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Stock Code (1347)

News Release

Hua Hong Semiconductor Limited Reports 2022 Fourth Quarter Results

*All currency figures in this report are in US Dollars unless indicated otherwise.
The consolidated financial statements are prepared in accordance with HKFRS.*

Hong Kong Special Administrative Region of the People's Republic of China – February 14, 2023.

Hua Hong Semiconductor Limited (SEHK: 1347) (the “Company”), a global, leading pure-play foundry, today announced its consolidated operational results for the quarter ending December 31, 2022.

Fourth Quarter 2022 Highlights (Unaudited)

- Revenue reached US\$630.1 million, up 19.3% over a year ago and flat to prior quarter.
- Gross margin rose to 38.2%, 5.7 percentage points higher than 4Q 2021 and 1.0 percentage point above 3Q 2022.
- Net profit was US\$185.8 million, 35.4% above 4Q 2021 and 183.9% over 3Q 2022.
- Net profit attributable to shareholders of the parent company was US\$159.1 million, 19.2% above 4Q 2021 and 53.2% over 3Q 2022.
- Basic earnings per share was US\$0.122, 18.4% above 4Q 2021 and 52.5% over 3Q 2022.
- ROE (annualized) was 22.0%, 2.8 percentage points higher than 4Q 2021 and 7.6 percentage points above 3Q 2022.

First Quarter 2023 Guidance

- We expect revenue to be approximately US\$630 million.
- We expect gross margin to be in the range of 32% to 34%.

President's Message

Mr. Junjun Tang, President and Executive Director of the Company, commented on the fourth quarter 2022 results:

"Despite the impact of the pandemic, geopolitical conflicts, and other extreme, multifaceted uncertainties, which have created unprecedented challenges for the overall semiconductor market, Hua Hong Semiconductor maintained steady growth in the fourth quarter of 2022. Revenues reached US\$630.1 million, setting a new sales record for the tenth consecutive quarter and growing 19.3% year-over-year. Annual revenue for 2022 was US\$2.476 billion, an increase of 51.8% compared to 2021. The Company focused on our diversified specialty technology, continuing to upgrade technology and expand capacity to meet new market demands in a timely manner. The Company has continued to optimize its product mix, maintain high capacity utilization at all fabs, and obtain reasonable sales price increases, resulting in an improved gross margin of 38.2% in the fourth quarter, an increase of 5.7 percentage points year-over-year. Annual gross margin for 2022 reached 34.1%, up 6.4 percentage points from 2021. ROE also improved significantly, reaching 22% in the fourth quarter. ROE for 2022 reached 15.2%, up 5.5 percentage points from 2021. An excellent, outstanding performance was achieved in 2022. I would like to sincerely thank all our employees and partners for their tireless efforts to this end."

Mr. Tang continued, "Looking ahead to 2023, we will continue to strengthen our competitive edge in various specialty technologies and dynamically adjust our marketing strategies in line with market trends, to better meet the needs of our domestic and international customers with more extensive and more competitive process solutions. In terms of capacity, we will continue to implement the strategy including continuous optimization of the 8-inch platform, technology upgrade of the 12-inch platform, and the 12-inch capacity ramp-up. The first phase of the 12-inch expansion has been fully completed with the 12-inch production line operating at 65,000 wpm in 2022. All the equipment for the expansion's second phase is in place and the capacity will be increased throughout 2023 to 95,000 wpm. Work on the construction of a new fab will start in due course, continuing the progress of our differentiated specialty technology to more advanced nodes. The mid-point for an S-curve growth of revenue is the fastest growth rate with the most turbulence and challenges, when our employees must work harder and smarter for success. There will always be challenges as we grow our business, and we must persevere at these critical times. Hua Hong Semiconductor is well prepared and confident to address our new opportunities and challenges in the New Year!"

Webcast/Conference Call Announcement

Date: Tuesday, February 14, 2023

Time: 16:00 Hong Kong/Shanghai Time
03:00 EST

Presenters: Mr. Junjun Tang, President and Executive Director
Mr. Daniel Wang, Executive Vice President and Chief Financial Officer

Webcast: The call will be webcast live with audio and slides at:
http://www.huahonggrace.com/html/investor_webcast.php or
<https://edge.media-server.com/mmc/p/ga4sbi3u>
(Note: registration is required to access the webcast.)

Dial-in Details: Please register in advance of the conference using the link provided below. Upon registering, you will be provided with participant dial-in numbers and personal PIN.

<https://register.vevent.com/register/Blfc77b44b2d874ff09c35c90724dac668>

Important Note: Before the meeting starts, you will need the personal PIN to join the call. Please check and save the confirmation email after registering. For security reasons, please do not share your personal PIN with anyone else.

Replay: A recording will be available for replay at the below website about 12 hours after the event and will be available for 12 months.

http://www.huahonggrace.com/html/investor_webcast.php

About the Company

Hua Hong Semiconductor Limited (“Hua Hong Semiconductor”, stock code: 1347.HK) (the “Company”) is a global, leading pure-play foundry focused on continuous innovation of “8-inch + 12-inch” specialty technologies, including non-volatile memory (“NVM”), power discrete, analog & power management, and logic & RF, supporting applications in emerging areas, such as the Internet of Things, using advanced “Specialty IC + Power Discrete” technology platforms. Of special note is the Company’s outstanding quality control system that satisfies the strict requirements of automotive chip manufacturing. The Company is part of the Huahong Group, an enterprise group whose main business is IC manufacturing, with advanced “8-inch + 12-inch” production line technology.

The Company presently operates three 8-inch wafer fabrication facilities (HH Fab1, HH Fab2, and HH Fab3) in Jinqiao and Zhangjiang, Shanghai, with a total monthly 8-inch wafer capacity of approximately 180,000 wafers. The 12-inch wafer fabrication facility (HH Fab7) in Wuxi National High-Tech Industrial Development Zone, at a 65,000 wafer per month capacity, has become a leading 12-inch foundry devoted to power discrete semiconductors in the Chinese mainland.

For more information, please visit: www.huahonggrace.com.

Summary of Operating Results
(Amounts in US\$ thousands, except for EPS and operating data)

	4Q 2022 (Unaudited)	4Q 2021 (Unaudited)	3Q 2022 (Unaudited)	YoY Change	QoQ Change
Revenue	630,110	528,317	629,907	19.3 %	0.0 %
Gross profit	240,707	171,517	234,056	40.3 %	2.8 %
Gross margin	38.2 %	32.5 %	37.2 %	5.7	1.0
Operating expenses	(59,579)	(31,866)	(73,611)	87.0 %	(19.1)%
Other income / (loss) net	35,565	27,812	(57,825)	27.9 %	(161.5)%
Profit before tax	216,693	167,463	102,620	29.4 %	111.2 %
Income tax expense	(30,918)	(30,213)	(37,174)	2.3 %	(16.8)%
Profit for the period	185,775	137,250	65,446	35.4 %	183.9 %
Net profit margin	29.5 %	26.0 %	10.4 %	3.5	19.1
Attributable to:					
Owners of the parent	159,136	133,528	103,899	19.2 %	53.2 %
Non-controlling interests	26,639	3,722	(38,453)	615.7 %	(169.3)%
Earnings per share attributable to owners of the parent					
Basic	0.122	0.103	0.080	18.4 %	52.5 %
Diluted	0.121	0.101	0.079	19.8 %	53.2 %
Wafers shipped (in thousands 8" equivalent wafers)	992	1,022	1,003	(2.9)%	(1.1)%
Capacity utilization ¹	103.2 %	105.4 %	110.8 %	(2.2)	(7.6)
ROE ²	22.0 %	19.2 %	14.4 %	2.8	7.6

Fourth Quarter 2022

- *Revenue* reached US\$630.1 million, up 19.3% year over year and flat to the prior quarter.
- *Gross margin* rose to 38.2%, 5.7 percentage points higher than 4Q 2021, primarily due to improved average selling price, partially offset by increased depreciation costs, and 1.0 percentage point above 3Q 2022, primarily due to improved average selling price.
- *Operating expenses* were US\$59.6 million, 87.0% over 4Q 2021, primarily due to decreased government grants for research and development, and 19.1% below 3Q 2022, mainly due to increased government grants for research and development.
- *Other income net* was US\$35.6 million, 27.9% over 4Q 2021, primarily due to increased interest income and share of profit of associates, partially offset by increased finance costs. There was an other loss net of US\$57.8 million in 3Q 2022, mainly due to large foreign exchange losses.
- *Income tax expense* was US\$30.9 million, 2.3% above 4Q 2021.
- *Profit for the period* was US\$185.8 million, 35.4% above 4Q 2021 and 183.9% over 3Q 2022.
- *Net profit attributable to shareholders of the parent company* was US\$159.1 million, 19.2% above 4Q 2021 and 53.2% over 3Q 2022.
- *Basic earnings per share* was US\$0.122, 18.4% above 4Q 2021 and 52.5% over 3Q 2022.
- *ROE (annualized)* was 22.0%, 2.8 percentage points higher than 4Q 2021 and 7.6 percentage points above 3Q 2022.

¹The capacity utilization is calculated based on average monthly equivalent wafers output divided by total estimated monthly capacity.

²Profit attributable to owners of the parent / weighted average net assets attributable to owners of the parent.

Summary of Operating Results
(Amounts in US\$ thousands, except for EPS and operating data)

	2022 (Unaudited)	2021 (Audited)	YoY Change
Revenue	2,475,488	1,630,754	51.8 %
Gross profit	843,656	451,598	86.8 %
Gross margin	34.1 %	27.7 %	6.4
Operating expenses	(279,130)	(209,593)	33.2 %
Other (loss) / income net	(68,456)	54,315	(226.0)%
Profit before tax	496,070	296,320	67.4 %
Income tax expense	(89,499)	(65,349)	37.0 %
Profit for the year	406,571	230,971	76.0 %
Net profit margin	16.4 %	14.2 %	2.2
Attributable to:			
Owners of the parent	449,912	261,476	72.1 %
Non-controlling interests	(43,341)	(30,505)	42.1 %
Earnings per share attributable to owners of the parent			
Basic	0.345	0.201	71.6 %
Diluted	0.342	0.198	72.7 %
Wafers shipped (in thousands 8" equivalent wafers)	4,088	3,328	22.8 %
Capacity utilization ³	107.4 %	107.5 %	(0.1)
ROE ⁴	15.2 %	9.7 %	5.5

Full Year 2022

- Revenue was US\$2,475.5 million, an all-time high and an increase of 51.8% over the prior year.
- Gross margin was 34.1%, 6.4 percentage points over 2021, mainly due to improved average selling price and product mix, partially offset by increased depreciation costs.
- Operating expenses were US\$279.1 million, 33.2% over 2021, largely due to decreased government grants for research and development and increased labor expenses.
- Other loss net was US\$68.5 million, versus other income net US\$54.3 million in 2021, primarily due to foreign exchange losses versus foreign exchange gains in the prior year.
- Net profit was US\$406.6 million, 76.0% over 2021.
- Net profit attributable to shareholders of the parent company was US\$449.9 million, 72.1% over 2021.
- Basic earnings per share was US\$0.345, 71.6% over 2021.
- ROE was 15.2%, 5.5 percentage points over 2021.

³The capacity utilization is calculated based on average monthly equivalent wafers output divided by total estimated monthly capacity.

⁴Profit attributable to owners of the parent / weighted average net assets attributable to owners of the parent.

Analysis of Revenue

Revenue by service type	4Q 2022 US\$000 (Unaudited)	4Q 2022 % (Unaudited)	4Q 2021 US\$000 (Unaudited)	4Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
Wafers	602,591	95.6 %	507,184	96.0 %	95,406	18.8 %
Others	27,519	4.4 %	21,133	4.0 %	6,387	30.2 %
Total revenue	630,110	100.0 %	528,317	100.0 %	101,793	19.3 %

- 95.6% of total revenue was derived from the sale of semiconductor wafers in 4Q 2022.

Analysis of Revenue

Revenue by wafer size	4Q 2022 US\$000 (Unaudited)	4Q 2022 % (Unaudited)	4Q 2021 US\$000 (Unaudited)	4Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
8" wafers	397,513	63.1 %	322,631	61.1 %	74,882	23.2 %
12" wafers	232,597	36.9 %	205,686	38.9 %	26,911	13.1 %
Total revenue	630,110	100.0 %	528,317	100.0 %	101,793	19.3 %

- Revenues from 8" wafers and 12" wafers were US\$397.5 million and US\$232.6 million, respectively, in 4Q 2022.

Analysis of Revenue

Revenue by geography	4Q 2022 US\$000 (Unaudited)	4Q 2022 % (Unaudited)	4Q 2021 US\$000 (Unaudited)	4Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
China ⁵	456,876	72.6 %	398,900	75.5 %	57,976	14.5 %
North America ⁶	85,956	13.6 %	53,520	10.1 %	32,436	60.6 %
Asia ⁷	42,055	6.7 %	50,505	9.6 %	(8,450)	(16.7)%
Europe	33,690	5.3 %	18,612	3.5 %	15,078	81.0 %
Japan ⁸	11,533	1.8 %	6,780	1.3 %	4,753	70.1 %
Total revenue	630,110	100.0 %	528,317	100.0 %	101,793	19.3 %

- *Revenue from China* was US\$456.9 million, contributing 72.6% of total revenue and an increase of 14.5% over 4Q 2021, mainly due to increased demand for MCU, IGBT, super junction, and smart card ICs, partially offset by decreased demand for logic products.
- *Revenue from North America* was US\$86.0 million, an increase of 60.6% over 4Q 2021, mainly due to increased demand for MCU products.
- *Revenue from Asia* was US\$42.1 million, a decrease of 16.7% compared to 4Q 2021, mainly due to decreased demand for discrete and logic products.
- *Revenue from Europe* was US\$33.7 million, an increase of 81.0% over 4Q 2021, mainly due to increased demand for smart card ICs, general MOSFET, and IGBT products.
- *Revenue from Japan* was US\$11.5 million, an increase of 70.1% over 4Q 2021, primarily due to increased demand for MCU products.

⁵Includes Chinese Mainland and Hong Kong.

⁶Includes a major customer in US that was acquired by an Europe headquartered company in 2020.

⁷Excludes China and Japan.

⁸Includes a major customer in Japan that was acquired by a U.S. headquartered company in 2013.

Analysis of Revenue

Revenue by technology platform	4Q 2022 US\$000 (Unaudited)	4Q 2022 % (Unaudited)	4Q 2021 US\$000 (Unaudited)	4Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
Embedded NVM	236,281	37.5 %	134,508	25.5 %	101,773	75.7 %
Standalone NVM	36,557	5.8 %	39,013	7.4 %	(2,456)	(6.3)%
Discrete	212,972	33.8 %	175,512	33.2 %	37,460	21.3 %
Logic & RF	42,942	6.8 %	85,114	16.1 %	(42,172)	(49.5)%
Analog & PM	100,940	16.0 %	93,640	17.7 %	7,300	7.8 %
Others	418	0.1 %	530	0.1 %	(112)	(21.1)%
Total revenue	630,110	100.0 %	528,317	100.0 %	101,793	19.3 %

- *Revenue from embedded NVM* was US\$236.3 million, an increase of 75.7% over 4Q 2021, mainly due to increased demand for MCU and smart card ICs.
- *Revenue from standalone NVM* was US\$36.6 million, a decrease of 6.3% over 4Q 2021, primarily due to decreased demand for NOR flash products.
- *Revenue from discrete* was US\$213.0 million, an increase of 21.3% over 4Q 2021, mainly due to increased demand for IGBT and super junction products.
- *Revenue from logic & RF* was US\$42.9 million, a decrease of 49.5% compared to 4Q 2021, mainly due to decreased demand for CIS and logic products.
- *Revenue from analog & power management* was US\$100.9 million, an increase of 7.8% over 4Q 2021, mainly due to increased demand for other PMIC products.

Analysis of Revenue

Revenue by process technology node	4Q 2022 US\$000 (Unaudited)	4Q 2022 % (Unaudited)	4Q 2021 US\$000 (Unaudited)	4Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
55nm & 65nm	59,244	9.4 %	74,490	14.1 %	(15,246)	(20.5)%
90nm & 95nm	124,450	19.8 %	103,522	19.6 %	20,928	20.2 %
0.11µm & 0.13µm	126,128	20.0 %	84,414	16.0 %	41,714	49.4 %
0.15µm & 0.18µm	56,227	8.9 %	44,880	8.5 %	11,347	25.3 %
0.25µm	4,153	0.7 %	4,336	0.8 %	(183)	(4.2)%
≥0.35µm	259,908	41.2 %	216,675	41.0 %	43,233	20.0 %
Total revenue	630,110	100.0 %	528,317	100.0 %	101,793	19.3 %

- Revenue from the 55nm & 65nm technology nodes was US\$59.2 million, a decrease of 20.5% over 4Q 2021, mainly due to decreased demand logic and CIS products.
- Revenue from the 90nm & 95nm technology nodes was US\$124.5 million, an increase of 20.2% over 4Q 2021, mainly due to increased demand for smart card ICs and MCU products, partially offset by decreased demand for CIS products.
- Revenue from the 0.11µm & 0.13µm technology nodes was US\$126.1 million, an increase of 49.4% over 4Q 2021, mainly due to increased demand for MCU products.
- Revenue from the 0.15µm & 0.18µm technology nodes was US\$56.2 million, an increase of 25.3% over 4Q 2021, mainly due to increased demand for MCU products and other PMIC products.
- Revenue from the 0.25µm technology node was US\$4.2 million, a decrease of 4.2% over 4Q 2021.
- Revenue from the 0.35µm and above technology nodes was US\$259.9 million, an increase of 20.0% over 4Q 2021, mainly due to increased demand for IGBT and super junction products.

Analysis of Revenue

Revenue by end market distribution	4Q 2022 US\$000 (Unaudited)	4Q 2022 % (Unaudited)	4Q 2021 US\$000 (Unaudited)	4Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
Consumer electronics	390,993	62.1 %	349,050	66.1 %	41,943	12.0 %
Industrial & automotive	169,571	26.9 %	99,913	18.9 %	69,658	69.7 %
Communications	50,632	8.0 %	60,250	11.4 %	(9,618)	(16.0)%
Computing	18,914	3.0 %	19,104	3.6 %	(190)	(1.0)%
Total revenue	630,110	100.0 %	528,317	100.0 %	101,793	19.3 %

- *Revenue from consumer electronics*, our largest end market segment, contributed US\$391.0 million, reaching 62.1% of total revenue, an increase of 12.0% over 4Q 2021, mainly due to increased demand for MCU, super junction and smart card ICs, partially offset by decreased demand for logic products.
- *Revenue from industrial & automotive* was US\$169.6 million, an increase of 69.7% over 4Q 2021, mainly due to increased demand for MCU, IGBT, other PMIC, and smart card ICs.
- *Revenue from communications* was US\$50.6 million, a decrease of 16.0% over 4Q 2021, mainly due to decreased demand for CIS products, partially offset by increased demand for smart card ICs.
- *Revenue from computing* was US\$18.9 million, a decrease of 1.0% over 4Q 2021.

Capacity⁹ and Capacity Utilization

Fab (in thousands 8" equivalent wafers)	4Q 2022 (Unaudited)	4Q 2021 (Unaudited)	3Q 2022 (Unaudited)
Capacity (200mm)	178	178	178
Capacity (300mm)	65	60	65
Total capacity	324	313	324
<i>Capacity utilization (200mm)</i>	<i>105.9%</i>	<i>107.5%</i>	<i>113.4%</i>
<i>Capacity utilization (300mm)</i>	<i>99.9%</i>	<i>102.5%</i>	<i>107.7%</i>
<i>Overall capacity utilization</i>	<i>103.2%</i>	<i>105.4%</i>	<i>110.8%</i>

- Monthly capacity was 324,000 8-inch equivalent wafers at the end of 4Q 2022. Overall capacity utilization was 103.2% in 4Q 2022.

⁹ Wafers per month at the end of the period, calculated on a 30-day basis for comparison purposes.

Wafer Shipments

in thousands 8" equivalent wafers	4Q 2022 (Unaudited)	4Q 2021 (Unaudited)	3Q 2022 (Unaudited)	YoY Change	QoQ Change
Wafer shipments	992	1,022	1,003	(2.9)%	(1.1)%

- *Wafer shipments* were 992,000, a decrease of 2.9% year over year, and 1.1% below 3Q 2022.

Operating Expenses Analysis

Amounts in US\$ thousands	4Q 2022 (Unaudited)	4Q 2021 (Unaudited)	3Q 2022 (Unaudited)	YoY Change	QoQ Change
Selling and distribution expenses	2,914	3,158	2,524	(7.7)%	15.5 %
Administrative expenses ¹⁰	56,665	28,708	71,087	97.4 %	(20.3)%
Operating expenses	59,579	31,866	73,611	87.0 %	(19.1)%

- *Operating expenses* were US\$59.6 million, 87.0% over 4Q 2021, primarily due to decreased government grants for research and development, and 19.1% below 3Q 2022, mainly due to increased government grants for research and development.

Other Income / (loss) Net Analysis

Amounts in US\$ thousands	4Q 2022 (Unaudited)	4Q 2021 (Unaudited)	3Q 2022 (Unaudited)	YoY Change	QoQ Change
Rental income	3,352	3,614	3,372	(7.2)%	(0.6)%
Interest income	10,775	3,441	7,054	213.1 %	52.8 %
Foreign exchange income / (loss)	22,054	21,619	(79,444)	2.0 %	(127.8)%
Share of profit of associates	7,311	2,436	2,561	200.1 %	185.5 %
Finance costs	(8,465)	(4,997)	(16,886)	69.4 %	(49.9)%
Government subsidies	678	826	24,663	(17.9)%	(97.3)%
Others	(140)	873	855	(116.0)%	(116.4)%
Other income / (loss) net	35,565	27,812	(57,825)	27.9 %	(161.5)%

- *Other income net* was US\$35.6 million, 27.9% over 4Q 2021, primarily due to increased interest income and share of profit of associates, partially offset by increased finance costs. There was an other loss net of US\$57.8 million in 3Q 2022, mainly due to a large foreign exchange loss in the prior period.

¹⁰Administrative expenses include government grants recognized as an offset item.

Cash Flow Analysis

Amounts in US\$ thousands	4Q 2022 (Unaudited)	4Q 2021 (Unaudited)	3Q 2022 (Unaudited)	YoY Change	QoQ Change
Net cash flows generated from operating activities	184,413	206,804	158,604	(10.8)%	16.3 %
Net cash flows used in investing activities	(303,135)	(297,044)	(399,962)	2.1 %	(24.2)%
Net cash flows generated from financing activities	120,141	242,187	579,684	(50.4)%	(79.3)%
Effect of exchange rate changes	23,118	13,846	(61,748)	67.0 %	(137.4)%
Net change in cash	24,537	165,793	276,578	(85.2)%	(91.1)%

- *Net cash flows generated from operating activities* was US\$184.4 million, 10.8% below 4Q 2021, and 16.3% over 3Q 2022.
- *Net cash flows used in investing activities* was US\$303.1 million, including US\$331.1 million of investment in fixed and intangible assets, and US\$4.0 million of investment in an associate, partially offset by US\$24.7 million of receipts of government grants for equipment and US\$7.3 million of interest income.
- *Net cash flows generated from financing activities* was US\$120.1 million, including US\$181.5 million proceeds from bank borrowings, US\$11.1 million of receipts of government grants for finance costs, and US\$1.6 million proceeds from share option exercises, partially offset by US\$39.8 million of bank principal payment, US\$32.0 million of interest payments, US\$0.8 million of listing fee, US\$0.8 million of restricted deposits, and US\$0.7 million of lease payments.

Capital Structure

Amounts in US\$ thousands	31-Dec-2022 (Unaudited)	30-Sep-2022 (Unaudited)
Total assets	7,052,670	6,660,372
Total liabilities	2,917,202	2,800,784
Total equity	4,135,468	3,859,588
<i>Debt ratio</i> ¹¹	41.4%	42.1%

Capital Expenditures

Amounts in US\$ thousands	4Q 2022 (Unaudited)	3Q 2022 (Unaudited)
Hua Hong 8 th	20,169	38,391
Hua Hong Wuxi	310,896	390,293
Total	331,065	428,684

- *Capital expenditures* were US\$331.1 million in 4Q 2022, including US\$310.9 million for the Wuxi fab.

¹¹ Debt ratio is calculated based on total liabilities / total assets.

Liquidity

Amounts in US\$ thousands	31-Dec-2022 (Unaudited)	30-Sep-2022 (Unaudited)
Properties under development	134,723	117,971
Inventories	575,354	509,630
Trade and notes receivables	291,856	240,551
Prepayments, other receivables and other assets	48,273	60,304
Due from related parties	13,006	10,764
Restricted and time deposits	1,042	1,022
Cash and cash equivalents	2,008,765	1,984,228
Total current assets	3,073,019	2,924,470
Trade payables	234,293	223,704
Other payables and accruals	593,971	621,494
Interest-bearing bank borrowings	426,756	422,913
Lease liabilities	4,704	4,564
Government grants	37,714	63,274
Due to related parties	6,096	10,265
Income tax payable	76,176	57,730
Total current liabilities	1,379,710	1,403,944
Net working capital	1,693,309	1,520,526
Quick ratio	1.7x	1.7x
Current ratio	2.2x	2.1x
Trade and notes receivables turnover days	38	35
Inventories turnover days	125	112

- *Inventories* increased from US\$509.6 million on 30 September 2022 to US\$575.4 million on 31 December 2022, primarily due to increased manufacturing supplies against potential pandemic risk.
- *Trade and notes receivables* increased from US\$240.6 million on 30 September 2022 to US\$291.9 million on 31 December 2022, primarily due to increased trade receivables within credit terms.
- *Prepayments, other receivables and other assets* decreased from US\$60.3 million on 30 September 2022 to US\$48.3 million on 31 December 2022, mainly due to receipts of VAT returns.
- *Other payables and accruals* decreased from US\$621.5 million on 30 September 2022 to US\$594.0 million on 31 December 2022, mainly due to decreased payables for capital expenditures.
- *Government grants* decreased from US\$63.3 million on 30 September 2022 to US\$37.7 million on 31 December 2022, mainly due to recognition in the period.
- *Income tax payable* increased from US\$57.7 million on 30 September 2022 to US\$76.2 million on 31 December 2022, mainly due to accrued income tax for 4Q 2022.
- On 31 December 2022, *net working capital* was US\$1,693.3 million and the *current ratio* was 2.2.
- *Trade and notes receivables turnover days* were 38.
- *Inventories turnover days* were 125.

Please visit Company's website at www.huahonggrace.com
for further details regarding recent announcements.

Hua Hong Semiconductor Limited
Condensed Consolidated Statements of Profit or Loss
(In US\$ Thousands Except Share Data)

	For the Three Months Ended		
	31-Dec-2022 (Unaudited)	31-Dec-2021 (Unaudited)	30-Sep-2022 (Unaudited)
Revenue	630,110	528,317	629,907
Cost of sales	(389,403)	(356,800)	(395,851)
Gross profit	240,707	171,517	234,056
Other income and gains	37,090	30,190	35,967
Fair value gain on an investment property	394	183	-
Selling and distribution expenses	(2,914)	(3,158)	(2,524)
Administrative expenses	(56,665)	(28,708)	(71,087)
Other expenses	(765)	-	(79,467)
Finance costs	(8,465)	(4,997)	(16,886)
Share of profit of associates	7,311	2,436	2,561
Profit before tax	216,693	167,463	102,620
Income tax expense	(30,918)	(30,213)	(37,174)
Profit for the period	185,775	137,250	65,446
Attributable to:			
Owners of the parent	159,136	133,528	103,899
Non-controlling interests	26,639	3,722	(38,453)
Earnings per share attributable to owners of parent			
Basic	0.122	0.103	0.080
Diluted	0.121	0.101	0.079
Shares used in calculating basic earnings per share attributable to owners of parent	1,306,626,546	1,300,675,399	1,303,756,848
Shares used in calculating diluted earnings per share attributable to owners of parent	1,314,496,496	1,320,452,003	1,311,796,050

Hua Hong Semiconductor Limited
Condensed Consolidated Statements of Profit or Loss
(In US\$ Thousands Except Share Data)

	For the Year Ended	
	31-Dec-2022 (Unaudited)	31-Dec-2021 (Audited)
Revenue	2,475,488	1,630,754
Cost of sales	(1,631,832)	(1,179,156)
Gross profit	843,656	451,598
Other income and gains	70,986	60,758
Fair value gain on an investment property	78	183
Selling and distribution expenses	(12,464)	(10,673)
Administrative expenses	(266,666)	(198,920)
Other expenses	(111,360)	(165)
Finance costs	(40,331)	(13,226)
Share of profit of associates	12,171	6,765
Profit before tax	496,070	296,320
Income tax expense	(89,499)	(65,349)
Profit for the year	406,571	230,971
Attributable to:		
Owners of the parent	449,912	261,476
Non-controlling interests	(43,341)	(30,505)
Earnings per share attributable to owners of parent		
Basic	0.345	0.201
Diluted	0.342	0.198
Shares used in calculating basic earnings per share attributable to owners of parent	1,303,399,389	1,300,169,098
Shares used in calculating diluted earnings per share attributable to owners of parent	1,313,945,277	1,320,165,735

Hua Hong Semiconductor Limited
Condensed Consolidated Statements of Financial Position (In US\$ Thousands)

	As of		
	31-Dec-2022 (Unaudited)	30-Sep-2022 (Unaudited)	31-Dec-2021 (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3,367,716	3,140,178	3,116,501
Investment property	169,363	165,746	184,883
Right-of-use assets	78,425	78,359	75,331
Intangible assets	32,986	34,447	35,312
Investment in associates	130,721	116,894	122,040
Equity instruments designated at fair value through other comprehensive income	178,632	163,182	257,788
Long term prepayment	7,742	21,939	15,573
Deferred tax assets	14,066	15,157	3,479
Total non-current assets	3,979,651	3,735,902	3,810,907
CURRENT ASSETS			
Properties under development	134,723	117,971	114,492
Inventories	575,354	509,630	432,917
Trade and notes receivables	291,856	240,551	181,042
Prepayments, other receivables and other assets	48,273	60,304	43,443
Due from related parties	13,006	10,764	6,910
Restricted and time deposits	1,042	1,022	2,248
Cash and cash equivalents	2,008,765	1,984,228	1,610,140
Total current assets	3,073,019	2,924,470	2,391,192
CURRENT LIABILITIES			
Trade payables	234,293	223,704	194,385
Other payables and accruals	593,971	621,494	560,435
Interest-bearing bank borrowings	426,756	422,913	195,024
Lease liabilities	4,704	4,564	1,676
Government grants	37,714	63,274	66,837
Due to related parties	6,096	10,265	7,501
Income tax payable	76,176	57,730	54,543
Total current liabilities	1,379,710	1,403,944	1,080,401
NET CURRENT ASSETS	1,693,309	1,520,526	1,310,791
TOTAL ASSETS LESS CURRENT LIABILITIES	5,672,960	5,256,428	5,121,698
Non-current liabilities			
Interest-bearing bank borrowings	1,481,580	1,355,037	1,395,279
Lease liabilities	14,644	14,976	16,137
Deferred tax liabilities	41,268	26,827	25,735
Total non-current liabilities	1,537,492	1,396,840	1,437,151
Net assets	4,135,468	3,859,588	3,684,547
Equity and liabilities capital and reserves			
Share capital	1,994,462	1,993,604	1,986,152
Reserves	1,036,008	808,552	884,207
Equity attributable to the owners of the company	3,030,470	2,802,156	2,870,359
Non-controlling interests	1,104,998	1,057,432	814,188
Total equity	4,135,468	3,859,588	3,684,547

Hua Hong Semiconductor Limited
Condensed Consolidated Statement of Cash Flows (In US\$ Thousands)

	For the Three Months Ended		
	31-Dec-2022 (Unaudited)	31-Dec-2021 (Unaudited)	30-Sep-2022 (Unaudited)
Cash flows from operating activities:			
Profit before tax	216,693	167,463	102,620
Depreciation and amortization	107,849	80,117	116,426
Share of profit of associates	(7,311)	(2,436)	(2,561)
Changes in working capital and others	(132,818)	(38,340)	(57,881)
Net cash flows generated from operating activities	184,413	206,804	158,604
Cash flows from investing activities:			
Payments for property, plant and equipment and intangible assets	(331,065)	(382,236)	(428,684)
Investment in an associate	(4,013)	-	(2,704)
Proceeds from disposal of an equity instrument	-	-	5,707
Receipt of government grants of equipment	24,655	83,594	8,954
Other cash flow generated from investing activities	7,288	1,598	16,765
Net cash flows used in investing activities	(303,135)	(297,044)	(399,962)
Cash flows from financing activities:			
Capital contribution from non-controlling interests	-	-	392,000
Proceeds from bank borrowings	181,470	275,021	248,768
Proceeds from issue of shares	1,631	410	2,972
Repayment of bank borrowings	(39,826)	(26,099)	(62,171)
Payment of lease liabilities	(782)	(632)	(333)
Interest paid	(31,861)	(6,513)	(1,552)
Other cash flow generated from financing activities	9,509	-	-
Net cash flows generated from financing activities	120,141	242,187	579,684
Net increase in cash and cash equivalents	1,419	151,947	338,326
Effects of exchange rate changes	23,118	13,846	(61,748)
Cash and cash equivalents, beginning of period	1,984,228	1,444,347	1,707,650
Cash and cash equivalents, ending of period	2,008,765	1,610,140	1,984,228

Hua Hong Semiconductor Limited
Condensed Consolidated Statement of Cash Flows (In US\$ Thousands)

	For the Year Ended	
	31-Dec-2022 (Unaudited)	31-Dec-2021 (Audited)
Cash flows from operating activities:		
Profit before tax	496,070	296,320
Depreciation and amortization	456,860	318,016
Share of profit of associates	(12,171)	(6,765)
Changes in working capital and others	(189,894)	(89,100)
Net cash flows generated from operating activities	750,865	518,471
Cash flows from investing activities:		
Payments for property, plant and equipment and intangible assets	(996,182)	(938,911)
Investment in an associate	(6,717)	(7,405)
Proceeds from disposal of / (investment in) an equity instrument	5,707	(6,290)
Receipt of government grants of equipment	38,414	83,594
Other cash flow generated from investing activities	28,622	5,953
Net cash flows used in investing activities	(930,156)	(863,059)
Cash flows from financing activities:		
Capital contribution from non-controlling interests	392,000	-
Proceeds from bank borrowings	514,622	1,070,805
Proceeds from issue of shares	6,248	7,419
Repayment of bank borrowings	(199,670)	(47,860)
Payment of lease liabilities	(4,144)	(3,995)
Interest paid	(46,388)	(11,729)
Other cash flow generated from financing activities	9,509	-
Net cash flows generated from financing activities	672,177	1,014,640
Net increase in cash and cash equivalents	492,886	670,052
Effects of exchange rate changes	(94,261)	17,302
Cash and cash equivalents, beginning of period	1,610,140	922,786
Cash and cash equivalents, ending of period	2,008,765	1,610,140

As of the date of this announcement, the directors of the Company are:

Executive Directors

Suxin Zhang (Chairman)

Junjun Tang (President)

Non-Executive Directors

Guodong Sun

Jing Wang

Jun Ye

Independent Non-Executive Directors

Stephen Tso Tung Chang

Kwai Huen Wong, JP

Long Fei Ye

By order of the Board

Hua Hong Semiconductor Limited

Mr. Suxin Zhang

Chairman and Executive Director

Hong Kong SAR, PRC

February 14, 2023