliability and product reliability in cooperation with IC design companies.

Corporate Social Responsibility

Employee Development

Rights and Benefits

Employment

We implement a non-discriminatory, capability-based recruitment and employment policy, and are committed to providing equal opportunity in all our human resources activities such as employee selection, promotion, transfer, remuneration, and benefits. We do not engage in discriminatory and injurious actions for any reason, in particular nationality, ethnicity, regional heritage, gender, religion, age, family conditions, or other factors in contravention of existing laws and regulations. We are further committed to not supporting the use of child labor under any circumstances, and we do not employ children or adolescents under the age of 16 years.

2014 Company Employment Statistics

Category	Group	Persons	%
Age	<30 years	1,919	52.2%
	30~50 years	1,686	45.8%
	>50 years	73	2.0%
Region	Mainland China	3,669	99.8%
	Overseas regions	9	0.2%
Employee turnover	New recruits	815	22.2%
	Turnover	508	13.8%
	Mainland China/Regional Employee turnover	507/1	13.8%/0.03%
	Age of employees turnover under 30 years/30-50 years/over 50 years	380/128/0	10.3%/3.5%/0
Employee gender	Female	1,130	30.7%
	Male	2,548	69.3%
Management employee gender	Female management employees	9	0.2%
	Male management employees	66	1.8%
Total (persons)		3,678	

Remuneration and Benefits

Our employees are our most valuable asset. We provide competitive, market-oriented remuneration and benefits in compliance with laws and regulations to attract and retain the best talents. The Company's remuneration package includes basic salary, performance based salary, incentives, allowances and subsidies. At the same time, the company regularly pays full statutory social insurance items, and purchases commercial supplemental coverage for our employees, including accident insurance and major illness medical insurance, and provides free supplemental medical insurance to children and spouses of those employees in financial distress.

We guarantee the rights of our employees to rest and off-duty days in compliance with national statutory requirements, and we prohibit forced labor. Apart from statutory annual leave and national festival holidays, we also allow supplemental paid annual leave. Reminders are sent through the electronic human resources system to our employees that they should take their leaves accordingly. For International Women's Day, International Children's day and Mid-Autumn Festival, the Labor Union will arrange to send gifts to the employees. In 2014, employees used 77.1% of their authorized days off. The rate of employees enjoying days off for national holidays was, as expected, 100%.

Corporate Social Responsibility

Related 2014 Performance Statistics on Employees' Rights and Benefits

Related indexes	Performance
Social security coverage	100%
Complaint cases	nil
Employees discrimination cases	nil
Coverage of employees under collective consultative agreement protection	100%
Ratio of employees participating in collective consultation	95%

Care and Support for Our Employees

We uphold the aim to “help the distressed, support the impoverished, and devote our love” by establishing a “Home for the Employees”, and by providing a “caring and mutual assistance platform” to give employees a way to express their caring by providing material support to fellow employees and their families in need, ensuring that all employees feel the warmth extended to them.

2014 Acts of Warmth Statistics

Related indexes	Amount (RMB'000)	Beneficiaries (Persons)
Fund supporting impoverished and needy employees	200	80
Employee cash donations	51	2
Funeral consolation	121	195
Employee special occasions	1,100	3,800

Corporate Social Responsibility

Learning and Growth

Training and Learning

We consider well-trained employees a significant contributor to corporate growth and employee satisfaction, and for that reason constantly work to improve our training programs. The Company has formulated training programs under the title "Training and Education Procedures". In 2014, Company training centered on new recruits, job positions, professional and management skills. A total of 2,033 internal and external training sessions were held, and implementation results and effectiveness were evaluated by questionnaires, behavioral follow-ups and summary analysis.

2014 Employee Training Statistics

Category	Related indexes	Performance
Level	General employees per capita training hours	65.0 hours
	Management employees per capita training hours	8.0 hours
	General employees training coverage	100%
	Management employees training coverage	100%
Gender	Female employees per capita training hours	65.1 hours
	Male employees per capita training hours	65.0 hours
	Female employees training coverage rate	100%
	Male employees training coverage rate	100%
	Overall employees per capita training hours	64.7 hours
	Overall employees training coverage rate	100%
	Employee training person-events	75,689 person-events
	Investment in employee training	RMB1.1 million

Vocational Development

We provide every employee with fair vocational development opportunities through a sound system of promotion, job transfer and job rotation. The Company has a global job grading system that establishes three job title categories, namely management, technical, and functional, depending on the relevant job description. Based on this, there is a "dual ladder" system as well, one ladder for careers primarily built on the management of people and a second one for individual or small team expert contributors. This enables employees to formulate a personalized career development path according to their strengths, potential and aspirations, which can then be aligned with the needs of the Company and its business development plan. In 2014 all of our employees took part in regular performance and career development reviews and appraisals.

Corporate Social Responsibility

Health and Safety

Health, Food, Lodging, Transportation, and Quality of Life

We advocate a people-orientation philosophy, and provide for the multifaceted needs of our employees in the areas of health, food, lodging, and transportation. In health maintenance, we provide a free physical examination once a year for each employee. As individuals advance in age, the physical examination covers more areas. The Company runs an infirmary to provide employees with timely and free medication and medical advice. AEDs are available in the factory in appropriate areas. Over 130 employees have been trained to be on-site operators to facilitate life-saving in critical moments. Furthermore, we care about the psychological well-being of our people, and provide a series of “starting with the heart” seminars. A total of 425 staff members have participated in these psychological well-being seminars so far.

In the area of food safety, we implement standardized food safety management in the canteen including a filtering system for kitchen water. We have a supplier management system, which allows the company to directly conduct centralized sourcing of food ingredients from places of production. We organize competition among the chefs for the best well-cooked dishes and foster cuisine appraisal activities, so that the food we eat is healthy, hygienic and delicious. Furthermore, a coffee bar is located in each factory zone to provide specialty coffee, fruit juice and healthy snacks. All of these are extensively appreciated by our employees.

Regarding convenient lodging, the Company rents apartments in nearby areas, such as from the Chuanxin Yuan and the Kaidun apartment buildings. These dormitories provide quality lodging for out-of-the-region employees and those on shift duty. Libraries, computer rooms, WLAN with low fee, pool rooms, laundry rooms, TV rooms and a 24-hour hot water supply, as well as other facilities are available. These provide more convenient readily available services to enrich employees' life after work hours.

Regarding transportation convenience, the Company has over 10 shuttle lines to carry employees to and from work, covering nearly all of Shanghai. At the same time, special commuting vehicles run between the Jinqiao No. 1 Factory and the Zhangjiang No. 2 and No. 3 factories for more comfortable and speedier transportation between sites.

We strive to create a healthy, warm, happy working and living atmosphere, and advocate a balance between work and play to enhance the quality of life. We encourage everyone to actively participate in sports activities and exercises. The Company Labor Union, taking the lead, has established 24 interest- group associations for such sports and interests as football (soccer), basketball, tennis, photography and fishing, as well as floral arrangements, mahjong, cards and chess. Total membership in these interest groups has reached over 2,400, which is 63% of the total staff. The Labor Union aims at having competition activities every month, and in addition supports the participation of association members in the Shanghai Marathon competition, the Shanghai Residents Sports Meet and other medium to large sports events. In 2014 the Company supported internal and external associations in organizing over 20 events, in which 2,500 Company employees participated.

Corporate Social Responsibility

Employee Occupational Health and Safety Management

In 2014 we established the new pyramidal framework called the “Safe Environmental Management Documentation System”, based on international standards systems (the OHSAS18000 Occupational Health Safety Management system and the ISO14001 Environmental Management System). This safety accountability system is implemented in accordance with the principles of “one position with two responsibilities, and the Party head and the Company head sharing the same responsibility”. Each level of staff signs its respective level’s “Safety Accountability Pledges”. We also conduct safety educational training to ensure a safe and harmonious work place, and to ensure sustainable, safe development of the Company.

For the employees with special job functions, such as transportation of chemicals and ion implantation/diffusion, the Company rigorously adheres to its “Staff Occupational Health Management Procedure”, and provides a yearly occupational health physical examination. In 2014, the number of people receiving such examination before starting work at a special function was 44, during their tenure of working at such functions 267 took the examination, and on leaving 28 were examined, for a total of 311 examinations performed.

To preempt disaster and identify causes of risks, the Company continuously implements full-process risk management by identifying sources of danger and environmental risk factors, particularly for jobs with inherently higher risks. We work hard to control all risks, and concentrate on facilities, equipment (with special focus on potentially dangerous equipment), chemicals, protective gear, tools, and of course construction works. We regularly investigate any actual or potential safety hazards and apply rectification procedures to ensure achievement of the target of zero incidents in safe production.

We established a “1+12+1782” Company Contingency Plan System. This comprises one overall, comprehensive plan, 12 special item plans, and 1,782 on-site disposal plans. Through implementation of inter-factory and multi-zone joint emergency training, the Zhangjiang Factory Zone has achieved outstanding performance such as accomplishing rescue coordination within 4 minutes, and reaching fully functional “Hua Hong Emergency Response Speed”. This has resulted in the sharing of contingency resources and rescue responsibilities. At the same time, the Company organizes various “Safety and Health Cup” activities to fortify staff’s awareness of safe production, and to conduct ERT emergency drills, so as to improve general knowledge in rescue operations and handling speeds.

Corporate Social Responsibility

2014 Occupational Health and Safe Production Related Statistics

Related indexes	Performance
Staff physical examination coverage	100%
Occupational health physical examination coverage	100%
Rate of occurrence of staff occupational disease	0%
Investment in safety technology reform	RMB20.5 million
Investment in safety operation	RMB26.2 million
Items of safety technology reform	105 items
Safety hazard investigation items, and rectification rate of 5S management	4,813 items/98.5%
Emergency drill activities	429 events
Participation in drill activities (person-events)	10,434 person-events
Safety training (person-events)	6,550 person-events
No. of safety training events	45 events
Days loss due to labor injury	83 days
Occurrence of major accidents	nil
Fatality due to safety related accidents	nil

In 2014 the Company passed re-examination and was awarded the BSI-OHSAS18001/ISO14001 certificate.

Corporate Social Responsibility

Environmental Responsibilities

Green Production

The world is facing considerable environmental challenges that affect the long term healthy development of the eco-system on which our survival depends. The Company responds positively to national energy conservation and environmental protection policies, and strictly complies with environmental laws and regulations as well as industry standards. We have established an environmental management system and we implement strict measures to reduce emissions and the consumption of energy and natural resources as far as possible. We also procure environmentally friendly products and certified materials to the extent available. As at the end of 2014, there were no environmental pollution incidents, and we had received no complaints or penalty in this connection.

Regarding waste discharge management, the Company adheres to the requirements of the ISO 14001 management system in formulating a complete set of effective environmental management procedures that define the management and control of chemical raw materials going into the factory, the discharge of waste gas and waste water, treatment of waste materials and noise management within the factory zone. Our carbon footprint and its causes are evaluated frequently to enable us to reduce the Company's greenhouse gas emissions. With respect to resources utilization, the Company has established a resource management system, in which the "Energy and Resource Management Procedure" describes in detail the energy management functions of the topmost management staff, as well as the responsibilities of the Energy Management Task Force and its individual members. At the same time the Company has established a motivation scheme for development of new energy saving and emission reduction projects. In 2014 the Company launched a total of 699 energy saving projects, and issued incentive payments of RMB1.0 million. The motivation scheme has resulted in RMB112.8 million of benefits in production.

All of the Company's manufacturing facilities are in compliance with the QC080000 IECQ HSPM standard, which defines the management system standards of hazardous materials technology. This ensures that wafer products or outsourced packaged chips comply with international regulations. Apart from that, the Company formulates its own hazardous materials management standards, hazardous materials risk assessment management procedures and control methods to further ensure products comply with (i) EU RoHS directives, (ii) with the SVHC (Substance of Very High Concern) as announced in EU REACH, (iii) with SONY SS-00259, and (iv) with customer requirements regarding control of hazardous materials.

2014 Work and Results in Pollution Prevention and Rectification

Monitoring and testing work

- Regarding waste discharge monitoring and testing, the Company completed the "2013 Waste Discharge Annual Report", and conducted monthly inspections of automatic monitoring facilities at the sources of pollution. We compile environmental quarterly reports, including information from online monitoring of operation facilities.
- Regarding waste disposal, the Company formulated a "2014 Waste Disposal Management Plan". It completed a standardized monitoring and management system for units that generate dangerous industrial waste. The environmental monitoring response task force does on-site monitoring of zinc and zinc hydride, as well as disposal of zinc-containing materials.
- The Company has completed preliminary appraisal of the behaviors of enterprises in the Yangzi River Delta region.

Results

- Pudong Environmental Monitoring Station data show that the Company waste water discharge meets annual investigation and testing data requirements of state-owned enterprises.
 - Water Works Regiment of Pudong Administration and Law Enforcement Division's water discharge monitoring and testing data indicate the Company meets requirements.
 - The Company completed the 2014 on-line operation to record dangerous wastes.
 - The Company regularly contracts out monitoring and testing, data of which have been found to meet standards.
-

Corporate Social Responsibility

2014 Energy Saving – Work and Achievements

Monitoring and testing

- For energy management, the Company compiled and issued the 2013 “State of Energy Utilization Report”, and the performance appraisal materials regarding the 2013 Principality Economic and Trade Commission’s energy saving target accountability. It achieved a positive progress appraisal of the 2014 energy utilization audit and target, and the formulation and implementation follow-up of the energy utilization target was completed as required by the 2014 Principality Economic and Trade Commission.
- For water utilization management, the Company, under the premise of water sufficiency for production, conducts audit inspection of the water meter accounts, performs water utilization statistical analysis and publishes monthly reports to encourage economical use of water resources through water saving schemes and the recycling of grey water.

Major projects and achievements

- Utilization of large diameter air ducts and enhancement of blower flow rate in waste water systems save 426,575 cubic meters of natural gas annually.
- We recycle and economize tap water in manufacturing that requires pure water. As of March of 2014, we had recycled 37,034 cubic meters of concentrated water, resulting in a saving of RMB1.9 million in tap water bills.
- Revamping with LED lights, with a target of saving 236 thousand kWh of electricity annually.
- CDA heat recycling and revamping resulted in the saving of 4.19 million kWh of electricity. Chilled water electricity saving was 1.533 million kWh, and saving of steam was 3,976 tons.
- Enhancement of electric machinery efficiency allowed the reduction of operation of one centrifugal fan, saving 3,960 kWh of electricity per month.

2014 Environmental Protection Performance

Related indexes

Performance

Energy saving and emission reduction, and environmental investments	RMB39.2 million
Penalties for contravention of environmental laws and regulations (times)	nil
Heavy penalties for contravention of environmental laws and regulations (RMB)	nil

Corporate Social Responsibility

Green Products

Green Products

The Company has always attached great importance to the research and development of green products with an aim to produce products that are more energy efficient and more environmentally friendly. Our super-junction device is a key product amongst the green products being developed. As an innovative environmentally friendly power device, it is extensively used in next generation LED lighting, switches in household electric appliances, computer servers and battery chargers of mobile digital products. The area of low on-resistance used in the super-junction device is one third the area of traditional power device, and effectively lowers the heat generation of final products. At the same time, the switching speed is cut down by over 10% as compared to products of the previous generation, thus further lowering dynamic losses and saving energy consumption. The Company will continue to invest in research and development so as to design products that are more energy efficient and more environmentally friendly.

The Green Value Chain

In the supply chain management, the Company proactively joined ECO Voids of France, so as to monitor the environmental protection procedures of suppliers. The Company's internal procurement assessment indexes clearly require a comprehensive assessment of a suppliers' performance regarding environmental protection, safety, and health. All suppliers must pass open and fair audits according to the "Supplier Management Procedure", and must accept relevant training, supervision and inspection by the Company in a timely manner. At the same time the Company's Procurement Department also proactively sources energy saving and reduced-emission equipment, with the objective of gradually increasing local sourcing of raw materials and equipment to reduce the carbon footprint caused by international transportation. As at the end of 2014, the Company had a total of 1,966 domestic suppliers and 695 overseas suppliers. The Company also encourages suppliers to become members of the EICC and to be ISO14001 certified so as to further promote the green value chain.

The Company understands that metal mining in some regions, where metals are often extracted illegally under poor working conditions, causes aggravated social and environmental problems, and therefore stipulates non-procurement of conflict minerals, and actively promotes the elimination such conflict minerals from the supply chain.

Green Culture

The Company understands that besides strictly adhering to environmental protection standards in front-line production, total environmental protection management in daily operations and administration is equally important.

The Company constantly promotes the concept and implementation of environmental protection measures inside and outside of the Company. Internally, the Company utilizes technology effectively to push forward a sustainable development agenda, such as using network printing and centralized office automation to control paper consumption. The Company encourages the use of both sides of paper, the use of recycled paper and supports recycling of our own. In 2014 the Company's total paper consumption was 10,315 kilograms, and recycled paper consumption was 138 kilograms. At the same time, the Company strongly supports the use of electric vehicles in the fleet to reduce carbon footprint. In 2014 the number of electric vehicles in the Company fleet has increased to nine, for use in daily operation and for staff use. Annual carbon footprint per vehicle was reduced by 23 tons. In 2014 the Company had the honor to be awarded the title of "Advanced unit in environmental greening and hygiene of Shanghai City".

Corporate Social Responsibility

With respect to external promotion, besides systematically promoting green supply chain management, the Company also proactively participates in external environmental protection activities to exert corporate influence and push forward actions for environmental protection. In 2014 the Company organized and participated in the “Pudong World Environment Day and the Third Jinqiao Ecological Culture Festival” activities, thus launching an environmental protection interaction exhibition, promoting exchange and cooperation in this area. Beside this, the Company also participates in the electronic waste materials recycling activities on the environmental protection web-site to promote trading of these materials and to encourage and give impetus to these activities.

Promote Development of China IC Industry Chain

In recent years there has been increasing support of domestic manufacturers by the government, and the Company, which values the opportunities arising from growing domestic demand, has also focused on its contribution to the Chinese semiconductor industry. For example, we actively promote the participation of small and medium sized local suppliers. As a result, the localization ratios of many production raw materials, including gas, chemicals and silicon wafers, have increased year by year. Also, a growing number of domestic manufacturers have started to provide professional services that we can take advantage of, such as equipment maintenance and provision of spare parts. Currently our localization ratios have reached 18% for purchases of raw materials and 15% for spare parts. In the future, the Company will improve our localization ratios to further support the development of the industrial value-chain in China.

As a leading pure-play foundry in China, the Company actively participates in various exchange activities organized by the government and industry associations in order to promote industry standards and development. For example, we established an academicians and experts “workstation”, which was approved by the government in March 2014. Such a workstation is a new form of cooperative research that makes cooperation among experts and enterprises clear, long-term and institutionalized. It is jointly promoted by the government, the Association for Science and other social organizations, as well as by the experts and enterprises themselves. In October 2014, we organized our first technology exchange forum as a part of our workstation. We explored the needs for innovative technologies in China, with more than 200 participants from academicians, technical experts and entrepreneurs in the industry.

Corporate Social Responsibility

Social Welfare Causes

With the progress in society, the general public expects enterprises to operate in a responsible manner, cooperate with all social sectors and care for and contribute to the community. The Company, as a leader in the industry and a good corporate citizen, not only produces quality wafer products assiduously, but is also committed to serving the community. One of the ways to put corporate citizen responsibility into practice is to participate in social welfare by delivering expertise, time and resources to help improve the livelihood of needy groups in the community and beyond. The Company actively participates in various programs and activities with the goal of bringing positive changes to society and promoting and establishing long-term economic development of the community, with an objective to share with the unprivileged and prosper along with the society.

Helping Impoverished Areas

The Company and its employees have always had great concern for the conditions in the impoverished areas in China and has provided aids promptly when needed. In 2014, some of our employees actively participated in the charity sales “Helping Hands for Love” held at Shanghai, Kunshan and Qiandeng, to help build “Hope Primary Schools” in impoverished areas and raise an emergency relief fund of RMB39,000 for the local primary students. The teachers and students of five schools in Xiji of Ningxia province and Nayong of Guizhou province received 2,800 scarfs. The Company also collected over 100 pieces of warm clothing and delivered them to needy groups in Gongshan County, Nujiang in Yunnan through a Christian charity organization.

Since 2001, the Company has participated in the donation program organized by Huahong Group for building the Huahong Hope Primary School at Dahuang Township, Wannian County of Jiangxi Province. A scholarship fund was established for students. In addition, the program also helped the school establish a canteen, and donated books, computers and various kinds of teaching facilities. Every year, the program organizes a delegation team to visit Huahong Hope Primary School and organize charity events. After 14 years, the first batch of students from the school have already graduated from universities. Some of them were recruited by the Company to work in the Company's trade union.

Community Volunteer Activities

The Company believes that the establishment of strong relationships among people will help bring long-term positive change in society, and as such, the Company encourages employees to devote their time to community services. The Volunteer Association with a list of volunteers making up a strong team was set up by the Company. Employees are encouraged to regularly participate in volunteer activities during their leisure time, with an objective to remove barriers that are hampering social integration, build a harmonized society and bring about the realization of the Company's aspiration in “treating human lives as the foremost by saving lives and helping the needy”. During 2014, about 120 Company employees participated in community volunteer activities, with total number of volunteer hours exceeding 240. They provided a full range of community support services and assistance to the elderly and children, and helped promote activities in caring for the society.

Corporate Social Responsibility

The volunteer activities are summarized as follows:

- Yearly and quarterly visits and donation activities to Meixin Elderly Home in Pudong New area were held. Since 2014, the Volunteer Association has built a long term relationship with an elderly home, and regularly pays visits and makes donations.
- A yearly visit to Zhangjiang Elderly Home was made on the eve of Mid-Autumn Festival. Caring and companionship was provided for the elderly and presents were distributed.
- The yearly employees blood donation campaign was held to help those who have medical needs.
- Once a week, a promotion event regarding traffic regulations and pedestrian safety was held at subway stations close to the office during rush hours when people get off work.
- On 17 Feb 2014, more than 300 employees participated the activity “Love Unlimited at Noon”, which was a charity sales event to raise funds for an employee suffering from a critical brain illness known as brain fog.
- A visit was made to Huixin Home for Children with Disabilities (a welfare institution for children between 0-16 years of age) to understand the conditions of the children with disabilities.

Preparation of Report

Report Overview

This 2014 CSR Report of the Company explains its principles in fulfilling CSR and the work carried out in 2014. It addresses the major CSR issues of great concern to our stakeholders.

Reference Basis

This CSR report uses the “Environmental, Social and Governance Reporting Guide” issued by The Stock Exchange and “Sustainability Reporting Guidelines (G3.1)” of the Global Reporting Initiative (GRI) as its reference basis.

Scope of Report

Organizational scope: This report covers the Company and the Group.

Reporting period: From 1 January 2014 to 31 December 2014

Release cycle: This is an annual report

Data Specification

Data and cases in the report come from the Company’s original records in day-to-day operation or financial reports.

釋義

於本年報內，除非文義另有所指，否則下列詞彙具有下文所載涵義。

「股東週年大會」	本公司定於二零一五年五月十五日下午二時在香港金鐘道88號太古廣場港麗酒店舉行的股東週年大會；
「AOS」	Alpha and Omega Semiconductor Limited，一家於二零零零年九月註冊成立的百慕大離岸公司，是集設計和研發於一體的電源半導體產品的全球供應商；
「董事會」	本公司董事會；
「中國電子」	中國電子信息產業集團有限公司，一家於一九八九年五月在中國註冊成立的公司，為華虹集團的主要股東；
「中國」	中華人民共和國，但僅就本年報及作地理參考而言，除文義另有所指，否則，本年報「中國」的提述不包括台灣、澳門特別行政區及香港；
「本公司」	華虹半導體有限公司，一家於二零零五年一月二十一日在香港註冊成立的有限公司，除非文義另有所指，否則包括其所有子公司，或如文義指其成為其現有子公司的控股公司之前期間，則指其現有子公司；
「公司秘書」	本公司公司秘書；
「Cypress」	Cypress Semiconductor Corporation，一家於一九八二年十二月在加州註冊成立的公司，並於一九八七年二月在特拉華州重新註冊成立，為獨立第三方；
「董事」	本公司董事；
「EPS」	每股盈利；
「執行董事」	本公司執行董事；
「Grace Cayman」	Grace Semiconductor Manufacturing Corporation，一家於一九九九年十月五日在開曼群島註冊成立的獲豁免有限公司，為本公司的全資子公司；
「上海宏力」	上海宏力半導體製造有限公司，一家於二零零零年十二月二十日在中國註冊成立的公司，為本公司的全資子公司；
「大中華區」	包括中國、台灣、澳門特別行政區及香港的地理區域；
「本集團」	本公司及我們的子公司，或如文義所指為本公司成為我們現有子公司的控股公司之前期間（或成為本公司的該等聯營公司），則指由該等子公司或其前身公司（視乎情況而定）所經營的業務；

「華虹宏力」	上海華虹宏力半導體製造有限公司，一家於二零一三年一月二十四日在中國註冊成立的外商獨資企業，為本公司的全資子公司；
「華虹NEC」	上海華虹NEC電子有限公司，一家於一九九七年七月十七日在中國註冊成立的公司，為本公司的全資子公司；
「港元」	香港法定貨幣港元；
「香港」	中國香港特別行政區；
「華大」	北京中電華大電子設計有限責任公司，一家於二零零二年六月在中國註冊成立的公司，為華虹集團主要股東中國電子的子公司；
「華虹集團」	上海華虹（集團）有限公司，一家於一九九六年四月九日在中國註冊成立為上海華虹微電子有限公司的公司，並於一九九八年更名為上海華虹（集團）有限公司，為本公司控股股東；
「華虹科技發展」	上海華虹科技發展有限公司，一家於二零一零年五月十日在中國註冊成立的公司，一家由華虹集團持有50%並與其合併報表及由華虹NEC持有50%的公司，為關連人士；
「華虹置業」	上海華虹置業有限公司，一家於二零一一年十月二十八日在中國註冊成立的公司，為華虹科技發展的全資子公司；
「獨立非執行董事」	本公司獨立非執行董事；
「儀電控股」	上海儀電控股（集團）有限公司，一家於一九九三年十二月在中國註冊成立的國有公司，為本公司控股股東；
「上市規則」	《香港聯合交易所有限公司證券上市規則》（經不時修訂或補充）；
「合併」	Grace Cayman與本公司在開曼群島組建的Hua Hong Semiconductor (Cayman) Inc進行的合併；
「Microchip」	Microchip Technology Incorporated，一家於一九八九年在特拉華州註冊成立的公司，為本公司股東；
「國民技術」	國民技術股份有限公司，一家於二零零零年在中國註冊成立的公司，為獨立第三方；

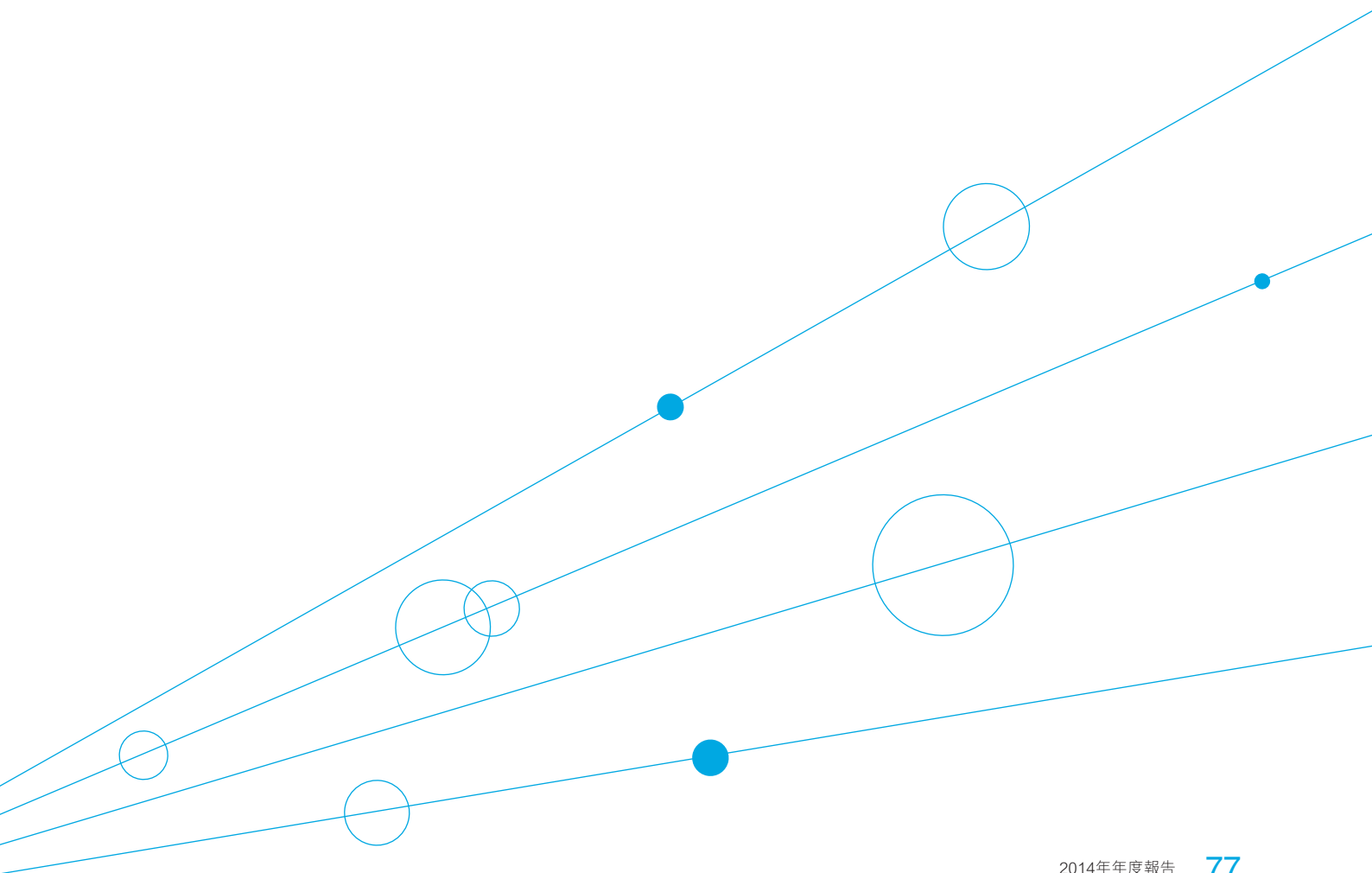
釋義

「NEC」	NEC Corporation，一家於一八九九年在日本註冊成立及創立名為Nippon Electric Company, Limited的公司；
「非執行董事」	本公司非執行董事；
「ON Semiconductor」	ON Semiconductor Corporation，一家於特拉華州註冊成立的公司，於一九九九年八月自Motorola Inc.分拆，為於二零零六年七月三日在日本註冊成立的公司System Solutions Co., Ltd. (為本公司股東之一，前稱Sanyo Semiconductor Co., Ltd.)的母公司；
「矽睿科技」	上海矽睿科技有限公司，一家於二零一二年九月十三日在中國註冊成立的公司，為關連人士；
「人民幣」	中國法定貨幣人民幣；
「上海聯和」	上海聯和投資有限公司，一家於一九九四年九月二十六日在中國註冊成立的公司，為本公司控股股東；
「證監會」	香港證券及期貨事務監察委員會；
「證券及期貨條例」	香港法例第571章《證券及期貨條例》(經不時修訂或補充)；
「上海華力」	上海華力微電子有限公司，一家於二零一零年一月十八日在中國註冊成立的公司，為關連人士；
「股東」	公司股本中普通股股份持有人；
「聯交所」	香港聯合交易所有限公司；及
「同方微電子」	北京同方微電子有限公司，一家於二零零一年在中國註冊成立的公司，為獨立第三方。

主要財務指標

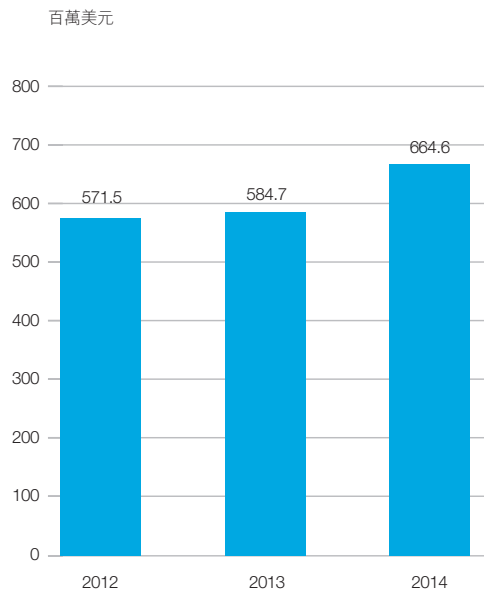
	二零一四年 百萬美元	二零一三年 百萬美元	二零一二年 百萬美元
銷售收入	664.6	584.7	571.5
毛利	197.8	125.4	117.9
毛利率	29.8%	21.5%	20.6%
年內溢利	93.1	61.8	59.7
每股盈利(美元)	0.11	0.08	0.07

	二零一四年 十二月三十一日 百萬美元	二零一三年 十二月三十一日 百萬美元	二零一二年 十二月三十一日 百萬美元
流動資產淨額	571.5	279.9	212.2
資產淨額	1,465.5	1,056.2	963.8

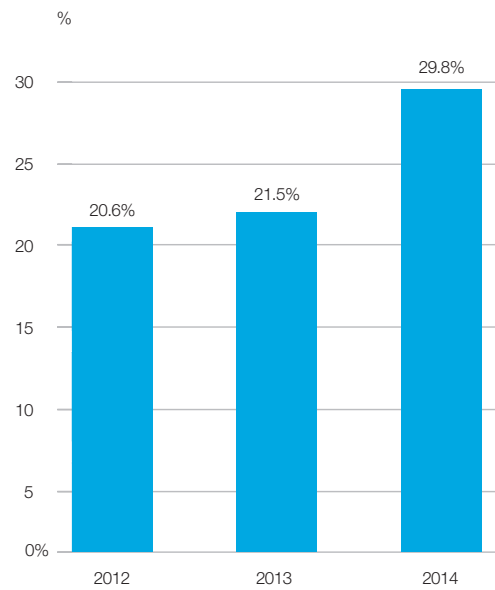


主要財務指標

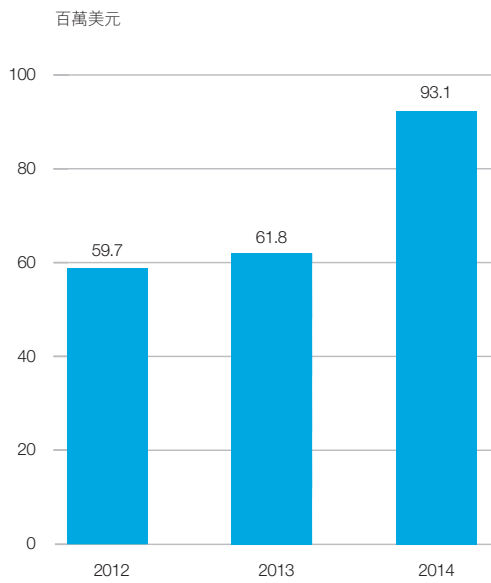
銷售收入



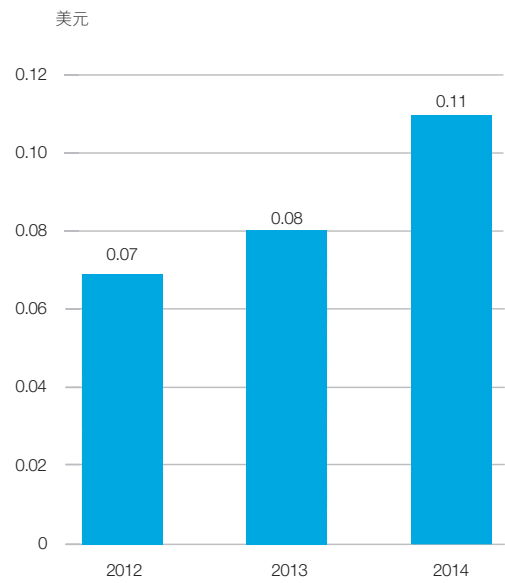
毛利率



年內溢利



每股盈利



致股東的信



華虹半導體有限公司於二零一四年十月十五日在香港聯合交易所主板上市
傅文彪先生（右），董事會主席兼執行董事與森田隆之先生，非執行董事

致股東的信

尊敬的各位股東：

承蒙各位股東的信任和厚愛，華虹半導體有限公司於二零一四年十月在香港聯合交易所有限公司主板成功上市。我們很高興在此向各位報告公司年度經營業績。

截至二零一四年底，公司已連續16個季度實現盈利。二零一四年公司銷售收入、毛利率創歷史新高。其中，銷售收入達到6.65億美元，同比增長13.7%；毛利率達到29.8%，同比增長8.3個百分點；年內溢利達到0.93億美元，同比增長50.5%。

二零一四年，公司全年晶圓產出較二零一三年增長15.3%，平均產能利用率達到93.5%，全線綜合良品率達到99.2%。截至二零一四年底，公司通過在上海的三座200mm晶圓廠擁有每月總計12.9萬片8英寸晶圓的加工產能。二零一五年將進一步擴充產能，使總產能在年底達到每月約13.9萬片。

公司持續致力於海內外市場拓展，業務成效大幅提升。二零一四年，公司智能卡芯片出貨量達31.4億顆；其中，SIM卡芯片出貨26.6億顆，約佔全球50%市場份額。作為全球最大的200mm晶圓功率器件代工廠，已累計出貨超過340萬片。此外，在發光二極管（LED）照明、智能電表、通信及汽車芯片業務領域也有不俗表現。公司客戶遍及大中華區、日本以及歐洲、北美等地區。

在技術研發方面，我們已經形成了廣泛、深入且極具競爭力的先進工藝平台，涵蓋1 μ m到90nm的工藝技術節點，且戰略性地專注於0.13 μ m、0.11 μ m和90nm的先進技術節點。我們提供的技術平台包括嵌入式非易失性存儲器、功率器件、射頻、模擬及混合信號、電源管理IC等，並正在持續開發多種微機電系統(MEMS)工藝解決方案。

二零一五年，我們將在現有智能卡芯片銷售業績與市佔率再創新高的領先優勢下，積極佈局銀行卡芯片業務。結合公司自身在嵌入式非易失性存儲器技術平台的厚積薄發，通過與長期技術伙伴、同時也是一流客戶的緊密合作，優化在微控制器、傳感器、射頻、電源管理、功率器件等領域的產品競爭力，提供更低功耗、更高效率、更小尺寸芯片的綠色製造平台，從而把握高利潤、高增長的機會，在推動世界技術發展的物聯網與汽車電子等應用領域重點突進，持續創造新的利潤增長點。在此，衷心期望繼續獲得您的支持。

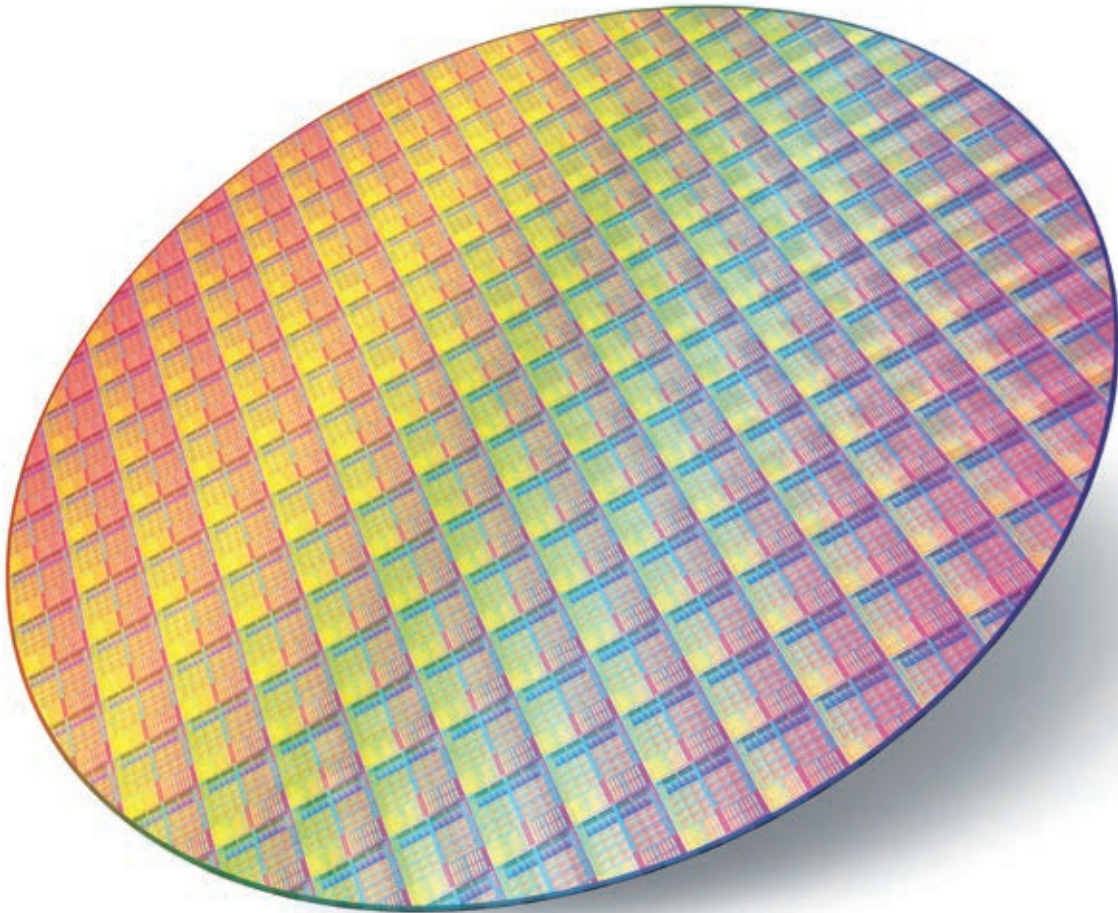
謹此，致上最高的敬意與謝意。

傅文彪先生
主席兼執行董事

王煜先生
總裁兼執行董事

中國上海
二零一五年三月二十四日

公司資料



华大电子

sinopower



FE

富士电机

SII



公司資料

公司簡介

公司是全球領先的200mm純晶圓代工廠，主要專注於研發及製造特種應用的200mm晶圓半導體，尤其是嵌入式非易失性存儲器及功率器件。我們亦提供先進的射頻、模擬及混合信號、電源管理IC及微機電系統等晶圓代工服務。我們具備充分的能力在這些市場把握新的增長機會。

我們生產的半導體被廣泛應用於不同市場各類產品，包括消費電子、通訊、計算機、工業及汽車等。對客戶尤為重要的是，我們亦提供全方位設計支持及其他增值服務。

我們現時已形成廣泛、深入的製造工藝平台，涵蓋1.0 μ m至90nm的工藝技術節點，且戰略性地專注於0.13 μ m、0.11 μ m及90nm的先進技術節點。

透過我們的子公司華虹宏力，我們在上海營運三座200mm晶圓廠，月產能總計約129,000片；其200mm晶圓製造能力在中國名列前茅。

我們將繼續改善產品組合，把握高利潤及高增長的市場機會，同時戰略性地進行產能擴充，并保持盈利。

我們是深得全球國內外客戶信賴的技術及製造夥伴。我們為來自20多個國家和地區的逾600家客戶提供服務，其中包括AOS、Cypress、華大、Microchip、國民技術、ON Semiconductor及同方微電子等世界領先的半導體企業。

公司現擁有約3,700名員工，由經驗豐富的專業團隊領導。我們深知，我們最大的財富是積極主動、技能嫺熟的員工。我們力求體現企業精神的四大基石：革新、自信、進取、團結。

企業文化

願景

持續創新，為全球客戶
製造「芯」夢想



使命

通過協作、創新和優秀的
企業公民性，為股東、客
戶和員工創造價值



企業精神

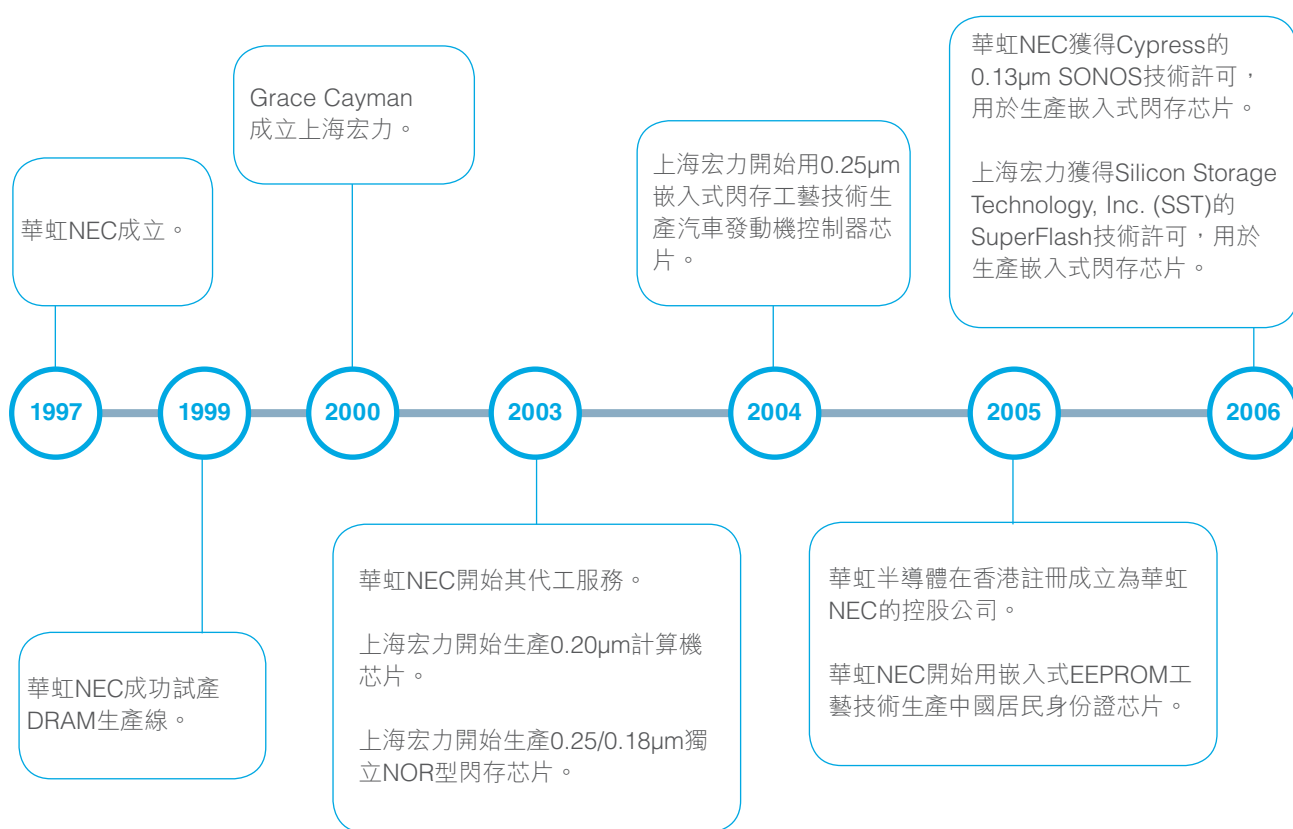
革新，自信
進取，團結

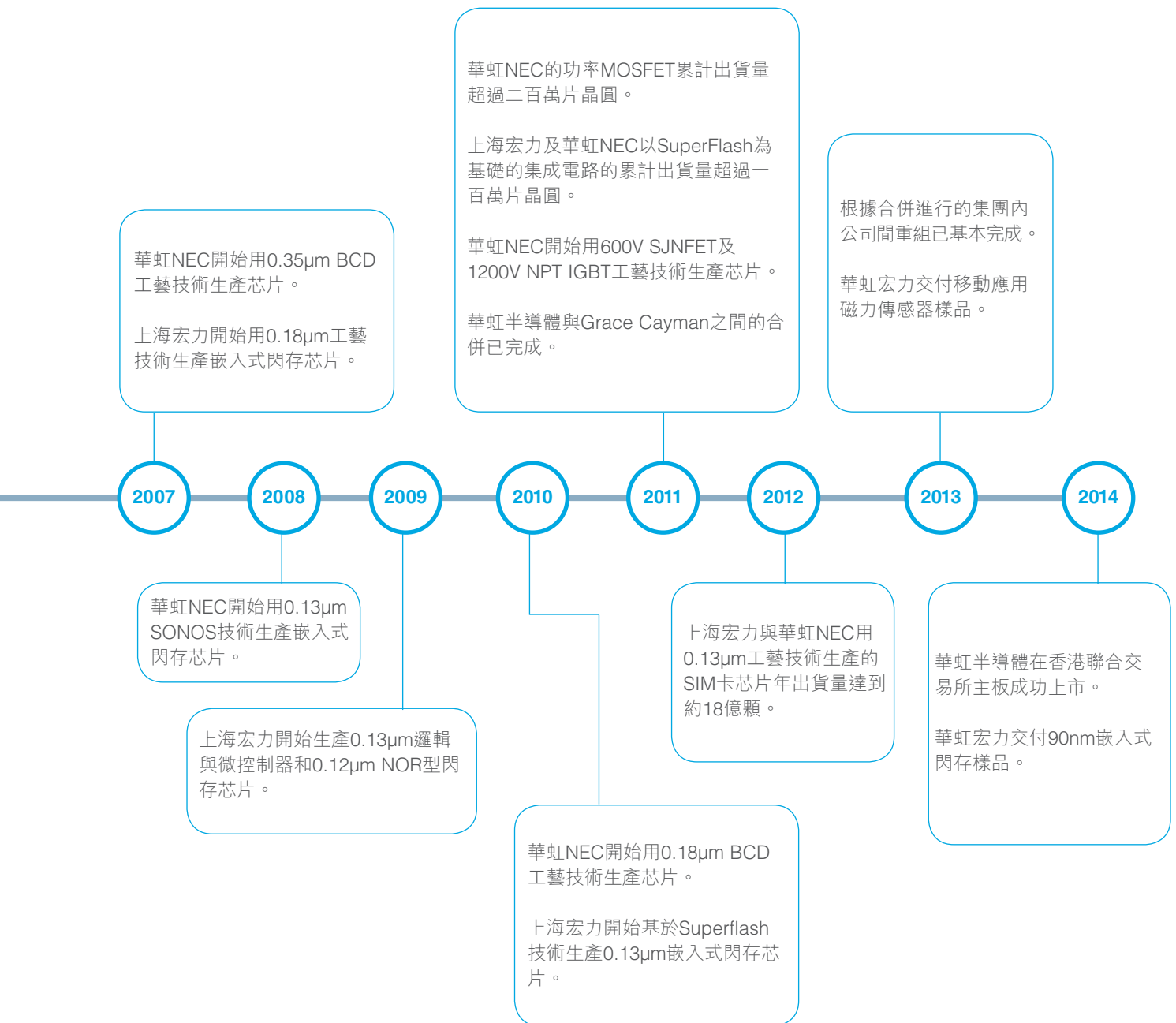


公司資料

大事記

下列為迄今為止我們的業務歷史上的重要里程碑：





公司資料

主要榮譽和獎項



No.	年份	頒獎機構	獎項／榮譽
1	2010	國家科技重大專項實施辦公室	2010年度突出貢獻獎
2	2013	《電子工程專輯》(一份有關大中華區電子行業的雜誌)	2013年中國IC設計公司成就獎之最受認可晶圓代工企業
3	2013	中華人民共和國國務院	國家科學技術進步獎二等獎
4	2013	中國電子企業協會	2013全國電子信息行業標桿企業



No.	年份	頒獎機構	獎項／榮譽
5	2013	亞太質量組織	全球卓越績效獎的最高級別獎
6	2014	中國信息產業商會和中國RFID產業聯盟	2013年度中國物聯網技術創新獎
7	2014	中國半導體行業協會	2014年中國十大半導體製造企業
8	2014	中國半導體行業協會和中國電子材料行業協會	第八屆（2013年度）中國半導體創新產品和技術
9	2014	國家金卡工程協調領導小組辦公室	國家金卡工程2014年度金螞蟻獎（最佳產業配套獎）

業務回顧



業務概況

二零一四年出貨、產能及利用率

- 由於客戶需求增長，二零一四年付運晶圓達到140萬片，較二零一三年增加14.6%。
- 月產能增加了5,000片，達到每月12.9萬片。
- 產能利用率為93.5%，高於二零一三年的84.0%。

市場分析及增長領域

我們從半導體晶圓的銷售，獲得我們的收入的96.5%。

收入 (按業務分類)	二零一四年 %	二零一三年 %
晶圓	96.5	96.9
其他 (光罩、探針卡等)	3.5	3.1
總計	100.0	100.0

系統及無廠半導體公司對收入的貢獻，從二零一三年佔總收入的67.5%，上升至二零一四年的75.6%。

收入 (按客戶分類)	二零一四年 %	二零一三年 %
系統及無廠半導體公司	75.6	67.5
集成器件製造商	24.4	32.5
總計	100.0	100.0

在二零一四年，中國仍然是我們的最大市場，對我們收入的總貢獻約為53.6%。美國是我們的第二大市場，同期對我們收入的總貢獻約為20.8%。我們將繼續與我們的客戶緊密合作，利用我們的規模和技術領先的地位，在全球半導體市場，尤其是在快速增長的中國，把握機遇。

收入 (按地域分類)	二零一四年 %	二零一三年 %
中國 ¹	53.6	49.8
美國	20.8	25.0
亞洲 ²	10.0	8.9
歐洲	9.1	7.2
日本 ³	6.5	9.1
總計	100.0	100.0

¹ 包括香港。

² 不包括中國及日本。

³ 包括於二零一三年由一家總部位於美國的公司所收購的一名主要日本客戶。

業務回顧

嵌入式非易失性存儲器對收入的貢獻，從二零一三年佔總收入的34.8%，上升至二零一四年的41.8%。模擬與電源管理方面的收入，從二零一三年佔總收入的12.4%，上升至二零一四年的15.5%。

收入（按技術平臺分類）	二零一四年 %	二零一三年 %
嵌入式非易失性存儲器	41.8	34.8
分立器件	18.5	19.5
模擬與電源管理	15.5	12.4
邏輯及射頻	14.1	20.5
獨立非易失性存儲器	9.1	11.5
其他	1.0	1.3
總計	100.0	100.0

由於我們的戰略重點轉移到以更先進技術的0.13 μm 、0.11 μm 及90nm生產，該等節點對於收入的貢獻從二零一三年佔總收入的31.5%，上升至二零一四年的39.1%。

收入（按工藝技術節點分類）	二零一四年 %	二零一三年 %
$\leq 0.13\mu\text{m}$	39.1	31.5
0.15 μm & 0.18 μm	20.4	25.8
0.25 μm	0.8	2.4
$\geq 0.35\mu\text{m}$	39.7	40.3
總計	100.0	100.0

消費電子及通訊是我們的第一和第二大終端市場，在二零一四年合計佔總收入超過75%。

收入（按終端市場分類）	二零一四年 %	二零一三年 %
消費電子	50.5	45.5
通訊	27.4	29.8
電腦	10.0	14.9
工業及汽車	12.1	9.8
總計	100.0	100.0

提高盈利的經營策略

繼續提升產品組合，把握更高利潤及更高增長的機會

我們將繼續向著更高的利潤率和高增長機會的產品方向優化我們的產品組合。重點的終端市場應用包括智能卡、微控制器、汽車、智能電網、LED照明、可穿戴設備，及通過物聯網連接的傳感器。我們相信，這些應用正在快速增長，其相關半導體產品應可獲得更高的毛利率。

繼續研發有優勢的差異化先進技術

我們專注於200mm晶圓製造，提供領先的差異化工藝技術平台，在全球同業中具備獨特優勢。我們將繼續投入技術研發，提供更好良率、更小尺寸和更低功耗的產品，以保持和擴大我們的市場領導地位，並維持競爭優勢。我們具備自主開發先進技術、以及與合作客戶和合作夥伴共同開發專業技術的能力，這仍然是我們賴以取得經濟成果的基石。

繼續實現合併的協同效應

在二零一一年合併後，我們具備了更大規模的生產能力、更多樣和豐富的客戶群、更全面的和互補的產品組合，且更具規模經濟效益和更穩健的財務基礎。憑藉企業規模的擴大，我們也在與供應商議價時能取得更有利的條件。

追求策略性的產能擴充及獲利能力

我們一直審慎地在使用來自全球發售的所得資金，並對產能擴充進行謹慎的投資。目前我們的晶圓廠內仍然擁有可利用的空間，這將使我們能夠繼續擴大產能，而無需進行大量的基礎建設。

加強與主要客戶的合作並繼續提供高品質服務

通過與策略聯盟在關鍵性設計和產品開發路線圖上的合作，我們繼續與主要客戶加強及深化關係。我們相信這樣的合作關係，能鞏固我們在客戶眼中的地位，提升我們的競爭力，並加快推動我們進行更深入的市場滲透。



業務回顧

研究與開發

多年來，我們始終是智能卡IC生產領域的技術領導者；於今我們是世界上最大的智能卡IC代工者。我們在二零一四年交付的智能卡芯片共計31.4億顆，其中包括26.6億顆SIM卡芯片，約佔全球市場50%的份額。該顯著的增長主要受益於全球移動通信市場所帶動的Java智能卡應用。

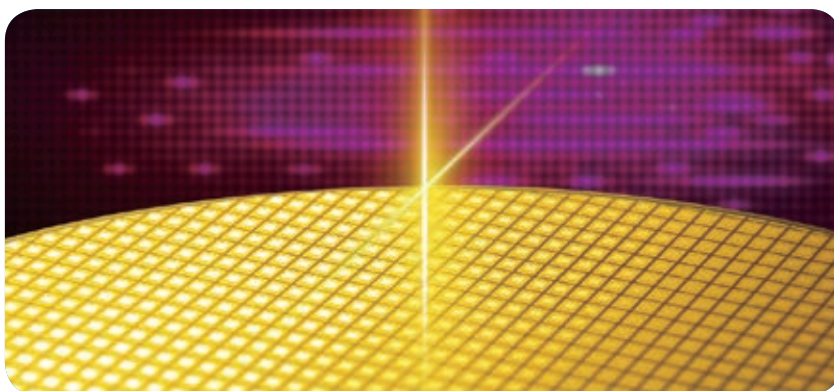
利用技術和研發的優勢，我們已交付90nm的多項目晶圓予特定客戶。90nm工藝平台技術預計將於二零一五年年底正式開始量產，此技術將主要用於智能卡及消費類產品。

我們非常注重研發，提高在不同技術層面的整合能力，以應付新的商機。具體來說，我們專注於我們的嵌入式非易失性閃存和射頻技術的整合，為可穿戴設備、物聯網和汽車等應用提供具成本效益的解決方案。我們預計將在二零一五年上半年開始量產具備射頻能力0.11 μm 超低漏電嵌入式閃存技術，該項技術將會應用於物聯網市場的無線微控制器。此外，我們亦從事利用絕緣體上硅(SOI)作基材的射頻產品的研發，以提供更高性能、更低功耗，更低成本的無線射頻設備前端模塊。

傳感器，尤其是那些利用微機電系統技術的傳感器，是本公司一個新的增長機會。我們正與客戶共同開發移動市場的微機電系統傳感器。由我們的一位客戶在我們的微機電系統技術上開發的單晶片3軸微機電系統加速度計，已順利通過功能測試。我們將擴大產能，延伸至其他微機電系統傳感器的商機，如應用於物聯網市場的紅外熱像儀、壓力傳感器和陀螺儀。

在高壓功率分立器件業務方面，新一代的場截止型絕緣柵雙極型晶體管(IGBT)已經成功大量生產。我們正計劃於二零一五年推出具備更先進性能的第三代超級結MOSFET (SJNFET)技術平台。通過為客戶提供低成本高性能的解決方案，這將鞏固我們於功率分立器件領域的領先地位。

由於我們在研發上的努力，本集團於二零一四年取得了超過400項專利申請。由研發項目產生重要的創新技術，從而使得專利和專利申請的不斷增加。我們認為我們的專利組合，是確保我們的競爭力和作為競爭對手高准入門檻的重要因素。我們將繼續擴大，極力捍衛我們的知識產權組合。



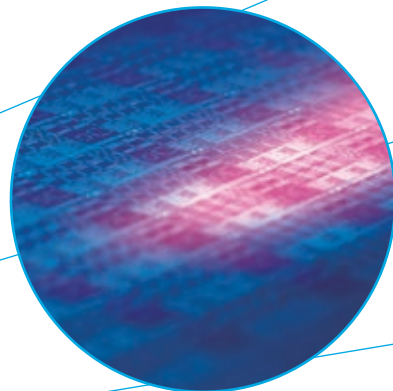
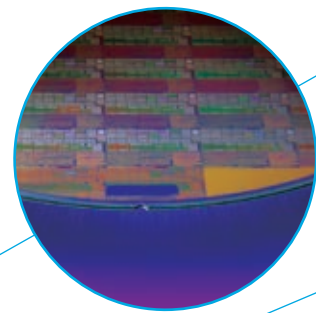
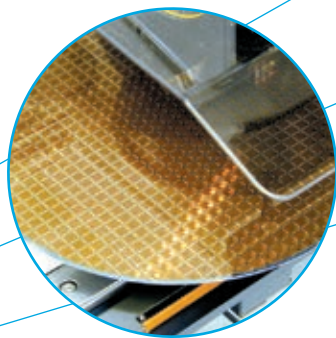
展望二零一五年

我們正處在一個令人振奮的時期，並為滿足不斷增加的200mm晶圓的需求作好充分準備。中國政府已經把在國內製造半導體產品作為中國經濟增長的戰略和關鍵。我們相信，我們已居於有利地位，從智能卡市場，尤其是中國銀行IC卡的強勁需求中獲益。我們打算充分利用在二零一五年推出的應用於物聯網市場的微控制器和微機電系統傳感器，作為一項關鍵的銷售增長引擎。

傳統的MOSFET業務將繼續從龐大的市場規模和一線集成器件製造商客戶方面的需求而受益。產品組合上將引入更多的SJNfet和IGBT，這些產品將不斷受益於移動設備、4G網絡、雲計算等蓬勃發展的應用領域。

在電源管理IC領域，我們預計在消費、電腦和工業應用的0.35 μ m及以上節點的產品仍會有所增長。而從二零一五年開始，700V BCD工藝技術很可能會成為LED照明的主流技術。

我們將繼續審慎使用來自首次公開募股所募得款項，採購優質的二手翻新設備以管控我們的資本支出，謹慎投資以擴大我們的產能和研發能力。我們相信在二零一五年年底我們能夠將200mm晶圓的生產能力提高至大約每月139,000片，並在二零一六年年底達到每月164,000片。



管理層討論及分析



管理層討論及分析

財務表現

	二零一四年 千美元	二零一三年 千美元	變動
銷售收入	664,586	584,719	13.7%
銷售成本	(466,815)	(459,270)	1.6%
毛利	197,771	125,449	57.7%
其他收入及收益	23,886	30,605	(22.0)%
投資物業的公平值收益	1,127	2,095	(46.2)%
銷售及分銷費用	(7,206)	(8,052)	(10.5)%
管理費用	(85,053)	(69,043)	23.2%
其他費用	(2,433)	(199)	1,122.6%
財務費用	(12,136)	(16,479)	(26.4)%
分佔一家聯營公司溢利	4,856	6,437	(24.6)%
稅前溢利	120,812	70,813	70.6%
所得稅開支	(27,722)	(8,964)	209.3%
年內溢利	93,090	61,849	50.5%

就變幅超過5%項目的闡釋

銷售收入

銷售收入由二零一三年5.847億美元上升13.7%至二零一四年6.646億美元，主要因為客戶對嵌入式非易失性存儲器、分立器件及模擬與電源管理IC需求上升所致。

毛利

毛利由二零一三年1.254億美元上升57.7%至二零一四年1.978億美元，主要歸功於銷售收入上升、產品組合優化、產能利用率提高及折舊與攤銷費用減少。

其他收入及收益

其他收入及收益由二零一三年3,060萬美元減少22.0%至二零一四年2,390萬美元，主要因為(i)一家聯營公司在二零一四年償還委託貸款，使利息收入減少，及(ii)因美元在二零一四年升值，無外匯匯兌收益。

投資物業的公平值收益

投資物業的公平值收益指投資物業估值的增長。與二零一三年相比，我們的物業市場公平值在二零一四年更為平穩，使公平值增幅減少。

銷售及分銷費用

銷售及分銷費用由二零一三年810萬美元減少10.5%至二零一四年720萬美元，主要因為市場推廣費用控制改善。

管理費用

管理費用由二零一三年6,900萬美元上升23.2%至二零一四年8,510萬美元，主要因為(i)人工費用上升，(ii)一次性上市費用，及(iii)員工宿舍租金費用上升。

管理層討論及分析

其他費用

其他費用由二零一三年20萬美元上升至二零一四年240萬美元，主要因為二零一四年人民幣貶值產生外匯匯兌虧損。

財務費用

財務費用由二零一三年1,650萬美元減少26.4%至二零一四年1,210萬美元，主要因為銀行借款減少。

分佔一家聯營公司溢利

分佔一家聯營公司溢利由二零一三年640萬美元減少24.6%至二零一四年490萬美元，因為該聯營公司所實現溢利減少所致。

所得稅開支

所得稅開支由二零一三年900萬美元上升至二零一四年2,770萬美元，因為應課稅溢利上升及預提分派股息之代扣代繳稅金所致。

年內溢利

綜合考慮上述因素，年內溢利由二零一三年6,180萬美元上升至二零一四年9,310萬美元。淨利率由二零一三年10.6%上升至二零一四年14.0%。



管理層討論及分析

財務狀況

	二零一四年 十二月三十一日 千美元	二零一三年 十二月三十一日 千美元	變動
非流動資產			
物業、廠房及設備	568,626	579,304	(1.8)%
投資物業	191,533	191,098	0.2%
於聯營公司的投資	42,030	45,115	(6.8)%
可供出售投資	230,512	172,219	33.8%
其他非流動資產	56,330	56,095	0.4%
非流動資產總額	1,089,031	1,043,831	4.3%
流動資產			
存貨	93,988	99,229	(5.3)%
貿易應收款項及應收票據	107,509	105,525	1.9%
其他流動資產	50,185	79,915	(37.2)%
已抵押存款	2,583	2,072	24.7%
現金及現金等價物	646,773	317,045	104.0%
流動資產總額	901,038	603,786	49.2%
流動負債			
貿易應付款項	63,532	60,227	5.5%
其他流動負債	184,349	162,119	13.7%
計息銀行借款	81,690	101,513	(19.5)%
流動負債總額	329,571	323,859	1.8%
流動資產淨額	571,467	279,927	104.1%
非流動負債			
計息銀行借款	183,031	265,012	(30.9)%
遞延稅項負債	11,988	2,527	374.4%
非流動負債總額	195,019	267,539	(27.1)%
資產淨額	1,465,479	1,056,219	38.7%

就變幅超過5%項目的闡釋

於聯營公司的投資

於聯營公司的投資由二零一三年十二月三十一日4,510萬美元減少至二零一四年十二月三十一日4,200萬美元，主要因為收到聯營公司所分派的股息，部份受到分佔該聯營公司於二零一四年溢利所抵銷。

可供出售投資

可供出售投資由二零一三年十二月三十一日1.722億美元上升至二零一四年十二月三十一日2.305億美元，主要因為i) 對上海華力（我們持有其17.72%股權）的新增投資5,720萬美元，及ii) 對矽睿科技（我們持有其16.41%股權）的新增投資170萬美元。

存貨

存貨由二零一三年十二月三十一日9,920萬美元減少至二零一四年十二月三十一日9,400萬美元，主要因為產能利用率改善使得在製品單位成本下降。

管理層討論及分析

其他流動資產

其他流動資產包括預付款項、按金及其他應收款項以及應收關聯方款項。其他流動資產總額由二零一三年十二月三十一日7,990萬美元減少至二零一四年十二月三十一日5,020萬美元，主要因為在二零一四年收回一家聯營公司的委託貸款所致。

已抵押存款

已抵押存款由二零一三年十二月三十一日210萬美元上升至二零一四年十二月三十一日260萬美元，主要因為二零一四年未開出較多信用證。

現金及現金等價物

現金及現金等價物由二零一三年十二月三十一日3.17億美元上升至二零一四年十二月三十一日6.468億美元，主要因為(i)在二零一四年收到首次公開募股的資金，及(ii)經營活動業務所得現金流量淨額，部份被投資活動所用現金及償還銀行借款所抵銷。

貿易應付款項

貿易應付款項由二零一三年十二月三十一日6,020萬美元上升至二零一四年十二月三十一日6,350萬美元，主要因為在二零一四年增加物料採購所致。

其他流動負債

其他流動負債由二零一三年十二月三十一日1.621億美元上升至二零一四年十二月三十一日1.843億美元，主要因為(i)應付薪金及獎金增加，及(ii)應付所得稅上升。

計息銀行借款

計息銀行借款總額由二零一三年十二月三十一日3.665億美元減少至二零一四年十二月三十一日2.647億美元，乃因為二零一四年償還銀行借款所致。

遞延稅項負債

遞延稅項負債來自預估分派股息之代扣代繳稅金及投資物業公平值收益。

現金流量

	二零一四年 千美元	二零一三年 千美元	變動
經營活動所得現金流量淨額	221,740	184,234	20.4%
投資活動所用現金流量淨額	(96,930)	(16,754)	478.5%
融資活動所得／(所用) 現金流量淨額	206,731	(72,059)	(386.9)%
現金及現金等價物增加淨額	331,541	95,421	247.5%
年初現金及現金等價物	317,045	218,170	45.3%
外匯匯率變動影響，淨額	(1,813)	3,454	(152.5)%
年末現金及現金等價物	646,773	317,045	104.0%

管理層討論及分析

就變幅超過5%項目的闡釋

經營活動所得現金流量淨額

經營活動所得現金流量淨額由二零一三年1.842億美元上升至二零一四年2.217億美元，主要因為二零一四年銷售收入上升。

投資活動所用現金流量淨額

於二零一四年，投資活動所用現金流量淨額為9,690萬美元，主要來自(i)對上海華力新增投資5,720萬美元，及(ii)購置8,020萬美元的設備、無形資產及其他資產，並為下列各項所抵銷：(i)收回一家聯營公司為數2,450萬美元的委託貸款、(ii)收到一家聯營公司所分派的股息820萬美元，及(iii)收到利息收入460萬美元。

融資活動所得現金流量淨額

於二零一四年，融資活動所得現金流量淨額為2.067億美元，主要因為首次公開募股的資金3.202億美元所致，部份被償還銀行借款本金及利息所抵銷。

現金及現金等價物增加淨額

上述因素的累計影響下，現金及現金等價物由二零一三年十二月三十一日3.17億美元上升至二零一四年十二月三十一日6.468億美元。

財務風險

外幣風險

我們面臨外匯風險。該外匯風險於我們的中國營運子公司的交易以美元而非其功能貨幣人民幣計值時產生。

截至二零一四年十二月三十一日，倘美元對人民幣貶值／升值5%，而其他變量維持不變，我們的年內稅前溢利將分別增加／減少約250萬美元。

利率風險

我們面臨的市場利率變動風險主要與我們按浮動利率計息的計息貸款及借款有關。我們的政策為使用固定及可變利率債務混合的方式來控制我們的利息成本。

截至二零一四年十二月三十一日，倘銀行貸款的利率上升／下降1%，而所有其他變量維持不變，我們的年內稅前溢利將分別減少／增加約260萬美元。

信貸風險

我們訂有政策確保僅向過往信貸記錄合適的客戶授出信貸期，且我們定期對其進行信用評估，及其財務狀況、過往經驗及其他因素。此外，我們持續監控應收款項結餘，且我們的壞賬風險並不重大。

截至二零一四年十二月三十一日，我們的所有現金及現金等價物均存入無近期違約記錄的中國及香港的主要金融機構。我們的管理層預期，我們不會因該等金融機構違約而招致任何損失。

計入綜合財務狀況表預付款項、按金及其他應收款項的現金及現金等價物、貿易應收款項及金融資產的賬面值，為我們就我們的金融資產承擔的最大風險。我們並無其他存在重大信貸風險的金融資產。

管理層討論及分析

流動資金風險

我們的管理層密切監控我們的流動資金狀況。管理流動資金風險時，我們維持管理層視為充足的現金及現金等價物，用以撥付我們的營運資金及降低現金流量波動的影響。

全球發售

	股份數目 千股股份	股本額 千美元
全球發售前	805,176	1,229,996
全球發售	228,696	320,168
全球發售後	1,033,872	1,550,164

全球發售（定義見本公司日期為二零一四年十月三日之招股章程）包括香港公開發售22,870,000股股份及國際發售合共205,826,000股股份。發售價定為每股11.25港元（未計1.0%經紀佣金、0.003%證監會交易徵費及0.005%聯交所交易費）。

按發售價每股股份11.25港元計算，經扣除包銷費用及佣金以及全球發售所涉及的其他費用後，全球發售所得款項淨額為3.202億美元。

資本負債比率

資本負債比率的詳情見財務報表附註37。

董事及高級管理層

董事會

截至本報告日期的董事會由九名董事組成，包括兩位執行董事、四位非執行董事及三位獨立非執行董事，列示如下：

傅文彪先生，60歲，自二零零九年七月起為本公司董事會主席兼執行董事。傅先生主要負責公司的整體管理、營運以及制定及檢討企業方針及策略。曾長期擔任多個製造業企業領導，歷任上海電器塑料廠、上海電工機械廠、上海壓縮機廠、上海電纜廠的廠長和上海電線電纜集團公司總經理，一九九七年出任上海華虹NEC電子有限公司中方副總經理，參與領導了中國大陸第一條200mm晶圓半導體生產線的建設及運營。二零零一年至二零零八年期間，傅先生擔任上海市信息化委員會副主任、主任，並兼任上海市無線電管理局局長。二零零九年，傅先生擔任華虹集團主席，主持完成合併。目前，傅先生還兼任上海華力主席及上海市集成電路行業協會會長。傅先生畢業於上海理工大學（前稱上海機械學院輕工分院），獲工學學士學位，後於復旦大學獲經濟學碩士學位。傅先生擁有工業自動化高級工程師職稱，並曾獲得多項榮譽，包括中國傑出青年企業家、中國機械工業優秀企業家及國務院授予的全國勞動模范稱號。

王煜先生，42歲，自二零一二年二月起為本公司總裁兼執行董事。王先生一九九七年在上海華虹微電子有限公司開始職業生涯；一九九八年一月至二零零三年十月擔任上海華虹NEC電子有限公司財務部部長及總監；二零零三年十月至二零一零年三月擔任上海華虹NEC電子有限公司副總裁兼財務長，並於任職期間參與中國大陸第一條200mm晶圓半導體生產線從建設到投產的全過程。二零一零年三月，王先生加入上海宏力半導體製造有限公司擔任第一副總裁，其後於二零一零年九月獲委任為總裁。王先生作為總裁對華虹NEC與上海宏力的合併及重組的圓滿完成發揮了重要作用。王先生同時還擔任小南國餐飲控股有限公司（股票代碼：3666.HK）的獨立非執行董事。王先生畢業於上海財經大學，獲國際貿易學士及國際金融碩士學位。

陳劍波先生，50歲，自二零一二年二月起為本公司非執行董事，現擔任華虹集團副總裁並兼任上海華虹科技發展有限公司副董事長。陳先生在電子工程領域擁有逾十五年經驗。陳先生於二零零五年十一月加入華虹集團前，曾經還擔任過上海集成電路研發中心總裁、上海華虹計通智能系統股份有限公司（股票代碼：300330.SZ）董事長等職務。二零零三年六月至二零零五年十月，陳先生擔任上海張江（集團）有限公司總經理、上海張江園區領導小組辦公室副主任、上海張江高科技園區開發股份有限公司以及川河集團有限公司主席。陳先生還擔任過上海科技投資有限公司副總經理。陳先生畢業於上海交通大學，獲電子工程學學士、電磁學與微波技術碩士及通訊與電子系統博士學位，後於中歐國際工商學院獲工商管理碩士學位。

董事及高級管理層

馬玉川先生，49歲，自二零一四年五月起為本公司非執行董事。馬先生於電子信息行業擁有逾二十年經驗。馬先生現任華大半導體有限公司副總經理，並在以下公司擔任董事職務：上海貝嶺股份有限公司（股票代碼：600171.SH）、上海華虹集成電路有限責任公司、中電華虹國際有限公司、華越微電子有限公司、華虹集團、成都華微電子科技有限公司、中電新視界技術有限公司及上海新鑫創業投資有限公司。曾任中國電子信息產業集團有限公司集成電路事業本部副主任、規劃科技部副主任。馬先生畢業於浙江大學，獲半導體物理及器件學士學位。

森田隆之先生，55歲，自二零零九年七月起為本公司非執行董事。森田先生於一九八三年四月加入NEC。一九八三年至二零一一年，森田先生在NEC擔任多項職務，包括國際規劃部經理、企業業務發展部高級副總裁兼執行總經理。現任NEC執行副總裁，並於二零一一年七月起兼任全球業務總裁。森田先生亦在NEC子公司及聯營公司多個委員會任職。二零零八年六月二十四日至二零一二年六月二十六日，森田先生出任日本航空電子工業株式會社的核數師。森田先生畢業於東京大學，獲法律學士學位。

葉峻先生，42歲，自二零一二年二月起為本公司非執行董事。葉先生於金融投資領域擁有二十年經驗。自一九九六年起，葉先生在上海聯和投資有限公司業務發展部及投資銀行部擔任多個職位，並於二零零九年十二月起獲任副總經理。葉先生亦為華虹集團、上海華力、上海銀行及中美聯泰大都會人壽保險有限公司的董事。葉先生亦任上海兆芯集成電路有限公司及上海宣泰醫藥科技有限公司的主席。葉先生畢業於上海交通大學，獲工業外貿學士及工商管理碩士學位。

張祖同先生，66歲，為本公司獨立非執行董事。張先生曾為香港執業會計師，並自一九七八年至二零零三年底為香港會計師公會會員，自一九八三年一月起為英格蘭及威爾士特許會計師公會資深會員，在會計、核數及財務管理方面具有豐富經驗。張先生自一九七六年起於安永會計師事務所擔任多個職位，並於一九八九年成為安永會計師事務所管理委員會成員。他積極參與制定和監督公司內部控制和風險管理政策和程序。他亦曾擔任安永審計和諮詢業務服務的主席四年。之後，他被晉升為專業服務部門的管理合夥人。於二零零三年退休前，張先生為安永會計師事務所合夥人暨中國及香港區主席。張先生為上海復旦大學教育發展基金會及復旦大學教育發展基金會（海外）投資委員會成員。張先生亦為中國信達資產管理股份有限公司（股票代碼：1359.HK）及嘉里建設有限公司（股票代碼：683.HK）、中國人壽保險股份有限公司（股票代碼：2628.HK）的獨立非執行董事。張先生曾任中國太平洋保險（集團）股份有限公司（股票代碼：601601.SH及2601.HK）的獨立非執行董事。張先生畢業於倫敦大學，獲食品科學及化學理學學士學位。

董事及高級管理層

王桂壠先生，63歲，銅紫荊勳章獲得者，太平紳士，為本公司獨立非執行董事。王先生於一九八五年十月及一九八九年七月分別獲准在香港以及英格蘭及威爾士執業律師；於一九九九年六月獲英國特許仲裁員協會接納為資深會員並擔任香港國際仲裁中心主席，目前為香港仲裁司學會高級會員；二零零零年起為香港律師會理事會成員；二零一一年十二月至二零一三年十一月，擔任版權審裁處主席；二零一一年起擔任香港董事學會理事會成員及稅務上訴委員會副主席；他曾為香港機場管理局及現為香港醫院管理局及競爭事務委員會成員；二零一四年起擔任環太平洋律師協會候任會長及競爭事務委員會成員。王先生自二零零六年十一月至二零一一年二月擔任Fried, Frank, Harris, Shriver & Jacobson律師事務所的主理合夥人，並自二零一一年三月起任該事務所顧問一職。王先生亦為中國國際海運集裝箱（集團）股份有限公司（股票代碼：000039.SZ及2039.HK）及中國人保資產管理股份有限公司的獨立非執行董事。王先生畢業於香港中文大學，獲文學學士學位；後於倫敦大學、英國法律學院及中國法學會分別取得法律學士學位、事務律師資格證書及中國法律證書。

葉龍蜚先生，73歲，為本公司獨立非執行董事。葉先生曾於上海市政府擔任多個職位；於一九九一年獲調派往香港，擔任「Shanghai Desk」（上海市政府與安達信公司為推廣上海而達成的一項合作安排）行政總裁至一九九五年；於一九九五年加入嘉里控股有限公司，並分別於二零零零年十月至二零零三年八月及二零零三年八月至二零零七年三月出任香格里拉（亞洲）有限公司的董事會主席及副主席；自二零零七年三月起，擔任香格里拉（亞洲）有限公司顧問一職。葉先生畢業於上海復旦大學，獲物理學學士及碩士學位。

高級管理層

截至本報告日期的高級管理層成員列示如下：

傅文彪先生，60歲，為本公司董事會主席兼執行董事。有關傅先生履歷及學術背景的更多資料，請參閱「董事及高級管理層－董事會」一節。

王煜先生，42歲，為本公司總裁兼執行董事。有關王先生履歷及學術背景的更多資料，請參閱「董事及高級管理層－董事會」一節。

徐偉先生，57歲，為本公司製造工程、計劃、質量、測試、採購與人力資源執行副總裁。徐先生於一九九七年七月加入華虹NEC，為中國大陸第一條200mm晶圓半導體生產線的建立作出了巨大貢獻，歷任製造、技術及質量控制方面的多個職位。二零一二年六月至二零一三年十月，徐先生擔任華虹NEC的代理總裁。加入華虹NEC之前，徐先生任職於無錫（中國）華晶電子集團公司MOS電路事業部。徐先生畢業於西安交通大學半導體物理與器件專業，並曾於清華大學研究生班深造。

董事及高級管理層

范恒先生，53歲，為本公司銷售與市場執行副總裁。范先生於二零一四年底加入本公司，此前，范先生於二零零三年至二零一四年擔任上海華虹計通智能系統股份有限公司董事及總經理。在加入華虹計通之前，范先生歷任中科院上海微系統與信息技術研究所研究員／副室主任、上海華虹集成電路有限責任公司副總經理等多項職務。二零一一年至今，范先生亦為上海市射頻識別工程技術協會理事長。范先生畢業於上海復旦大學，獲電子工程系微電子專業學士學位；後於中科院上海微系統與信息技術研究所獲半導體物理與半導體器件物理專業碩士學位。

王鼎先生，52歲，為本公司財務、資訊科技、上市公司工作與外籍人事執行副總裁。王先生於二零零一年四月加入上海宏力，在公司的各個發展階段及合併的籌備與實施中起到核心領導作用，並自二零一二年二月起擔任公司董事會秘書。加入上海宏力之前，王先生於一九九五年八月至二零零一年三月在美國硅谷的LSI Logic Corporation擔任寬帶娛樂部部門主管。於加入LSI Logic Corporation之前，王先生任職於美國Franklin Templeton Investments。王先生畢業於美國加州大學伯克利分校工程學院，獲工業工程及營運研究學士學位；後於舊金山大學獲財務及銀行專業工商管理碩士學位。

傅城博士，36歲，為本公司法律、合規與科技項目執行副總裁。傅博士於二零零六年五月加入上海宏力，在確立本公司戰略方向上起到重要作用。自二零零五年九月起，傅博士亦在上海聯和投資有限公司擔任多項職務，主要職責包括科技產業投資部門的投資。目前，傅博士在擔任本公司職務的同時在上海聯和投資有限公司兼任科技產業投資部副經理職務。傅博士畢業於上海交通大學，獲計算機科學技術專業工學學士學位及計算機軟件與理論專業工學博士學位。

孔蔚然博士，51歲，為本公司技術研發與設計服務執行副總裁。孔博士於半導體領域擁有20年經驗，於二零零三年三月加入上海宏力，在推動NOR閃存、邏輯及嵌入式閃存領域的創新方面有良好往績。在加入上海宏力之前，孔博士在美國工作，先後任職於Sun Microsystems, Inc., LSI Logic Corporation及ISSI。孔博士畢業於天津南開大學，獲物理學士學位；後於美國俄勒岡科學理工研究學院獲電機工程理學碩士及應用物理博士學位。孔博士擁有12項美國專利、24項中國專利，共同發表逾20篇技術論文。

龔凱先生，59歲，為本集團一般辦公室、政府關係、一般行政、保安、環境安全與健康執行副總裁。龔先生於一九九八年加入華虹NEC，歷任安全環境及動力設施部門部長，總監等多項職務。龔先生於一九八三年至一九九五年期間任職於上海石油化工腈綸廠，擔任該廠車間主任、副廠長、廠長。在加入華虹NEC之前，龔先生為上海石油化工股份有限公司的總經理助理，分管基本建設及行政管理工作。龔先生畢業於上海工業大學，獲工商管理學士學位；後於中歐工商管理學院獲工商管理碩士學位。二零一三年，龔先生獲上海市人力資源和社會保障局審定確認具備高級經濟師任職資格。

董事及高級管理層

李琦博士，52歲，為本公司採購與物流副總裁。李博士擁有20年的專業工作經驗，於二零零三年一月加入上海宏力。此前，李博士自一九九五年至二零零二年於美國應用材料公司擔任高級工程經理。李博士畢業於北京大學，獲物理學學士學位；後於美國馬里蘭大學獲物理學碩士學位及博士學位。

陳衛先生，56歲，為本公司銷售與客戶支持副總裁。陳先生於半導體行業擁有逾20年經驗，於二零零六年三月加入上海宏力。此前，陳先生自一九九四年一月至二零零六年二月任職於特許半導體製造有限公司（後被Global Foundry收購），並於二零零二年八月至二零零六年二月擔任特許半導體製造有限公司中國代表處的總代表。陳先生畢業於中山大學，獲半導體物理學學士學位；後於英國格拉斯哥大學獲理學碩士學位及大學行政管理碩士學位。

林宏哲博士，53歲，為本公司北美及日本銷售副總裁。林博士曾於Simtek Corporation等領先的半導體公司擔任多個非易失性存儲器技術開發職務，於二零零六年八月加入上海宏力。林博士畢業於麻省理工學院，獲電機工程學理學學士及理學碩士學位；後於加州理工學院獲電機工程學博士學位。

林俊毅先生，46歲，為本公司三廠運營副總裁。林先生於半導體行業擁有20年工作經驗，於二零零零年八月加入上海宏力。此前，林先生自一九九五年至二零零零年八月效力於台灣德基半導體製造有限公司（後與台灣集成電路製造股份有限公司合併）。林先生畢業於國立台灣科技大學（前稱國立台灣工業技術學院），獲化學工程學碩士學位。

Mirko Sonntag先生，38歲，為本公司歐洲銷售營運與服務副總裁。Sonntag先生擁有需求及供應鏈規劃及業務營運等方面的專業知識，在業務發展方面具備紮實基礎，於二零零八年十月加入上海宏力。此前，Sonntag先生任職於德國英飛凌科技公司。Sonntag先生畢業於德國柏林應用技術大學和柏林經濟學院，獲程序工程及經濟學文憑。

董事及高級管理層

聯席公司秘書

王小軍先生，60歲，二零一四年六月起擔任本公司聯席公司秘書。王先生為中國、香港及英格蘭和威爾士執業律師。王先生於一九九二年加入香港聯合交易所有限公司，之後歷任於齊伯禮律師行、百富勤融資有限公司、霸菱證券（香港）有限公司；二零零一年，成立王小軍律師行，並於二零零九年與君合律師事務所合併，目前為君合律師事務所合夥人。二零一一年至二零一二年，王先生擔任建銀國際（控股）有限公司董事總經理。二零零五年至二零一一年，曾任廣州廣船國際股份有限公司（股票代碼：317.HK及600685.SH）獨立非執行董事。目前，王先生亦為以下公司的獨立非執行董事：東英金融投資有限公司（股票代碼：1140.HK）、兗州煤業股份有限公司（股票代碼：1171.HK及600188.SH及YZC）、北方國際合作股份有限公司（股票代碼：000065.SZ）、中國航天國際控股有限公司（股票代碼：31.HK）及麗珠醫藥集團股份有限公司（股票代碼：1513.HK及000513.SZ）。王先生畢業於中國人民大學，獲法學學士學位；後於中國社會科學院獲法律碩士學位。

付饒女士，37歲，於二零零七年加入上海宏力，歷任法律部經理及高級法律顧問等多個職位，並於二零一四年六月起擔任本公司聯席公司秘書。付女士法律事宜經驗豐富，包括併購、訴訟、商務合約、融資、監管合規事宜管理等。於加入本公司前，付女士曾任職於長城國際信息產品（深圳）有限公司，該公司後被聯想收購、更名為聯想國際信息產品（深圳）有限公司。付女士畢業於吉林財經大學（前稱長春稅務學院），獲經濟學學士學位；後分別於上海復旦大學法學院及美國哥倫比亞大學法學院獲法律碩士學位及法學碩士學位。

企業管治報告

企業管治報告

本公司的股份於二零一四年十月十五日（上市日）在聯交所主板上市。董事會謹此向股東匯報由上市日至二零一四年十二月三十一日期間（本期間）的企業管治報告。

企業管治常規

本集團致力於提倡良好企業管治，並已就企業管治制定程序，該等程序符合上市規則附錄十四所載的企業管治守則（該守則）。

遵守守則條文

本期間，本公司一直遵守該守則。

董事的證券交易

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則（標準守則）作為本公司規範董事進行證券交易的守則。本公司已向所有董事作特定查詢，每位董事均已確認其於本期間遵守當中所載的必守標準。

董事會

董事會總體上負責本公司的業務及事務管理，而並對轉授予主席及管理層負責本公司的日常管理承擔最終責任。

董事會現時共有九名董事，當中包括兩名執行董事傅文彪先生（主席）及王煜先生（總裁），四名非執行董事陳劍波先生、馬玉川先生、森田隆之先生及葉峻先生，以及三名獨立非執行董事張祖同先生、葉龍蜚先生及王桂壠先生，太平紳士。有關各董事的更多詳情在本年度報告第101到103頁披露。本公司已於香港聯交所網頁及本公司網頁刊載董事名單，列明其角色和職能。

本公司各非執行董事皆以特定條款委任，任期三年，除非根據相關委任書或董事服務合約上的相關條款被終止委任，彼等須於本公司的股東大會上接受重選或重新提名。

於本年度，董事會定期舉行會議。全體董事皆有機會提出商討事項列入董事會定期會議議程。全體董事皆可直接接觸公司秘書，公司秘書負責確保董事會議事程序及所有適用法律、規則及規例均獲得遵守。董事會會議的完整會議紀錄由公司秘書保管，並應在獲得合理通知時，公開有關會議紀錄以供查閱。如有需要，各董事可尋求獨立專業意見以履行其責任，費用由本公司支付。

企業管治報告

董事會負責制定本集團的策略性方向及政策，並監督管理層。董事會保留的部份職能包括（但不限於）監察及批准重大交易、涉及本公司主要股東或董事利益衝突的事宜、批准季度、中期及全年業績、向公眾或監管機構進行其他披露及內部監控系統，另與前述功能相關的決定亦須由董事會決定。董事會並無具體保留、本公司日常運作所需的事宜則轉授予管理層，管理層由相應董事監督並由主席領導。

主席負責制定商業策略，領導董事會，確保董事會有效地運作，包括及時就所有適當事項進行討論。主席確保董事會會議所審議的事項均已向所有董事妥善簡報，而全體董事所收到的資訊亦充分、完備及可靠。

主席與總裁的角色已予區分。主席負責本公司整體管理及運營，並建議及檢討本公司的企業方向及策略。總裁負責本公司的業務與營運的日常管理並實施本公司的業務策略。

於本期間，董事會無論何時均遵守上市規則第3.10(1)、(2)條及第3.10A條的規定，委任最少三名獨立非執行董事，獨立非執行董事佔董事會成員人數至少三分之一；其中至少一名獨立非執行董事必須具備適當的專業資格，或具備適當的會計或相關的財務管理專長。各獨立非執行董事已根據上市規則第3.13條作出年度獨立性確認書。本公司認為，全體獨立非執行董事符合上市規則第3.13條所載的獨立性指引，根據指引條款均屬於獨立人士。

董事和高級人員的責任保險

本集團已為本公司及其附屬公司的全體董事和高級人員安排責任保險，以就因本集團的企業行動而可能面對的法律行動給予保障。

董事會的運作

於本期間，董事會曾舉行一次董事會會議。各董事出席於本期間舉行的董事會會議及審核委員會會議的記錄如下：

	董事會會議	審核委員會會議
執行董事		
傅文彪	1	不適用
王煜	1	不適用
非執行董事		
陳劍波	1	不適用
馬玉川	0	不適用
森田隆之	1	不適用
葉峻	1	1
獨立非執行董事		
張祖同	1	1
葉龍蜚	1	0
王桂壩太平紳士	1	不適用

於本期間，本公司並無舉行任何股東特別大會。

董事會亦傳閱書面決議案，取得董事會相關成員批准，以代替舉行董事會會議。惟若有主要股東或董事在事項中存有董事會認為重大的利益衝突，有關事項則以舉行董事會會議（而非書面決議案）方式處理，以遵守該守則第A.1.7條。

董事會認為各董事的出席紀錄令人滿意，每位董事皆付出足夠時間來履行其董事職責。

持續專業發展

董事應跟進其作為本公司董事的責任，並跟進本公司的行為、業務活動及發展。

每名新獲委任的董事皆於其首次獲委任時接受全面、正式及因應個別董事而設計的入職培訓，以確保彼適當了解本公司業務及營運，充分得悉上市規則及相關法定規則規定其須承擔的責任及義務。

由於本公司上市為時尚短，於本期間未有董事參與任何持續專業發展計劃。然而，本公司明白董事應參與適當的持續專業發展計劃，以建立並更新其知識及技能，確保其於董事會的參與是有根據及相關。各董事將於下一個財政年度獲安排參與內部舉辦的簡報會，以及在適當時間獲發放相關議題的閱讀資料。本公司鼓勵所有董事參與相關培訓課程，課程費用由本公司負責。

企業管治報告

薪酬委員會

本公司的薪酬委員會現時成員包括一名非執行董事陳劍波先生及兩名獨立非執行董事王桂壘先生太平紳士及葉龍蜚先生。薪酬委員會主席為王桂壘太平紳士。薪酬委員會的角色及功能包括為所有執行董事及高級人員制定特定薪酬待遇，包括非金錢利益、退休金權利及報酬，並就非執行董事的薪酬待遇，向董事會提出建議。薪酬委員會應考慮同類公司支付的薪酬及集團內其他職位的僱用條件等多個或一個因素，以及與工作表現掛鈎的薪酬安排的可取性。薪酬委員會已在香港聯交所網站及本公司網站上公開其職權範圍。薪酬委員會每年最少須舉行一次會議。

於本期間，薪酬委員會並無舉行任何會議。

各董事的薪酬詳情已列於財務報表附註8。

提名委員會

本公司的提名委員會現時成員包括一名執行董事傅文彪先生及兩名非執行董事王桂壘先生，太平紳士及葉龍蜚先生。提名委員會主席為傅文彪先生。提名委員會的角色及功能包括檢討董事會的架構、人數及組成，並就任何為配合本公司的公司策略而擬對董事會作出的變動提出建議；並遵從董事會成員多元化政策，物色具備合適資格可擔任董事的人士，並挑選提名董事人選或就此向董事會提供意見；評估獨立非執行董事的獨立性；就董事委任或重新委任以及董事（尤其是主席及總裁）繼任計劃向董事會提出建議，並監察董事會落實董事會成員多元化政策的情況及檢討有關政策，以確保政策有效。提名委員會已書面訂明提名委員會的具體職權範圍，清楚說明其職權和責任。提名委員會已在香港聯交所網站及本公司網站上公開其職權範圍。提名委員會每年最少須舉行一次會議。

於本期間，提名委員會並無舉行任何會議。

根據本公司的組織章程細則（細則），任何獲委任以填補董事會臨時空缺的董事應留任至本公司下次股東週年大會為止，而任何獲委任為現有董事會新增成員的董事則應留任至本公司下屆股東週年大會為止，屆時將符合資格於相關股東大會上膺選連任。各董事最少每三年輪席退任一次，屆時應按細則規定膺選連任。細則亦允許以普通決議案罷免董事。

核數師的薪酬

本公司的外聘核數師為安永會計師事務所。在截至二零一四年十二月三十一日止年度，就向本集團提供的核數服務及與核數無關的服務已經或需要向其支付的薪酬分別為77萬美元及7萬美元。

審核委員會

本公司的審核委員會中，最少一名成員具備上市規則所要求的適當專業資格，或具備適當的會計或相關的財務管理專長。審核委員會並無成員於緊接各自委任日期前一年內擔任本公司現任核數師的前任合夥人。所有成員皆具備適當的能力和經驗去審閱財務報表，以及進行有效監控及應付本公司的財政事務。董事會期望審核委員會成員能作出獨立判斷，並將企業管治功能的責任轉授予審核委員會，以遵守該守則的要求。

本公司審核委員會現時成員包括一名非執行董事葉峻先生及兩名獨立非執行董事張祖同先生及葉龍蜚先生。審核委員會主席為張祖同先生。審核委員會的主要職責包括檢討本集團的財務報告系統、審計的性質及範疇，以及內部監控與風險管理系統是否有效。審核委員會同時負責就外聘核數師的委任、重新委任及罷免向董事會提供建議，以及檢討及監察外聘核數師是否獨立客觀。另外，審核委員會會就任何因外聘核數師及監管機構所引起的事宜進行討論，以確保適當的建議已予落實。審核委員會已在香港聯交所網站及本公司網站上公開其職權範圍。審核委員會每年最少須舉行兩次會議。

於本期間，審核委員會曾舉行一次會議，大多數成員出席。在該次會議中，審核委員會已檢討及批准本集團截至二零一四年九月三十日止三個月期間的財務報表。

董事會成員多元化政策概要

於二零一四年九月二十二日，董事會採納董事會成員多元化政策（該政策），以遵守守則條文第A.5.6條。

該政策旨在列載本公司董事會為達致成員多元化而採取的方針，並不適用於本公司僱員，或本公司的附屬機構的董事會或僱員的多元化。為達致可持續及均衡發展，本公司視董事會層面日益多元化為維持其競爭優勢的關鍵元素。本公司在設定董事會成員組合時，將從多個方面考慮董事會成員多元化，包括但不限於天賦、技能、地區及行業經驗、背景、性別、年齡及董事會成員的其他素質，令董事會上各種天賦、技能、經驗及背景維持適當的範疇及平衡。向董事會建議選董事候選人時，提名委員會將按照客觀標準考慮候選人的功績，並充分顧及董事會成員在多元化方面的益處。提名委員會將就達致董事會成員多元化的可計量目標，作出討論及達成一致，並向董事會作出建議，由董事會採用。在任何特定時間，董事會可在一個或多個方面改善其多元化，並相應檢討其進展。本公司致力在與業務增長有關的董事會多元化範疇，維持適當平衡。

企業管治報告

企業管治職能

董事會負責執行該守則內第D.3.1條所列明的職能。

董事會已檢討本公司的企業管治政策及常規、董事及高級管理人員的培訓及持續專業發展、本公司在遵守法律和監管規定方面的政策及常規、遵守標準守則、以及本公司遵守該守則的情況及在企業管治報告內的披露。

投資者關係

本公司提供網站www.huahonggrace.com，以刊登本公司業務發展及營運的最新資訊、董事名單及其角色與職能、組織章程文件、董事會及其轄下委員會的職權範圍、提名董事候選人的程序、股東權益及通訊政策、企業管治常規、向香港聯交所發放的公告、通函及報告，以及其他資訊。本公司網站上的資訊將不時更新。

本公司已於二零一四年九月二十日在就批准與本公司股份在香港聯交所上市的相關事宜而舉行的股東特別大會上修訂其細則。細則已刊載於香港聯交所網站及本公司網站上。

公司秘書

公司秘書王小軍先生及付饒女士向董事會負責，以確保董事會程序獲得遵守，董事會活動亦獲有效率地高效進行。他們亦負責確保董事會已全面評估與本集團有關的相應法律、法規及企業管治發展，協助董事的入職及專業發展。

公司秘書向董事會主席及總裁匯報，在本公司與其股東的關係中擔當重要角色，協助董事會向股東履行其責任，以遵守上市規則。

於截至二零一四年十二月三十一日止年度期間，王小軍先生已出席相關專業講座以更新其技能及知識，並遵守上市規則第3.29條的規定，接受不少於15小時的相關專業培訓。

由於本公司上市為時尚短，付饒女士並無在本期間接受任何相關專業培訓。但付饒女士將於未來一個財政年度接受不少於15小時的相關專業培訓，以更新其技能及知識，從而遵守上市規則第3.29條的規定。

股東的權利

本集團以多種正式渠道，確保其業績及活動獲公平披露及全面而透明的披露。該等渠道包括季度報告、中期報告、年度報告、公告及通函。

本公司的股東大會為董事會與股東之間的主要溝通論壇。本集團鼓勵其股東出席及參與股東大會，以確保高問責水平，以及使股東保持對本集團的政策及目標的了解。董事會主席、其他董事會成員及各董事會委員會主席（若主席未能出席，則由委員會其他成員出席）將在場為股東解答任何問題。

股東召開股東特別大會的程序

一名或多名持有本公司繳足股本不少於二十分之一的股東可請求董事，或根據香港法例第622章《公司條例》第566至568條提出請求的股東（請求方）可提出召開股東特別大會的請求。請求書須列明召開大會的目的，由請求方簽署，並送至本公司的註冊辦事處。股東召開股東特別大會時須遵守公司條例第580至583條所列明的要求及程序。

於股東大會上提出要求及將股東查詢轉達董事會的程序

股東可於任何時間以書面形式向本公司提出其要求、計劃、查詢及想法，信件抬頭請註明董事會主席或公司秘書，其聯絡地址為：

中國上海張江高科技園區哈雷路288號，郵編：201203
電話：(86) 21 38829909
傳真：(86) 21 50809999
電子郵箱：IR@hhgrace.com

以投票方式表決

根據上市規則第13.39(4)條，任何股東大會上的表決須以投票方式進行。

企業管治報告

內部監控系統

董事會確保內部監控穩健妥善而且有效，以保障股東的投資及本公司的資產。每年或在有需要時檢討本集團內部監控系統的有效性，一直為董事會的重要職責。該檢討涵蓋所有重要監控，包括財務、營運及遵守法規的監控，以及風險管理的功能，並考慮資源的充足度，本集團負責會計及財務申報職能的員工的資格及經驗，以及他們的培訓計劃及財政預算。按董事會的總結，本集團已有內部監控系統，而且行之有效。

一般資料

董事負責編製本集團每個財政期間的財務報表，使這些財務報表能真實和公平地反映本公司的業務狀況，並符合法定要求及適用會計準則。在編製截至二零一四年十二月三十一日止年度的財務報表時，董事已挑選並貫徹地應用適當的會計政策、作出審慎、公平及合理的判斷及估計，並按持續經營基準編製財務報表。

核數師的財政申報責任聲明載於本年度報告中第144及145頁的獨立核數師報告內。

代表董事會
傅文彪先生
主席

董事會報告

董事會謹提呈本集團截至二零一四年十二月三十一日止年度的年報及經審核財務報表。

主要業務

本公司為200mm純晶圓代工廠。我們主要專注製造特種應用的200mm晶圓半導體。其主要子公司的業務載於財務報表附註18。

業績

本集團截至二零一四年十二月三十一日止年度的業績及於該日的事務狀況載於本報告第146至234頁的財務報表。

末期股息

董事不建議派付截至二零一四年十二月三十一日止年度的末期股息。

股息政策

本公司決定自二零一五年度起，在本集團實現利潤、經營環境趨勢穩定且無重大投資行為的情況下，於本公司股東同意及合乎法例要求下，將對股東派發股息。計劃連續三年所派股息的平均額將不低於該三年平均可分配淨利潤的30%；其餘部分將用於本集團發展與經營。

有關股息政策仍會不時檢討，不保證會在任何指定期間派付任何特定金額的股息。如董事會建議派付股息，股息形式及金額將視乎董事評估不時影響本集團的因素而定。

銀行貸款及其他借貸

本集團的銀行貸款及其他借貸於二零一四年十二月三十一日的詳情載於財務報告附註27。

財務摘要

本集團於過往四個財政年度的已公佈業績及資產以及負債摘要載於第235和236頁。

物業、廠房及設備

本集團旗下物業、廠房及設備和投資物業於截至二零一四年十二月三十一日止年度的添置及其他變動詳情載於財務報表附註14及15。

此外，投資物業詳情如下：

位置	用途類別	租期	本集團權益	建築樓面面積 (平方米)
中國 上海 浦東新區 張江高科技園區 郭守敬路818號 9幢樓宇的一部分	工業用途	按於二零一一年三月八日 屆滿的土地使用權持有	100%	91,563.11

董事會報告

股本

本公司截至二零一四年十二月三十一日止年度的股本變動詳情載於財務報表附註30。由二零一四年三月三日起按新公司條例（第622章）附表11第37條，這些變動包括自動將股份溢價之金額列入股本中，為過渡至無面值股份制度的一部分。

儲備

本公司於二零一四年十二月三十一日無可向股東派付的儲備。本集團截至二零一四年十二月三十一日止年度的儲備變動詳情載於本報告第150頁之綜合權益變動表。

關連交易

本集團已於二零一四年十月三日發佈的招股書中披露有關與華虹摯芯、矽睿科技、NEC Management Partner, Ltd. (NEC Management)、儀電控股、上海華力、華虹置業及上海華錦物業管理有限公司（華錦物業管理）間的持續關連交易。具體交易詳情概要載於以下圖表。本公司已申請並獲聯交所豁免（其中包括）就有關持續關連交易嚴格遵守公告及獨立股東批准之規定（視情況而定）。本集團持續關連交易詳情如下：

單位：千美元

交易日期	交易雙方	關連人士	交易	二零一四年 實際交易金額	二零一四年 計劃年度上限
二零一四年 七月一日	華虹摯芯（買方） 本公司（賣方）	華虹摯芯為本公司控股股東華虹集團的全資子公司。	本公司（賣方）與華虹摯芯（買方）簽署的銷售協議，有關向華虹摯芯銷售集成電路及其他半導體產品。	11,303	12,600
二零一三年 十一月一日	矽睿科技（買方） 本公司（賣方）	矽睿科技由本公司控股股東上海聯和持有65.63%權益，其中49.22%權益由上海聯和直接持有，16.41%則由本公司直接持有。 ⁽¹⁾	本公司（賣方）與矽睿科技（買方）簽署的銷售協議，有關向矽睿科技銷售集成電路及其他半導體產品。	408	1,000
二零一四年 五月十八日	矽睿科技 （接受服務方） 本公司 （提供服務方）	矽睿科技由本公司控股股東上海聯和持有65.63%權益，其中49.22%權益由上海聯和直接持有，16.41%則由本公司直接持有。 ⁽¹⁾	矽睿科技（接受服務方）與本公司（提供服務方）簽署的服務協議，有關向矽睿科技提供服務。	1,059 ⁽²⁾	500
二零一四年 七月一日	華虹摯芯（賣方） 本公司（買方）	華虹摯芯為本公司控股股東華虹集團的全資子公司。	華虹摯芯（賣方）與本公司（買方）簽署的採購協議，有關採購用於生產本集團半導體產品的原料。	448	800

董事會報告

交易日期	交易雙方	關連人士	交易	二零一四年 實際交易金額	二零一四年 計劃年度上限
二零一四年 七月一日	NEC Management (前稱為NEC Purchasing Service, Ltd.) (賣方) 本公司(買方)	NEC Management為本公司主 要股東NEC Corporation的全資 子公司。	NEC Management(賣方)與 本公司(買方)簽署的採購協 議,有關採購用於生產本集團 半導體產品的原料。	559	1,300
二零一四年 九月二十三日	儀電控股(及其子 公司)(賣方) 本公司(買方)	儀電控股為本公司控股股東。	儀電控股(賣方)(代表其本身 及其子公司)與本公司(買方) 簽署的採購協議,有關採購物 品和服務。	278	300
二零一零年二月二 十五日(連同日 期為二零一一年 六月十日及二零 一四年七月二十 五日的補充協議)	上海華力(承租方) 本公司(出租方)	上海華力73.42%權益 為本公司控股股東 上海聯和持有	上海華力(承租方)與本公司 (出租方)簽署的租賃協議,有 關本公司將位於中國上海浦東新 區張江高科技園區13街坊2丘晶 圓廠的物業出租予上海華力, 供其設置300mm晶圓生產線。 總出租建築面積為96,099.2平方 米。	13,270	14,325

董事會報告

交易日期	交易雙方	關連人士	交易	二零一四年 實際交易金額	二零一四年 計劃年度上限
二零一三年 一月十日	華虹置業(出租方) 本公司(承租方)	華虹置業為本公司控股股東華虹集團持有50%權益(並綜合計入華虹集團之賬目)及華虹NEC持有50%權益的華虹科技發展的全資子公司。	華虹置業(出租方)與本公司(承租方)簽署的租賃協議,內容有關本集團向華虹置業租賃位於中國上海浦東新區錦綉東路2777弄華虹創新園宿舍的物業(宿舍物業),用作本公司僱員的員工宿舍。總出租面積為17,412.87平方米。	1,653	1,654
二零一四年 六月十日	華錦物業管理 (物業管理者) 本公司 (委任方)	華錦物業管理為本公司控股股東華虹集團持有50%權益(並綜合計入華虹集團之賬目)及華虹NEC持有50%權益的華虹科技發展的全資子公司。	華錦物業管理(物業管理者)與本公司(委任方)簽署的管理協議,有關本集團委聘華錦物業管理就宿舍物業提供物業管理服務。	205	213

附註:

- (1) 反映於二零一四年十二月三十一日的狀況。
- (2) 於截至二零一四年十二月三十一日止年度實際認列服務費為453,000美元,在二零一四年獲准的年度限額之內。本公司截至二零一三年及二零一四年十二月三十一日止兩年認列的服務費金額為1,059,000美元。誠如本公司於日期為二零一四年十月三日的招股說明書所披露,本公司於截至二零一三年十二月三十一日止年度累計服務費606,000美元,截至二零一四年六月三十日止六個月累計服務費230,000美元。截至二零一四年十二月三十一日止六個月我們從矽睿科技收到費用223,000美元。

董事會報告

董事會（包括獨立非執行董事）已審閱以上持續關連交易，並確認於二零一四年，所訂立之該等交易實則上於二零一四年持續進行：

- (i) 於本公司日常業務過程中進行；
- (ii) 按照一般商務條款進行，或如可供比較的交易不足以判斷該等交易的條款是否一般商務條款，對本公司而言，該等交易的條款不遜於獨立第三方可取得或提供（視屬何情況而定）的條款；及
- (iii) 根據有關的協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

本公司核數師已致函董事會，認為就上文所述於二零一四年訂立之持續關連交易：

- (i) 核數師並不知悉任何事項使核數師相信，已披露的持續關連交易尚未得到本公司董事會的批准；
- (ii) 就涉及本集團提供商品或服務的交易而言，核數師並不知悉任何事項使核數師相信，這些交易未能在所有重大方面符合本公司的定價政策；
- (iii) 核數師並不知悉任何事項使核數師相信，這些交易的訂立未能在所有重大方面符合關於這些交易的相關協議的規定；及
- (iv) 就各持續關連交易之總額而言，核數師並不知悉任何事項使核數師相信，對於已披露的持續關連交易，其交易金額已超過招股章程所披露的相應年度交易總額上限。

關聯方交易

於截至二零一四年十二月三十一日止年度，本集團根據適用會計準則與被視為「關聯方」的人士進行若干交易。本集團於截至二零一四年十二月三十一日止年度訂立的關聯方交易的詳情於財務報表附註34披露。除本年報「關連交易」一段所披露者外，於附註34披露的其他關聯方交易並不被視為關連交易，或根據上市規則獲豁免申報、公佈及獲股東批准之規定。

股東週年大會

二零一五年股東週年大會將於二零一五年五月十五日（星期五）舉行。

董事會報告

暫停辦理股份過戶登記手續

為確定股東出席二零一五年股東週年大會並於會上投票的資格

交回股份過戶文件以作登記的最後時限

暫停辦理股份過戶登記手續

二零一五年五月十二日下午四時三十分

二零一五年五月十三日至十五日

(包括首尾兩日)

二零一五年五月十五日

記錄日期

本公司將於上述有關期間內暫停辦理股份過戶登記手續。為確保符合資格出席股東週年大會並於會上投票，所有填妥的股份過戶文件連同有關股票須於上述最後時限前，送達本公司的股份過戶登記處卓佳證券登記有限公司辦理股份過戶登記手續，地址為香港皇后大道東183號合和中心22樓。

董事及董事服務合約

自上市日期起至本報告日期止，本公司的董事如下：

執行董事：

傅文彪先生(主席)

王煜先生(總裁)

非執行董事：

陳劍波先生

馬玉川先生

森田隆之先生

葉峻先生

獨立非執行董事：

張祖同先生

王桂壘先生，太平紳士

葉龍蜚先生

本公司各董事以三年特定任期獲委任，並須於股東大會上由本公司再次提名及重選，除非按照相關委任函或董事服務合約的條款及條件提早終止。

傅文彪先生、森田隆之先生及葉峻先生將於應屆股東週年大會上輪席退任董事職務，傅文彪先生、森田隆之先生及葉峻先生符合資格並願按照本公司的組織章程膺選連任。

概無擬於應屆股東大會上膺選連任的董事已訂立本集團可於一年內終止而無須補償(法定補償除外)的服務合約。

本公司已接獲現任各獨立非執行董事按照上市規則第3.13條發出的年度獨立性確認書。本公司認為根據上市規則，所有獨立非執行董事均為獨立人士。

董事及高級管理層履歷

本公司董事及高級管理層的履歷載於本報告第101至106頁。

最高薪人士及董事及高級管理層的薪酬

董事及5名最高薪人士的薪酬詳情分別載於本年報綜合財務報表附註8及9。

董事及最高行政人員於本公司股份及相關股份的權益

於二零一四年十二月三十一日，概無本公司董事及最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有載入根據證券及期貨條例第352條須予存置的登記冊內的任何權益及淡倉，或須按照上市規則所載上市發行人董事進行證券交易的標準守則須就上市公司董事進行的證券交易須知會本公司及聯交所的任何權益及淡倉。

董事於競爭業務的權益

於本年度，概無本集團董事於與本公司或本集團業務直接或間接競爭的業務中擁有任何權益。

董事於重大合約的權益

本公司或其任何子公司或聯營公司並無訂立於截至二零一四年十二月三十一日止年度完結時或年內任何時間仍然生效，且有董事直接或間接擁有重大權益的重大合約。

董事的證券交易

本公司已自行頒佈董事買賣本公司證券的行為守則（公司守則），條款不比標準守則寬鬆。經向全體董事進行具體查詢，董事確認他們自上市日期起至二零一四年十二月三十一日止一直遵守公司守則及標準守則。

董事會報告

主要股東及其他人士於本公司股份和相關股份的權益

於二零一四年十二月三十一日，除本公司董事或最高行政人員外，於本集團股份及相關股份中擁有5%或以上權益或淡倉的人士如下：

主要股東	身份及權益性質	持有股份數目	佔已發行股本權益 總額的概約 百分比*
上海華虹國際有限公司(華虹國際) ⁽²⁾	法定及實益擁有人	350,401,100 ⁽¹⁾	33.89%
上海華虹(集團)有限公司(華虹集團) ⁽²⁾	受控制法團權益	350,401,100 ⁽¹⁾	33.89%
中國電子信息產業集團有限公司(中國電子) ⁽²⁾	受控制法團權益	350,401,100 ⁽¹⁾	33.89%
上海儀電控股(集團)有限公司(儀電控股) ⁽²⁾	受控制法團權益	350,401,100 ⁽¹⁾	33.89%
Sino-Alliance International, Ltd. (Sino-Alliance International)	法定及實益擁有人	237,450,330 ⁽¹⁾⁽³⁾⁽⁶⁾⁽⁷⁾	22.97%
Sino-Alliance International, Ltd. (Sino-Alliance International)	受控制法團權益	36,508,686 ⁽¹⁾⁽⁴⁾	3.52%
上海聯和投資有限公司(上海聯和)	受控制法團權益	624,360,116 ⁽¹⁾⁽⁵⁾⁽⁷⁾	60.39%
NEC Corporation	法定及實益擁有人	99,038,800 ⁽¹⁾	9.57%
香港海華有限公司	法定及實益擁有人	64,010,100 ⁽¹⁾⁽⁶⁾	6.19%
上海貝嶺股份有限公司	受控制法團權益	64,010,100 ⁽¹⁾⁽⁶⁾	6.19%

附註：

- (1) 於本公司股份中的好倉。
- (2) 華虹國際為華虹集團的全資子公司。於二零一四年十二月三十一日，華虹集團由中國電子及上海聯和各擁有47.08%股權。此外，上海聯和因其擁有華虹集團的47.08%股權及根據儀電控股與上海聯和的投票集團取得4.75%投票權而控制華虹集團51.83%的投票權。根據證券及期貨條例第XV部，中國電子、上海聯和及儀電控股被視為於有關股份中擁有權益。
- (3) Sino-Alliance International股數包含因託管安排而代為持有3,645股股份。
- (4) Sino-Alliance International透過三家全資子公司間接持有本公司權益，包含其一家全資子公司持有有權認購本公司1,589,332股股份的期權。
- (5) 除透過華虹國際間接持有350,401,100股股份(33.89%)外，上海聯和透過四家全資子公司包括Sino-Alliance International間接持有本公司權益。
- (6) 香港海華有限公司為上海貝嶺股份有限公司的全資子公司。二零一四年十二月一日，香港海華有限公司與Sino-Alliance International簽署股份買賣協議，據此，香港海華有限公司有條件同意將出售而Sino-Alliance International同意購買64,010,100股本公司股份(「購股事項」)。截至二零一四年十二月三十一日止，因特定條件尚未達成，購股事項尚未完成。
- (7) 包括在購股事項中獲得的64,010,100股本公司股份。

* 百分比乃按本公司於二零一四年十二月三十一日已發行的股份總數(即1,033,871,656股股份)計算。

董事會報告

除上文披露者外，就本公司董事及最高行政人員所知，於二零一四年十二月三十一日，概無本公司董事或最高行政人員以外的其他人士或法團於本公司任何股份或相關股份中有任何權益或淡倉並已記入根據證券及期貨條例第336條本公司須予存置的記錄冊內。

購股權計劃

本公司概無執行購股權計劃。

購買股份或債權證的安排

於截至二零一四年十二月三十一日止年度任何時間，概無向任何董事或彼等各自之配偶或未成年子女授出任何權利以收購本公司股份或債權證方式得到利益，亦無上述人士曾行使上述權益；再者，本公司或其任何控股公司、附屬公司或同系附屬公司亦無訂立任何安排，使董事或彼等各自之配偶或未成年子女可購買任何其他法人團體之上述權利。

主要客戶及供應商

於截至二零一四年十二月三十一日止年度，本集團五大供應商所應佔的總採購額低於30%，本集團五大客戶所應佔的總營業額低於30%。

薪酬政策

截至二零一四年十二月三十一日止，本集團僱用合共3,678名員工。本集團按其優點及發展潛能招聘及擢升人員。本集團僱員的薪酬政策由薪酬委員會按其優點、資質及勝任程度設立。

董事薪酬由薪酬委員會決定，並會考慮到本集團的經營業績及個人表現。

買賣或贖回證券

自上市日期起至二零一四年十二月三十一日止，本公司或其任何附屬公司概無買賣或贖回本公司任何上市證券。

優先購買權

本公司的組織章程或香港法律概無優先購買權條文，規定本公司須按比例向現有股東提呈新股份發售。

董事會報告

企業管治

本公司致力保持企業管治在高水平，以保障股東權益及提升企業價值及問責性。

本公司所採納的企業管治常規資料載於本年報企業管治報告內。

足夠公眾持股量

按本公司可公開取閱的資料，就董事於本報告日期所知，董事信納本公司已維持上市規則下的指定最低公眾持股量。

核數師

股東週年大會上將提呈一項決議案，續聘安永會計師事務所為本公司的核數師。

代表董事會
傅文彪先生
主席

企業社會責任



企業社會責任

緒論

本集團成立以來一直將企業社會責任作為不可或缺的部分。我們深知所作的每個決定及行動均將對客戶、員工、投資者、所處國家和社區之人群等利益相關方，以及我們賴以獲得經營收入的產業與經濟體，和始終置身其間的环境產生影響。

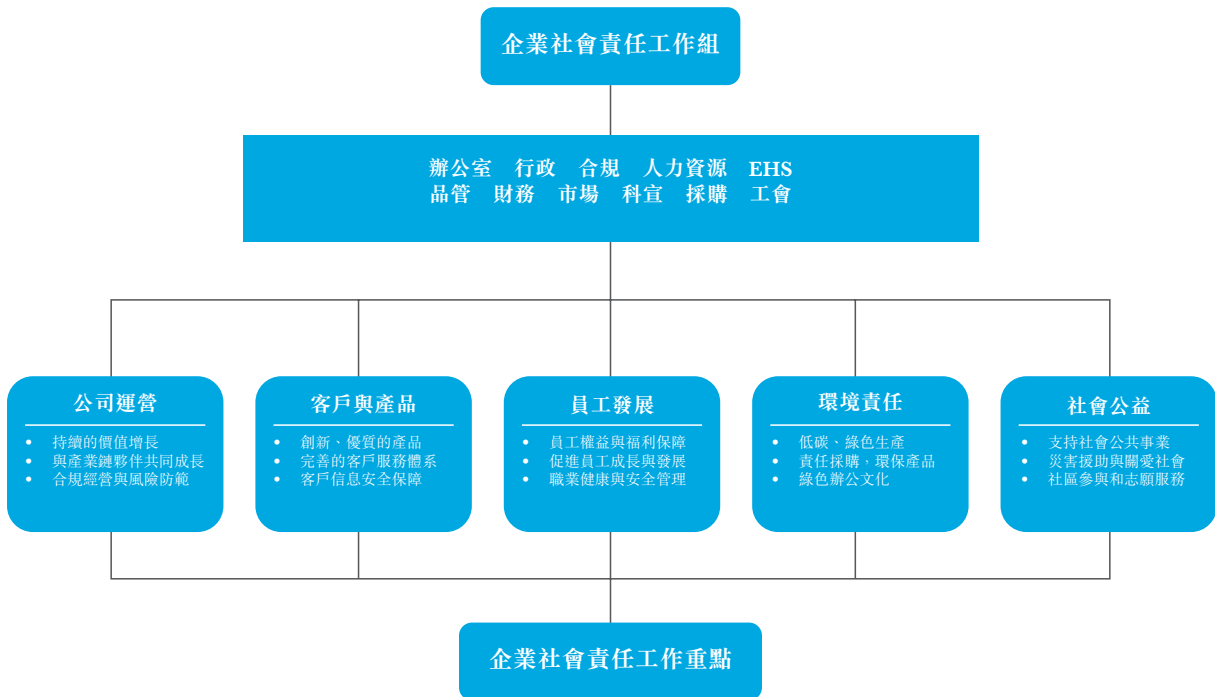
業務經營之成功使我們得以持續開展社會責任活動，為此企業要務是保持良好的盈利狀態。同時，我們將社會責任融入企業經營中，藉此既滿足客戶所需，又顧及員工的身心健康及環境保育，並時刻擔當良好企業公民。

社會責任管理體系

責任理念與管理架構

我們認為企業履行社會責任在於堅持高標準的國際商業及社會道德準則，有效管理自身影響的同時，為所有的利益相關方創造和分享價值。為此，公司將經濟、社會與環境責任融入企業戰略與經營活動中，以創新為源動力，秉承客戶至上的導向，用卓越的製造技術，悉心為遍佈世界的客戶提供支持和服務。

有效的社會責任管理離不開高層重視與全員參與。我們成立企業社會責任工作組，形成管理層參與，橫向協調各職能部門，縱向覆蓋各下屬公司的企業社會責任組織體系，工作組人員來自各職能部門的負責人。



企業社會責任

利益相關方參與

根據公司自身業務和運營特點，借鑒國內外同業的經驗和最佳實踐，我們將主要利益相關方確定為股東、客戶、員工、政府及監管機構、合作夥伴、社區及公眾，並通過網站、媒體、會議、報告、活動等渠道和方式積極與之溝通。

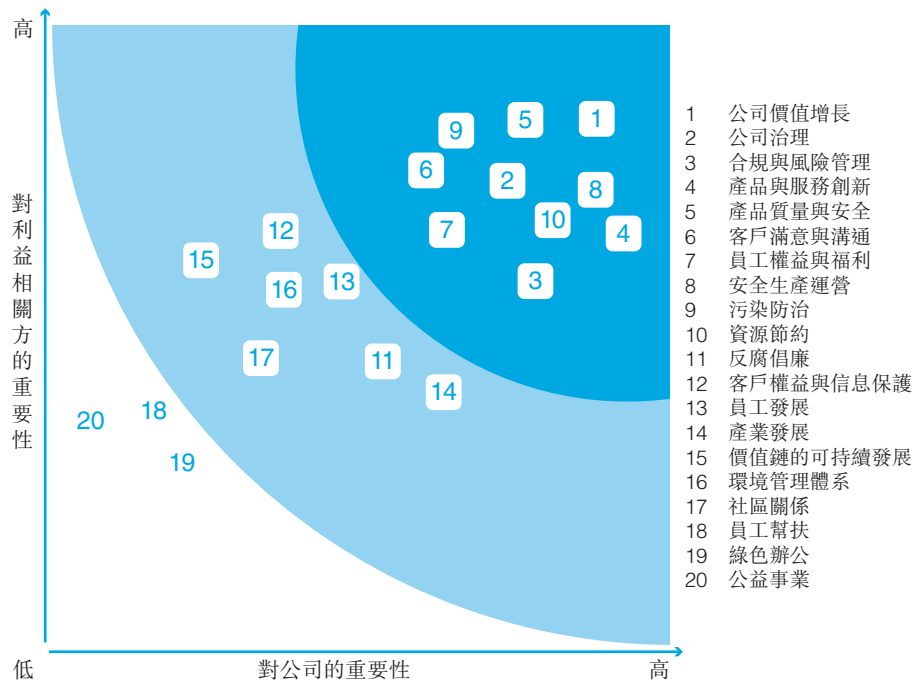
利益相關方的期望與回應

關鍵利益相關方	相關方說明	關注的議題	溝通與回應
股東	本公司股份之國內外持有人	公司治理機制，經營策略與經營績效，穩定盈利與投資回報	股東會、財務報告、業績報告、路演等
客戶	集成器件製造商、系統及無廠半導體公司	品質，價值及客戶私人信息保護	產品展覽、客戶調研、技術研討會、e-biz系統和e-tapeout系統，售後服務與投訴、客戶滿意度調查等
員工	公司員工，以及常年服務於公司業務的人員	員工權益和福利，薪酬制度，培訓與發展，工作環境，身心健康及家庭關愛	員工活動、職代會、員工培訓、員工自助系統、員工手冊、企業內部刊物等
政府及監管機構	稅務部門、環保部門、證監會等政府或監管機構	合規經營，管制透明，足額納稅，低碳減排，資源節約	機構考察、公文往來、政策執行、信息披露等
合作夥伴	供應商、研究院校、行業協會等	商業道德和信用，公平競爭，合規經營，互利共贏的戰略聯盟	公開招投標會議、戰略合作談判、交流互訪等。
社區及公眾	運營所在地社區，社會公眾、媒體與非營利組織	社區發展，社會公益，環境保護，商業道德	社區活動、員工志願者活動、公益活動、社會事業支持項目等

企業社會責任

實質性議題識別與分析

通過定期分析，綜合考慮公司戰略和運營方向，利益相關方關注的重點和期望，以及應當遵循的國內、國際標準和政策等內外部因素，按照識別、評估和篩選的程序，界定具有較強實質性的社會責任議題作為我們的行動及報告披露重點。我們也將定期進行社會責任議題檢查工作，以符合社會對公司的期待。



風險與合規管理

- 風險管理

有效的風險管理政策及策略是公司賴以成功的關鍵。公司管理層已經制訂並實施風險管理政策，確保及時發現並處理日常管理工作中出現的各項潛在風險，包括策略、運營、財務及法律等方面。董事會下的審核委員會負責監督整體風險管理並每年評估及更新風險管理政策。

- 合規管理

公司設立合規部負責監督合規管理的整體情況，同時各主要部門設有代表負責合規事務，包括落實內控管理制度、政策及措施。公司根據上市規則第3A.19條委任英高財務顧問有限公司為合規顧問。二零一四年，公司未發生任何違反法律法規的事項。

- 反腐倡廉

誠信正直是公司的行為準則。二零一四年，我們與399家供應商及採購、銷售等特殊部門及崗位的員工、領導幹部共620人分別簽訂《反商業賄賂承諾書》、《拒絕商業賄賂承諾書》，並開展落實情況調查工作，對198個崗位就《承諾書》簽署情況進行了訪問和抽查，未發現違規問題。

另外，公司制定《員工投訴與舉報管理辦法》，提供清晰的舉報管道（郵件、電話、信箱等），鼓勵員工舉報可疑的內部違規行為。公司規定，實名投訴一周內給予答覆，匿名投訴相關調查處理結果在一定範圍內通報。同時，公司積極為員工舉辦反商業賄賂培訓和相關活動。二零一四年，公司開展反腐倡廉培訓3場次，1,870人次參與了培訓，接收內部舉報個案3起，經過及時調查，內部責任認定和處罰0人。

企業社會責任

客戶與產品

產品品質與創新

- 科技創新

公司結合戰略發展方向優化研發佈局，開發應用於新興高增長終端市場的特色工藝，提高不同技術的整合能力，從而保持領先的市場地位。二零一四年，公司共申報科技項目10項，其中6項已獲批立項；累計到位政府科研資金人民幣1.2億元。

- 知識產權

擁有知識產權是公司獲得成功的重要因素，我們以積極申請專利的方式保護自行研發知識產權，並建立匹配的保密、脫密制度。同時，我們尊重他人的知識產權，為了避免因製造涉及侵犯他人知識產權的半導體器件或終端產品而遭到申訴的風險，我們僅接受來自聲譽良好的客戶及未發現潛在侵權風險的產品訂單，並與主要技術公司訂立多項技術授權許可協議。

- 人才培育

公司高度重視引進和留住人才，擁有一支由262名工程師組成的，具有工藝集成、IP設計、精確建模等技術能力的科研團隊。為了保持研發團隊的穩定性，不斷培養和提升其創新能力，公司建立一整套技術人才管理制度，並鼓勵員工進行繼續學歷教育，實施在職學歷教育補貼制度，每年與各大高校合作聯合培養在職工程碩士10餘人。自二零零三年始，公司與中國科學院上海微系統與信息技術研究所合作建立了博士生聯合培養基地，共培養了26名博士和2名博士後。其中，23名已畢業（含出站博士後），分佈於集成電路相關的軟件、設計、製造等領域中，在企業和科研機構中擔當重要角色。5名在讀博士在華虹宏力的生產第一線工作，研究和開發公司的最新技術和需要重點攻關突破的技術難題。

企業社會責任

二零一四年科研創新績效統計

相關指標	績效表現
研發投入	36.5百萬美元
研發投入佔銷售收入比例	5.5%
申請專利	415項
授權專利	213項
侵犯知識產權案件	0起

截至二零一四年年底，公司累計申請發明專利超過4,300項，其中包括美國專利申請136項。公司擁有逾1,300項專利，其中包括58項美國專利。

「0.13微米嵌入式自對準分柵閃存技術與工藝開發」項目榮獲二零一四年度上海市科技進步一等獎

- 產品品質保障

優質的產品是我們吸引和留住客戶的關鍵。公司設置品質系統及客戶滿意、供應商管理及原材料分析、品質工程部、可靠性保證部、故障分析部共5個綜合部門全方位保障產品的品質和可靠性。我們對所有產品的每一步工藝進行明確的規格管理，對關鍵步驟設定傾向管理，實現即時預警即時調整，並針對生產線上發生的異常，建立定期的材料異常審查會議機制，以充分保證產品品質。二零一四年，公司產品在終端用戶端的失效率低於十億分之二。

公司的品質控制體系已經通過BSI認證的ISO9001標準，所有製造設施均通過ISO/TS16949及QC080000 IECQ HSPM標準認證（ISO/TS16949體系幫助公司確立汽車級嚴苛的品質管理體系的標準，著重品質管理中的客戶滿意度、持續改進、缺陷防範以及減少偏差和浪費）。此外，公司已經建立產品召回制度，規定功能不達標或有害物質不達標的產品應實施召回。截至二零一四年年底，公司未發生產品召回事件。

二零一四年產品品質管理績效統計

相關指標	績效表現
已售產品因安全與健康問題而回收的比例	0%
開發品質類培訓課程	8門
開展品質培訓次數	10
參加品質培訓人次	368人次
人均參與品質培訓時間	2.4小時
品質改善建議	72條

企業社會責任

客戶服務

- 客戶服務體系

截至二零一四年底，公司服務過的客戶已超過600多家，遍佈全球20個國家，主要客戶大多已合作長達五年以上。

我們採用e-biz系統，e-tapeout系統，客服熱線、技術研討等多種交流方式傾聽客戶的聲音，及時回應客戶需求及客戶投訴，在整個製造、交付及售後服務過程中保證靈活性、速度及準確性，提高信息傳遞效率，減少信息錯誤或缺失造成的產品延誤現象。對於客戶投訴，公司規定在48小時內給出調查結果，並將改善報告在10個工作日之內提供給客戶。此外，我們注重向客戶和社會提供公開透明的產品和服務信息，提供產品線上狀態確認服務，以便客戶可以隨時瞭解產品生產的進度。

公司每半年開展一次客戶滿意度調查活動，形成滿意度調查報告，並在公司內部召開專題會議，分析調查結果，針對客戶的不滿或新的需求及時制定改善計劃並跟蹤實施。在二零一四年下半年的客戶滿意度調查中，客戶滿意度平均得分為8.39分（滿分10分），76%的客戶將華虹半導體列為首選供應商。

2014年客戶服務績效統計

相關指標	績效表現
客戶投訴事件	16起
客戶投訴辦結率	100%

- 信息安全

公司重視各類信息的安全與保密，依據ISO/IEC27001信息安全管理要求建立客戶信息管控體系，與所有的客戶以及供應商均簽署《保密協議》。同時我們對客戶信息設置控制權限，只有得到授權的員工才能夠接觸到資料。

針對應用於身份證、社保卡、銀行卡等各類智能卡的產品，公司配合IC設計公司，建立滿足國家關於信息保密和可靠性要求的可靠性試驗室，構建包含工藝可靠性和產品可靠性在內的完整的可靠性體系。

員工發展

權益與福利

- 員工僱傭

我們實施沒有歧視，唯才是用的員工僱傭政策，承諾在招聘、錄用、晉升、調動、薪酬、福利等各方面人力資源活動中提供平等機會，不因國籍、民族、地域、性別、宗教、年齡、家庭狀況或其他違背現行法律法規的因素而有歧視或侵害行為，並承諾不支持在任何形勢下使用童工，不招聘16歲以下的兒童或少年為公司員工。

二零一四年公司僱傭情況統計

類別	組別	組別小計與比例	
		人數(人)	佔全體員工比例(%)
年齡	<30歲	1,919	52.2%
	30~50歲	1,686	45.8%
	>50歲	73	2.0%
地區	大陸	3,669	99.8%
	海外地區	9	0.2%
員工流動	新進員工	815	22.2%
	離職員工	508	13.8%
	大陸／海外離職員工	507/1	13.8%/0.03%
	小於30歲／30-50歲／大於50歲的離職員工	380/128/0	10.3%/3.5%/0
員工性別	女性員工	1,130	30.7%
	男性員工	2,548	69.3%
管理層性別	女性管理層	9	0.2%
	男性管理層	66	1.8%
總計(人)		3,678	

- 薪酬與福利

我們把員工作為最寶貴財富，在確保合規合法的前提下，提供有市場競爭力的薪酬福利體系，以吸引並留住最優秀的人才。公司的整體薪酬包括基本工資、績效工資、獎金、津貼及補貼。同時，按時足額繳納法定社會保險項目，並為員工購買意外險、重大疾病險等商業補充保險，為員工子女及困難家庭配偶免費提供補充醫療保險。

我們按照國家規定保障員工的休息休假權，禁止強制勞動。除了依法實行法定年休假和節假制度之外，我們提供補充的企業年休假，通過電子人力資源系統提醒員工及時休假，並於婦女節、兒童節、中秋節等傳統節日期間，由工會為員工發放節日禮品。二零一四年，員工休假率達77.1%，享受節日福利和慰問的員工覆蓋率達100%。

企業社會責任

二零一四年員工權益及福利相關績效統計

相關指標	績效表現
社會保險覆蓋率	100%
員工申訴案件	0件
員工歧視案件	0件
受集體協商協議保障的員工覆蓋比例	100%
參與集體協商的員工比例	95%

- 員工幫扶與關懷

我們秉承「幫困扶貧奉獻愛心」的宗旨，創建職工之家，為員工提供愛心互助平臺，關心慰問和補助困難員工及家庭，切實將溫暖落實到每位員工身邊。

二零一四年員工關懷事項統計

相關指標	金額 (人民幣萬元)	受益人數 (人)
員工扶貧幫困資金	20	80
員工捐贈現金總額	5.1	2
喪事慰問	12.1	195
員工慰問	110	3,800

學習與成長

- 培訓與學習

我們把員工的成長看作企業發展的動力源泉，不斷完善培訓體系，制定了《培訓教育規程》等制度。二零一四年公司圍繞新人培訓、崗位培訓、專業技術培訓和管理技能培訓等內容，共開展2,033場內外部培訓，並通過問卷調查、行為跟蹤、匯總分析等方式評估培訓實施效果。

二零一四年員工培訓統計

類別	相關指標	績效表現
層級	普通員工人均培訓時長	65.0小時
	管理層員工人均培訓時長	8.0小時
	普通員工受訓覆蓋率	100%
	管理層員工受訓覆蓋率	100%
性別	女性員工人均培訓時長	65.1小時
	男性員工人均培訓時長	65.0小時
	女性員工受訓覆蓋率	100%
	男性員工受訓覆蓋率	100%
全體員工人均受訓時間		64.7小時
全體員工受訓覆蓋率		100%
員工培訓人次		75,689人次
員工培訓投入		人民幣110萬元

- 職業發展

我們通過完善晉升機制和工作調動、輪換等實踐，為每一位員工提供公平的職業發展機會。公司採用全球職等體系，根據崗位性質設置管理、技術、職能三個職稱序列，建立職涯雙軌制。員工可以按照自身的特長、潛能和意願，結合公司業務發展需要，制定個性化的職業發展通道。二零一四年，接受定期績效及職業發展考評的員工比例達100%。

企業社會責任

健康與安全

- 「醫」食住行，關愛生活與健康

我們宣導以人為本的理念，全方位地為員工的在「醫」食住行方面的提供所需。在醫療保障方面，我們為全體員工提供每年一次的免費體檢，並根據員工年齡增加體檢項目。公司設立醫務室，為員工提供及時免費的藥品、醫療諮詢服務，同時在廠區、辦公區的主要位置安放除顫儀(AED)，培訓上崗130餘名現場操作員，以便在關鍵時刻及時挽救生命。此外，我們關懷員工心理健康，面向全體員工舉辦「從心起航」系列講座活動。二零一四年共計425名員工參與心理健康講座。

在飲食保障方面，我們實行餐廳標準化管理，建立合規供應商管理制度，由公司自行向食材產地進行直接的統一採購，為廚房水源建設過濾系統，並開展廚師比武、最佳菜餚點心評比等活動，以保證食物的健康、衛生和美味。此外，我們在每個廠區開設咖啡吧，為員工提供特色咖啡、果汁和點心，受到員工的廣泛好評。

在提供住宿便利方面，公司租用各廠區旁如創新園、凱頓公寓等建築，為外地和翻班員工提供良好的住宿條件。公司在宿舍區建設圖書室、電腦室、桌球室、洗衣房、電視室等配套設施，並提供廉價WLAN，24小時熱水供應等服務，便捷、豐富員工的業餘生活。

在提供交通便利方面，公司關有10餘條班車線，幾乎覆蓋整個上海，同時還加增從金橋一廠到張江二廠、三廠的通勤車輛，為員工出行提供舒適便捷的交通服務。

我們致力於為員工營造一個健康、溫馨、快樂的工作與生活氛圍，宣導員工平衡工作與生活，激勵員工積極參加體育健身活動。公司工會牽頭成立足球、籃球、網球、攝影、釣魚、插花、棋牌等24個興趣愛好者協會，會員總人數達2,400多人，佔員工總數63%。工會按計劃實施月月有賽事活動，並支持部份協會成員參加上海國際馬拉松比賽、上海市民運動會等大中型賽事。二零一四年，公司支持內外部協會活動20餘場，參與活動的員工達2,500餘人次。

- 員工職業健康與安全管理

二零一四年，我們以國際標準體系建設(OHSAS 18000職業健康安全管理体系、ISO14001環境管理体系)為載體，建立新型金字塔形框架的安全環境管理文件體系，按照「一崗雙責，黨政同責」的原則落實安全責任制，逐級簽署《安全責任書》。同時我們強化安全教育培訓，保證安全投入，為員工提供平安、和諧的工作場所，確保公司可持續安全發展。

對於從事化學品搬運、離子注入／擴散等特殊崗位的員工，公司嚴格按照《員工職業健康管理程序》進行每年一次的職業健康體檢。二零一四年，311名從事特殊崗位的員工分別接受崗前、崗中和離崗時的職業健康檢查人數為44人，267人，28人。

企業社會責任

防患於未然，查找於萌芽。公司持續開展危險源和環境因素辨識及風險控制，加強設備設施及特種設備管理、化學品管理、特殊崗位管理、勞防用品管理、施工作業管控、安全隱患排查和整改等方面全過程的風險管理，確保實現零安全生產事故的目標。

我們建立「1+12+1782」公司安全應急預案體系，包括1份綜合預案，12份專項預案，1,782份現場處置方案。通過推進各工廠之間、跨區域的聯合應急訓練，在張江廠區實現了4分鐘內搶險聯動、支援到位的「華虹應急速度」，實現了應急資源分享，應急救援共擔。同時公司開展「安康杯」等各項活動，深化職工安全生產意識，進行ERT應急演練等，提高救援意識和處置速度。

二零一四年職業健康與安全生產相關統計

相關指標	績效表現
員工體檢覆蓋率	100%
職業健康體檢覆蓋率	100%
員工職業病發病率	0%
安全技改投入	人民幣20.5百萬
安全運營投入	人民幣26.2百萬
實施安全技改項目	105項
排查安全隱患及5S缺失／整改率	4,813項／98.5%
應急演練活動	429次
參加應急演練活動員工人次	10,434人次
安全培訓人次	6,550人次
安全培訓次數	45次
因工傷損失工作天數	83天
重大事故發生次數	無
因安全事故死亡員工數	無

二零一四年，公司通過複審，獲得BSI-OHSAS18001/ISO14001認證證書。

企業社會責任

環境責任

綠色生產

當今世界正應對各種環境挑戰，影響著我們賴以存活的生態系統的長遠健康發展。公司積極回應國家的節能及環保政策，嚴格遵守環保法律法規及行業標準，建立環境管理體系，努力實踐各項減廢及減少能源和天然資源消耗的措施，在經營上盡可能採用環保的產品和經認證的物料。截至二零一四年末，公司未發生任何環境污染事件，也未受到有關環境方面的投訴或處罰。

在有關排放物管理方面，公司按照IOS14001管理體系的要求，從化學品原材料入廠管控，到廢氣、廢水排放，廢棄物處置廠區噪音管理等方面，制定了一整套有效的環境管理規程，並進行碳排查，不斷降低公司的溫室氣體排放。在有關資源使用方面，公司建立了能源管理制度，其中《能源、資源管理程序》中明確了最高管理層的能源管理工作，能源管理領導小組及小組成員的職責。公司同時對發展新的節能減排專案建立了獎勵規定。於二零一四年，一、二、三廠在節能減排方面獎勵VE項目合計：699個，發放獎金金額人民幣100萬元，產生效益人民幣1.128億元。

公司的所有製造設施均被認定為符合QC080000 IECQ HSPM標準。依據QC080000 IECQ HSPM建立有害物質工藝管理體系的標準，確保晶圓或外包的後段封裝產品均符合國際法規。另外，公司自行制定有害物質管理標準及有害物質風險評估管理程序和監管辦法，進一步確保提供的產品符合歐盟的有害物質限用指令RoHS(EU RoHS)、歐盟REACH所公佈的高度關注物質(SVHC, Substance of Very High Concern)、SONY SS-00259及客戶管制有害物質要求。

二零一四年污染防治工作及成果

監測工作

- 對於排污監測，公司完成《二零一三年度排污年報》，每月開展污染源自動監控設施例行檢查，編製環境季報、在線監測設施運行季報。
- 對於廢棄物，公司制定二零一四年度廢棄物管理計劃，完成工業危險廢物產生單位規範化管理，並完成對應環境監察支隊現場監察砷和砷化氫的管理和含砷廢棄物的管理狀況調查
- 公司完成長三角地區企業環境行為初評工作

成果

- 浦東環境監測站對污水國控單位全年檢測資料符合要求
- 浦東行政執法局執法支隊水務大隊排水執法監測符合達標排放要求
- 完成二零一四年危險廢棄物網上備案和操作
- 定期委託監測，資料達標

二零一四年資源節約工作及成果

監測工作

- 對於能源管理，公司編製並發佈二零一三年度《能源利用狀況報告》，編寫市經信委二零一三年度節能目標責任評價的相關考評資料，完成二零一四年度能源審計及能源目標完成進度考核，以及二零一四年市經委節能指標制定並實施跟蹤。
- 對於用水管理，公司在確保生產供水量充足的前提下，完成水錶總台賬的核查、水統計分析及用水月報，鼓勵通過節約用水、中水回用等方法提升水資源的利用率。

主要工程及其成果

- 廢水系統採用增大風管直徑及提升風機風量，每年可節省天然氣使用量426,575立方米
- 回收濃縮水可節約純水製造中所消耗的自來水；截止二零一四年三月，回收37,034立方米濃縮水，節約自來水費用人民幣190萬元
- LED燈改造，目標為每年節電23.6萬度
- CDA熱回收改造，每年節電419萬度；節省冷凍水電能153.3萬度，及蒸汽3,976噸
- 通過提高電動機效率，減少一台離心風機運行，每月節電3,960度

二零一四年環境績效

相關指標

績效表現

節能減排和環境保護投入資金	人民幣39.2百萬元
違反環境法律法規所受處罰的次數	無
違反環境法律法規被處重大罰款的金額	無

企業社會責任

綠色產品

- 綠色產品

公司一向重視綠色產品方面的研發，以提供更節能及更環保的產品。公司研發的綠色產品中，超級結是其中的重點產品，作為新型的環保功率器件，其產品在新一代LED照明、家電電源開關、服務器及移動數碼產品充電器上都被廣泛應用。超級結器件應用的低導通電阻面積減少到傳統器件的三分之一，有效降低產品的發熱量，同時開關速度相較前一代產品降低10%以上的開關時間，進一步降低產品的動態損耗，從而減少產品使用所消耗的能源。未來公司仍將不斷進行研發，以提供更節能及更環保的產品。

- 綠色價值鏈

在供應鏈環境管理方面，公司主動加入參加法國ECO Voids組織以監察供應商在環境保護方面的管理。在公司內部採購評價指標中明確規定，對供應商的環境、安全、健康等方面進行綜合評價，所有供應商均根據《供應商管理規程》通過公平公正的審核，並適時地接受公司的相關培訓和監督檢查。同時，公司採購部積極採購節能減排設備，並在原材料及設備等採購中逐步實現本土化，以減少在國際運送原材料及設備時產生的碳足印，截至二零一四年年底，公司共有1,966家本土供應商以及695家海外供應商。同時，公司鼓勵供應商成為電子產業行為準則(EICC)的成員及獲取ISO14001認證，進一步推動綠色價值鏈。

公司瞭解金屬的開採在某些地區會造成嚴重的社會與環境問題，規定拒絕採購衝突礦產，並積極推進消除供應鏈中使用非法礦區生產的有關衝突礦產的及低劣工作環境採礦而來的金屬。

綠色文化

公司明白，除了在前線生產活動時需時刻嚴守環境保護的準則，在日常營運及行政方面，同樣需要作全面的環保管理。

公司持續在公司內外推廣環保觀念及措施。內部方面，公司善用科技來推動可持續發展議程，例如用聯網列印，集中使用辦公自動化設備，以管理紙張耗用量。公司鼓勵使用再生紙張以支持使用循環再造。二零一四年公司辦公紙張使用量為10,315公斤，再生紙使用量達138公斤。公司同時也非常支持使用電動車，不斷擴充電動車車隊，以減少碳排放。二零一四年，公司車隊的電動車數目增加至9輛，供日常營運及員工使用，每輛車每年可以減少碳排放23噸。二零一四年，公司榮獲上海市綠化、環境衛生先進集體的稱號。

企業社會責任

對外推廣方面，除了系統性地推動供應鏈的綠色管理外，公司也積極地參與外部環保活動，以發揮企業影響力，推行環保行動。二零一四年，公司組織參加浦東世界環境日暨第三屆金橋生態文化節活動，開展環保互動展示，促進環保交流合作。此外，公司還參與環保網站的電子廢棄物回收活動，開展電子廢棄物交投活動，以鼓勵並帶動資源回收。

推動中國集成電路產業鏈成長

近年來，隨著政府對本地生產商的支持力度加大，公司重視國內市場需求不斷擴大帶來的機遇，致力於完善並健全國內半導體產業，積極推動中小供應商企業的參與，包括氣體、化學品、矽片在內的許多生產用原材料都在逐年擴大本土化比例，並啟用越來越多的國內廠商從事一些專業服務，如設備維修、配件支持等。目前公司原材料採購本土化比率已經達到18%，零部件本土化採購比率達15%。今後，公司將進一步提升原材料本土化的比例，為國內產業鏈的發展作出貢獻。

作為國內先進的半導體晶片製造加工企業，公司還積極參加政府及行業協會組織的各類交流活動，促進行業規範與發展。同時，我們重視培養本土化產業人才，於二零一四年三月獲批建立院士專家工作站，並於十月策劃舉辦了首屆技術交流論壇，聯合多家合作單位與200多位業內人士，共同探討企業技術創新需求。

企業社會責任

社會公益

社會不斷進步，社會公眾普遍期望企業能以負責任的態度營運業務，並與社會各界合作，關懷和回饋社會。公司作為具領導地位的內地工業企業和良好企業公民，不但用心提供優質的晶圓產品及服務，也致力服務社會。實踐企業公民責任的其中一種方式是參與社會公益事務：通過投放技能、時間和資源，幫助改善社會上有需要群體的生活。公司積極參與各種計劃與活動，為社會帶來正面改變，推動社區發展，確立社區和長遠經濟發展，以實現「與弱者同甘苦，與社會共繁榮」的社會公益理念。

援助貧困地區

公司與員工一直關注內地貧困地區的情況，為當地及時送上援助。二零一四年，部分員工積極參與上海、昆山、千燈等地所發起的數次「為愛舉手」義賣活動，資助貧困地區的希望小學並為該地區小學生籌集貧困急難救助金人民幣39,000元，向寧夏西吉、貴州納雍五所學校的師生送上2,800條禦寒圍巾。此外，通過雲南省怒江州貢山縣一所基督教慈善機構，把公司員工所募集的百多件禦寒衣服寄往當地贈予有需要的群體。

自二零零一年起，公司參與了華虹集團牽頭組織的捐建江西省萬年縣大黃鄉華虹希望小學的項目。該項目並設立助學基金，協助學校建立食堂，並捐贈圖書、電腦及各種教學設備等，且每年均組織代表團遠赴華虹希望小學進行探訪及助學活動。經過十四年後，該學校的第一批學生已經大學畢業，公司還招聘了部份畢業生入職工會等部門工作。

社區志願者活動

公司相信建立人與人之間的深厚關係，有助於帶動社會長久正面的轉變，因此鼓勵員工獻出時間服務社區。公司成立了志願者協會，並建立志願者隊伍檔案，推動公司更多員工利用工餘時間定期參與志願者活動，清除有礙社會共融的藩籬，建立和諧共融的社會，實現公司「以人為本，救死扶傷」的精神。二零一四年，公司員工參與社區志願活動約120人，志願總時數逾240小時，為社區提供服務長者、兒童和推動關愛活動等多方面支持及協助。

志願者活動摘要如下：

- 每年、每季慰問浦東新區美馨敬老院，並捐贈物資。於二零一四年起，志願者協會與敬老院形成了長期合作協定，作定期慰問交流及捐贈活動。
- 每年中秋節前夕探訪張江敬老院，照顧陪伴老人，並分派禮物。
- 每年開展員工獻血活動，以幫助有醫療需要的人群。
- 每週一日在下班高峰時段，在公司附近的地鐵站宣傳交通規則和行人安全。
- 二零一四年二月十七日，300多名員工參與了「午間愛無限愛」的活動，為幫助身患腦部有煙霧症頑疾的員工作慈善義賣。
- 探訪惠馨殘疾兒童康健院（一家專收0-16周歲殘疾兒童的福利機構），以瞭解該院殘疾兒童的情況。

報告編製說明

- 報告簡介

華虹半導體二零一四年度社會責任報告闡述了公司二零一四年履行企業社會責任所秉持的原則及推行的工作，主要包括重要利益相關方所關注的有關經濟、環境及社會的可持續發展議題。

- 編寫依據

本報告以聯交所刊發的《環境、社會及管治報告指引》，以及全球報告倡議組織(GRI)的《可持續發展報告指南》(G3.1)為參考依據編製。

- 報告範圍

報告的組織範圍：本報告以華虹半導體為主體，涵蓋旗下各子公司。

報告的時間範圍：二零一四年一月一日至二零一四年十二月三十一日。

報告的發佈週期：本報告為年度報告。

- 資料說明

報告中資料和案例來自公司實際運行的原始記錄或財務報告。

Independent Auditors' Report

獨立核數師報告



To the shareholders of Hua Hong Semiconductor Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hua Hong Semiconductor Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 146 to 234, which comprise the consolidated and company statements of financial position as at 31 December 2014, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 80 of Schedule 11 to the Hong Kong Companies Ordinance (Cap.622), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致華虹半導體有限公司列位股東
(於香港註冊成立的有限公司)

吾等已審核華虹半導體有限公司(「本公司」)及其附屬公司(統稱「本集團」)載於第146至234頁的綜合財務報表，當中包括於二零一四年十二月三十一日的綜合及公司財務狀況表，以及截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，連同主要會計政策概要及其他說明資料。

董事對綜合財務報表須承擔的責任

本公司董事須負責根據香港會計師公會頒佈的香港財務報告準則和香港公司條例編製綜合財務報表以作出真實而公平的反映，並落實董事認為必須之內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大失實陳述。

核數師的責任

吾等的責任是根據吾等的審計對該等綜合財務報表作出意見，並按照香港《公司條例》(第622章)附表11第80條僅向整體股東報告，除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。

吾等已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求吾等遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

Independent Auditors' Report

獨立核數師報告

Auditors' responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014, and the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

24 March 2015

核數師的責任 (續)

審計涉及執程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司的內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報方式。

吾等相信，吾等所獲得的審計憑證能充足和適當地為吾等的審計意見提供基礎。

意見

吾等認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映本公司及本集團於二零一四年十二月三十一日的事務狀況，及本集團截至該日止年度的利潤及現金流量，並已按照香港《公司條例》妥為編製。

安永會計師事務所
執業會計師

香港
香港中環
添美道1號
中信大廈22樓

二零一五年三月二十四日

Consolidated Statement of Profit or Loss

綜合損益表

Year ended 31 December 2014
截至二零一四年十二月三十一日止年度

		Notes 附註	2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Revenue	銷售收入	5	664,586	584,719
Cost of sales	銷售成本		(466,815)	(459,270)
Gross profit	毛利		197,771	125,449
Other income and gains	其他收入及收益	5	23,886	30,605
Fair value gain on an investment property	投資物業的公平值收益		1,127	2,095
Selling and distribution expenses	銷售及分銷費用		(7,206)	(8,052)
Administrative expenses	管理費用		(85,053)	(69,043)
Other expenses	其他費用		(2,433)	(199)
Finance costs	財務費用	7	(12,136)	(16,479)
Share of profits of an associate	分佔一家聯營公司溢利		4,856	6,437
PROFIT BEFORE TAX	稅前溢利	6	120,812	70,813
Income tax expense	所得稅開支	10	(27,722)	(8,964)
PROFIT FOR THE YEAR	年內溢利		93,090	61,849
Attributable to owners of the parent	母公司擁有人應佔	11	93,090	61,849
EARNINGS PER SHARE	母公司普通股權持有人			
ATTRIBUTABLE TO ORDINARY	應佔每股盈利：			
EQUITY HOLDERS OF THE PARENT:		12		
Basic	基本			
– For profit for the year	– 年內溢利		US\$0.11 0.11美元	US\$0.08 0.08美元
Diluted	攤薄			
– For profit for the year	– 年內溢利		US\$0.11 0.11美元	US\$0.08 0.08美元

Details of the dividends payable and proposed for the year are disclosed in note 13 to the financial statements.

年內應付及建議股息的詳情載於財務報表附註13。

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014
截至二零一四年十二月三十一日止年度

綜合全面收益表

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
PROFIT FOR THE YEAR	年內溢利	93,090	61,849
OTHER COMPREHENSIVE INCOME	其他全面收益		
Other comprehensive (losses) / income to be reclassified to profit or loss in subsequent periods:	於其後期間重新分類至損益的其他全面(虧損)/收益:		
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	(3,998)	30,613
Net other comprehensive (losses) / income to be reclassified to profit or loss in subsequent periods	於其後期間重新分類至損益的其他全面(虧損)/收益淨額	(3,998)	30,613
OTHER COMPREHENSIVE (LOSSES) / INCOME FOR THE YEAR, NET OF TAX	年內其他全面(虧損)/收益，扣除稅項	(3,998)	30,613
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收益總額	89,092	92,462
Attributable to owners of the parent	母公司擁有人應佔	89,092	92,462

Consolidated Statement of Financial Position

綜合財務狀況表

31 December 2014
二零一四年十二月三十一日

			31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元	31 December 2013 二零一三年 十二月三十一日 US\$'000 千美元
	<i>Notes 附註</i>			
NON-CURRENT ASSETS		非流動資產		
Property, plant and equipment	14	物業、廠房及設備	568,626	579,304
Investment property	15	投資物業	191,533	191,098
Prepaid land lease payments	16	預付土地租賃款項	24,194	25,004
Intangible assets	17	無形資產	14,708	22,838
Investment in an associate	19	於聯營公司的投資	42,030	45,115
Available-for-sale investments	20	可供出售投資	230,512	172,219
Long term prepayments		長期預付款項	8,237	1,056
Deferred tax assets	29	遞延稅項資產	9,191	7,197
Total non-current assets		非流動資產總額	1,089,031	1,043,831
CURRENT ASSETS		流動資產		
Inventories	21	存貨	93,988	99,229
Trade and notes receivables	22	貿易應收款項及應收票據	107,509	105,525
Prepayments, deposits and other receivables	23	預付款項、按金及其他應收款項	7,007	7,193
Due from related parties	34(e)	應收關聯方款項	43,178	72,722
Pledged deposits	24	已抵押存款	2,583	2,072
Cash and cash equivalents	24	現金及現金等價物	646,773	317,045
Total current assets		流動資產總額	901,038	603,786
CURRENT LIABILITIES		流動負債		
Trade payables	25	貿易應付款項	63,532	60,227
Other payables, advances from customers and accruals	26	其他應付款項、預收賬款及暫估費用	72,310	65,649
Interest-bearing bank borrowings	27	計息銀行借款	81,690	101,513
Government grants	28	政府補助	63,885	63,462
Due to related parties	34(e)	應付關聯方款項	25,006	22,009
Income tax payable		應付所得稅	23,148	10,999
Total current liabilities		流動負債總額	329,571	323,859
NET CURRENT ASSETS		流動資產淨額	571,467	279,927
TOTAL ASSETS LESS CURRENT LIABILITIES		資產總值減流動負債	1,660,498	1,323,758

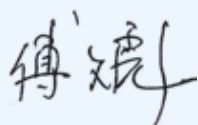
Continued 續/...

Consolidated Statement of Financial Position

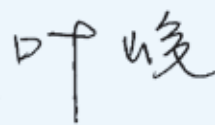
綜合財務狀況表

31 December 2014
二零一四年十二月三十一日

			31 December 2014 二零一四年 十二月三十一日 (US\$'000) 千美元	31 December 2013 二零一三年 十二月三十一日 (US\$'000) 千美元
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		1,660,498	1,323,758
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank borrowings	計息銀行借款	27	183,031	265,012
Deferred tax liabilities	遞延稅項負債	29	11,988	2,527
Total non-current liabilities	非流動負債總額		195,019	267,539
Net assets	淨資產		1,465,479	1,056,219
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital: nominal value	股本：面值	30	—	8,052
Other statutory capital reserves	其他法定資本儲備	30	1,550,164	1,221,944
Share capital and other statutory capital reserves	股本及其他法定資本儲備		1,550,164	1,229,996
Other reserves	其他儲備	31	(84,685)	(173,777)
Total equity	權益總額		1,465,479	1,056,219



Wenbiao Fu
傅文彪
Director
董事



Jun Ye
葉峻
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

Year ended 31 December 2014
截至二零一四年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔								
		Share capital	Share premium	Merger reserve	Other reserve and contributed surplus	Asset revaluation reserve	Statutory reserve funds	Accumulated losses	Exchange fluctuation reserve	Total equity
		股本	股份溢價	合併儲備	其他儲備及 供款盈餘	重估儲備*	儲備基金	累計虧損	波動儲備	權益總額
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元
		(note 30)	(note 30)	(note 30)	(note 30)	(note 30)	(note 31)	(note 31)	(note 31)	(note 31)
		(附註30)	(附註30)	(附註30)	(附註30)	(附註30)	(附註31)	(附註31)	(附註31)	(附註31)
At 1 January 2013	於二零一三年一月一日	8,052	1,221,944	645,494	45,097	99,257	-	(1,235,960)	179,873	963,757
Profit for the year	年內溢利	-	-	-	-	-	-	61,849	-	61,849
Other comprehensive income for the year:	年內其他全面收益：									
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	-	-	-	-	-	-	-	30,613	30,613
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	61,849	30,613	92,462
Transfer from retained profits generated by a subsidiary	轉撥自一間子公司產生的留存溢利	-	-	-	-	-	2,416	(2,416)	-	-
At 31 December 2013 and 1 January 2014	於二零一三年十二月三十一日及二零一四年一月一日	8,052	1,221,944	645,494*	45,097*	99,257*	2,416*	(1,176,527)*	210,486*	1,056,219
Profit for the year	年內溢利	-	-	-	-	-	-	93,090	-	93,090
Other comprehensive income for the year:	年內其他全面收益：									
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	-	-	-	-	-	-	-	(3,998)	(3,998)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	93,090	(3,998)	89,092
Issue of shares (note 30)	發行股份(附註30)	331,730	-	-	-	-	-	-	-	331,730
Share issue expenses (note 30)	股份發行費用(附註30)	(11,562)	-	-	-	-	-	-	-	(11,562)
Transition to no-par value regime (note 30)	過渡至無面值股份制度(附註30)	1,221,944	(1,221,944)	-	-	-	-	-	-	-
Transfer from retained profits generated by a subsidiary	轉撥自一間子公司產生的留存溢利	-	-	-	-	-	10,363	(10,363)	-	-
At 31 December 2014	於二零一四年十二月三十一日	1,550,164	-	645,494*	45,097*	99,257*	12,779*	(1,093,800)*	206,488*	1,465,479

The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value before 1 January 2013.

* These reserve accounts comprise the consolidated negative other reserves of US\$84,685,000 (2013: US\$173,777,000) in the consolidated statement of financial position.

資產重估儲備源於在二零一三年一月一日之前按公平值列賬之一項自用物業的用途更改為投資物業。

* 該等儲備賬合計為財務狀況表中的綜合負其他儲備84,685,000美元(二零一三年: 173,777,000美元)。

Consolidated Statement of Cash Flows

Year ended 31 December 2014
截至二零一四年十二月三十一日止年度

綜合現金流量表

	Notes 附註	2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動所得現金流量		
Profit before tax	稅前溢利	120,812	70,813
Adjustments for:	就以下各項作出的調整：		
Finance costs	財務費用	7	16,479
Share of profits of an associate	分佔一家聯營公司溢利	(4,856)	(6,437)
Interest income	利息收入	5	(8,226)
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目以及預付土地租賃款項所得收益	5	(795)
Depreciation	折舊	14	87,514
Changes in fair value of an investment property	投資物業公平值變動	15	(2,095)
Write-down of inventories to net realisable value	撇減存貨至可變現淨值		3,362
Impairment of trade receivables and other receivables	貿易應收款項及其他應收款項減值	23	–
Amortisation of intangible assets	無形資產攤銷	17	18,339
Recognition of prepaid land lease payments	預付土地租賃款項確認	16	711
		210,528	179,665
Decrease / (increase) in inventories	存貨減少／(增加)	1,418	(5,005)
Increase in trade and note receivables	貿易應收款項及應收票據增加	(1,984)	(367)
(Increase) / decrease in prepayments, deposits and other receivables	預付款項、按金及其他應收款項(增加)／減少	(62)	285
Decrease in amounts due from related parties	應收關聯方款項減少	5,054	18,884
Increase in pledged deposits	已抵押存款增加	(511)	(1,385)
Increase in trade payables	貿易應付款項增加	3,305	2,928
Increase in other payables, advances from customers and accruals	其他應付款項、預收賬款及暫估費用增加	9,334	5,296
Increase in government grants	政府補助增加	652	4,670
Increase / (decrease) in amounts due to related parties	應付關聯方款項增加／(減少)	2,106	(12,435)
Cash generated from operations	經營活動產生的現金	229,840	192,536
Income tax paid	已付所得稅	(8,100)	(8,302)
Net cash flows from operating activities	經營活動所得現金流量淨額	221,740	184,234

Continued/...

Consolidated Statement of Cash Flows

綜合現金流量表

Year ended 31 December 2014
截至二零一四年十二月三十一日止年度

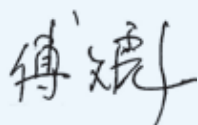
	Notes 附註	2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量		
Interest received	已收利息	4,592	8,226
Dividend received from an associate	收到一間聯營公司的股息	8,186	–
Purchases of items of property, plant and equipment	購置物業、廠房及設備項目	(76,054)	(32,201)
Purchases of items of intangible assets	購買無形資產項目	(4,105)	(2,615)
Proceeds from disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目以及預付土地租賃款項所得收益	72	44
Advances of loans to an associate	向聯營公司劃撥貸款	–	(24,500)
Recovery of loans from an associate	向聯營公司收回貸款	24,490	31,504
Purchases of available-for-sale investments	購買可供出售投資	(57,199)	–
Receipt of government grants	收到政府補助款	3,088	2,788
Net cash flows used in investing activities	投資活動所用現金流量淨額	(96,930)	(16,754)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動所得現金流量		
Proceeds from issue of shares	發行股份所得收益	331,730	–
Share issue expenses	股份發行費用	(11,562)	–
Interest paid	已付利息	(12,136)	(16,479)
New bank loans	新增銀行貸款	–	45,038
Repayment of bank loans	償還銀行貸款	(101,301)	(100,618)
Net cash flows generated from / (used in) financing activities	融資活動所得 / (所用) 現金流量淨額	206,731	(72,059)
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	331,541	95,421
Cash and cash equivalents at beginning of year	年初現金及現金等價物	317,045	218,170
Effect of foreign exchange rate changes, net	外匯匯率變動影響，淨額	(1,813)	3,454
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	646,773	317,045
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結餘	24	439,556
Non-pledged time deposits with original maturity of less than three months when acquired	於獲得時原到期日少於三個月的無抵押定期存款		207,217
Cash and cash equivalents as stated in the consolidated statement of financial position	綜合財務狀況表中所列現金及現金等價物	24	646,773
Cash and cash equivalents as stated in the consolidated statement of cash flows	綜合現金流量表中所列現金及現金等價物		646,773

Statement of Financial Position

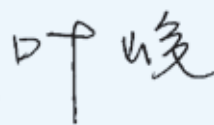
財務狀況表

31 December 2014
二零一四年十二月三十一日

			31 December 2014 二零一四年 十二月 三十一日 (US\$'000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$'000) (千美元)
	Notes 附註			
NON-CURRENT ASSETS		非流動資產		
Investments in subsidiaries	18	投資於子公司	1,229,996	1,229,996
Total non-current assets		非流動資產總額	1,229,996	1,229,996
CURRENT ASSETS		流動資產		
Prepayments, deposits and other receivables	23	預付款項、按金及其他 應收款項	1,577	972
Due from a subsidiary	34(e)	應收子公司款項	7,140	998
Cash and cash equivalents	24	現金及現金等價物	327,811	6,989
Total current assets		流動資產總額	336,528	8,959
CURRENT LIABILITIES		流動負債		
Other payables, advances from customers and accruals		其他應付款項、預收賬款 及暫估費用	82	37
Due to subsidiaries	34(e)	應付子公司款項	89,535	79,291
Total current liabilities		流動負債總額	89,617	79,328
NET CURRENT ASSETS / (LIABILITIES)		流動資產 / (負債) 淨額	246,911	(70,369)
TOTAL ASSETS LESS CURRENT LIABILITIES		資產總值減流動負債	1,476,907	1,159,627
Net assets		資產淨值	1,476,907	1,159,627
EQUITY		權益		
Share capital: nominal value	30	股本：面值	-	8,052
Other statutory capital reserves	30	其他法定資本儲備	1,550,164	1,221,944
Share capital and other statutory capital reserves		股本及其他法定資本儲備	1,550,164	1,229,996
Other reserves	31	其他儲備	(73,257)	(70,369)
Total equity		權益總額	1,476,907	1,159,627



Wenbiao Fu
傅文彪
Director
董事



Jun Ye
葉峻
Director
董事

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

1. Corporate information

Hua Hong Semiconductor Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 21 January 2005. The registered office of the Company is located at Room 2212, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Company's subsidiaries were principally engaged in the manufacturing and trading of semiconductor products.

In the opinion of the directors, the parent and the ultimate parent of the Company are Shanghai Alliance Investment Ltd. (“SAIL”) and INESA Holding Group (“INESA”), which are state-owned companies established in the People's Republic of China (“PRC”), supervised by the State-owned Assets Supervision and Administration Commission (“SASAC”).

2.1 Basis of preparation

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for an investment property which has been measured at fair value. The financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousands, except when otherwise indicated.

1. 公司資料

華虹半導體有限公司（「本公司」）為一家於二零零五年一月二十一日在香港註冊成立的有限公司。本公司的註冊辦事處為香港中環夏慤道12號美國銀行中心2212室。

本公司的主要活動為投資控股。於年內，本公司的子公司主要從事半導體產品的生產及貿易。

董事認為，本公司的母公司及最終控股公司為上海聯和投資有限公司（「上海聯和」）及上海儀電控股（集團）有限公司（「儀電控股」），上海聯和及儀電控股均為於中華人民共和國（「中國」）成立並由國有資產監督管理委員會（「國資委」）監管的國有公司。

2.1 編製基準

財務報表乃根據由香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「香港財務報告準則」，包括所有香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）以及香港公認會計準則編製。該等綜合財務報表亦符合香港《公司條例》有關編製財務報表的適用規定，而根據香港《公司條例》（第622章）附表11第76至第87條所載該條例第9部「賬目及審核」所作的過渡性安排及保留安排的規定，就本財政年度及比較期間而言，該等規定繼續構成前公司條例（第32章）的一部份。財務報表乃根據歷史成本慣例編製，惟已按公平值計量的投資物業除外。財務報表以美元（「美元」）呈列，而除另有指明外，所有數值已約整至最接近的千位數。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.1 Basis of preparation (continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準 (續)

綜合基準

綜合財務報表包括本公司及其子公司(統稱為「本集團」)截至二零一四年十二月三十一日止年度的財務報表。子公司與本公司的財務報表的報告期間相同，並採用一致會計政策編製。子公司的業績由本集團取得控制權之日起計合併入賬，並繼續合併入賬至該等控制權終止時為止。

損益及其他全面收入的各部份乃歸屬於本集團母公司擁有人及非控股權益，即使導致非控股權益產生虧絀結餘。本集團成員公司之間交易所產生的集團內部資產及負債、權益、收入、支出及現金流量均在綜合入賬時全數對銷。

倘事實及情況顯示子公司會計政策所述的三項控制因素之一項或多項出現變動，本集團會重新評估其是否控制被投資公司。子公司的所有權權益變動(沒有失去控制權)，按權益交易入賬。

倘本集團失去對一間子公司的控制權，則其取消確認(i)該子公司的資產(包括商譽)及負債、(ii)任何非控制權益的賬面值及(iii)於權益內記錄的累計交易差額；及確認(i)所收對價的公平值、(ii)所保留任何投資的公平值及(iii)損益賬中任何因此產生的盈餘或虧損。先前於其他全面收入內確認的本集團應佔部份重新分類為損益或保留溢利(如適用)，倘本集團已直接出售相關資產或負債則須以同一基準確認。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.2 Changes in accounting policies and disclosures

The Group has adopted the following revised standards and new interpretation for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	<i>Investment Entities</i>
Amendments to HKAS 32	<i>Offsetting Financial Assets and Financial Liabilities</i>
Amendments to HKAS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
Amendments to HKAS 39	<i>Novation of Derivatives and Continuation of Hedge Accounting</i>
HK(IFRIC)-Int 21	<i>Leases</i>
Amendment to HKFRS 2 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Definition of Vesting Condition¹</i>
Amendment to HKFRS 3 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Accounting for Contingent Consideration in a Business Combination¹</i>
Amendment to HKFRS 13 included in <i>Annual Improvements 2010-2012 Cycle</i>	<i>Short-term Receivables and Payables</i>
Amendment to HKFRS 1 included in <i>Annual Improvements 2011-2013 Cycle</i>	<i>Meaning of Effective HKFRSs</i>

¹ Effective from 1 July 2014

The adoption of the above revised standards and new interpretation has had no significant effect on these financial statements.

2.2 會計政策的變動及披露

本集團首次於本年度財務報表內採納下列經修訂準則及新詮釋。

香港財務報告準則第10號、 香港財務報告準則第12號及 香港會計準則第27號 (修訂本)(二零一一年)	投資實體
香港會計準則第32號 (修訂本)	抵銷金融資產及金融負債
香港會計準則第36號 (修訂本)	非金融資產可收回金額披露
香港會計準則第39號 (修訂本)	更替衍生工具及對沖會計的延續
香港財務報告詮釋委員會 第21號	徵費
香港財務報告準則第2號 (修訂本)(納入二零一零年 至二零一二年週期的 年度改進)	歸屬條件的定義 ¹
香港財務報告準則第3號 (修訂本)(納入二零一零年 至二零一二年週期的 年度改進)	業務合併中或然代價的會計處理 ¹
香港財務報告準則第13號 (修訂本)(納入二零一零年 至二零一二年週期的 年度改進)	短期應收及應付款項
香港財務報告準則第1號 (修訂本)(納入二零一一年 至二零一三年週期的 年度改進)	有效香港財務報告準則的涵義

¹ 自二零一四年七月一日起生效

採納上述經修訂準則及新詮釋對該等財務報表概無重大影響。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance not yet adopted

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to HKAS 1	<i>Presentation of Financial Statements – Disclosure Initiative²</i>
HKFRS 9	<i>Financial Instruments⁴</i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities – Applying the Consolidation Exception²</i>
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations²</i>
HKFRS 14	<i>Regulatory Deferral Accounts⁵</i>
HKFRS 15	<i>Revenue from Contracts with Customers³</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation²</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants²</i>
Amendments to HKAS 19	<i>Defined Benefit Plans: Employee Contributions¹</i>
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements²</i>
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs ¹
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs ¹
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs ²

¹ Effective for annual periods beginning on or after 1 July 2014

² Effective for annual periods beginning on or after 1 January 2016

³ Effective for annual periods beginning on or after 1 January 2017

⁴ Effective for annual periods beginning on or after 1 January 2018

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 尚未採納的新訂及經修訂香港財務報告準則以及香港《公司條例》下的新增披露規定

本集團並無於該等財務報表應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港會計準則第1號(修訂本)	財務報表的列報 – 披露建議 ²
香港財務報告準則第9號	金融工具 ⁴
香港財務報告準則第10號及香港會計準則第28號(修訂本)(二零一一年)	投資者與其聯營公司或合營公司之間的資產出售或貢獻 ²
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)(二零一一年)	投資實體 – 使用綜合入賬的例外情況 ²
香港財務報告準則第11號(修訂本)	收購合營業務權益的會計處理 ²
香港財務報告準則第14號	監管遞延賬戶 ⁵
香港財務報告準則第15號	客戶合約收益 ³
香港會計準則第16號及香港會計準則第38號(修訂本)	可接受折舊及攤銷方式的澄清 ²
香港會計準則第16號及香港會計準則第41號(修訂本)	農業：生產性植物 ²
香港會計準則第19號(修訂本)	界定福利計劃：僱員供款 ¹
香港會計準則第27號(修訂本)(二零一一年)	獨立財務報表的權益法 ²
二零一零年至二零一二年週期的年度改進	多項香港財務報告準則的修訂 ¹
二零一一年至二零一三年週期的年度改進	多項香港財務報告準則的修訂 ¹
二零一二年至二零一四年週期的年度改進	多項香港財務報告準則的修訂 ²

¹ 於二零一四年七月一日或之後開始的年度期間生效

² 於二零一六年一月一日或之後開始的年度期間生效

³ 於二零一七年一月一日或之後開始的年度期間生效

⁴ 於二零一八年一月一日或之後開始的年度期間生效

⁵ 對首次於二零一六年一月一日或之後開始的年度財務報表採納香港財務報告準則的實體生效，故並無適用於本集團

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance not yet adopted (continued)

In addition, the requirements of Part 9 “Accounts and Audit” of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company’s first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

2.3 尚未採納的新訂及經修訂香港財務報告準則以及香港《公司條例》下的新增披露規定（續）

此外，香港《公司條例》（第622章）第9部「賬目及審計」的規定將根據該條例第358條於本公司由二零一四年三月三日開始的首個財政年度起生效，即截至二零一五年十二月三十一日止年度。本集團現正就更更改首次採納條例第9部期間的預期影響進行評估。到目前為止，本集團認為這將主要影響綜合財務報表的呈報及披露方式，但不可能產生重大影響。

該等預期適用於本集團的香港財務報告準則的進一步資料如下：

香港財務報告準則第15號建立一個新的五步模式，將應用於自客戶合約產生的銷售收入。根據香港財務報告準則第15號，銷售收入按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆銷售收入總額，關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時確認銷售收入的規定。本集團預期於二零一七年一月一日採納香港財務報告準則第15號，目前正評估採納香港財務報告準則第15號的影響。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

2.4 重大會計政策概要

子公司

子公司指受本公司直接或間接控制的實體（包括結構性實體）。倘本集團透過參與被投資方業務而享有或有權取得被投資方的可變回報，且有能力行使在被投資方的權力影響有關回報，則本集團擁有該實體的控制權（即現時賦予本集團指導被投資方相關活動的能力）。

倘本公司直接或間接擁有的被投資方投票權或類似權利不及大半，則評估本公司對被投資方是否擁有權力時，本集團會考慮所有相關事實及情況，包括：

- (a) 與該被投資方其他投票權擁有人的合約安排；
- (b) 根據其他合約安排所享有的權利；及
- (c) 本集團的投票權及潛在投票權。

子公司業績按已收及應收股息計入本公司損益表。根據香港財務報告準則第5號持作出售的非流動資產及終止經營業務並非分類為持作出售投資的本公司對子公司的投資按成本減任何減值虧損列賬。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The results of associates are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5.

2.4 重大會計政策概要 (續)

於聯營公司的投資

聯營公司為一間本集團對其擁有一般不少於20%股本投票權的長期權益，且本集團可對其發揮重大影響力的實體。重大影響力指有權力參與投資對象的財務及經營決策，但並非對該等政策擁有控制或聯合控制權。

本集團於聯營公司的投資於綜合財務狀況表內按使用權益會計法計算的本集團應佔資產淨值扣減任何減值虧損列賬。

已對任何可能存在的相異會計政策作出調整，以使之貫徹一致。

本集團應佔其聯營公司的收購後業績及其他全面收入分別列入綜合損益表及綜合其他全面收益表。此外，倘聯營公司的權益內直接確認某一變動，則本集團會於綜合權益變動表內確認其於任何變動（如適用）的應佔部份。本集團及其聯營公司進行交易所產生的未變現收益及虧損按本集團於該等聯營公司的投資進行撇銷，惟未變現虧損有證據顯示所轉讓資產出現減值者除外。收購聯營公司產生的商譽作為本集團於聯營公司投資的一部份列報。

倘於聯營公司的投資變成於合營公司的投資或反之，保留權益不會重新計量。相反，該投資將繼續按權益法列賬。於所有其他情形下，倘本集團不再對聯營公司擁有重大影響力，本集團將按其公平值計量及確認任何保留投資。於失去重大影響力或共同控制權當日聯營公司的賬面值與保留投資的公平值及出售所得款項之間的任何差額於損益內確認。

聯營公司的業績按已收及應收股息計入本公司的損益表。本公司於聯營公司的投資被視為非流動資產，並按成本減任何減值虧損列賬。

倘於聯營公司的投資被分類為持作出售，則根據香港財務報告準則第5號列賬。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Fair value measurement

The Group measures its investment property at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 重大會計政策概要 (續)

公平值計量

本集團於各報告期末按公平值計量投資物業。公平值指於計量日市場參與者之間的有序交易中，就出售資產所收取的價格或轉讓負債所支付的價格。計量公平值時假設出售資產或轉讓負債的交易於資產或負債的主要市場或（在未有主要市場的情況下）最有利市場進行。主要或最有利市場須為本集團能參與的市場。假設市場參與者基於最佳經濟利益行事，資產或負債的公平值使用市場參與者為資產或負債定價所用假設計量。

非金融資產的公平值計量會計及市場參與者將資產用於最高增值及最佳用途或售予會將資產用於最高增值及最佳用途的另一名市場參與者而創造經濟利益的能力。

本集團針對不同情況使用不同估值技術，確保有足夠數據計量公平值，並盡量利用相關可觀察輸入數據，減少使用不可觀察輸入數據。

公平值於財務報表確認或披露的所有資產及負債，均基於對計量公平值整體而言屬重大的最低層級輸入數據按下述公平值層級分類：

- 第1級 – 相同資產或負債於活躍市場的市場報價（未經調整）
- 第2級 – 採用對公平值計量而言屬重大的直接或間接可觀察最低層級輸入數據的估值技術
- 第3級 – 採用對公平值計量而言屬重大的不可觀察最低層級輸入數據的估值技術

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 重大會計政策概要 (續)

公平值計量 (續)

對於按經常性基準於財務報表確認的資產及負債，本集團於各報告期末重新評估分類（基於對公平值計量整體而言屬重大的最低層級輸入數據），確定有否在不同層級之間轉移。

非金融資產減值

倘一項資產（存貨、金融資產及投資物業除外）存在減值跡象，或需要進行年度減值測試，則會估計資產的可收回金額。資產可收回金額按該資產或現金產生單位的使用價值及其公平值減出售成本兩者中的較高金額計算，並按個別資產釐定，除非該資產所產生的現金流入基本上不能獨立於其他資產或資產組別所產生的現金流入，在此情況下，可收回金額將按該資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超逾其可收回金額時確認。於評估使用價值時，估計未來現金流量乃按稅前貼現率貼現至其現值。稅前貼現率反映當時市場對貨幣時間值的評估及該資產的特有風險。減值虧損於其產生期間的損益表內在與減值資產的功能一致的相關開支類別中扣除。

於各報告期末，會評估是否有跡象顯示先前確認的減值虧損不再存在或可能已減少。倘有該等跡象存在，便會估計可收回金額。先前就資產（商譽除外）確認的減值虧損，僅於用以釐定該資產的可收回金額的估計有變時予以撥回，但撥回金額不得高於倘過往年度並無就該資產確認減值虧損情況下原應釐定的賬面值（扣除任何折舊／攤銷）。撥回的減值虧損於其產生期間計入損益表，惟倘該項資產以重估價值列賬，則減值虧損撥回會按該項重估資產適用的有關會計政策入賬。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); and
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.4 重大會計政策概要 (續)

關聯方

以下人士將被視為與本集團有關聯：

- (a) 倘為以下人士或其近親：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員；

或

- (b) 該人士為符合下列任何條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 實體為另一實體（或另一實體的母公司、子公司或同系子公司）的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 實體為一名第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員利益設立的離職後福利計劃；
 - (vi) 該實體由(a)項所列人士控制或共同控制；及
 - (vii) (a)(i)項所列人士對該實體具有重大影響力或為該實體（或該實體的母公司）的主要管理層成員。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.8%
Plant and machinery	9.5%–19.0%
Office equipment	19.0%
Motor vehicles	19.0%
Leasehold improvements	20.0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 重大會計政策概要 (續)

物業、廠房及設備以及折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。倘物業、廠房及設備項目被分類為持作出售或屬部分被分類為持作出售的部分,則不會對此進行折舊,而根據香港財務報告準則第5號列賬。物業、廠房及設備項目的成本包括其購買價及任何使資產達致操作狀況及地點作擬定用途的直接應佔成本。

物業、廠房及設備項目投入運作後所產生維修保養等支出,一般於其產生期間自損益表內扣除。倘達到確認標準的重大檢修的開支,作為該資產的重置價值予以資本化。倘物業、廠房及設備須定期替換的重大部份,則本集團將該等部份確認為具有特定可使用年期的獨立資產,並相應對此進行折舊。

折舊的計算是按直線法,在其預估可使用年限內將廠房及設備各項目的成本撇銷至剩餘價值。就此所用的主要年率如下:

樓宇	3.8%
廠房及機器	9.5%–19.0%
辦公設備	19.0%
汽車	19.0%
租賃改進	20.0%

倘物業、廠房及設備項目其中部份的可使用年期不同,該項目的成本會按合理基準分配至有關部份,而各部份均分開計提折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末作出評估及按需要作出調整。

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

2.4 Summary of significant accounting policies (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal or retirement recognised in the statement of profit or loss in the year the assets is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

Investment property

Investment property is interest in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2.4 重大會計政策概要 (續)

物業、廠房及設備以及折舊 (續)

物業、廠房及設備項目(包括任何初始確認的重大部份)於出售或預期使用或出售有關項目不會產生未來經濟利益時終止確認。於終止確認資產年度在損益表內確認的出售或報廢資產的收益或虧損，為出售有關資產所得款項淨額與其賬面值兩者間的差額。

在建工程指在建的樓宇，乃按成本減任何減值虧損列賬，但不會計提折舊。成本包括建造期間的直接建設成本。在建工程於完工且可供使用時將重新分類為物業、廠房及設備或投資物業的適當類別。

投資物業

投資物業乃為賺取租金收入及／或資本增值而持有的土地及樓宇權益(包括符合投資物業定義的物業於經營租賃下的租賃權益)，而非用於生產或供應貨物或服務或用作行政用途；或用作在日常業務過程中銷售。該物業初步以成本(包括交易費用)計量。於初始確認後，投資物業以反映報告期末市況的公平值列賬。

投資物業公平值變動產生的收益或虧損計入其產生年度的損益表內。

因投資物業報廢或出售而產生的任何收益或虧損於報廢或出售年度的損益表內確認。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Investment property (continued)

For a transfer from an investment property to an owner-occupied property or inventory, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property, plant and equipment and depreciation" above. For a transfer from inventories to investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Process technology licence and computer software

Process technology licence and computer software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of the underlying products, commencing from the date when the products are put into commercial production.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2.4 重大會計政策概要 (續)

投資物業 (續)

由投資物業轉為自用物業或存貨時，該物業其後會計的認定成本為改變用途當日的公平值。如本集團的自用物業轉為投資物業，本集團直至改變用途當日前會根據「物業、廠房及設備以及折舊」下所述的政策將該物業入賬，而該物業於當日的賬面值與公平值之間的任何差額則根據上述「物業、廠房及設備以及折舊」下所述的政策入賬列作重新估值。由存貨轉為投資物業時，該物業於當日的公平值與其先前賬面值之間的任何差額於損益表內確認。

無形資產 (商譽除外)

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期評定為有限期或無限期。有限期的無形資產隨後按可使用經濟年期攤銷，於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於各財政年度末評估一次。

工藝技術許可及電腦軟件

工藝技術許可及電腦軟件按成本減任何減值虧損列賬，並以直線法在相關產品的估計可使用年限（自其投產日期起計）內攤銷。

研發成本

所有研發成本於產生時列支於損益表。

研發新產品項目所產生的開支僅會在本集團能夠顯示其在技術上能夠完成無形資產能供使用或出售、打算完成資產並能夠加以使用或將之出售、資產在未來如何帶來經濟利益、有足夠資源以完成項目並且有能力可靠地計量開發期間的開支的情況下，才會被資本化及遞延。倘未能符合以上標準，產品研發開支會在產生時費用化。

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

2.4 Summary of significant accounting policies (continued)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 重大會計政策概要 (續)

租賃

出租人仍保留資產擁有權的絕大部份回報及風險的租賃均入賬列為經營租賃。倘本集團為出租人，本集團根據經營租賃出租的資產列入非流動資產，而經營租賃項下應收租金按租賃年期以直線法計入損益表。倘本集團為承租人，根據經營租賃的應付租金扣除從出租人收取的任何優惠後按租賃年期以直線法於損益表內扣除。

經營租賃項下的預付土地租賃款項初始按成本列賬，其後於租賃年期內按直線基準確認。

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類為按公平值計入損益的金融資產、貸款及應收款項，以及可供出售金融投資（倘適用）。當金融資產在初始確認時，均以公平值加收購金融資產應佔交易成本計量，惟按公平值計入損益的金融資產除外。

所有常規購入及出售的金融資產均於交易日確認，即本集團承諾購買或出售該項資產的日期。所謂金融資產的常規購入或出售乃指需按法規規定或市場慣例於一般規定的期間內交付資產的交易。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as other expenses in the statement of profit or loss. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria in HKAS 39 are satisfied.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other expenses for loans and receivables.

2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

後續計量

金融資產其後按類別以下列方法計量：

按公平值計入損益的金融資產

按公平值計入損益的金融資產，包括持作買賣的金融資產及初始確認時指定為按公平值計入損益的金融資產。以在近期出售為目的而購買的金融資產分類為持作買賣的金融資產。

按公平值計入損益的金融資產在財務狀況表以公平值列示，公平值的有利淨變動於損益表呈列為其他收入及收益，而公平值的不利淨變動呈列為其他費用。該等公平值淨變動不包括就該等金融資產賺取的任何股息或利息，該等股息或利息會根據下文「銷售收入確認」所述政策確認。

初始確認時指定為按公平值計入損益的金融資產在初始確認當日且僅須符合香港會計準則第39號的標準即指定為該分類。

貸款及應收款項

有固定或可確定付款但並無在活躍市場報價的貸款及應收款項為非衍生金融資產。於初始計量後，該等資產其後用實際利率方法以攤銷成本減任何減值撥備計量。計算攤銷成本時，將考慮任何收購折讓或溢價，並計入屬於實際利率不可分割部份的費用或成本。實際利率攤銷乃計入損益表的其他收入及收益。貸款及應收款項減值產生的虧損乃於損益表內確認為其他費用。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

可供出售金融投資

可供出售金融投資指上市及非上市股本投資及債務證券中的非衍生金融資產。既非分類為持作買賣，又非指定為按公平值計入損益的股本投資歸類為可供出售。擬將無限期持有且可能因流動資金需求或市況改變而出售的債務證券歸類至該類別。

於初始確認後，可供出售金融投資其後以公平值計量，未變現收益或虧損於可供出售投資重估儲備確認為其他全面收入，直至終止確認投資（累計收益或虧損於損益表內確認為其他收益）或投資被釐定為已減值（累計收益或虧損自可供出售投資重估儲備重新分類至損益表的其他收益或虧損）為止。持有可供出售金融投資所賺取的利息及股息分別呈報為利息收入及股息收入，並根據下文「銷售收入確認」所載政策於損益表內確認為其他收入。

當非上市股本投資的公平值由於(a)公平值合理估計範圍的變化對該投資而言屬重大或(b)上述範圍內各種預計的機率難以合理評估並用於估計公平值而無法可靠計量時，該等投資以成本減任何減值虧損列賬。

本集團評估在短期內出售其可供出售金融資產的能力及意向是否仍然適宜。在特殊情況下，當本集團因缺乏活躍市場而無法買賣該等金融資產時，如管理層有能力及意向在可預見將來持有該等資產或持有至到期，本集團可選擇重新分類該等金融資產。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

可供出售金融投資 (續)

就從可供出售類別重新分類的金融資產而言，重新分類當日的公平賬面值成為其新攤銷成本，而先前已於權益確認的該資產任何收益或虧損採用實際利率法於剩餘投資年期內在損益攤銷。新攤銷成本與到期金額之間的任何差額亦採用實際利率法於資產剩餘年期內攤銷。如資產其後被釐定為已減值，則計入權益的金額重新分類至損益表。

終止確認金融資產

出現以下情形時，金融資產（或（如適用）部份金融資產或一組同類金融資產的一部份）一般會終止確認（即自本集團綜合財務狀況表移除）：

- 從資產收取現金流量的權利已屆滿；或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利，或已承擔向第三方無重大延誤全額支付所收現金流量的責任；及(a)本集團已轉讓資產的絕大部份風險及回報，或(b)本集團雖未轉讓或保留資產的絕大部份風險及回報，但已轉讓資產的控制權。

倘本集團已轉讓從資產收取現金流量的權利或訂立轉手安排，則評估有否保留資產所有權的風險及回報及保留程度。倘本集團並無轉讓或保留資產的絕大部份風險及回報，亦無轉讓資產控制權，則本集團將以本集團持續參與程度為限繼續確認所轉讓資產。在該情況下，本集團亦確認相關負債。已轉讓資產及相關負債根據反映本集團所保留權利及責任的基準計量。

通過對已轉讓資產作出擔保的形式持續參與的計量，按資產原賬面值與本集團或須償還的最高代價兩者較低者計算。

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the assets have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

2.4 重大會計政策概要 (續)

金融資產減值

本集團於各報告期末評估是否有客觀跡象顯示一項金融資產或一組金融資產出現減值。倘資產首次確認後出現一項或多項事件而對能可靠估計的金融資產或一組金融資產的估計未來現金流量有影響，則說明已發生減值。減值跡象可能包括單個債務人或一組債務人有重大財務困難、拖欠利息或本金付款、可能破產或進行其他財務重組，以及可觀察數據顯示估計未來現金流量減少且可計量，例如與拖欠有關的欠款或經濟狀況變動。

按攤銷成本入賬的金融資產

對於按攤銷成本列賬的金融資產，本集團首先單獨評估個別重大的金融資產有否客觀減值跡象，或共同評估非個別重大的金融資產有否客觀減值跡象。倘本集團釐定個別已評估金融資產無客觀減值跡象，則有關資產不論是否重大，會計入一組信貸風險特徵相若的金融資產，共同作減值評估。對於個別作減值評估的資產，倘其減值虧損會確認或繼續會確認，則不會計入共同減值評估。

已識別減值虧損金額以資產的賬面值與估計未來現金流量現值（不包括尚未發生的未來信用損失）的差額計量。估計未來現金流量的現值按金融資產的原實際利率（即初始確認時計算採用的實際利率）貼現。

資產賬面價值通過使用撥備賬扣減，減值虧損金額於損益表內確認。利息收入持續按已扣減賬面值累計，利率為計量減值虧損時貼現未來現金流量所使用的貼現率。倘不可能於未來實現回收且所有抵押品已變現或轉至本集團，則貸款及應收款項連同相關撥備可撇銷。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

2.4 重大會計政策概要 (續)

金融資產減值 (續)

按攤銷成本入賬的金融資產 (續)

倘後續期間於減值確認後發生的事項導致估計減值虧損增加或減少，則以往確認的減值虧損通過調整撥備賬增加或減少。倘撇賬於日後收回，則轉回的減值虧損計入損益表的其他費用。

按成本入賬的資產

倘有客觀跡象顯示因未能可靠計量公平值而不按公平值入賬的未報價股本工具，或與該等未報價股本工具掛且須以交付該未報價股本工具結算的衍生資產已產生減值虧損，則該虧損金額按該資產的賬面值與按同類金融資產的當前市場回報率折讓的估計未來現金流量現值的差額計量。該等資產的減值虧損不會撥回。

可供出售金融投資

對於可供出售金融投資，本集團於各報告期末評估有否客觀證據顯示一項或一組投資出現減值。

倘可供出售資產已減值，其成本（已扣除任何本金付款及攤銷）與當時公平值的差額，減去以往已於損益表確認的減值虧損，從其他全面收入轉入損益表確認。

對於分類為可供出售的股權投資，相關客觀證據包括投資的公平值顯著或持續跌至低於成本。「顯著」乃根據投資的原始成本評定，而「持續」乃根據公平值低於初始成本的期間確定。倘有減值證據，則累計虧損（按收購成本與當時公平值的差額，扣除以往於損益表確認的投資減值虧損計算）從其他全面收入轉入損益表確認。歸類為可供出售股權投資的減值虧損不得透過損益表撥回，減值確認後公平值的增加直接於其他全面收入確認。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and notes payables, other payables, derivative financial instruments, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

可供出售金融投資 (續)

確定是否屬「顯著」或「持續」時須作出判斷。在作出此判斷時，本集團評估（其中包括）投資公平值低於其成本的持續時間或程度。

金融負債

初始確認及計量

金融負債初始確認時視情況歸類為按公平值計入損益的金融負債、貸款及借貸。

所有金融負債初始按公平值確認，貸款及借貸則須扣除直接應佔交易成本。

本集團的金融負債包括貿易應付款項及應付票據、其他應付款項、衍生金融工具、應付關聯方款項以及計息銀行借款。

後續計量

金融負債其後按類別以下列方法計量：

貸款及借貸

初始確認後，計息貸款及借貸其後以實際利率法按攤銷成本計量，若貼現影響不大，則按成本列賬。收益及虧損於負債終止確認時透過實際利率攤銷程序於損益表確認。

計算攤銷成本時已計及任何收購折讓或溢價及屬實際利率不可分割部份的費用或成本。實際利率攤銷則計入損益表的財務費用。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, which are not restricted as to use.

2.4 重大會計政策概要 (續)

終止確認金融負債

金融負債於負債的責任解除、註銷或屆滿時終止確認。

當現有金融負債被同一貸款人以條款明顯不同的負債取代時，或現有負債的條款有重大修改時，有關替換或修改則視為終止確認原有負債並確認一項新負債，而相關賬面值的差額於損益表確認。

抵銷金融工具

倘(且僅當)有現行可強制執行的法律權利抵銷已確認金額，並且擬以淨額基準進行結算或同時將資產變現及清償負債，方可將金融資產及金融負債抵銷，淨額於財務狀況表呈報。

存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均基準釐定，而就在製品及製成品而言，成本包括直接材料、直接勞工及適當比例的生產費用。可變現淨值為估計售價減去任何在完成及出售過程中產生的估計費用。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括手頭現金及活期存款，以及一般期限為自購入起計三個月內及可隨時轉換為已知數額現金且價值變動風險較低的短期高流動性投資。

就財務狀況表而言，現金及現金等價物包括手頭及銀行現金(包括定期存款)(使用不受限制)。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Provisions

A provision is recognised when there is a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 重大會計政策概要 (續)

撥備

倘因過往事件而須承擔法定或推定責任，而履行該責任可能導致未來資源外流，且該責任所涉金額能夠可靠估計，則確認撥備。

倘貼現影響重大，則確認撥備的數額為預期日後履行有關責任所需開支於報告期末的現值。倘已貼現的現值隨時間而有所增加，則該等增幅將於損益表列作財務費用。

所得稅

所得稅包括即期及遞延稅項。與於損益外確認的項目有關的所得稅於損益外確認為其他全面收入或直接於權益中確認。

即期稅項資產及負債，根據於報告期末已頒佈或實質上已頒佈的稅率（及稅法），按預期獲稅務機關退回或向稅務機關支付的款項，並計及本集團經營所在國家現行法律詮釋及慣例計量。

遞延稅項於報告期末採用負債法就資產及負債稅基與財務報告所示賬面值的的所有暫時差額撥備。

除下列情況外，遞延稅項負債會就所有應課稅暫時差額確認：

- 倘遞延稅項負債因非業務合併交易中初始確認資產或負債而產生，且於交易時遞延稅項負債不會影響會計溢利或應課稅溢利或虧損；及
- 就於子公司投資相關的應課稅暫時差額而言，倘可控制暫時差額的撥回時間，且於可見未來不會撥回暫時差額。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 重大會計政策概要 (續)

所得稅 (續)

遞延稅項資產於有可能動用應課稅溢利以抵銷可扣減暫時差額的情況下，就所有可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損結轉確認，而未動用稅項抵免及未動用稅項虧損結轉可以動用，惟下列情況除外：

- 倘涉及可扣減暫時差額的遞延稅項資產乃因初始確認非業務合併、且於交易時不影響會計溢利或應課稅損益的交易的資產或負債而產生；及
- 就於子公司投資相關的可扣減暫時差額而言，遞延稅項資產僅於可見未來可能撥回暫時差額，且可動用應課稅溢利以抵銷暫時差額的情況下確認。

遞延稅項資產賬面值於各報告期末檢討，並於不再可能有足夠應課稅溢利可容許動用全部或部份遞延稅項資產的情況下予以扣減。未確認遞延稅項資產於各報告期末重新評估，並在具備足夠應課稅溢利以容許收回全部或部份遞延稅項資產的情況下予以確認。

遞延稅項資產及負債按預期適用於變現資產或清償負債期間的稅率，依據於報告期末已頒佈或實質上已頒佈的稅率（及稅法）計量。

倘存在可依法強制執行權利，以將即期稅項資產抵銷即期稅項負債，而遞延稅項與同一應課稅實體及同一稅務機構有關，則遞延稅項資產及遞延稅項負債可互相抵銷。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership and title have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services when the service has been rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (e) dividend income, when the shareholders' right to receive payment has been established.

2.4 重大會計政策概要 (續)

政府補助

政府補助在合理確定將會收取補助及將會符合一切所附條件時，按其公平值確認。如補助與開支項目有關，則於有關期間內確認為收入，以按系統基準將補助與擬補償的相關成本抵銷。倘補助與資產有關，則公平值計入遞延收入賬，並按相關資產的預計可使用年期按年以等額分期轉撥至損益賬。

銷售收入確認

當經濟利益很可能流入本集團且收入能可靠計量時，銷售收入按下列基準確認：

- (a) 銷售貨品的銷售收入於所有權及業權上的重大風險及回報已轉移至買方，且本集團不再對已售出商品保持通常與所有權有關的管理參與和有效控制權時確認；
- (b) 提供服務產生的銷售收入按所提供服務確認；
- (c) 就租金收入而言，於租期內按時間比例基準確認；
- (d) 就利息收入而言，按應計基準以實際利率法採用將金融工具預計可使用年期或較短期間（如適用）內的估計未來現金收入準確貼現至金融資產賬面淨值的利率確認；及
- (e) 就股息收入而言，於股東收取款項的權利確立時確認。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

2.4 Summary of significant accounting policies (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowings costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

2.4 重大會計政策概要 (續)

僱員福利

退休金計劃

本集團於中國內地營運的子公司屬下的僱員須參與由有關地方市政府營運的中央退休金計劃。該子公司須按僱員薪金若干百分比對中央退休金計劃供款。供款於按中央退休金計劃規則應付時在損益表內支銷。

離職福利

離職福利於目標公司不再能取消提供該等福利時及目標公司確認涉及支付離職福利之重組成本時之較早者確認。

借款成本

收購、建設或生產合資格資產(即需要一段較長時間方可達致擬定用途或出售的資產)直接應佔的借款成本會撥充資本,作為該等資產的部份成本。當資產已大致可作擬定用途或出售時,則不會再將該等借款成本撥充資本。在特定借款用作合資格資產支出前暫作投資所賺取的投資收入須自撥充資本的借款成本扣除。所有其他借款成本於產生期間支銷。借款成本包括公司借款時產生的利息及其他成本。

股息

董事擬派的末期股息在股東大會獲股東批准前,須於財務狀況表的權益部份列為保留盈利的獨立撥款。當該等股息獲股東批准及宣派時,即確認為負債。

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

2.4 Summary of significant accounting policies (continued)

Foreign currencies

These financial statements are presented in US dollars, which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement of translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the US dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US dollar at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US dollars at the weighted average exchange rates for the year.

2.4 重大會計政策概要 (續)

外幣

該等財務報表以本公司的功能及呈列貨幣美元呈列。本集團各實體自行決定其功能貨幣，而各實體財務報表所載項目均採用該功能貨幣計量。本集團實體記錄的外幣交易初步採用其各自於交易日期的功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按各報告期末的功能貨幣匯率重新換算。結算或換算貨幣項目產生的所有差額於損益表確認。

根據以外幣計值的歷史成本計量的非貨幣項目採用首次交易日期的匯率換算。按外幣公平值計量的非貨幣項目採用計量公平值當日的匯率換算。換算以公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理(即公平值收益或虧損於其他全面收入或損益確認的項目的換算差額亦分別於其他全面收入或損益確認)。

若干海外子公司的功能貨幣為美元以外的貨幣。於報告期末，該等實體的資產及負債按各報告期末的通行匯率換算為本公司的呈列貨幣，而其損益表按年內加權平均匯率換算為美元。

由此產生的匯兌差額於其他全面收入確認，並於匯率波動儲備中累計。出售國外業務時，有關特定國外業務的其他全面收入的組成部份於損益表確認。

收購國外業務所產生的任何商譽及收購時資產與負債賬面值的任何公平值調整乃視為國外業務的資產與負債，並按收市匯率換算。

就綜合現金流量表而言，海外子公司的現金流量乃按現金流量當日的匯率換算為美元。海外子公司年內重複產生的現金流量乃按年內的加權平均匯率換算為美元。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

3. Significant accounting, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of non-financial assets

In determining if an asset is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement in the area of asset impairment, particularly in assessing:

- (a) whether an event has occurred that may affect asset value or such an event affecting the asset value has not been in existence;
- (b) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continuing use of the asset or derecognition; and
- (c) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

3. 重要會計估計及假設

管理層在編製本集團財務報表時須作出判斷、估計及假設，而有關判斷、估計及假設會對收入、開支、資產及負債的呈報金額及其隨附披露，以及或然負債披露造成影響。該等假設及估計的不定性或導致須對在未來遭受影響的資產及負債的賬面值進行重大調整。

判斷

於採納本集團會計政策的過程中，除涉及估計的會計政策外，管理層已作出對財務報表已確認金額構成最重大影響的判斷如下：

非金融資產減值

在釐定一項資產是否減值或曾經引致減值的事件不再存在時，管理層須對資產減值的領域，尤其是評估以下各項時作出判斷：

- (a) 是否已發生可能影響資產值的一項事件或並不存在影響資產值的有關事件；
- (b) 一項資產的賬面值是否可以未來現金流量的現值淨額作支持，而有關現值淨額乃基於持續使用該資產或終止確認而估計；及
- (c) 編製現金流量預測將應用的適當主要假設，包括該等現金流量預測是否會使用適當比率貼現。

租賃分類 – 本集團作為出租人

本集團訂立有關投資物業組合的商務物業租賃。本集團基於對該等安排的條款及條件的評估確定本集團保留有關按經營租賃租出的該等物業所有權的所有重大風險及回報。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

3. Significant accounting, estimates and assumptions (continued)

Judgements (continued)

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some property comprises a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

3. 重要會計估計及假設 (續)

判斷 (續)

投資物業與自用物業的分類

本集團決定物業是否符合投資物業的資格，並已制訂作出此判斷的準則。投資物業是為賺取租金或資本增值或同時為此兩項目的而持有的物業。因此，本集團會考慮一項物業產生現金流量時是否基本上與本集團所持有的其他資產無關。某些物業的部份是為賺取租金或資本增值而持有，而物業內另一些部份是為用於生產或供應貨品或服務或作行政用途而持有。倘若此等部份可以分開出售或根據融資租賃分開出租，本集團會將有關部份分開入賬。倘若該等部份無法分開出售，則只會用於生產或供應貨品或服務或作行政用途而持有的部份並不重要時，有關物業才會列作投資物業。本集團對各項物業作出判斷，以決定配套服務是否重要以使物業並不符合投資物業的資格。

估計不確定性

於報告期末，有關未來的主要假設及估計不確定的其他主要來源（存在導致於下一財政年度內對資產及負債的賬面值作出重大調整的重大風險）論述如下。

非金融資產減值 (商譽除外)

本集團於各報告期末評估所有非金融資產是否出現任何減值跡象。其他非金融資產於有跡象顯示賬面值可能無法收回時測試減值。資產或現金產生單位賬面值超逾其可回收金額（即其公平值減出售成本與使用價值的較高者）時，則存在減值。計量公平值減出售成本時，按以公平基準就類似資產進行具有約束力的銷售交易可得數據，或可得市價減出售資產的已增加成本得出。當計算使用價值時，管理層必須估計來自資產或現金產生單位的預期未來現金流量，並選擇合適的貼現率，以計算該等現金流量的現值。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

3. Significant accounting, estimates and assumptions (continued)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Estimation of fair value of investment property

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of the investment property as at 31 December 2014 was US\$191,533,000 (2013: US\$191,098,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 15 to the financial statements.

3. 重要會計估計及假設 (續)

估計不確定性 (續)

遞延稅項資產

遞延稅項資產於可能將有應課稅溢利可動用作抵銷虧損的情況下，就未動用稅項虧損予以確認。於釐定可予確認的遞延稅項資產金額時須根據未來應課稅溢利的可能時間及程度以及未來稅務規劃策略作出重大管理判斷。

投資物業公平值估計

倘類似物業在交投活躍的市場上並無現行市價，則本集團會考慮各項資料來源，包括：

- (a) 於活躍市場中，不同性質、狀況或地點的物業的現行價格，並就有關差別作出調整；
- (b) 於較非活躍的市場中，同類物業的近期價格，並就自按該等價格進行交易日期以來經濟環境變動作出調整；及
- (c) 根據可靠的未來現金流量估算、任何現有租約及其他合約的年期及(如可能)外在證據(如於同一地點及狀況下，類似物業的現行市值租金)，以及使用可反映現金流量金額及出現時間不明朗因素的現時市場評估的貼現率計算而得出的貼現現金流量預測。

於二零一四年十二月三十一日，投資物業的賬面值為191,533,000美元(二零一三年：191,098,000美元)。進一步詳情(包括公平值計量及敏感度分析所採用的主要假設)載於財務報表附註15。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

4. Operating segment information

For management purposes, the Group is organised into one single business unit that includes primarily the manufacture and sale of semiconductor products. Management reviews the consolidated results when making decisions about allocating resources and assessing the performance of the Group. Accordingly, no segment analysis is presented.

The principal assets employed by the Group are located in Shanghai, the PRC. Therefore, no segment information based on the geographical location of assets is presented for the year.

Revenues are attributed to geographic areas based on the location of customers. Revenues regarding geographical segments based on the location of customers for the year are presented as follows:

		2014	2013
		二零一四年	二零一三年
		US\$'000	US\$'000
		千美元	千美元
China (including Hong Kong)	中國(包括香港)	356,412	291,414
United States of America	美利堅合眾國	138,148	146,458
Asia (excluding China and Japan)	亞洲(不包括中國及日本)	66,556	51,500
Europe	歐洲	60,488	42,193
Japan	日本	42,982	53,154
		664,586	584,719

Information about major customers

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the year ended 31 December 2014 (2013: Nil).

4. 經營分部資料

出於管理需要，本集團僅構組一個業務單元，主要包括製造及銷售半導體產品。管理層在作出分配資源的相關決策及評估本集團表現時審核綜合業績。因此，並無呈列分部分分析。

本集團使用的主要資產位於中國上海，故並無按資產的地理位置於年內呈列分部資料。

地理區域應佔收入乃按客戶所在地劃分。年內按客戶所在地劃分的地區分部有關收入呈列如下：

有關主要客戶的資料

截至二零一四年十二月三十一日止年度(二零一三年：無)對單一客戶的銷售所得收益金額並無達本集團收入的10%或以上。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

5. Revenue, other income and gains

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts and the value of services rendered during the year.

An analysis of revenue, other income and gains is as follows:

5. 收入、其他收入及收益

收入亦即本集團的營業額，指年內扣除退貨及貿易折扣後的已出售貨品發票淨值及所提供服務的價值。

對收入、其他收入及收益的分析如下：

		2014	2013
		二零一四年	二零一三年
		US\$'000	US\$'000
		千美元	千美元
Revenue	收入		
Sale of goods	銷售貨品	664,586	584,719
Other income	其他收入		
Rental income	租金收入	13,270	12,952
Interest income	利息收入	4,592	8,226
Government subsidies	政府補貼	663	550
Sale of scrap materials	銷售廢料	466	808
Rendering of service	提供服務	1,081	1,487
Others	其他	3,412	536
		23,484	24,559
Gains	收益		
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目以及預付土地租賃款項的收益	402	795
Exchange gain	外匯匯兌收益	-	5,251
		402	6,046
		23,886	30,605

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

6. Profit before tax

The Group's profit before tax is arrived at after charging/
(crediting):

6. 稅前溢利

本集團的稅前溢利乃於扣除／(計入) 下列各項後達致：

			2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
		Notes 附註		
Cost of inventories sold	已售存貨成本		466,815	459,270
Depreciation	折舊	14	71,613	87,514
Recognition of prepaid land lease payments	確認預付土地租賃款項	16	721	711
Amortisation of intangible assets	無形資產攤銷	17	12,154	18,339
Research and development costs	研發成本		30,791	25,693
Operating lease expenses	經營租賃開支		3,425	2,025
Auditors' remuneration	核數師薪酬		770	339
Employee benefit expense (excluding directors' and chief executive's remuneration):	僱員福利開支(不包括 董事及最高行政人員 的薪酬):			
Wages, salaries and other benefits	工資、薪金及其他福利		116,572	98,480
Pension scheme contribution	退休金計劃供款		11,340	10,506
			127,912	108,986
Rental income on an investment property, net	投資物業的租金收入淨額	5	(13,270)	(12,952)
Government subsidies	政府補貼		(663)	(550)
Foreign exchange differences, net	外匯匯兌差額淨額		1,385	(5,251)
Impairment of other receivables	其他應收款項減值		246	-
Write-down of inventories to net realisable value	撇減存貨至可變現淨值		3,823	3,362
Changes in fair value of an investment property	投資物業公平值變動		(1,127)	(2,095)

7. Finance costs

7. 財務費用

			2014 二零一四年 (US\$'000) 千美元	2013 二零一三年 (US\$'000) 千美元
Interest on bank loans	銀行貸款利息		12,136	16,479

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

8. Directors' and chief executive's remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and section 78 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), with reference to section 161 of the predecessor Hong Kong Companies Ordinance (Cap. 32), is as follows:

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Fees	袍金	69	-
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	154	163
Performance related bonuses	與表現掛鉤的花紅	139	97
Pension scheme contributions	退休金計劃供款	10	6
		303	266
		372	266

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Stephen Tso Tung Chang	張祖同	23	-
Kwai Huen Wong, JP	王桂壘太平紳士	23	-
Long Fei Ye	葉龍蜚	23	-
		69	-

All of the independent non-executive directors have been appointed pursuant to a shareholder resolution passed on 12 May 2014 with such appointments taking effect on 18 September 2014.

There were no other emoluments payable to the independent non-executive directors during the year (2013: Nil).

8. 董事及最高行政人員的薪酬

根據上市規則及香港《公司條例》(第662章)附表11第78條(參考前香港《公司條例》(第32章)第161條)披露的本年度董事及最高行政人員薪酬如下：

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Fees	袍金	69	-
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	154	163
Performance related bonuses	與表現掛鉤的花紅	139	97
Pension scheme contributions	退休金計劃供款	10	6
		303	266
		372	266

(a) 獨立非執行董事

年內向獨立非執行董事支付的袍金如下：

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Stephen Tso Tung Chang	張祖同	23	-
Kwai Huen Wong, JP	王桂壘太平紳士	23	-
Long Fei Ye	葉龍蜚	23	-
		69	-

全部獨立非執行董事乃根據於二零一四年五月十二日通過的股東決議案委任，該等委任於二零一四年九月十八日生效。

年內並無應付予獨立非執行董事的其他酬金(二零一三年：無)。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

8. Directors' and chief executive's remuneration (continued)

(b) Executive directors, non-executive directors and the chief executive

The Directors during the year were:

Mr. Wenbiao Fu (Chairman)	
Mr. Yu Wang	
Mr. Morita Takayuki	
Mr. Jianbo Chen	
Mr. Jun Ye	
Mr. Yuchan Ma	(appointed on 12 May 2014)
Mr. Feili Chen	(resigned on 18 September 2014)
Mr. Yujun Chen	(resigned on 18 September 2014)
Mr. Xiang Xiang	(resigned on 18 September 2014)
Mr. Ganesh Moorthy	(resigned on 18 September 2014)
Mr. Ding Xu	(resigned on 18 September 2014)
Mr. Xiaochun Gu	(resigned on 24 January 2014)
Mr. Xiaoming Ying	(resigned on 18 September 2014)
Mr. Yi Qin	(resigned on 18 September 2014)
Mr. Yamaguchi Tatsuya	(resigned on 18 September 2014)
Ms. Ping Cao	(appointed on 24 January 2014 and resigned on 18 September 2014)
Mr. Shichang Zou	(resigned on 18 September 2014)
Mr. Guiwu Zhao	(resigned on 18 September 2014)
Mr. Ming Zhao	(resigned on 18 September 2014)
Mr. Honghua Zhou	(resigned on 12 May 2014)
Mr. Wen-Young Wong	(resigned on 18 September 2014)

Mr. Yu Wang received US\$154,000 (2013: US\$163,000) of salaries, allowances and benefits in kind, US\$139,000 (2013: US\$97,000) of performance related bonuses, and US\$10,000 (2013: US\$6,000) of pension scheme contributions during the year. None of the other directors received any emoluments during the year (2013: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

8. 董事及最高行政人員的薪酬 (續)

(b) 執行董事、非執行董事及最高行政人員

年內的董事為：

傅文彪先生 (主席)	
王煜先生	
森田隆之先生	
陳劍波先生	
葉峻先生	
馬玉川先生	(於二零一四年五月十二日獲委任)
陳斐利先生	(於二零一四年九月十八日辭任)
陳宇峻先生	(於二零一四年九月十八日辭任)
項翔先生	(於二零一四年九月十八日辭任)
Ganesh Moorthy先生	(於二零一四年九月十八日辭任)
徐鼎先生	(於二零一四年九月十八日辭任)
顧曉春先生	(於二零一四年一月二十四日辭任)
應曉明先生	(於二零一四年九月十八日辭任)
秦毅先生	(於二零一四年九月十八日辭任)
山口達也先生	(於二零一四年九月十八日辭任)
曹萍女士	(於二零一四年一月二十四日獲委任及於二零一四年九月十八日辭任)
鄒世昌先生	(於二零一四年九月十八日辭任)
趙貴武先生	(於二零一四年九月十八日辭任)
趙明先生	(於二零一四年九月十八日辭任)
周洪華先生	(於二零一四年五月十二日辭任)
王文洋先生	(於二零一四年九月十八日辭任)

王煜先生於年內收取154,000美元(二零一三年：163,000美元)的薪金、津貼及實物利益，139,000美元(二零一三年：97,000美元)的與表現掛鉤的花紅以及10,000美元(二零一三年：6,000美元)退休金計劃供款。概無其他董事於年內收取任何酬金(二零一三年：無)。

於年內，概無董事作出安排放棄或同意放棄任何薪酬。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

9. Five highest paid employees

The five highest paid employees during the year included one director (2013: one), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2013: four) highest paid employees who are not directors of the Company are as follows:

		2014	2013
		二零一四年	二零一三年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Salaries, allowances and benefits in kind	薪酬、津貼及實物利益	1,214	893
Performance related bonuses	與表現掛鉤的花紅	292	36
Pension scheme contributions	退休金計劃供款	15	15
		1,521	944

The number of highest paid employees who are not directors of the Company and whose remuneration fell within the following bands is as follows:

		Numbers of employees	
		僱員人數	
		2014	2013
		二零一四年	二零一三年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	–	1
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	–	1
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	2	2
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	1	–
HK\$4,500,001 to HK\$5,000,000	4,500,001港元至5,000,000港元	1	–
		4	4

9. 五名最高薪僱員

年內，五名最高薪僱員包括一名（二零一三年：一名）董事，其薪酬詳情載於上文附註8。年內，其餘四名（二零一三年：四名）並非本公司董事的最高薪僱員的薪酬詳情如下：

薪酬屬於以下範疇的並非本公司董事的最高薪僱員人數如下：

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

10. Income tax

Hong Kong profits were subject to profit tax at the rate of 16.5% during the year (2013: 16.5%). No provision for Hong Kong profits tax has been made as the Company and a subsidiary incorporated in Hong Kong had no assessable income during the year (2013: Nil).

The Company's subsidiary incorporated in the Cayman Islands is not subject to corporate income tax ("CIT") as it does not have a place of business (other than a registered office) or carry on any business in the Cayman Islands.

All of the Group's subsidiaries registered in the PRC and only having operations in Mainland China are subject to PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws based on a statutory rate of 25%.

Pursuant to relevant laws and regulations in the PRC and with approval from the tax authorities in charge, one of the Group's subsidiaries, Shanghai Huahong Grace Semiconductor Manufacturing Corporation ("HHGrace"), is qualified as an enterprise producing integrated circuits of 0.25 μ m in width and thus was entitled to a preferential tax rate of 15% from 2013 to 2017.

Pursuant to relevant laws and regulations in the PRC and with approval from the tax authorities in charge, two of the Group's subsidiaries, Shanghai Hua Hong NEC Electronics Co., Ltd. ("HHNEC") and Shanghai Grace Semiconductor Manufacturing Corporation ("Grace Shanghai"), are qualified as "High and New Technology Enterprises" and thus were entitled to the a preferential tax rate of 15%.

The Company's subsidiary incorporated and operating in Japan is subject to a corporation tax rate of 25.5% (2013: 25.5%).

The Company's subsidiary incorporated and operating in the United States is subject to a federal corporation income tax rate of 34% during the year (2013: 34%), as well as state tax at 8.84% (2013: 8.84%).

10. 所得稅

根據香港特別行政區的相關稅法，於年內的香港溢利須按16.5%（二零一三年：16.5%）的稅率繳納利得稅。由於本公司及一家在香港註冊成立的子公司於年內並無取得應評稅收入，故並無就香港利得稅作出撥備（二零一三年：無）。

由於本公司在開曼群島註冊成立的子公司在開曼群島並無擁有營業地點（註冊辦事處除外）或經營任何業務，故有關子公司毋須繳納企業所得稅（「企業所得稅」）。

所有本集團在中國註冊且僅在中國內地營運的子公司，應就其根據相關中國所得稅法調整的中國法定賬目所呈報應課稅收入按25%的法定稅率繳納中國企業所得稅。

根據中國相關法律及法規及獲稅務主管機關批准，本集團一家子公司上海華虹宏力半導體製造有限公司（「華虹宏力」）符合資格成為生產工藝技術節點小於0.25 μ m集成電路的企業，故有權於二零一三年至二零一七年期間按15%的優惠稅率繳稅。

根據中國相關法律及法規及獲稅務主管機關批准，本集團一家子公司華虹宏力根據中國相關法律及法規及獲稅務主管機關批准，本集團兩家子公司上海華虹NEC電子有限公司（「華虹NEC」）及上海宏力半導體製造公司（「上海宏力」）合資格成為「高新技術企業」，故有權按15%的優惠稅率繳稅。

本公司在日本註冊成立及營運的子公司應按25.5%（二零一三年：25.5%）的企業稅率繳稅。

本公司在美國註冊成立及營運的子公司應按34%（二零一三年：34%）的聯邦企業所得稅率及8.84%（二零一三年：8.84%）的州稅稅率繳稅。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

10. Income tax (continued)

The major components of income tax expense of the Group are as follows:

		2014	2013
		二零一四年	二零一三年
		(US\$'000)	(US\$'000)
		千美元	千美元
Current income tax – PRC	當期所得稅 – 中國	20,220	10,226
Current income tax – elsewhere	當期所得稅 – 其他地區	29	22
Deferred tax (note 29)	遞延稅項 (附註29)	7,473	(1,284)
		27,722	8,964

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

		2014	2013
		二零一四年	二零一三年
		(US\$'000)	(US\$'000)
		千美元	千美元
Profit before tax	稅前溢利	120,812	70,813
Tax at the statutory tax rate	按法定稅率計算的稅項	30,203	17,703
Lower tax rates for specific provinces or enacted by local authority	特定省份或地方當局頒佈的較低稅率	(12,177)	(6,077)
Adjustments in respect of current tax of previous period	就上一期間當期稅項的調整	(4)	(179)
Profits attributable to an associate	應佔一家聯營公司溢利	(728)	(966)
Income not subject to tax	免繳稅收入	(140)	–
Expenses not deductible for tax	不可扣稅開支	697	596
Tax losses utilised from previous periods	動用過往期間的稅項虧損	–	(3,352)
Tax losses not recognized	未確認稅項虧損	476	5
Temporary differences not recognized	未確認暫時差額	–	(517)
Adjustments in respect of deferred tax of previous years	就以前年度遞延稅項的調整	68	(223)
Additional deduction of research and development costs	研發成本加計扣除	–	(200)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	本集團中國子公司可供分派溢利按10%稅率繳納預扣稅的影響	9,327	2,174
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項開支	27,722	8,964

The share of tax attributable to an associate amounting to US\$811,000 for the year (2013: US\$2,166,000) is included in "Share of profits of an associate" in the consolidated statement of profit or loss.

本集團所得稅開支的主要組成部份如下：

按本公司及其子公司經營所在國家的法定稅率計算的除稅前溢利的適用稅項開支，與按實際稅率計算的稅項開支的對賬如下：

年內分佔聯營公司稅項為811,000美元 (二零一三年：2,166,000美元)，載於綜合損益表「分佔一家聯營公司溢利」。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

11. Profit attributable to owners of the parent

The consolidated profit attributable to owners of the parent for the year ended 31 December 2014 includes a loss of US\$2,888,000 (2013: loss of US\$28,000) which has been dealt with in the financial statements of the Company (note 31 (b)).

12. Earnings per share

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 853,421,114 in issue during the year (2013: 805,175,656).

The Group had no potentially dilutive ordinary shares in issue during the year (2013: Nil).

The calculation of earnings per share is based on:

11. 母公司擁有人應佔溢利

截至二零一四年十二月三十一日止年度母公司擁有人應佔綜合溢利包括已於本公司財務報表列賬的虧損2,888,000美元(二零一三年：虧損28,000美元)(附註31(b))。

12. 每股盈利

基本每股盈利乃基於母公司普通權益持有人應佔年內溢利及於年內已發行853,421,114股(二零一三年：805,175,656股)普通股的加權平均數計算。

本集團年內並無已發行潛在攤薄普通股(二零一三年：無)。

每股盈利的計算乃基於：

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Earnings	盈利		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	用於計算每股基本盈利的 母公司普通權益持有人 應佔溢利	93,090	61,849
		Number of share 股份數目	
		2014 二零一四年	2013 二零一三年
Shares	股份		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	用於計算每股基本盈利的 年內已發行普通股 加權平均數	853,421,114	805,175,656

13. Dividend

The Board did not recommend the payment of any dividend for the year ended 31 December 2014 (2013: Nil).

13. 股息

董事會不建議就截至二零一四年十二月三十一日止年度派付任何股息(二零一三年：無)。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

14. Property, plant and equipment

14. 物業、廠房及設備

		Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
		樓宇	廠房設施及機器	辦公設備	汽車	租賃物業裝修	在建工程	總計
		(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
		(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)	(千美元)
31 December 2014	二零一四年十二月三十一日							
At 31 December 2013 and at 1 January 2014:	於二零一三年十二月三十一日及二零一四年一月一日:							
Cost	成本	325,683	3,625,942	30,508	3,291	-	89,010	4,074,434
Accumulated depreciation and impairment	累計折舊及減值	(136,181)	(3,313,773)	(26,604)	(2,554)	-	(16,018)	(3,495,130)
Net carrying amount	賬面淨值	189,502	312,169	3,904	737	-	72,992	579,304
At 1 January 2014, net of accumulated depreciation and impairment	於二零一四年一月一日，扣除累計折舊及減值	189,502	312,169	3,904	737	-	72,992	579,304
Additions	添置	-	-	3,700	152	-	59,260	63,112
Transfers	轉撥	7,900	83,561	-	-	4,276	(95,737)	-
Disposals	處置	-	-	(8)	(64)	-	-	(72)
Depreciation provided during the year	年內計提折舊	(11,526)	(57,590)	(1,402)	(240)	(855)	-	(71,613)
Exchange realignment	匯兌調整	(678)	(1,182)	(38)	(3)	(6)	(198)	(2,105)
At 31 December 2014, net of accumulated depreciation and impairment	於二零一四年十二月三十一日，扣除累計折舊及減值	185,198	336,958	6,156	582	3,415	36,317	568,626
At 31 December 2014:	於二零一四年十二月三十一日:							
Cost	成本	332,393	3,696,100	33,313	2,167	4,268	52,277	4,120,518
Accumulated depreciation and impairment	累計折舊及減值	(147,195)	(3,359,142)	(27,157)	(1,585)	(853)	(15,960)	(3,551,892)
Net carrying amount	賬面淨值	185,198	336,958	6,156	582	3,415	36,317	568,626

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

14. Property, plant and equipment (continued)

14. 物業、廠房及設備（續）

		Buildings 樓宇 (US\$'000) (千美元)	Plant and machinery 廠房設施 及機器 (US\$'000) (千美元)	Office equipment 辦公設備 (US\$'000) (千美元)	Motor vehicles 汽車 (US\$'000) (千美元)	Construction in progress 在建工程 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
31 December 2013	二零一三年十二月三十一日						
At 31 December 2012 and at 1 January 2013:	於二零一二年十二月三十一日 及二零一三年一月一日：						
Cost	成本	290,864	3,483,070	28,841	3,193	114,258	3,920,226
Accumulated depreciation and impairment	累計折舊 及減值	(120,337)	(3,142,249)	(24,431)	(2,193)	(15,537)	(3,304,747)
Net carrying amount	賬面淨值	170,527	340,821	4,410	1,000	98,721	615,479
At 1 January 2013, net of accumulated depreciation and impairment	於二零一三年一月一日， 扣除累計折舊 及減值	170,527	340,821	4,410	1,000	98,721	615,479
Additions	添置	-	433	13	-	32,739	33,185
Disposals	處置	-	(32)	(12)	-	-	(44)
Transfers	轉撥	25,428	34,880	775	-	(61,083)	-
Depreciation provided during the year	年內計提 折舊	(11,937)	(73,880)	(1,406)	(291)	-	(87,514)
Exchange realignment	匯兌調整	5,484	9,947	124	28	2,615	18,198
At 31 December 2013, net of accumulated depreciation and impairment	於二零一三年十二月三十一日， 扣除累計折舊 及減值	189,502	312,169	3,904	737	72,992	579,304
At 31 December 2013:	於二零一三年十二月三十一日：						
Cost	成本	325,683	3,625,942	30,508	3,291	89,010	4,074,434
Accumulated depreciation and impairment	累計折舊 及減值	(136,181)	(3,313,773)	(26,604)	(2,554)	(16,018)	(3,495,130)
Net carrying amount	賬面淨值	189,502	312,169	3,904	737	72,992	579,304

As at 31 December 2014, certain of the Group's property, plant and equipment with a net carrying value of US\$458,462,000 (2013: US\$456,687,000) were pledged to banks to secure the Group's banking facilities (note 27).

於二零一四年十二月三十一日，本集團賬面淨值為458,462,000美元（二零一三年：456,687,000美元）的若干物業、廠房及設備已抵押予銀行以取得本集團的銀行信貸融資（附註27）。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

15. Investment property

15. 投資物業

		2014	2013
		二零一四年	二零一三年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Carrying amount at 1 January	於一月一日的賬面值	191,098	183,301
Net gains from a fair value adjustment	公平值調整的收益淨額	1,127	2,095
Exchange realignment	匯兌調整	(692)	5,702
Carrying amount at 31 December	於十二月三十一日的賬面值	191,533	191,098

The Group's investment property is situated in Shanghai, the PRC and is held under a medium term lease. The directors have determined that the investment property is an industrial property, based on the nature, characteristics and risks of the property.

The Group's investment property was revalued on 31 December 2014 and 2013 based on valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer, on an open market value basis. The valuation is based on both capitalisation of income derived from the existing tenancy with allowance for the reversionary income potential of the property, and by making reference to comparable market transactions.

Each year, the Group's property manager and the chief financial officer decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results annually when the valuation is performed for annual financial reporting.

The investment property is leased to a related party under an operating lease (note 32(a) and note 34 (b)).

As at 31 December 2014 and 2013, the Group's investment property was pledged to banks to secure the Group's banking facilities (note 27).

本集團的投資物業位於中國上海，按中期租約持有。董事已基於物業的性質、特點及風險釐定投資物業為工業物業。

於二零一四年及二零一三年十二月三十一日，本集團的投資物業已根據一家具專業資格的獨立估值師仲量聯行企業評估及諮詢有限公司按公開市值進行了重估。該估值參考了現有租約收入扣除潛在可復歸收入後的金額及相關市場的可比較交易確定。

每年，本集團的物業經理及財務總監決定委任外聘評估師負責本集團物業的外部估值。選聘標準包括對市場的了解、聲譽、獨立性及是否具備專業水準。本集團的物業經理及財務總監就年度財務報告進行估值時，已與估值師每年討論一次估值假設及估值結果。

投資物業根據經營租約出租予關聯方(附註32(a)和34(b))。

於二零一四年及二零一三年十二月三十一日，本集團的投資物業已抵押予銀行以取得本集團的銀行信貸融資(附註27)。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

15. Investment property (continued)

Fair value hierarchy

The recurring fair value measurement for the Group's investment property, which is an industrial property, is made using significant unobservable inputs (Level 3) as at 31 December 2013 and 2014. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2013: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of the investment property:

15. 投資物業 (續)

公平值層級

本集團投資物業(為工業物業)於二零一四年十二月三十一日及二零一三年十二月三十一日的週期公平值計量乃使用重大不可觀察輸入數據(第3級)作出。於年內,第1級與第2級間並無公平值計量轉移,且第3級並無轉入或轉出(二零一三年:無)。

下文為投資物業估值所用估值技術及主要輸入數據概要:

Industrial property 工業物業	Valuation techniques 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	(Weighted average) (加權平均)
As at 31 December 2014 於二零一四年十二月三十一日	Term and reversion method 年期及復歸法	Estimated rental value (per sq.m. and per month) 估計租賃價值 (每平方米及每月)	US\$11.6 11.6美元
		Term yield 年期回報率	7.0%
		Reversionary 復歸	7.5%
		Long term vacancy rate 長期空置率	5.0%
As at 31 December 2013 於二零一三年十二月三十一日	Market comparison method 市場比較法	Estimated value (per sq.m.) 估計價值(每平方米)	US\$1,978 1,978美元
		Term and reversion method 年期及復歸法	US\$11.5 11.5美元
	Term and reversion method 年期及復歸法	Estimated rental value (per sq.m. and per month) 估計租賃價值 (每平方米及每月)	US\$11.5 11.5美元
		Term yield 年期回報率	7.0%
	Reversionary 復歸	7.5%	
	Long term vacancy rate 長期空置率	5.0%	

Under the term and reversion method, fair value is measured by taking into account the rental income derived from the existing lease with due allowance for the reversionary income potential of the lease, which is then capitalised into the value at appropriate rates.

根據年期及復歸法,公平值乃經計及現有租約產生的租金收入,並就該等租約的潛在可復歸收入計提適當撥備,其後按適用資本化比率撥充資本計算價值而達致。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

15. Investment property (continued)

Fair value hierarchy (continued)

The term value was estimated based on the existing rent, tenancy period as stated in the lease agreement and the yield during the term period (tenancy period). The reversionary value was estimated based on the market rents, market yield and the reversionary periods.

A significant increase/(decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase/(decrease) in the fair value of the investment property. A significant increase/(decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease/(increase) in the fair value of the investment property. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

16. Prepaid land lease payments

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Carrying amount at 1 January	於一月一日的賬面值	25,726	25,655
Recognised during the year	年內確認	(721)	(711)
Exchange realignment	匯兌調整	(91)	782
Carrying amount at 31 December	於十二月三十一日的賬面值	24,914	25,726
Current portion included in prepayments, deposits and other receivables	預付款項、按金及其他應收款項的即期部份	(720)	(722)
Non-current portion	非即期部份	24,194	25,004

The parcels of leasehold land are held under long term leases and are situated in Mainland China.

Certain of the Group's prepaid land lease payments with a carrying value of US\$24,914,000 as at 31 December 2014 (2013: US\$25,726,000) were pledged to banks to secure the Group's banking facilities (note 27).

15. 投資物業 (續)

公平值層級 (續)

定期價值乃根據租賃協議所訂明的現有租金、租期及年期內(租期)回報率估計。復歸價值乃根據市值租金、市場回報率及復歸期估計。

估計租賃價值及市場租金年增長率單獨大幅上升/(下降)將導致投資物業的公平值大幅增加/(減少)。長期空置率及貼現率單獨大幅上升/(下降)將導致投資物業的公平值大幅減少/(增加)。一般而言,就估計租賃價值作出的假設變動同時,租金年增長率及貼現率出現同向變動,而長期空置率出現反向變動。

16. 預付土地租賃款項

租賃土地地塊位於中國內地,按長期租約持有。

於二零一四年十二月三十一日,賬面值為24,914,000美元(二零一三年:25,726,000美元)的本集團若干預付土地租賃付款已抵押予銀行以取得本集團的銀行信貸融資(附註27)。

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

17. Intangible assets

17. 無形資產

		Process technology licence 工業技術許可 (US\$'000) (千美元)	Computer software 電腦軟件 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
31 December 2014	二零一四年十二月三十一日			
At 31 December 2013 and at 1 January 2014:	於二零一三年十二月 三十一日及二零一四年 一月一日：			
Cost	成本	284,025	106,261	390,286
Accumulated amortisation and impairment	累計攤銷及減值	(281,335)	(86,113)	(367,448)
Net carrying amount	賬面淨值	2,690	20,148	22,838
At 1 January 2014, net of accumulated amortisation and impairment	於二零一四年一月一日， 扣除累計攤銷及減值	2,690	20,148	22,838
Additions	添置	–	4,105	4,105
Amortisation provided during the year	年內作出攤銷	(2,680)	(9,474)	(12,154)
Exchange realignment	匯兌調整	(10)	(71)	(81)
At 31 December 2014, net of accumulated amortisation and impairment	於二零一四年十二月 三十一日，扣除累計 攤銷及減值	–	14,708	14,708
At 31 December 2014:	於二零一四年十二月 三十一日			
Cost	成本	282,999	109,882	392,881
Accumulated amortisation and impairment	累計攤銷及減值	(282,999)	(95,174)	(378,173)
Net carrying amount	賬面淨值	–	14,708	14,708

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

17. Intangible assets (continued)

17. 無形資產 (續)

		Process technology licence 工業技術許可 (US\$'000) (千美元)	Computer software 電腦軟件 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
31 December 2013	二零一三年十二月三十一日			
At 31 December 2012 and at 1 January 2013:	於二零一二年十二月 三十一日及二零一三年 一月一日：			
Cost	成本	275,503	100,497	376,000
Accumulated amortisation and impairment	累計攤銷及減值	(261,782)	(76,577)	(338,359)
Net carrying amount	賬面淨值	13,721	23,920	37,641
At 1 January 2013, net of accumulated amortisation and impairment	於二零一三年一月一日， 扣除累計攤銷及減值	13,721	23,920	37,641
Additions	添置	–	2,615	2,615
Amortisation provided during the year	年內作出攤銷	(11,281)	(7,058)	(18,339)
Exchange realignment	匯兌調整	250	671	921
At 31 December 2013, net of accumulated amortisation and impairment	於二零一三年十二月 三十一日，扣除累計 攤銷及減值	2,690	20,148	22,838
At 31 December 2013:	於二零一三年十二月 三十一日：			
Cost	成本	284,025	106,261	390,286
Accumulated amortisation and impairment	累計攤銷及減值	(281,335)	(86,113)	(367,448)
Net carrying amount	賬面淨值	2,690	20,148	22,838

Certain of the Group's intangible assets with a carrying value of US\$10,599,000 at 31 December 2014 (2013: US\$11,383,000) were pledged to banks to secure the Group's banking facilities (note 27).

於二零一四年十二月三十一日，賬面值為10,599,000美元（二零一三年：11,383,000美元）的若干本集團無形資產已抵押予銀行以取得本集團的銀行信貸融資（附註27）。

Notes to Financial Statements

31 December 2014
二零一四年十二月三十一日

財務報表附註

18. Investments in subsidiaries

18. 於子公司的投資

		Company 本公司	
		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Unlisted equity investments, at cost	非上市股權投資，按成本值	1,229,996	1,229,996
Less: Impairment of investment	減：投資減值	—	—
		1,229,996	1,229,996

Particulars of the Group's subsidiaries are as follows:

本集團子公司的詳情如下：

Name of company 公司名稱	Place and date of incorporation/ registration and place of business 註冊成立／登記 及營業地點及日期	Issued ordinary/ registered share capital 已發行普通／ 法定股本 (in thousand) (千元)	Percentage of equity interest attributable to the Company 本公司應佔 股權權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Subsidiaries 子公司					
Grace Semiconductor Manufacturing Corporation ("Grace Cayman")*	Cayman Islands/ 5 October 1999 開曼群島／ 一九九九年十月五日	US\$0.001	100%	—	Investment holding 投資控股
HHGrace** 華虹宏力	PRC/ 24 January 2013 中國／二零一三年 一月二十四日	RMB5,865,538	100%	—	Manufacturing and sale of semiconductor products 生產及銷售半導體產品
Shanghai Huajie IC Technology Service Co., Ltd. ("Shanghai Huajie")*** 上海華傑芯片技術服務有限公司 (「上海華傑」)***	PRC/ 8 April 2002 中國／二零零二年 四月八日	RMB41,385	—	100%	Manufacturing and sale of semiconductor products 生產及銷售半導體產品

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

18. Investments in subsidiaries (continued)

18. 於子公司的投資 (續)

Company (continued)

本公司 (續)

Name of company 公司名稱	Place and date of incorporation/ registration and business 註冊成立／登記 及營業地點及日期	Issued ordinary/ registered share capital 已發行普通／ 法定股本 (in thousand) (千元)	Percentage of equity interest attributable to the Company 本公司應佔 股權權益百分比		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Subsidiaries (continued) 子公司 (續)					
Global Synergy Technology Limited ("GST")****	Hong Kong SAR/ 12 November 2003 香港特別行政區／ 二零零三年 十一月十二日	HK\$10 10港元	100%	–	Trading 貿易
HHGrace Semiconductor USA, Inc*	The United States of America/ 20 October 2005 美國／二零零五年 十月二十日	–	100%	–	Sales office 銷售公司
HHGrace Semiconductor Japan Co., Ltd.*	Japan/2 May 2006 日本／二零零六年 五月二日	JPY10,000 10,000日圓	100%	–	Sales office 銷售公司

* No audited financial statements have been prepared for these entities for the year ended 31 December 2014, as these entities were not subject to any statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation.

** On 24 January 2013, HHGrace was established as a wholly-foreign-owned enterprise under PRC law to consolidate the assets and liabilities of HHNEC and Grace Shanghai. This consolidation has been substantially completed except for certain administrative formalities which still need to be fulfilled before the deregistration of HHNEC and Grace Shanghai.

*** Shanghai Huajie is a domestic company established under PRC law.

**** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

* 於截至二零一四年十二月三十一日止年度，概無編製該等實體的經審核財務報表，因為根據其註冊成立的司法權區的相關法律及法規，該實體毋須進行任何法定審核。

** 於二零一三年一月二十四日，華虹宏力按中國法律成立為外資企業，以整合華虹NEC及上海宏力的資產及負債。整合大致上已完成，但仍需完成若干行政手續，方可註銷華虹NEC及上海宏力。

*** 上海華傑是在中國境內成立的公司。

**** 未經安永會計師事務所或安永會計師事務所全球網絡的其他成員公司審核。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

19. Investment in an associate

19. 於聯營公司的投資

		2014 二零一四年 US\$'000 (千美元)	2013 二零一三年 US\$'000 (千美元)
Share of net assets	分佔資產淨值	42,030	45,115

Particulars of the Group's subsidiaries are as follows:

本集團子公司詳情如下：

Name of company 公司名稱	Place and date of incorporation/ registration and place of business 註冊成立／登記 及營業地點及日期	Paid-in capital 實繳股本 RMB'000 人民幣千元	Percentage of equity interest attributable to the Group 本集團應佔 股權權益百分比	Principal activities 主要業務
Shanghai Huahong Technology Development Co., Ltd. (“Huahong Technology Development”) 上海華虹科技發展有限公司 (「華虹科技發展」)	PRC/Mainland China 中國／中國內地	548,000	50%	Technology development and investment 科技開發及投資

The financial statements of this associate were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

該聯營公司的財務報表並未經香港安永會計師事務所或安永會計師事務所全球網絡的其他成員公司審核。

The Group's voting power held and profit sharing arrangement in relation to Huahong Technology Development are 40% and 50%, respectively.

本集團有關華虹科技發展持有的投票權及利潤分配安排分別為40%及50%。

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

本集團透過本公司的全資子公司持有該聯營公司的股權。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

19. Investment in an associate (continued)

The following table illustrates the summarised financial information of the Group's associate:

		2014	2013
		二零一四年	二零一三年
		US\$'000	US\$'000
		千美元	千美元
Current assets	流動資產	185,530	240,273
Non-current assets	非流動資產	19,892	14
Current liabilities	流動負債	(41,277)	(87,751)
Non-current liabilities	非流動負債	(80,085)	(62,306)
Net assets	資產淨值	84,060	90,230
Net assets, excluding goodwill	資產淨值，不包括商譽	84,060	90,230
Reconciliation to the Group's interest in the associate:	本集團於聯營公司的權益對賬：		
Proportion of the Group's interest in the associate	本集團於聯營公司的權益比例	50%	50%
Group's share of net assets of the associate, excluding goodwill	本集團分佔聯營公司資產淨值，不包括商譽	42,030	45,115
		2014	2013
		二零一四年	二零一三年
		US\$'000	US\$'000
		千美元	千美元
Revenue	收入	21,305	34,755
Profit for the year	年內溢利	9,697	12,873
Other comprehensive income	其他全面收益	15	-
Total comprehensive income	全面收益總額	9,712	12,873
Dividend received	已收股息	(8,186)	-

19. 於聯營公司的投資（續）

下表概述本集團聯營公司的財務資料：

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

20. Available-for-sale investments

20. 可供出售投資

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Unlisted equity investments, at cost	非上市股權投資，按成本值	230,512	172,219

As at 31 December 2014, the unlisted equity investments with a carrying amount of US\$230,512,000 (2013: 172,219,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

由於合理公平值估計範圍太大，董事認為其公平值不能可靠計量，故於二零一四年十二月三十一日非上市股權投資（賬面值230,512,000美元（二零一三年：172,219,000美元））乃按成本值扣除減值呈列。本集團近期無意出售該等投資。

21. Inventories

21. 存貨

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Raw materials	原材料	40,808	39,283
Work in progress	在製品	37,162	43,276
Finished goods	製成品	27,049	23,910
		105,019	106,469
Less: provision for inventories	減：存貨撥備	(11,031)	(7,240)
		93,988	99,229

22. Trade and notes receivables

22. 貿易應收款項及應收票據

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Trade receivables	貿易應收款項	76,638	88,778
Notes receivable	應收票據	32,729	18,612
		109,367	107,390
Impairment of trade receivables	貿易應收款項減值	(1,858)	(1,865)
		107,509	105,525

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

22. Trade and notes receivables (continued)

The Group's trading terms with its customers are mainly on credit and the credit period is generally 30 to 45 days, extending up to 60 days for major customers. There is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables, based on the invoice date and net of provisions, is as follows:

		2014	2013
		二零一四年	二零一三年
		US\$'000	US\$'000
		千美元	千美元
Within 3 months	三個月以內	73,515	79,768
3 to 6 months	三至六個月	913	6,686
6 to 12 months	六至十二個月	352	459
		74,780	86,913

The movements in provision for impairment of trade receivables are as follows:

		2014	2013
		二零一四年	二零一三年
		(US\$'000)	(US\$'000)
		千美元	千美元
At 1 January	於一月一日	1,865	1,814
Exchange realignment	匯兌調整	(7)	51
		1,858	1,865

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of US\$1,858,000 as at 31 December 2014 (2013: US\$1,865,000), with a carrying amount before provision of US\$1,858,000 (2013: US\$1,865,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables is expected to be recovered.

22. 貿易應收款項及應收票據 (續)

本集團與其客戶的貿易賬期以信貸為主，信貸期一般為30至45天，對大客戶的信貸期延長至最多60天。本集團並無重大集中信貸風險。本集團並無就其貿易應收款項餘額持有任何抵押品或採取其他加強信貸措施。貿易應收款項為免息。

按發票日期計，貿易應收款項（扣除撥備）的賬齡分析如下：

貿易應收款項減值撥備的變動如下：

上述貿易應收款項減值撥備包括於二零一四年十二月三十一日就個別出現減值的貿易應收款項1,858,000美元（二零一三年：1,865,000美元）作出的撥備，於撥備前的賬面值為1,858,000美元（二零一三年：1,865,000美元）。

個別出現減值的貿易應收款項乃與遭遇財政困難或拖欠利息及／或本金還款的客戶有關，而預期僅可收回部份應收款項。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

22. Trade and notes receivables (continued)

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

		2014 二零一四年 (US\$'000) 千美元	2013 二零一三年 (US\$'000) 千美元
Neither past due nor impaired	既未逾期亦未減值	59,208	67,516
Less than 1 month past due	逾期少於一個月	12,596	12,324
1 to 3 months past due	逾期一至三個月	2,249	5,497
3 to 6 months past due	逾期三至六個月	657	1,331
6 to 12 months past due	逾期六至十二個月	70	245
		74,780	86,913

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

22. 貿易應收款項及應收票據 (續)

並無個別或共同被視為減值的貿易應收款項的賬齡分析如下：

既未逾期亦未減值的應收款項與眾多不同客戶有關，彼等近期並無拖欠紀錄。已逾期但未減值的應收款項與多名獨立客戶有關，彼等與本集團交易紀錄良好。根據過往經驗，董事認為無必要為該等結餘計提減值撥備，原因是信譽質素並無重大改變，且該等結餘被認為仍可全數收回。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

23. Prepayments, deposits and other receivables

23. 預付款項、按金及其他應收款項

		Group 本集團		Company 本公司	
		31 December 2014 二零一四年 十二月 三十一日 (US\$'000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$'000) (千美元)	31 December 2014 二零一四年 十二月 三十一日 (US\$'000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$'000) (千美元)
Other receivables	其他應收款項	5,346	2,981	1,577	972
Prepayments	預付款項	1,882	4,187	-	-
Current portion of prepaid land lease payments (note 16)	預付土地租賃款項 的即期部份 (附註16)	720	722	-	-
		7,948	7,890	1,577	972
Impairment of other receivables	其他應收款項減值	(941)	(697)	-	-
		7,007	7,193	1,577	972

The movements in provision for impairment of other receivables are as follows:

其他應收款項減值撥備的變動如下：

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
At 1 January	於一月一日	697	688
Impairment losses recognised (note 6)	確認減值虧損(附註6)	246	-
Exchange realignment	匯兌調整	(2)	9
As at 31 December	於十二月三十一日	941	697

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivables of US\$941,000 as at 31 December 2014 (2013: US\$697,000), with a carrying amount before provision of US\$941,000 (2013: US\$697,000).

上述其他應收款項減值撥備包括於二零一四年十二月三十一日就個別出現減值的其他應收款項941,000美元(二零一三年：697,000美元)作出的撥備，於撥備前的賬面值為941,000美元(二零一三年：697,000美元)。

The individually impaired other receivables relate to debtors that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables is expected to be recovered.

個別出現減值的其他應收款項乃與遭遇財政困難或拖欠利息及／或本金還款的債務人有關，而預期僅可收回部份應收款項。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

24. Cash and cash equivalents and pledged deposits

24. 現金及現金等價物以及已抵押存款

		Group 本集團		Company 本公司	
		31 December 2014 二零一四年 十二月 三十一日 (US\$'000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$'000) (千美元)	31 December 2014 二零一四年 十二月 三十一日 (US\$'000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$'000) (千美元)
Cash and bank balances	現金及銀行結餘	439,556	185,831	321,811	6,989
Time deposits	定期存款	209,800	133,286	6,000	–
		649,356	319,117	327,811	6,989
Pledged deposits:	已抵押存款：				
Pledged deposits for letters of credit	就信用證抵押存款	(2,583)	(2,072)	–	–
Cash and bank equivalents	現金及現金等價物	646,773	317,045	327,811	6,989

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi (“RMB”) amounted to US\$205,717,000 (2013: US\$262,024,000). The RMB is not freely convertible into other currencies, however, under Mainland China’s Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Pledged deposits with a carrying value of US\$2,583,000 as at 31 December 2014 (2013: US\$2,072,000) were pledged to secure the issuance of letters of credit.

於報告期間末，本集團的現金及銀行結餘以及定期存款乃以人民幣（「人民幣」）計值，為205,717,000美元（二零一三年：262,024,000美元）。人民幣不可自由兌換為其他貨幣。然而，根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團獲准透過獲授權開展外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金乃根據每日銀行存款利率按浮動利率計息。短期的定期存款乃視乎本集團的即時現金需求為期七天至三個月不等，按各短期定期存款的利率賺取利息。銀行結餘乃存放於信譽良好且近期並無違約記錄的銀行。

於二零一四年十二月三十一日，已抵押賬面值為2,583,000美元（二零一三年：2,072,000美元）的已抵押存款以獲發行信用證。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

25. Trade payables

An aged analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

		2014	2013
		二零一四年	二零一三年
		US\$'000	US\$'000
		千美元	千美元
Within 1 month	一個月以內	34,796	34,388
1 to 3 months	一至三個月	21,520	17,274
3 to 6 months	三至六個月	1,180	2,428
6 to 12 months	六至十二個月	1,013	1,719
Over 12 months	十二個月以上	5,023	4,418
		63,532	60,227

The trade payables are unsecured, non-interest-bearing and normally settled on 30 to 60 day terms.

於各報告期間末按發票日期計，本集團貿易應付款項的賬齡分析如下：

貿易應付款項為無抵押、不計息及一般於30天至60天內結清。

26. Other payables, advances from customers and accruals

		2014	2013
		二零一四年	二零一三年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Other payables and accruals	其他應付款項及暫估費用	39,325	40,499
Advances from customers	預收賬款	13,758	11,741
Payroll and bonus payables	應付薪資及花紅	19,227	13,409
		72,310	65,649

The above balances are unsecured, non-interest-bearing and repayable on demand.

26. 其他應付款項、預收賬款及暫估費用

上述結餘乃無抵押、不計息且須按要求償還。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

27. Interest-bearing bank borrowings (continued)

As at 31 December 2014 and 2013, the Group's bank loans were secured by the pledges of the Group's assets with carrying values as follows:

		Note	2014 二零一四年 (US\$'000) 千美元	2013 二零一三年 (US\$'000) 千美元
		附註		
Property, plant and equipment	物業、廠房及設備	14	458,462	456,687
Investment property	投資物業	15	191,533	191,098
Prepaid land lease payments	預付土地租賃款項	16	24,914	25,726
Intangible assets	無形資產	17	10,599	11,383
			685,508	684,894

In addition to the assets pledged above, the Group's secured bank loans as at 31 December 2014 and 2013 were secured by the Company's 36.23% of equity interest in its subsidiary, HHGrace.

於二零一四年及二零一三年十二月三十一日，本集團的銀行貸款由抵押本集團的資產作擔保，資產的賬面值如下：

除以上已抵押資產外，本集團於二零一四年及二零一三年十二月三十一日的有抵押銀行貸款乃以本公司於其子公司華虹宏力的36.23%股權作抵押。

28. Government grants

		Note	2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
		附註		
At 1 January	於1月1日		63,462	56,955
Received during the year	年內收到		21,475	28,851
Paid to subcontractors during the year	年內支付予分包商		(1,004)	(6,167)
Released to offset cost of sales	撥入以抵銷銷售成本	6	(11,034)	(10,660)
Released to offset research and development costs	撥入以抵銷研發成本	6	(5,697)	(4,566)
Offset with long term assets	抵銷長期資產		(3,088)	(2,788)
Exchange realignment	匯兌調整		(229)	1,837
As at 31 December	於12月31日		63,885	63,462

The Group received government funding for several government-sponsored projects focusing on the research and development of advanced technologies.

本集團的多個政府資助項目均獲得政府撥付資金資助，該等項目專注於開發先進技術。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

29. Deferred tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities:

		Depreciation 折舊 (US\$'000) (千美元)	Fair value gains on investment property 投資物業的公平值收益 (US\$'000) (千美元)	Withholding tax 預扣稅 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
As at 1 January 2013	於二零一三年一月一日	11,953	-	-	11,953
Deferred tax (credited)/ charged to profit or loss during the year (note 10)	年內(計入)/扣自損益表的遞延稅項(附註10)	(12,135)	314	2,174	(9,647)
Exchange realignment	匯兌調整	182	5	34	221
As at 31 December 2013 and 1 January 2014	於二零一三年十二月三十一日及二零一四年一月一日	-	319	2,208	2,527
Deferred tax charged to profit or loss during the year (note 10)	年內扣自損益表的遞延稅項(附註10)	-	169	9,327	9,496
Exchange realignment	匯兌調整	-	(1)	(34)	(35)
As at 31 December 2014	於二零一四年十二月三十一日	-	487	11,501	11,988

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. 遞延稅項

年內遞延稅項負債及資產的變動如下：

遞延稅項負債：

根據《中華人民共和國企業所得稅法》，於中國內地成立的外資企業向外國投資者宣派的股息須按10%繳納預扣稅。該項規定自二零零八年一月一日起生效並適用於二零零七年十二月三十一日後產生的盈利。倘中國內地與外國投資者所屬司法權區間訂有稅務協定，可能適用較低的預扣稅率。因此，本集團須就於中國內地成立的該等子公司自二零零八年一月一日起產生的盈利所分派的股息繳納預扣稅。

本公司向其股東派付股息並無附帶任何所得稅後果。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

29. Deferred tax (continued)

29. 遞延稅項 (續)

Deferred tax assets:

遞延稅項資產：

		Depreciation (US\$'000) (千美元)	Write-down of inventories and receivables 存貨及應收 款項撇減 (US\$'000) (千美元)	Accruals (US\$'000) (千美元)	Tax losses (US\$'000) (千美元)	Total (US\$'000) (千美元)
As at 1 January 2013	於二零一三年一月一日	14,361	370	383	104	15,218
Deferred tax (charged)/ credited to profit or loss during the year (note 10)	年內(扣自)/計入 損益表的遞延稅項 (附註10)	(14,579)	975	5,279	(38)	(8,363)
Exchange realignment	匯兌調整	218	27	95	2	342
As at 31 December 2013 and 1 January 2014	於二零一三年十二月 三十一日及 二零一四年一月一日	-	1,372	5,757	68	7,197
Deferred tax credited/ (charged) to profit or loss during the year (note 10)	年內計入/(扣自) 損益表的遞延稅項 (附註10)	-	610	1,481	(68)	2,023
Exchange realignment	匯兌調整	-	(6)	(23)	-	(29)
As at 31 December 2014	於二零一四年 十二月三十一日	-	1,976	7,215	-	9,191

Deferred tax assets have not been recognised in respect of the following items:

以下項目並無確認遞延稅項資產：

		31 December 2014 二零一四年 十二月三十一日 (US\$'000) (千美元)	31 December 2013 二零一三年 十二月三十一日 (US\$'000) (千美元)
Unused tax losses	未動用稅項虧損	2,893	5
Temporary differences	暫時差額	453,458	455,102
		456,351	455,107

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

由於遞延稅項資產乃源自已虧損多時的子公司，且不大可能有應課稅溢利可用以抵銷該等稅項虧損，故並無就該等虧損確認遞延稅項資產。

The temporary differences are available indefinitely for offsetting against future taxable profits of the companies. Deferred tax assets have not been recognised in respect of the temporary differences as it is not considered probable that taxable profits will be available against which the above items can be utilised.

暫時差額可無限期地用以抵銷有關公司的未來應課稅溢利。由於不大可能有應課稅溢利可用以抵銷上述項目，故並無就暫時差額確認遞延稅項資產。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

30. Share capital

30. 股本

	Number of shares		Amount	
	股份數目		金額	
	31 December 2014 二零一四年 十二月 三十一日 (’000) (千股)	31 December 2013 二零一三年 十二月 三十一日 (’000) (千股)	31 December 2014 二零一四年 十二月 三十一日 (US\$’000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$’000) (千美元)
Authorised: (note (a))				
Nil (2013: 1,500,000,000 ordinary shares of US\$0.01 each) (note(b))		無 (二零一三年： 1,500,000,000股 每股面值0.01美元 的普通股) (附註(b))	-	15,000

	Number of shares		Amount	
	股份數目		金額	
	31 December 2014 二零一四年 十二月 三十一日 (’000) (千股)	31 December 2013 二零一三年 十二月 三十一日 (’000) (千股)	31 December 2014 二零一四年 十二月 三十一日 (US\$’000) (千美元)	31 December 2013 二零一三年 十二月 三十一日 (US\$’000) (千美元)
Issued and fully paid:				
1,033,871,656 (2013: 805,175,656) ordinary shares	已發行及繳足： 1,033,871,656股 (二零一三年： 805,175,656股) 普通股	1,033,872	805,176	1,550,164

(a) Under the Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

(b) In accordance with section 135 of the Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members of the Company as a result of this transition.

(a) 根據於二零一四年三月三日開始實施的香港公司條例(第622章)，法定股本概念不再存在。

(b) 按照香港公司條例(第622章)第135條，本公司股份自二零一四年三月三日起，不再存有面值。此轉變對於已發行股份數目或各股東的相關權益並沒有影響。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

30. Share capital (continued)

A summary of movements in the Company's share capital is as follows:

		Number of shares in issue 已發行 股份數目 (^{'000}) (千股)	Amount of share capital 股本金額 (US\$ ^{'000}) (千美元)
At 1 January 2013, 31 December 2013 and 1 January 2014	於二零一三年一月一日、 二零一三年十二月三十一日 及二零一四年一月一日		
Issuance of ordinary shares (note(a))	發行普通股(附註(a))	805,176	8,052
Transition to no-par value regime on 3 March 2014 (note (b))	於二零一四年三月三日過渡至 無面值股份制度(附註(b))	228,696	320,168
		-	1,221,944
At 31 December 2014	於二零一四年十二月三十一日	1,033,872	1,550,164

Notes:

- (a) In connection with the Listing of the shares on the Main Board of the Stock Exchange on 15 October 2014, 228,696,000 shares of HK\$0.01 each were issued at a price of HK\$11.25 per share for a total cash consideration, of HK\$2,572,830,000 (equivalent to approximately US\$331,730,000), which have been credited to the Company's share capital after deduction of US\$11,562,000 listing expenses.
- (b) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

30. 股本 (續)

本公司股本的變動概述如下：

		Number of shares in issue 已發行 股份數目 (^{'000}) (千股)	Amount of share capital 股本金額 (US\$ ^{'000}) (千美元)
At 1 January 2013, 31 December 2013 and 1 January 2014	於二零一三年一月一日、 二零一三年十二月三十一日 及二零一四年一月一日		
Issuance of ordinary shares (note(a))	發行普通股(附註(a))	805,176	8,052
Transition to no-par value regime on 3 March 2014 (note (b))	於二零一四年三月三日過渡至 無面值股份制度(附註(b))	228,696	320,168
		-	1,221,944
At 31 December 2014	於二零一四年十二月三十一日	1,033,872	1,550,164

附註：

- (a) 就股份於二零一四年十月十五日在聯交所主板上市而言，228,696,000股每股面值0.01港元的股份以每股11.25港元的價格發行，總現金代價(扣除上市開支前)2,572,830,000港元(相當於約331,730,000美元)扣除上市費用11,562,000美元後計入本公司股本。
- (b) 根據香港《公司條例》(第622章)附表11第37條所載的過渡性條文，於二零一四年三月三日，股份溢價賬內之進賬額已成為本公司股本的一部份。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

31. Reserves

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 150 of the financial statements.

According to the relevant PRC laws and regulations for wholly-foreign-owned enterprises, which are applicable to the Company's subsidiaries in the PRC, profits of PRC subsidiaries, as determined in accordance with the applicable accounting rules and regulations in the PRC, are available for distribution in the form of cash dividends to the Company after PRC subsidiaries have (1) satisfied all tax liabilities; (2) provided for losses in previous years; and (3) made appropriations to the statutory reserve funds. The Company's subsidiaries in the PRC are required to appropriate not less than 10% of their profit after taxation to the statutory reserve funds until the reserve balance reaches 50% of their registered capital.

(b) Company

31. 儲備

(a) 本集團

本集團於本年度及過往年度的儲備及相關變動於財務報表第150頁綜合權益變動表中呈列。

根據中國有關外商獨資企業的法律及法規(適用於本公司的中國子公司),按照適用的中國會計規則及規例釐定的中國子公司的溢利,可於中國子公司(1)償付所有稅務負債; (2)就過往年度虧損作出撥備;及(3)就法定儲備金作出撥備後以現金股息形式向本公司作出分派。本公司的中國子公司須劃撥不少於其除稅後溢利的10%作為法定儲備金,直至儲備結餘達到其註冊資本的50%。

(b) 本公司

		Share premium 股份溢價 (US\$'000) (note 30) (千美元) (附註30)	Other reserve 其他儲備 (US\$'000) (千美元)	Accumulated losses 累計虧損 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
As at 1 January 2013	於二零一三年一月一日	1,221,944	(68,260)	(2,081)	1,151,603
Loss for the year	年內虧損	-	-	(28)	(28)
As at 31 December 2013 and 1 January 2014	於二零一三年十二月 三十一日及 二零一四年一月一日	1,221,944	(68,260)	(2,109)	1,151,575
Transition to no-par value regime	過渡至無面值股份制度	(1,221,944)	-	-	(1,221,944)
Loss for the year	年內虧損	-	-	(2,888)	(2,888)
As at 31 December 2014	於二零一四年十二月 三十一日	-	(68,260)	(4,997)	(73,257)

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

32. Operating lease arrangements

(a) As lessor

The Group leases its investment property (note 15) to Shanghai Huali Microelectronics Co., Ltd. ("Shanghai Huali"), a under an operating lease arrangement, with a lease term of 20 years. The terms of the lease generally also require the tenant to provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2014, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Within one year	一年內	13,046	12,797
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	52,183	51,189
More than five years	超過五年	133,943	142,904
		199,172	206,890

The Group was advanced the future rentals from Shanghai Huali of US\$18,688,000 as at 31 December 2014 (2013: US\$16,094,000).

(b) As lessee

The Group leases certain of its office and dormitory properties under operating lease arrangements, negotiated for terms of one to twenty years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

32. 經營租賃安排

(a) 作為出租人

本集團根據一項經營租賃安排，將其投資物業(附註15)出租予上海華力微電子有限公司(「上海華力」)，租期為20年。該租約的條款一般亦規定承租人根據當時市況就定期租金調整作出撥備。

於二零一四年十二月三十一日，本集團根據不可撤銷經營租約於以下期間應收承租人的未來最低租賃款項總額如下：

於二零一四年十二月三十一日，本集團收到上海華力預付日後租金18,688,000美元(二零一三年：16,094,000美元)。

(b) 作為承租人

本集團根據經營租賃安排租入若干辦公室及宿舍物業，經協商租期為一至二十年，可於租期結束後予以續期，屆時所有條款將重新協商。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

32. Operating lease arrangements (continued)

(b) As lessee (continued)

At 31 December 2014, the Group had total future minimum lease payments a under non-cancellable operating leases falling due as follows:

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Within one year	一年內	1,709	350
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	6,599	-
More than five years	超過五年	23,097	-
		31,405	350

The Group advanced the future rentals to Huahong Real Estate Co., Ltd. ("Huahong Real Estate"), a subsidiary of Huahong Technology Development, of US\$3,295,000 as at 31 December 2014 (2013: Nil).

32. 經營租賃安排 (續)

(b) 作為承租人 (續)

於二零一四年十二月三十一日，本集團根據不可撤銷經營租約於以下期間應付的未來最低租賃款項總額如下：

於二零一四年十二月三十一日，本集團向上海華虹置業有限公司（「華虹置業」，華虹科技發展的子公司）預付3,295,000美元（二零一三年：無）的未來租金。

33. Commitments

The Group had the following capital commitments at the end of the reporting period:

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Contracted, but not provided for:	已訂約，但未撥備：		
Property, plant and equipment	物業、廠房及設備	24,176	16,405
Equity investment	股權投資	-	57,406

33. 承擔

本集團於報告期末擁有以下資本承擔：

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances

34. 關聯方交易及結餘

(a) Name and relationship

(a) 名稱及關係

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
Huahong Group and its subsidiaries 華虹集團及其子公司	
– Shanghai Huahong (Group) Co., Ltd. (“Huahong Group”) – 上海華虹(集團)有限公司(「華虹集團」)	the holding company of Huahong International 華虹國際的控股公司
– Shanghai Huahong Zealcore Electronics Co., Ltd. (“Huahong Zealcore”) – 上海華虹摯芯科技有限公司(「華虹摯芯」)	Subsidiary of Huahong Group 華虹集團子公司
– Shanghai Hongri International Electronics Co., Ltd. (“Hongri”) – 上海虹日國際電子有限公司(「虹日」)	Subsidiary of Huahong Group 華虹集團子公司
– Shanghai Integrated Circuit Research and Development Center (“ICRD”) – 上海集成電路研發中心(「集成電路研發」)	Subsidiary of Huahong Group 華虹集團子公司
– Shanghai Hua Hong Jitong Smart System Co., Ltd. (“Jitong”) – 上海華虹計通智能系統股份有限公司(「計通」)	Subsidiary of Huahong Group 華虹集團子公司
Shanghai Belling and its subsidiaries 上海貝嶺及其子公司	
– Shanghai Belling Co., Ltd. (“Shanghai Belling”) – 上海貝嶺股份有限公司(「上海貝嶺」)	the holding company of Hylintek 香港海華的控股公司
– Hylintek Limited (“Hylintek”) & – 香港海華有限公司(「香港海華」) &	Shareholder of the Company 本公司股東
NEC Corporation (“NEC”)	
– NEC Management Partner, Ltd.* (“NEC Management”)	Shareholder of the Company 本公司股東 Subsidiary of NEC NEC子公司
SAIL and its subsidiaries 上海聯和及其子公司	
– Sino-Alliance International Ltd. (“SAIL International”)	Subsidiary of SAIL 上海聯和子公司
– Shanghai Huali Microelectronics Co., Ltd. (“Shanghai Huali”) – 上海華力微電子有限公司(「上海華力」)	Subsidiary of SAIL 上海聯和子公司
– Shanghai EverDisplay Optronics Co., Ltd. (“EDO”) – 上海和輝光電有限公司(「和輝光電」)	Subsidiary of SAIL 上海聯和子公司
– QST Corporation (“QST”) – 上海矽睿科技有限公司(「矽睿科技」)	Subsidiary of SAIL 上海聯和子公司

& On 1 December 2014, Hylintek Limited entered an agreement with Sino-Alliance International whereby Hylintek Limited conditionally agreed to sell and Sino-Alliance International agreed to purchase 64,010,100 shares of the Company (the “Share Purchase”). The transaction had not yet completed as of 31 December 2014 pending certain condition to be fulfilled.

& 二零一四年十二月一日，Hylintek Limited與Sino-Alliance International簽署股份買賣協議，據此，Hylintek Limited有條件同意將出售而Sino-Alliance International同意購買64,010,100股本公司股份(「購股事項」)。截至二零一四年十二月三十一日止，因特定條件尚未達成，購股事項尚未完成。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances (continued)

34. 關聯方交易及結餘 (續)

(a) Name and relationship (continued)

(a) 名稱及關係 (續)

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
INESA and its subsidiaries	
儀電控股及其子公司	
– Shanghai INESA Intelligent Electronics Co., Ltd. (“Shanghai INESA”)	Subsidiary of INESA 儀電控股子公司
– 上海儀電智能電子有限公司 (「上海儀電」)	
– Shanghai Nanyang Software System Integration Co., Ltd. (“Nanyang Software”)	Subsidiary of INESA 儀電控股子公司
– 上海南洋軟件系統集成有限公司 (「南洋軟件」)	
– Shanghai Nanyang Wanbang Information Technology Service Co., Ltd. (“Wanbang IT”)	Subsidiary of INESA 儀電控股子公司
– 上海南洋萬邦軟件技術有限公司 (「萬邦軟件技術」)	
Huahong Technology Development	
華虹科技發展	
	Associate of the Group 本集團聯營公司
Huahong Real Estate Co., Ltd. (“Huahong Real Estate”)	
華虹置業有限公司 (「華虹置業」)	
	Subsidiary of Huahong Technology Development 華虹科技發展子公司
Shanghai Huajin Property Management Co., Ltd. (“Huajin”)	
上海華錦物業管理有限公司 (「華錦」)	
	Subsidiary of Huahong Technology Development 華虹科技發展子公司
CEC and its subsidiaries	
中國電子及其子公司	
– China Electronic Corporation (“CEC”)	Shareholder of Huahong Group 華虹集團股東
– 中國電子信息產業集團有限公司 (「中國電子」)	
– CEC Huada Electronic Design Co., Ltd. (“Huada”)	Subsidiary of CEC 中國電子子公司
– 北京中電華大電子設計有限責任公司 (「華大」)	
– China Huada Integrated Circuit Design (Group) Co., Ltd. (“Huada IC”)	Subsidiary of CEC 中國電子子公司
– 中國華大集成電路設計集團有限公司 (「華大集成電路」)	
– Shanghai Huahong Integrated Circuit Co., Ltd. (“Shanghai Huahong IC”)	Subsidiary of CEC 中國電子子公司
– 上海華虹集成電路有限責任公司 (「上海華虹集成電路」)	
– Beijing Huahong IC Design Co., (“Beijing Huahong IC”)	Subsidiary of CEC 中國電子子公司
– 北京華虹集成電路設計有限責任公司 (「北京華虹集成電路」)	

* NEC Management is previously known as NEC Purchasing Service, Ltd.

* NEC Management前稱為NEC Purchasing Service, Ltd.

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances (continued)

(b) Related party transactions

Group

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

34. 關聯方交易及結餘 (續)

(b) 關聯方交易

本集團

除該等財務報表其他部份所披露交易及結餘外，本集團於年內已與關聯方進行以下重大交易：

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Sales of goods to related parties (note (i))	向關聯方出售貨品 (附註(i))		
Huada	華大	45,761	41,718
Huahong Zealcore [#]	華虹摯芯 [#]	11,303	6,917
Shanghai Huahong IC	上海華虹集成電路	10,408	8,679
ICRD	集成電路研發	6,204	1,254
Shanghai Belling	上海貝嶺	5,323	5,704
Hongri	虹日	1,021	810
Beijing Huahong IC	北京華虹集成電路	705	-
QST [#]	矽睿科技 [#]	408	-
Shanghai Huali	上海華力	7	-
Purchases of goods from related parties (note (ii))	自關聯方購買貨品 (附註(ii))		
Hylintek	香港海華	4,928	2,563
Hongri	虹日	3,566	1,652
NEC Management [#]	NEC Management [#]	559	475
Huahong Zealcore [#]	華虹摯芯 [#]	448	559
Jitong	計通	18	-
ICRD	集成電路研發	1	156
Service fees income from related parties (note (iii))	來自關聯方的服務費收入 (附註(iii))		
QST [#]	矽睿科技 [#]	1,059	-
EDO	和輝光電	-	1,487
Shanghai Huali	上海華力	-	133
Service fee charged by related parties (note (iv))	關聯方收取的服務費 (附註(iv))		
Nanyang Software [#]	南洋軟件 [#]	214	11
Huajin [#]	華錦 [#]	205	-
Wanbang IT [#]	萬邦軟件技術 [#]	39	55
Shanghai INESA [#]	上海儀電 [#]	25	9
Huahong Real Estate	華虹置業	-	2,260

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances (continued)

34. 關聯方交易及結餘 (續)

(b) Related party transactions (continued)

(b) 關聯方交易 (續)

Group (continued)

本集團 (續)

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Rental income from a related party (note (iii)) Shanghai Huali#	來自關聯方的租金收入 (附註(iii)) 上海華力#	13,270	12,952
Rental expense charged by a related party (note (iv)) Huahong Real Estate#	關聯方收取的租金開支 (附註(iv)) 華虹置業#	1,653	-
Expense paid on behalf of a related party (note (v)) Shanghai Huali	代關聯方支付的開支 (附註(v)) 上海華力	25,614	19,105
Entrusted loans	委託貸款		
Huahong Technology Development - interest	華虹科技發展 - 利息	324	2,965
Huahong Technology Development - principal	華虹科技發展 - 本金	-	24,500

The related party transactions in respect of items denoted with “#” above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

上表中標有「#」號的關聯方交易亦構成上市規則第14A章所界定的持續關連交易。

Note (i): The sales of goods to the related parties were made according to the prices and terms agreed between the related parties.

附註(i): 向關聯方出售的貨品乃根據與關聯方協定的價格及條款作出。

Note (ii): The purchases of goods from the related parties were made according to the prices and terms offered by the related parties.

附註(ii): 自關聯方購買的貨品乃根據關聯方提供的價格及條款作出。

Note (iii): The rental income and service fee income from related parties were received according to the prices and terms agreed between the related parties.

附註(iii): 來自關聯方的租金收入及服務費收入乃根據與關聯方協定的價格及條款收取。

Note (iv): The rental expense and service fees charged by related parties were paid according to the prices and terms agreed between the related parties.

附註(iv): 關聯方收取的租金開支及服務費乃根據與關聯方協定的價格及條款支付。

Note (v): The expense paid on behalf of the related party is interest-free and repayable on demand.

附註(v): 代關聯方支付的開支為不計息，及須按的要求償還。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances (continued)

(c) Non-cash related party transaction

In 2014, HHGrace invested RMB10.5 million in QST in the form of intellectual property transfer in accordance with the binding term sheet signed by HHGrace on 18 August 2012. On 18 May 2014, QST and HHGrace signed an agreement regarding certain products and services provided by HHGrace to QST for the period from 1 January 2013 to 31 March 2017, including wafer products and masking, technology development and maintenance services, in exchange for the aforesaid intellectual property.

(d) Other related party transaction

In 2011, HHNEC and Huahong Group entered into a cash pooling arrangement. Under such arrangement, HHNEC and Huahong Group entered into RMB900,000,000 loans with each other. According to the PRC Contract Law, the agreement and the mutual understanding of both parties, the receivables and payables resulting from loans under such cash pooling arrangement can be set off. The net balance at 31 December 2013 was zero. On 9 June 2014, HHNEC and Huahong Group settled the receivables and payables on a net basis and terminated such loans.

34. 關聯方交易及結餘 (續)

(c) 非現金關聯方交易

於二零一四年，華虹宏力根據於二零一二年八月十八日簽訂的具約束力合約細則以轉讓知識產權的形式向矽睿科技投資人民幣1,050萬元。於二零一四年五月十八日，矽睿科技與華虹宏力就華虹宏力於二零一三年一月一日至二零一七年三月三十一日止期間向矽睿科技提供若干產品及服務簽訂協議，包括以晶圓產品及光罩、技術開發及維護服務換取上述知識產權。

(d) 其他關聯方交易

於二零一一年，華虹NEC與華虹集團訂立現金池安排。根據該安排，華虹NEC與華虹集團互相訂立人民幣9億元貸款。根據中國合同法、雙方的協議及相互了解，該現金池安排項下的貸款所產生的應收款項及應付款項可予抵銷。二零一三年十二月三十一日的淨結餘為零。於二零一四年六月九日，華虹NEC與華虹集團按淨額基準結清應收款項及應付款項，並終止該等貸款。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances (continued)

34. 關聯方交易及結餘 (續)

(e) Outstanding balances with related parties

(e) 與關聯方之間的未結清餘額

Group		31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元	31 December 2013 二零一三年 十二月三十一日 US\$'000 千美元
Amount due from related parties	應收關聯方款項		
Huada	華大	21,589	30,068
Shanghai Huali	上海華力	7,056	4,152
Huahong Zealcore	華虹摯芯	5,303	2,500
Shanghai Huahong IC	上海華虹集成電路	4,149	4,671
Huahong Real Estate	華虹置業	3,295	5,176
Shanghai Belling	上海貝嶺	1,411	1,056
Hongri	虹日	242	127
ICRD	集成電路研發	128	329
QST	矽睿科技	5	–
Huahong Technology Development	華虹科技發展	–	24,643
		43,178	72,722
Amounts due to related parties	應付關聯方款項		
Shanghai Huali	上海華力	18,688	20,541
Huahong Real Estate	華虹置業	1,774	49
Hylintek	香港海華	1,486	1
ICRD	集成電路研發	1,159	–
QST	矽睿科技	891	–
Hongri	虹日	783	252
Huahong Zealcore	華虹摯芯	114	181
NEC management	NEC management	110	3
Shanghai Belling	上海貝嶺	1	7
SAIL International	SAIL International	–	975
		25,006	22,009

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

34. Related party transactions and balances (continued)

(e) Outstanding balances with related parties (continued)

Company

		31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元	31 December 2013 二零一三年 十二月三十一日 US\$'000 千美元
Amounts due from a subsidiary	應收子公司款項		
HHGrace	華虹宏力	7,140	998
Amounts due to subsidiaries	應付子公司款項		
Grace Cayman	Grace Cayman	69,000	69,000
HHGrace	華虹宏力	15,989	10,291
GST	力鴻科技	4,546	-
		89,535	79,291

Balances with the related parties or subsidiaries were unsecured, non-interest-bearing and had no fixed repayment terms.

與關聯方或子公司之間的結餘為無抵押、不計息及無固定還款期限。

(f) Compensation of key management personnel of the Group

		2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元
Short term employee benefits	短期僱員福利	2,596	1,956
Pension scheme contributions	退休金計劃供款	37	33
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	2,633	1,989

(f) 本集團主要管理人員的酬金

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

35. Financial instruments by category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

Financial assets – loans and receivables

		31 December 2014	31 December 2013
		二零一四年 十二月三十一日	二零一三年 十二月三十一日
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Trade and notes receivables	貿易應收款項及應收票據	107,509	105,525
Financial assets included in prepayments, deposits and other receivables (note 23)	計入預付款項、按金及其他應收款項的金融資產(附註23)	4,405	2,284
Due from related parties	應收關聯方款項	43,178	72,722
Pledged deposits	已抵押存款	2,583	2,072
Cash and cash equivalents	現金及現金等價物	646,773	317,045
		804,448	499,648

Financial assets – available-for-sale financial assets

		31 December 2014	31 December 2013
		二零一四年 十二月三十一日	二零一三年 十二月三十一日
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Available-for-sale investments	可供出售投資	230,512	172,219

Financial liabilities – at amortised cost

		31 December 2014	31 December 2013
		二零一四年 十二月三十一日	二零一三年 十二月三十一日
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Trade payables	貿易應付款項	63,532	60,227
Financial liabilities included in other payables, advances from customers and accruals (note 26)	計入其他應付款項、預收賬款及暫估費用的金融負債(附註26)	35,999	53,908
Interest-bearing bank borrowings	計息銀行借款	264,721	366,525
Due to related parties	應付關聯方款項	25,006	22,009
		389,258	502,669

35. 按類別劃分的金融工具

各類金融工具於報告期間末的賬面值如下：

本集團

金融資產 – 貸款及應收款項

	31 December 2014	31 December 2013
	二零一四年 十二月三十一日	二零一三年 十二月三十一日
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
Trade and notes receivables	107,509	105,525
Financial assets included in prepayments, deposits and other receivables (note 23)	4,405	2,284
Due from related parties	43,178	72,722
Pledged deposits	2,583	2,072
Cash and cash equivalents	646,773	317,045
	804,448	499,648

金融資產 – 可供出售金融資產

	31 December 2014	31 December 2013
	二零一四年 十二月三十一日	二零一三年 十二月三十一日
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
Available-for-sale investments	230,512	172,219

金融負債 – 按攤銷成本

	31 December 2014	31 December 2013
	二零一四年 十二月三十一日	二零一三年 十二月三十一日
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
Trade payables	63,532	60,227
Financial liabilities included in other payables, advances from customers and accruals (note 26)	35,999	53,908
Interest-bearing bank borrowings	264,721	366,525
Due to related parties	25,006	22,009
	389,258	502,669

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

35. Financial instruments by category (continued)

Company

Financial assets – loans and receivables

35. 按類別劃分的金融工具 (續)

本公司

金融資產 – 貸款及應收款項

		31 December 2014	31 December 2013
		二零一四年 十二月三十一日	二零一三年 十二月三十一日
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Other receivables	其他應收款項	1,577	972
Due from a subsidiary	應收子公司款項	7,140	998
Cash and cash equivalents	現金及現金等價物	327,811	6,989
		336,528	8,959

Financial liabilities – at amortised cost

金融負債 – 按攤銷成本

		31 December 2014	31 December 2013
		二零一四年 十二月三十一日	二零一三年 十二月三十一日
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Financial liabilities included in other payables, advances from customers and accruals	計入其他應付款項、預收賬款及暫估費用的金融負債	82	37
Due to subsidiaries	應付子公司款項	89,535	79,291
		89,617	79,328

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

36. Fair value and fair value hierarchy of financial instruments

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade and notes receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables, advances from customers and accruals, amounts due from/to related parties, the current portion of interest-bearing bank borrowings and amounts due from/to subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2014 and 2013 was assessed to be insignificant. Management has assessed that the fair value of the non-current interest-bearing bank borrowings of the Group approximates to their fair value due to their floating interest rates.

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 department reports directly to the chief financial officer. 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 chief financial officer. The valuation process and results are discussed with the board of directors annually for annual financial reporting.

36. 金融工具的公平值及公平值層級

管理層已評估現金及現金等價物、已抵押存款、貿易應收款項及應收票據、貿易應付款項、計入預付款項、按金及其他應收款項的金融資產、計入其他應付款項、預收賬款及暫估費用的金融負債、應收／應付關聯方款項、計息銀行借款的流動部份及應收／應付子公司款項的公平值，彼等均與其賬面值相若，主要是由於該等工具均於短期內到期。

計息銀行借貸非即期部份的公平值乃透過使用具有類似條款、信貸風險及剩餘到期時間的工具按目前適用之比率貼現預期未來現金流量計算。本集團本身於二零一四年十二月三十一日及二零一三年十二月三十一日的計息銀行借貸的不履約風險被評定為並不重大。按管理層評估，由於浮動利率關係，本集團非即期計息銀行借貸的公平值與其公平值相若。

本集團旗下以財務經理為首的財務部負責釐定金融工具公平值計量的政策及程序。財務部直接向財務總監報告。於各報告日期，財務部分析金融工具的價值變動並釐定估值中適用的主要輸入數據。估值由財務總監審核及批准。估值過程及結果由董事會每年討論一次，以進行年度財務申報。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

37. Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, the Group's profit before tax (through the impact on floating rate borrowings).

37. 財務風險管理目標及政策

本集團的主要金融工具包括銀行貸款、現金及短期存款。該等金融工具的主要用途乃為本集團的營運籌措資金。本集團有多種直接自其營運產生的其他金融資產及負債，如貿易及其他應收款項以及貿易及其他應付款項。

本集團金融工具所產生的主要風險為利率風險、外幣風險、信貸風險及流動資金風險。董事會檢討及協定管理各類該等風險的政策，有關政策概述於下文。

利率風險

本集團面臨的市場利率變動風險主要與本集團按浮動利率計息的計息銀行借款有關。本集團的政策為，以定息及浮息債務組合的方式管理利息成本。

下表顯示在所有其他變量維持不變的情況下，本集團稅前溢利（受浮動利率借款的影響）對利率的合理可能變動的敏感度。

		Increase/ decrease in interest rate 利率上升/ 下降	(Decrease)/ increase in profit before tax 稅前溢利 (減少)/增加 (US\$'000) (千美元)
Year ended 31 December 2014	截至二零一四年 十二月三十一日止年度	+1%/-1%	(2,647)/2,647
Year ended 31 December 2013	截至二零一三年 十二月三十一日止年度	+1%/-1%	(165)/165

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

37. Financial risk management objectives and policies (continued)

Foreign currency risk

The Group has transactional currency exposure. These exposures arise from sales or purchases by its significant subsidiary operating in Mainland China in US\$ other than the subsidiary's functional currency which is RMB. During the year, approximately 52% (2013: 55%) of the Group's sales are denominated in currencies other than the functional currency of the subsidiary making the sale, whilst 66% (2013: 65%) of costs of sales are denominated in the subsidiary's functional currency.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

37. 財務風險管理目標及政策 (續)

外幣風險

本集團面臨交易外匯風險。該等風險產生自其在中國內地經營的重要子公司以美元進行的買賣，而並非以其功能貨幣人民幣進行。於年內，本集團的銷售額中約52% (二零一三年：55%) 乃以進行銷售的子公司的功能貨幣以外的貨幣計值，與此同時，銷售成本中約66% (二零一三年：65%) 乃以子公司的功能貨幣計值。

下表顯示在所有其他變量維持不變的情況下，於報告期間末本集團稅前溢利 (由於貨幣資產及負債公平值變動) 對人民幣匯率的合理可能變動的敏感度：

		Increase/ (decrease) in US\$ rate 美元匯率 上升/(下降)	Increase/ (decrease) in profit before tax 稅前溢利 增加/(減少) (US\$'000) (千美元)
Year ended 31 December 2014	截至二零一四年 十二月三十一日止年度		
If US\$ weakens against RMB	倘美元兌人民幣貶值	5%	2,508
If US\$ strengthens against RMB	倘美元兌人民幣升值	(5%)	(2,508)
Year ended 31 December 2013	截至二零一三年 十二月三十一日止年度		
If US\$ weakens against RMB	倘美元兌人民幣貶值	5%	5,735
If US\$ strengthens against RMB	倘美元兌人民幣升值	(5%)	(5,735)

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

37. Financial risk management objectives and policies (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

All the Group's cash and cash equivalents are held in major financial institutions located in Mainland China and Hong Kong, which do not have a recent history of default.

The carrying amounts of cash and cash equivalents, trade receivables and financial assets included in prepayments, deposits and other receivables included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

37. 財務風險管理目標及政策 (續)

信貸風險

本集團僅與獲認可及信譽良好的第三方及關聯方交易。本集團的政策規定，所有擬按信貸方式交易的客戶均須通過信用核實程序。此外，由於持續對應收款項結餘進行監控，故本集團的壞賬風險並不重大。

本集團的所有現金及現金等價物均透過位於中國內地及香港的主要金融機構持有，彼等均無近期違約歷史。

綜合財務狀況表內現金及現金等價物、貿易應收款項及計入預付款項、按金及其他應收款項的金融資產的賬面值為本集團就其金融資產所面臨的最大信貸風險。本集團並無其他存在重大信貸風險的金融資產。

流動資金風險

本集團的政策為定期監控現時及預期流動資金需要，以確保維持充裕的現金儲備及從主要金融機構獲得足夠的融資承擔額度，以應對其短期及長期流動資金需要。

於報告期間末，本集團金融負債根據合約未貼現付款的到期情況如下：

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

37. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Group

31 December 2014

		On demand 按要求 (US\$'000) (千美元)	Less than 3 months 少於三個月 (US\$'000) (千美元)	3 to 12 months 三至十二個月 (US\$'000) (千美元)	1 to 5 years 一至五年 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
Interest-bearing bank borrowings	計息銀行借款	-	-	83,871	197,619	281,490
Trade payables	貿易應付款項	7,216	56,316	-	-	63,532
Other payables, advances from customers and accruals	其他應付款項、預收客戶賬款及暫估費用	35,999	-	-	-	35,999
Due to related parties	應付關聯方款項	25,006	-	-	-	25,006
		68,221	56,316	83,871	197,619	406,027

31 December 2013

		On demand 按要求 (US\$'000) (千美元)	Less than 3 months 少於三個月 (US\$'000) (千美元)	3 to 12 months 三至十二個月 (US\$'000) (千美元)	1 to 5 years 一至五年 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
Interest-bearing bank borrowings	計息銀行借款	-	3,303	110,262	282,668	396,233
Trade payables	貿易應付款項	8,565	51,662	-	-	60,227
Other payables, advances from customers and accruals	其他應付款項、預收客戶賬款及暫估費用	53,908	-	-	-	53,908
Due to related parties	應付關聯方款項	22,009	-	-	-	22,009
		84,482	54,965	110,262	282,668	532,377

37. 財務風險管理目標及政策 (續)

流動資金風險 (續)

本集團

二零一四年十二月三十一日

二零一三年十二月三十一日

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

37. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

Company

31 December 2014

	On demand 按要求 (US\$'000) (千美元)	Less than 3 months 少於三個月 (US\$'000) (千美元)	3 to 12 months 三至十二個月 (US\$'000) (千美元)	1 to 5 years 一至五年 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
Other payables, advances from customers and accruals		82	-	-	82
Due to subsidiaries	89,535	-	-	-	89,535
	89,617	-	-	-	89,617

31 December 2013

	On demand 按要求 (US\$'000) (千美元)	Less than 3 months 少於三個月 (US\$'000) (千美元)	3 to 12 months 三至十二個月 (US\$'000) (千美元)	1 to 5 years 一至五年 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
Other payables, advances from customers and accruals		37	-	-	37
Due to subsidiaries	79,291	-	-	-	79,291
	79,328	-	-	-	79,328

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios to support its business and maximise shareholders' value.

流動資金風險 (續)

本公司

二零一四年十二月三十一日

二零一三年十二月三十一日

資本管理

本集團資本管理的首要目標為，維護本集團的持續經營能力及維持良好的資本比率，以支持其業務及實現股東價值最大化。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

37. Financial risk management objectives and policies (continued)

Capital management (continued)

The Group manages its capital structure and makes adjustments to in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to owners of the parent plus net debt. The Group includes, within net debt, trade payables, other payables and accruals, interest-bearing bank borrowings, and amounts due to related parties, less cash and cash equivalents. The gearing ratios as at the end of each of reporting period were as follows:

		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)
Trade payables	貿易應付款項	63,532	60,227
Other payables and accruals	其他應付款項 及暫估費用	58,552	53,908
Interest-bearing bank borrowings	計息銀行借款	264,721	366,525
Due to related parties	應付關聯方款項	25,006	22,009
Less: Cash and cash equivalents	減：現金及現金等價物	(646,773)	(317,045)
Net debt	淨負債	(234,962)	185,624
Equity attributable to owners of the parent	母公司擁有人應佔權益	1,465,479	1,056,219
Capital and net debt	資本及淨負債	1,230,517	1,241,843
Gearing ratio	資產負債比率	(19.09%)	14.95%

The negative gearing ratio as at 31 December 2014 was mainly due to the IPO proceeds received in October 2014, all of which had not been utilised up to 31 December 2014.

37. 財務風險管理目標及政策 (續)

資本管理 (續)

本集團根據經濟狀況的變動管理及調整其資本架構。為維持或調整資本架構，本集團或會調整派付予股東的股息、向股東返還資本或發行新股。本集團不受任何外部施加的資本要求規限。於年內，本集團管理資本的目標、政策或程序概無任何變動。

本集團以資產負債比率監控資本，資產負債比率按淨負債除以母公司擁有人應佔權益總額加淨負債計算。本集團將貿易應付款項、其他應付款項及暫估費用、計息銀行借款、應付關聯方款項扣除現金及現金等價物計入淨負債。各報告期間末的資產負債比率如下：

於二零一四年十二月三十一日資產負債比率為負數主要是因為二零一四年十月獲得的首次公開發售所得款項，該等款項截至二零一四年十二月三十一日均未動用。

Notes to Financial Statements

財務報表附註

31 December 2014
二零一四年十二月三十一日

38. Event after the reporting period

There is no material subsequent event undertaken by the Company or the Group after 31 December 2014.

39. Approval of the financial statements

The financial statements were approved and authorised for issue by the board of directors on 24 March 2015.

38. 報告期後事項

本公司或本集團於二零一四年十二月三十一日後並無發生任何重大報告期後事項。

39. 財務報表的批准

財務報表已於二零一五年三月二十四日獲董事會批准及授權刊發。

Financial Summary

財務概覽

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last four financial years, as extracted from the published audited financial statements is set out below.

下文載列本集團於最近四個財政年度的業績以及資產、負債及非控股權益的概要，有關資料乃摘錄自己刊發經審核財務報表。

		Year ended 31 December 截至十二月三十一日止年度			
		2014 二零一四年 (US\$'000) (千美元)	2013 二零一三年 (US\$'000) (千美元)	2012 二零一二年 (US\$'000) (千美元)	2011 二零一一年 (US\$'000) (千美元)
RESULTS	業績				
CONTINUING OPERATIONS	持續經營業務				
REVENUE	銷售收入	664,586	584,719	571,480	609,844
Cost of sales	銷售成本	(466,815)	(459,270)	(453,559)	(459,172)
Gross profit	毛利	197,771	125,449	117,921	150,672
Other income and gains	其他收入及收益	23,886	30,605	26,492	50,998
Fair value gain on an investment property	投資物業的公平值收益	1,127	2,095	944	1,322
Selling and distribution expenses	銷售及分銷費用	(7,206)	(8,052)	(8,831)	(10,290)
Administrative expenses	管理費用	(85,053)	(69,043)	(55,097)	(61,327)
Other expenses	其他費用	(2,433)	(199)	(448)	(5,618)
Finance costs	財務費用	(12,136)	(16,479)	(16,928)	(19,168)
Share of profits of an associate	分佔一家聯營公司溢利	4,856	6,437	3,619	–
PROFIT BEFORE TAX	稅前溢利	120,812	70,813	67,672	106,589
Income tax expense	所得稅開支	(27,722)	(8,964)	(7,993)	(10,966)
PROFIT FOR THE YEAR	年內溢利	93,090	61,849	59,679	95,623
Attributable to:	以下各項應佔：				
Owners of the parent	母公司擁有人	93,090	61,849	59,679	83,881
Non-controlling interests	非控股權益	–	–	–	11,742
		93,090	61,849	59,679	95,623

Financial Summary

財務概覽

Assets, liabilities and non-controlling interests

資產、負債及非控股權益

		As at 31 December			
		於十二月三十一日			
		2014	2013	2012	2011
		二零一四年	二零一三年	二零一二年	二零一一年
		(US\$'000)	(US\$'000)	(US\$'000)	(US\$'000)
		(千美元)	(千美元)	(千美元)	(千美元)
Total assets	資產總值	1,990,069	1,647,617	1,607,974	1,672,162
Total liabilities	負債總額	(524,590)	(591,398)	(644,217)	(769,889)
Non-controlling interests	非控股權益	-	-	-	-
		1,465,479	1,056,219	963,757	902,273

H-Grace | 華以宏力