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HUA HONG SEMICONDUCTOR LIMITED

華虹半導體有限公司

(Incorporated in Hong Kong with limited liability)

Stock Code (01347)

News Release

Reports 2023 Third 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 – November 9, 2023.

Hua Hong Semiconductor Limited (SEHK: 01347; SSE STAR MARKET: 688347) (the "Company"), a global, leading pure-play foundry, today announced its consolidated operational results for the quarter ending September 30, 2023.

Third Quarter 2023 Highlights (Unaudited)

- Revenue was US\$568.5 million, 9.7% lower than the prior year and 10.0% below 2Q 2023.
- Gross margin was 16.1%, 21.1 percentage points lower than 3Q 2022 and 11.6 percentage points below 2Q 2023.
- Net profit attributable to shareholders of the parent company was US\$13.9 million, compared to US\$103.9 million in 3Q 2022 and US\$78.5 million in 2Q 2023.
- Basic earnings per share was US\$0.009, compared to US\$0.080 in 3Q 2022 and US\$0.060 in 2Q 2023.
- ROE (annualized) was 1.2%, compared to 14.4% in 3Q 2022 and 10.0% in 2Q 2023.

Fourth Quarter 2023 Guidance

- We expect revenue to be approximately US\$450 million to US\$500 million.
- We expect gross margin to be in the range of 2% to 5%.

President's Message

Mr. Junjun Tang, President and Executive Director of the Company, commented on the third quarter 2023 results:

"The current macro environment is complex and constantly changing. The semiconductor market has not yet recovered. Hua Hong Semiconductor overcame the tough challenges and achieved revenue of US\$568.5 million in the third quarter of 2023 with a gross margin of 16.1%, in line with guidance. As the capacity of Hua Hong's 12-inch production line in Wuxi ramped up, the Company's total eight-inch equivalent monthly capacity increased to 358,000 wafers by the end of the third quarter. With a larger production scale, the added capacity provides better support for R&D to launch new products. Thanks to years of improvement in specialty technologies and our advantages of having diversified process platforms, the Company's products, especially IGBTs and super junctions, have continued to gain momentum in the New Energy and Automotive Electronics fields and have been well recognized by customers. "

Mr. Tang continued, "The Company is making all-round efforts to build our second 12-inch production line, the Hua Hong Wuxi Manufacturing Project. The Project is currently in the construction stage and is expected to be put into operation by the end of 2024, followed by a three-year ramp-up to 83,000 wafers per month, which will lay a solid foundation for the Company's medium and long-term development. Regardless of the market downturn, the Company will continue to strengthen R&D investment and talent team development, and improve product quality and its performance indicators, to further consolidate our leading position as a specialty foundry and deliver even more outstanding performance to investors."

Webcast/Conference Call Announcement

Date: Thursday, November 9, 2023

Time: 17:00 Hong Kong/Shanghai Time
04:00 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/a6md2c9y>
(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/Blcd83b51831f1463db11bdea840a69615>

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 (Stock Code: 688347.SH/ 01347.HK) (the "Company") is a global leading pure-play foundry with specialty technologies which offers a diverse array of wafer foundry and supporting services to its customers, implementing "8-inch + 12-inch" and advanced "Specialty IC + Power Discrete" development strategies. The Company focuses on continuous innovation of "8-inch + 12-inch" specialty technologies, including embedded/standalone non-volatile memory (NVM), power discrete, analog & power management, and logic & RF, supporting applications in emerging areas, such as new energy vehicles, green energy, and the Internet of Things. Of special note is the Company's outstanding quality control system that satisfies the strict requirements of automotive chip manufacturing. The Company is a member of the Hua Hong Group, which is an industrial group in China that owns mainstream "8-inch + 12-inch" advanced IC manufacturing process technologies.

The Company has built three 8-inch wafer fabrication facilities (HH Fab1, HH Fab2, and HH Fab3) in Shanghai Jinqiao and Shanghai Zhangjiang, with a total monthly 8-inch capacity of approximately 180,000 wafers. The Company has built a 12-inch wafer fabrication facility (HH Fab7) in Wuxi National Hi-Tech District with a current monthly capacity of 80,000 wafers, which is a global leading 12-inch production line devoted to specialty processes and is also the world's first 12-inch power semiconductor foundry. The Hua Hong Wuxi Phase-II project for the new 12-inch IC production line (HH Fab9) is now under construction.

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

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

	3Q 2023 (Unaudited)	3Q 2022 (Unaudited)	2Q 2023 (Unaudited)	YoY Change	QoQ Change
Revenue	568,529	629,907	631,381	(9.7)%	(10.0)%
Gross profit	91,623	234,056	175,056	(60.9)%	(47.7)%
Gross margin	16.1%	37.2 %	27.7 %	(21.1)	(11.6)
Operating expenses	(85,065)	(73,611)	(76,668)	15.6 %	11.0 %
Other loss net	(19,417)	(57,825)	(54,709)	(66.4)%	(64.5)%
(Loss) / profit before tax	(12,859)	102,620	43,679	(112.5)%	(129.4)%
Income tax expense	(12,999)	(37,174)	(35,845)	(65.0)%	(63.7)%
(Loss) / profit for the period	(25,858)	65,446	7,834	(139.5)%	(430.1)%
Net profit margin	(4.5)%	10.4 %	1.2 %	(14.9)	(5.7)
Attributable to:					
Owners of the parent	13,890	103,899	78,524	(86.6)%	(82.3)%
Non-controlling interests	(39,748)	(38,453)	(70,690)	3.4 %	(43.8)%
Earnings per share attributable to owners of the parent					
Basic	0.009	0.080	0.060	(88.8)%	(85.0)%
Diluted	0.009	0.079	0.060	(88.6)%	(85.0)%
Wafers shipped (in thousands 8" equivalent wafers)	1,077	1,003	1,074	7.4 %	0.3 %
Capacity utilization ¹	86.8 %	110.8 %	102.7 %	(24.0)	(15.9)
ROE ²	1.2 %	14.4 %	10.0 %	(13.2)	(8.8)

Third Quarter 2023

- Revenue was US\$568.5 million, 9.7% lower than the prior year and 10.0% below 2Q 2023, primarily due to decreased average selling price.
- Gross margin was 16.1%, 21.1 percentage points lower than 3Q 2022 and 11.6 percentage points below 2Q 2023, primarily due to decreased average selling price and capacity utilization.
- Operating expenses were US\$85.1 million, 15.6% over 3Q 2022 and 11.0% over 2Q 2023, mainly due to increased engineering wafer costs.
- Other loss net was US\$19.4 million, down by 66.4% and 64.5% compared to 3Q 2022 and 2Q 2023 respectively, mainly due to decreased foreign exchange losses, partially offset by decreased government subsidies.
- Income tax expense was US\$13.0 million, 65.0% lower than 3Q 2022 and 63.7% lower than 2Q 2023, primarily due to decreased taxable income.
- Loss for the period was US\$25.9 million, compared to profit for the period of US\$65.4 million in 3Q 2022 and US\$7.8 million in 2Q 2023.
- Net profit attributable to shareholders of the parent company was US\$13.9 million, compared to US\$103.9 million in 3Q 2022 and US\$78.5 million in 2Q 2023.
- Basic earnings per share was US\$0.009, compared to US\$0.080 in 3Q 2022 and US\$0.060 in 2Q 2023.
- ROE (annualized) was 1.2%, compared to 14.4% in 3Q 2022 and 10.0% in 2Q 2023.

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.

Analysis of Revenue

Revenue by service type	3Q 2023 US\$000 (Unaudited)	3Q 2023 % (Unaudited)	3Q 2022 US\$000 (Unaudited)	3Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
Wafers	538,547	94.7 %	598,553	95.0 %	(60,006)	(10.0)%
Others	29,982	5.3 %	31,354	5.0 %	(1,372)	(4.4)%
Total revenue	568,529	100.0 %	629,907	100.0 %	(61,378)	(9.7)%

- 94.7% of total revenue was derived from the sale of semiconductor wafers in 3Q 2023.

Analysis of Revenue

Revenue by wafer size	3Q 2023 US\$000 (Unaudited)	3Q 2023 % (Unaudited)	3Q 2022 US\$000 (Unaudited)	3Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
8" wafers	298,615	52.5 %	384,235	61.0 %	(85,620)	(22.3)%
12" wafers	269,914	47.5 %	245,672	39.0 %	24,242	9.9 %
Total revenue	568,529	100.0 %	629,907	100.0 %	(61,378)	(9.7)%

- Revenues from 8" wafers and 12" wafers were US\$298.6 million and US\$269.9 million, respectively, in 3Q 2023.

Analysis of Revenue

Revenue by geography	3Q 2023 US\$000 (Unaudited)	3Q 2023 % (Unaudited)	3Q 2022 US\$000 (Unaudited)	3Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
China ³	441,246	77.5 %	452,306	71.8 %	(11,060)	(2.4)%
North America ⁴	48,764	8.6 %	80,450	12.8 %	(31,686)	(39.4)%
Europe	38,976	6.9 %	30,340	4.8 %	8,636	28.5 %
Asia ⁵	34,663	6.1 %	55,733	8.8 %	(21,070)	(37.8)%
Japan ⁶	4,880	0.9 %	11,078	1.8 %	(6,198)	(55.9)%
Total revenue	568,529	100.0 %	629,907	100.0 %	(61,378)	(9.7)%

- *Revenue from China* was US\$441.2 million, contributing 77.5% of total revenue and a decrease of 2.4% compared to 3Q 2022, mainly due to decreased demand for MCU, smart card ICs, and other PMIC products, partially offset by increased demand for IGBT, analog, and super junction products.
- *Revenue from North America* was US\$48.8 million, a decrease of 39.4% compared to 3Q 2022, mainly due to decreased demand for other PMIC and MCU products.
- *Revenue from Europe* was US\$39.0 million, an increase of 28.5% over 3Q 2022, mainly due to increased demand for IGBT and smart card ICs.
- *Revenue from Asia* was US\$34.7 million, a decrease of 37.8% compared to 3Q 2022, mainly due to decreased demand for MCU and logic products.
- *Revenue from Japan* was US\$4.9 million, a decrease of 55.9% compared to 3Q 2022, primarily due to decreased demand for MCU products.

³Includes Chinese Mainland and Hong Kong.

⁴Includes a major customer in US that was acquired by an Europe headquartered company in 2020.

⁵Excludes China and Japan.

⁶Includes a major customer in Japan that was acquired by a U.S. headquartered company in 2013.

Analysis of Revenue

Revenue by technology platform	3Q 2023 US\$000 (Unaudited)	3Q 2023 % (Unaudited)	3Q 2022 US\$000 (Unaudited)	3Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
Embedded NVM	143,629	25.3 %	213,813	33.9 %	(70,184)	(32.8)%
Standalone NVM	36,800	6.5 %	43,473	6.9 %	(6,673)	(15.3)%
Discrete	235,978	41.5 %	191,391	30.4 %	44,587	23.3 %
Logic & RF	49,878	8.8 %	59,069	9.4 %	(9,191)	(15.6)%
Analog & PM	100,897	17.7 %	121,777	19.3 %	(20,880)	(17.1)%
Others	1,347	0.2 %	384	0.1 %	963	250.8 %
Total revenue	568,529	100.0 %	629,907	100.0 %	(61,378)	(9.7)%

- *Revenue from embedded NVM* was US\$143.6 million, a decrease of 32.8% compared to 3Q 2022, mainly due to decreased demand for MCU and smart card ICs.
- *Revenue from standalone NVM* was US\$36.8 million, a decrease of 15.3% compared to 3Q 2022, primarily due to decreased demand for NOR flash products.
- *Revenue from discrete* was US\$236.0 million, an increase of 23.3% over 3Q 2022, mainly due to increased demand for IGBT and super junction products.
- *Revenue from logic & RF* was US\$49.9 million, a decrease of 15.6% compared to 3Q 2022, mainly due to decreased demand for logic products.
- *Revenue from analog & power management* was US\$100.9 million, a decrease of 17.1% compared to 3Q 2022, mainly due to decreased demand for other PMIC products.

Analysis of Revenue

Revenue by process technology node	3Q 2023 US\$000 (Unaudited)	3Q 2023 % (Unaudited)	3Q 2022 US\$000 (Unaudited)	3Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
55nm & 65nm	87,329	15.4 %	78,566	12.5 %	8,763	11.2 %
90nm & 95nm	87,616	15.4 %	141,726	22.5 %	(54,110)	(38.2)%
0.11 μ m & 0.13 μ m	82,990	14.6 %	113,063	17.9 %	(30,073)	(26.6)%
0.15 μ m & 0.18 μ m	34,993	6.2 %	54,590	8.7 %	(19,597)	(35.9)%
0.25 μ m	8,395	1.5 %	3,471	0.6 %	4,924	141.9 %
\geq 0.35 μ m	267,206	46.9 %	238,491	37.8 %	28,715	12.0 %
Total revenue	568,529	100.0 %	629,907	100.0 %	(61,378)	(9.7)%

- Revenue from the 55nm & 65nm technology nodes was US\$87.3 million, an increase of 11.2% over 3Q 2022, mainly due to increased demand for analog and other PMIC products, partially offset by decreased demand for logic and NOR flash products.
- Revenue from the 90nm & 95nm technology nodes was US\$87.6 million, a decrease of 38.2% compared to 3Q 2022, mainly due to decreased demand for other PMIC, smart card ICs, and MCU products.
- Revenue from the 0.11 μ m & 0.13 μ m technology nodes was US\$83.0 million, a decrease of 26.6% compared to 3Q 2022, mainly due to decreased demand for MCU products.
- Revenue from the 0.15 μ m & 0.18 μ m technology nodes was US\$35.0 million, a decrease of 35.9% compared to 3Q 2022, mainly due to decreased demand for MCU and logic products.
- Revenue from the 0.25 μ m technology node was US\$8.4 million, an increase of 141.9% over 3Q 2022, mainly due to increased demand for logic products.
- Revenue from the 0.35 μ m and above technology nodes was US\$267.2 million, an increase of 12.0% over 3Q 2022, mainly due to increased demand for IGBT and super junction products.

Analysis of Revenue

Revenue by end market distribution	3Q 2023 US\$000 (Unaudited)	3Q 2023 % (Unaudited)	3Q 2022 US\$000 (Unaudited)	3Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
Consumer electronics	325,224	57.2 %	408,328	64.9 %	(83,104)	(20.4)%
Industrial & automotive	159,380	28.0 %	148,889	23.6 %	10,491	7.0 %
Communications	71,662	12.6 %	54,138	8.6 %	17,524	32.4 %
Computing	12,263	2.2 %	18,552	2.9 %	(6,289)	(33.9)%
Total revenue	568,529	100.0 %	629,907	100.0 %	(61,378)	(9.7)%

- Revenue from consumer electronics, our largest end market segment, contributed US\$325.2 million, reaching 57.2% of total revenue, a decrease of 20.4% compared to 3Q 2022, mainly due to decreased demand for MCU, other PMIC, and smart card ICs, partially offset by increased demand for super junction products.
- Revenue from industrial & automotive was US\$159.4 million, an increase of 7.0% over 3Q 2022, mainly due to increased demand for IGBT products, partially offset by decreased demand for MCU and smart card ICs.
- Revenue from communications was US\$71.7 million, an increase of 32.4% over 3Q 2022, mainly due to increased demand for analog products.
- Revenue from computing was US\$12.3 million, a decrease of 33.9% compared to 3Q 2022, mainly due to decreased demand for general MOSFET and MCU products.

Capacity⁷ and Capacity Utilization

Fab (in thousands 8" equivalent wafers)	3Q 2023 (Unaudited)	3Q 2022 (Unaudited)	2Q 2023 (Unaudited)
Capacity (200mm)	178	178	178
Capacity (300mm)	80	65	75
Total capacity	358	324	347
Capacity utilization (200mm)	95.3%	113.4%	112.0%
Capacity utilization (300mm)	78.4%	107.7%	92.9%
Overall capacity utilization	86.8%	110.8%	102.7%

- Monthly capacity was 358,000 8-inch equivalent wafers at the end of 3Q 2023. Overall capacity utilization was 86.8% in 3Q 2023.

⁷ 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	3Q 2023 (Unaudited)	3Q 2022 (Unaudited)	2Q 2023 (Unaudited)	YoY Change	QoQ Change
Wafer shipments	1,077	1,003	1,074	7.4 %	0.3 %

- *Wafer shipments* were 1,077,000, an increase of 7.4% year over year, and flat to 2Q 2023.

Operating Expenses Analysis

Amounts in US\$ thousands	3Q 2023 (Unaudited)	3Q 2022 (Unaudited)	2Q 2023 (Unaudited)	YoY Change	QoQ Change
Selling and distribution expenses	2,415	2,524	2,402	(4.3)%	0.5 %
Administrative expenses ⁸	82,650	71,087	74,266	16.3 %	11.3 %
Operating expenses	85,065	73,611	76,668	15.6 %	11.0 %

- *Operating expenses* were US\$85.1 million, 15.6% over 3Q 2022 and 11.0% over 2Q 2023, mainly due to increased engineering wafer costs.

Other Loss Net Analysis

Amounts in US\$ thousands	3Q 2023 (Unaudited)	3Q 2022 (Unaudited)	2Q 2023 (Unaudited)	YoY Change	QoQ Change
Rental income	3,428	3,372	3,921	1.7 %	(12.6)%
Interest income	15,742	7,054	14,057	123.2 %	12.0 %
Foreign exchange losses	(13,986)	(79,444)	(62,646)	(82.4)%	(77.7)%
Share of (loss) / profit of associates	(1,410)	2,561	1,984	(155.1)%	(171.1)%
Finance costs	(24,257)	(16,886)	(28,287)	43.7 %	(14.2)%
Government subsidies	77	24,663	14,213	(99.7)%	(99.5)%
Others	989	855	2,049	15.7 %	(51.7)%
Other loss net	(19,417)	(57,825)	(54,709)	(66.4)%	(64.5)%

- *Other loss net* was US\$19.4 million, down by 66.4% and 64.5% compared to 3Q 2022 and 2Q 2023 respectively, mainly due to decreased foreign exchange losses, partially offset by decreased government subsidies.

⁸Administrative expenses include government grants recognized as an offset item.

Cash Flow Analysis

Amounts in US\$ thousands	3Q 2023 (Unaudited)	3Q 2022 (Unaudited)	2Q 2023 (Unaudited)	YoY Change	QoQ Change
Net cash flows generated from operating activities	152,091	158,604	161,190	(4.1)%	(5.6)%
Net cash flows used in investing activities	(177,466)	(399,962)	(150,649)	(55.6)%	17.8 %
Net cash flows generated from / (used in) financing activities	3,176,383	579,684	(300,183)	448.0 %	(1,158.1)%
Effect of exchange rate changes	(12,464)	(61,748)	(77,948)	(79.8)%	(84.0)%
Net change in cash	3,138,544	276,578	(367,590)	1,034.8 %	(953.8)%

- *Net cash flows generated from operating activities* was US\$152.1 million, 4.1% below 3Q 2022, primarily due to decreased government subsidies, partially offset by decreased payments for materials, and 5.6% below 2Q 2023, mainly due to decreased government subsidies and increased payments for labor, partially offset by decreased payment for income tax.
- *Net cash flows used in investing activities* was US\$177.5 million, including US\$193.7 million of investment in fixed and intangible assets, partially offset by US\$16.2 million of interest income.
- *Net cash flows generated from financing activities* was US\$3,176.4 million, including US\$2,937.0 million proceeds from issuance of shares in the STAR market, US\$347.7 million proceeds from bank borrowings, US\$136.5 million decrease of pledged deposits, and US\$0.7 million proceeds from share option exercises, partially offset by US\$239.1 million of bank principal repayments, US\$3.8 million of interest payments, US\$1.4 million of listing fees, and US\$1.2 million of lease payments.

Capital Structure

Amounts in US\$ thousands	30-Sep-2023 (Unaudited)	30-Jun-2023 (Unaudited)
Total assets	9,974,339	6,950,336
Total liabilities	2,642,094	2,555,160
Total equity	7,332,245	4,395,176
<i>Debt ratio</i> ⁹	26.5%	36.8%

Capital Expenditures

Amounts in US\$ thousands	3Q 2023 (Unaudited)	2Q 2023 (Unaudited)
Hua Hong 8"	22,795	16,677
Hua Hong Wuxi	111,827	148,289
Hua Hong Manufacturing	59,030	-
Total	193,652	164,966

- *Capital expenditures* were US\$193.7 million in 3Q 2023, including US\$111.8 million for Hua Hong Wuxi and US\$59.0 million for Hua Hong Manufacturing.

⁹ Debt ratio is calculated based on total liabilities / total assets.

Liquidity

Amounts in US\$ thousands	30-Sep-2023 (Unaudited)	30-Jun-2023 (Unaudited)
Properties under development	157,230	143,674
Inventories	492,783	558,252
Trade and notes receivables	318,787	310,705
Prepayments, other receivables and other assets	34,168	32,194
Due from related parties	19,572	16,803
Restricted and time deposits	31,654	167,077
Cash and cash equivalents	4,989,501	1,850,957
Total current assets	6,043,695	3,079,662
Trade payables	213,530	227,907
Other payables and accruals	357,181	397,826
Interest-bearing bank borrowings	180,238	385,746
Lease liabilities	3,281	4,477
Government grants	34,321	34,133
Due to related parties	4,604	4,720
Income tax payable	57,885	49,557
Total current liabilities	851,040	1,104,366
Net working capital	5,192,655	1,975,296
<i>Quick ratio</i>	6.3x	2.2x
<i>Current ratio</i>	7.1x	2.8x
Trade and notes receivables turnover days	50	45
Inventories turnover days	99	114

- *Inventories* decreased from US\$558.3 million on 30 June 2023 to US\$492.8 million on 30 September 2023, mainly due to decreased finished goods and work in progress.
- *Restricted and time deposits* decreased from US\$167.1 million on 30 June 2023 to US\$31.7 million on 30 September 2023, mainly due to decreased pledged deposits for bank borrowings.
- *Cash and cash equivalents* increased from US\$1,851.0 million on 30 June 2023 to US\$4,989.5 million on 30 September 2023, due to the reasons stated in the cash flow analysis above.
- *Other payables and accruals* decreased from US\$397.8 million on 30 June 2023 to US\$357.2 million on 30 September 2023, mainly due to decreased payables for capital expenditures.
- Interest-bearing bank borrowings decreased from US\$385.7 million on 30 June 2023 to US\$180.2 million on 30 September 2023, mainly due to repayments of bank principal.
- On 30 September 2023, *net working capital* was US\$5,192.7 million and the *current ratio* was 7.1.
- *Trade and notes receivables turnover days* were 50.
- *Inventories turnover days* were 99.

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		
	30-Sep-2023 (Unaudited)	30-Sep-2022 (Unaudited)	30-Jun-2023 (Unaudited)
Revenue	568,529	629,907	631,381
Cost of sales	(476,906)	(395,851)	(456,325)
Gross profit	91,623	234,056	175,056
Other income and gains	20,290	35,967	34,245
Selling and distribution expenses	(2,415)	(2,524)	(2,402)
Administrative expenses	(82,650)	(71,087)	(74,266)
Other expenses	(14,040)	(79,467)	(62,651)
Finance costs	(24,257)	(16,886)	(28,287)
Share of (loss) / profit of associates	(1,410)	2,561	1,984
(Loss) / profit before tax	(12,859)	102,620	43,679
Income tax expense	(12,999)	(37,174)	(35,845)
(Loss) / profit for the period	(25,858)	65,446	7,834
Attributable to:			
Owners of the parent	13,890	103,899	78,524
Non-controlling interests	(39,748)	(38,453)	(70,690)
Earnings per share attributable to owners of parent			
Basic	0.009	0.080	0.060
Diluted	0.009	0.079	0.060
Shares used in calculating basic earnings per share attributable to owners of parent	1,580,159,540	1,303,756,848	1,308,028,146
Shares used in calculating diluted earnings per share attributable to owners of parent	1,587,083,357	1,311,796,050	1,318,619,081

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

	As of		
	30-Sep-2023 (Unaudited)	30-Jun-2023 (Unaudited)	30-Sep-2022 (Unaudited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3,322,946	3,256,562	3,140,178
Investment property	164,287	163,241	165,746
Right-of-use assets	79,070	80,145	78,359
Intangible assets	29,182	31,170	34,447
Investment in associates	128,833	129,414	116,894
Equity instruments designated at fair value through other comprehensive income	153,024	151,812	163,182
Long term prepayment	36,085	40,937	21,939
Deferred tax assets	17,217	17,393	15,157
Total non-current assets	3,930,644	3,870,674	3,735,902
CURRENT ASSETS			
Properties under development	157,230	143,674	117,971
Inventories	492,783	558,252	509,630
Trade and notes receivables	318,787	310,705	240,551
Prepayments, other receivables and other assets	34,168	32,194	60,304
Due from related parties	19,572	16,803	10,764
Restricted and time deposits	31,654	167,077	1,022
Cash and cash equivalents	4,989,501	1,850,957	1,984,228
Total current assets	6,043,695	3,079,662	2,924,470
CURRENT LIABILITIES			
Trade payables	213,530	227,907	223,704
Other payables and accruals	357,181	397,826	621,494
Interest-bearing bank borrowings	180,238	385,746	422,913
Lease liabilities	3,281	4,477	4,564
Government grants	34,321	34,133	63,274
Due to related parties	4,604	4,720	10,265
Income tax payable	57,885	49,557	57,730
Total current liabilities	851,040	1,104,366	1,403,944
NET CURRENT ASSETS	5,192,655	1,975,296	1,520,526
TOTAL ASSETS LESS CURRENT LIABILITIES	9,123,299	5,845,970	5,256,428
Non-current liabilities			
Interest-bearing bank borrowings	1,745,779	1,410,544	1,355,037
Lease liabilities	18,650	18,312	14,976
Deferred tax liabilities	26,625	21,938	26,827
Total non-current liabilities	1,791,054	1,450,794	1,396,840
Net assets	7,332,245	4,395,176	3,859,588
Equity and liabilities capital and reserves			
Share capital	4,932,673	1,997,829	1,993,604
Reserves	1,164,151	1,130,367	808,552
Equity attributable to the owners of the company	6,096,824	3,128,196	2,802,156
Non-controlling interests	1,235,421	1,266,980	1,057,432
Total equity	7,332,245	4,395,176	3,859,588

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

	For the Three Months Ended		
	30-Sep-2023 (Unaudited)	30-Sep-2022 (Unaudited)	30-Jun-2023 (Unaudited)
Cash flows from operating activities:			
(Loss) / Profit before tax	(12,859)	102,620	43,679
Depreciation and amortization	127,305	116,426	123,661
Share of loss / (profit) of associates	1,410	(2,561)	(1,984)
Changes in working capital and others	36,235	(57,881)	(4,166)
Net cash flows generated from operating activities	152,091	158,604	161,190
Cash flows from investing activities:			
Payments for property, plant and equipment and intangible assets	(193,652)	(428,684)	(164,966)
Other cash flow generated from investing activities	16,186	28,722	14,317
Net cash flows used in investing activities	(177,466)	(399,962)	(150,649)
Cash flows from financing activities:			
Capital contribution from non-controlling interests	-	392,000	-
Proceeds from bank borrowings	347,707	248,768	8,116
Proceeds from issue of shares	2,937,689	2,972	1,407
Decrease / (increase) in pledged deposits	136,524	-	(167,738)
Repayment of bank borrowings	(239,086)	(62,171)	(85,565)
Payment of lease liabilities	(1,230)	(333)	(3,320)
Interest paid	(3,803)	(1,552)	(52,720)
Other cash flow used in financing activities	(1,418)	-	(363)
Net cash flows generated from (used in) / financing activities	3,176,383	579,684	(300,183)
Net increase / (decrease) in cash and cash equivalents	3,151,008	338,326	(289,642)
Effects of exchange rate changes	(12,464)	(61,748)	(77,948)
Cash and cash equivalents, beginning of period	1,850,957	1,707,650	2,218,547
Cash and cash equivalents, ending of period	4,989,501	1,984,228	1,850,957

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

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

November 9, 2023