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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 2024 First 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 – May 9, 2024.

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 March 31, 2024.

First Quarter 2024 Highlights (Unaudited)

- Revenue was US\$460.0 million, compared to US\$630.8 million in 1Q 2023 and US\$455.4 million in 4Q 2023.
- Gross margin was 6.4%, compared to 32.1% in 1Q 2023 and 4.0% in 4Q 2023.
- Net profit attributable to shareholders of the parent company was US\$31.8 million, compared to US\$152.2 million in 1Q 2023 and US\$35.4 million in 4Q 2023.
- Basic earnings per share was US\$0.019, compared to US\$0.116 in 1Q 2023 and US\$0.021 in 4Q 2023.
- ROE (annualized) was 2.0 %, compared to 19.6% in 1Q 2023 and 2.4% in 4Q 2023.

Second Quarter 2024 Guidance

- We expect revenue to be approximately US\$470 million to US\$500 million.
- We expect gross margin to be in the range of 6% to 10%.

President's Message

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

"Hua Hong Semiconductor reported first quarter 2024 revenue of \$460.0 million, in line with our guidance. For the gross margin, we achieved 6.4%, slightly exceeding our guidance."

"The overall semiconductor market has not yet emerged from the downturn. In addition, the first quarter is usually the off-season for foundries due to seasonality and the impact of annual maintenance. However, Hua Hong Semiconductor achieved quarter-over-quarter growth in utilization rate, sales revenue, and gross margin, which confirms that market demand for our specialty technologies is improving."

Mr. Tang continued, "For the full year of 2024, our first 12-inch production line will be operating on the basis of a monthly capacity of 94,500 wafers. Our second 12-inch production line is under construction and is expected to be put into operation by the end of this year. We will keep up with market trends and seize opportunities, enhancing our advantages in specialty technologies by continuously promoting development of new technologies and optimization of existing technology platforms. Hua Hong Semiconductor will be focusing on the new quality productivity goals and promotion of industrial ecological synergy, rewarding our investors with better operating efficiency and investment return through faster improvements in quality."

Webcast/Conference Call Announcement

Date: Thursday, May 9, 2024

Time: 17:00 Hong Kong/Shanghai Time
05:00 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/c543tkq6>

(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/BI96355b5c2077430bb0e4455877ac11c5>

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 2 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 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 ("Hua Hong Wuxi") in Wuxi National Hi-Tech District with a current monthly capacity of 94,500 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 ("Hua Hong Manufacturing") 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)

	1Q 2024 (Unaudited)	1Q 2023 (Unaudited)	4Q 2023 (Unaudited)	YoY Change	QoQ Change
Revenue	459,986	630,842	455,361	(27.1)%	1.0 %
Gross profit	29,632	202,197	18,220	(85.3)%	62.6 %
Gross margin	6.4 %	32.1 %	4.0 %	(25.7)	2.4
Operating expenses	(78,520)	(76,261)	(95,063)	3.0 %	(17.4)%
Other income net	3,770	6,066	87,600	(37.9)%	(95.7)%
(Loss) / profit before tax	(45,118)	132,002	10,757	(134.2)%	(519.4)%
Income tax credit / (expense)	19,832	8,900	(7,210)	122.8 %	(375.1)%
(Loss) / profit for the period	(25,286)	140,902	3,547	(117.9)%	(812.9)%
Net profit margin	(5.5)%	22.3 %	0.8	(27.8)	(6.3)
Attributable to:					
Owners of the parent	31,818	152,234	35,386	(79.1)%	(10.1)%
Non-controlling interests	(57,104)	(11,332)	(31,839)	403.9 %	79.4 %
Earnings per share attributable to owners of the parent					
Basic	0.019	0.116	0.021	(83.6)%	(9.5)%
Diluted	0.019	0.115	0.021	(83.5)%	(9.5)%
Wafers shipped (in thousands 8" equivalent wafers)	1,026	1,001	951	2.5 %	7.9 %
Capacity utilization ¹	91.7 %	103.5 %	84.1 %	(11.8)	7.6
ROE ²	2.0 %	19.6 %	2.4 %	(17.6)	(0.4)

First Quarter 2024

- *Revenue* was US\$460.0 million, compared to US\$630.8 million in 1Q 2023, primarily due to decreased average selling price, and increased by 1.0% over 4Q 2023.
- *Gross margin* was 6.4%, compared to 32.1% in 1Q 2023, primarily due to decreased average selling price and capacity utilization, and increased 2.4 percentage points over 4Q 2023, mainly driven by increased capacity utilization
- *Operating expenses* were US\$78.5 million, 3.0% over 1Q 2023, primarily due to increased engineering wafer costs, and 17.4% lower than 4Q 2023, mainly due to decreased bonus expense.
- *Other income net* was US\$3.8 million, 37.9% lower than 1Q 2023, primarily due to foreign exchange losses versus foreign exchange gains, partially offset by increased interest income and 95.7% lower than 4Q 2023, mainly due to decreased government subsidies and foreign exchange losses versus foreign exchange gains.
- *Income tax credit* was US\$19.8 million, 122.8% over 1Q 2023, primarily due to decreased taxable income.
- *Loss for the period* was US\$25.3 million, compared to profit for the period of US\$140.9 million in 1Q 2023 and US\$3.5 million in 4Q 2023.
- *Net profit attributable to shareholders of the parent company* was US\$31.8 million, compared to US\$152.2 million in 1Q 2023 and US\$35.4 million in 4Q 2023.
- *Basic earnings per share* was US\$0.019, compared to US\$0.116 in 1Q 2023 and US\$0.021 in 4Q 2023.
- *ROE (annualized)* was 2.0%, compared to 19.6% in 1Q 2023 and 2.4% in 4Q 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	1Q 2024 US\$000 (Unaudited)	1Q 2024 % (Unaudited)	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	YoY Change US\$000	YoY Change %
Wafers	437,060	95.0 %	605,718	96.0 %	(168,658)	(27.8)%
Others	22,926	5.0 %	25,124	4.0 %	(2,198)	(8.7)%
Total revenue	459,986	100.0 %	630,842	100.0 %	(170,856)	(27.1)%

- 95.0% of total revenue was derived from the sale of semiconductor wafers in 1Q 2024.

Analysis of Revenue

Revenue by wafer size	1Q 2024 US\$000 (Unaudited)	1Q 2024 % (Unaudited)	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	YoY Change US\$000	YoY Change %
8" wafers	239,950	52.2 %	379,584	60.2 %	(139,634)	(36.8)%
12" wafers	220,036	47.8 %	251,258	39.8 %	(31,222)	(12.4)%
Total revenue	459,986	100.0 %	630,842	100.0 %	(170,856)	(27.1)%

- Revenues from 8" wafers and 12" wafers were US\$240.0 million and US\$220.0 million, respectively, in 1Q 2024.

Analysis of Revenue

Revenue by geography	1Q 2024 US\$000 (Unaudited)	1Q 2024 % (Unaudited)	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	YoY Change US\$000	YoY Change %
China ³	365,695	79.5 %	477,155	75.7 %	(111,460)	(23.4)%
North America ⁴	46,241	10.1 %	70,760	11.2 %	(24,519)	(34.7)%
Asia ⁵	23,566	5.1 %	39,062	6.2 %	(15,496)	(39.7)%
Europe	21,739	4.7 %	37,344	5.9 %	(15,605)	(41.8)%
Japan ⁶	2,745	0.6 %	6,521	1.0 %	(3,776)	(57.9)%
Total revenue	459,986	100.0 %	630,842	100.0 %	(170,856)	(27.1)%

- *Revenue from China* was US\$365.7 million, contributing 79.5% of total revenue and a decrease of 23.4% compared to 1Q 2023, mainly due to decreased average selling price and decreased demand for smart card ICs, IGBT, and super junction products, partially offset by increased demand for MCU, logic and CIS products.
- *Revenue from North America* was US\$46.2 million, a decrease of 34.7% compared to 1Q 2023, mainly due to decreased demand and average selling price for MCU products, partially offset by increased demand for other PMIC products.
- *Revenue from Asia* was US\$23.6 million, a decrease of 39.7% compared to 1Q 2023, mainly due to decreased demand for MCU, general MOSFET and other PMIC products.
- *Revenue from Europe* was US\$21.7 million, a decrease of 41.8% compared to 1Q 2023, mainly due to decreased demand for smart card ICs, IGBT and general MOSFET products.
- *Revenue from Japan* was US\$2.7 million, a decrease of 57.9% compared to 1Q 2023, 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	1Q 2024 US\$000 (Unaudited)	1Q 2024 % (Unaudited)	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	YoY Change US\$000	YoY Change %
Embedded NVM	119,214	25.9 %	239,228	37.9 %	(120,014)	(50.2)%
Standalone NVM	31,072	6.8 %	31,802	5.0 %	(730)	(2.3)%
Discrete	143,344	31.1 %	232,640	36.9 %	(89,296)	(38.4)%
Logic & RF	64,213	14.0 %	39,203	6.2 %	25,010	63.8 %
Analog & PM	101,495	22.1 %	87,535	13.9 %	13,960	15.9 %
Others	648	0.1 %	434	0.1 %	214	49.3 %
Total revenue	459,986	100.0 %	630,842	100.0 %	(170,856)	(27.1)%

- *Revenue from embedded NVM* was US\$119.2 million, a decrease of 50.2% compared to 1Q 2023, mainly due to decreased average selling price and demand for MCU and smart card ICs.
- *Revenue from standalone NVM* was US\$31.1 million, a decrease of 2.3% compared to 1Q 2023.
- *Revenue from discrete* was US\$143.3 million, a decrease of 38.4% compared to 1Q 2023, mainly due to decreased demand and average selling price for IGBT, super junction, and general MOSFET products.
- *Revenue from logic & RF* was US\$64.2 million, an increase of 63.8% over 1Q 2023, mainly due to increased demand for CIS and logic products.
- *Revenue from analog & power management* was US\$101.5 million, an increase of 15.9% over 1Q 2023, mainly due to increased demand for other PMIC products.

Analysis of Revenue

Revenue by process technology node	1Q 2024 US\$000 (Unaudited)	1Q 2024 % (Unaudited)	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	YoY Change US\$000	YoY Change %
55nm & 65nm	94,477	20.6 %	58,514	9.2 %	35,963	61.5 %
90nm & 95nm	88,516	19.2 %	119,348	18.9 %	(30,832)	(25.8)%
0.11 μ m & 0.13 μ m	71,430	15.5 %	128,905	20.4 %	(57,475)	(44.6)%
0.15 μ m & 0.18 μ m	29,912	6.5 %	43,928	7.0 %	(14,016)	(31.9)%
0.25 μ m	7,617	1.7 %	4,146	0.7 %	3,471	83.7 %
\geq 0.35 μ m	168,031	36.5 %	276,001	43.8 %	(107,970)	(39.1)%
Total revenue	459,983	100.0 %	630,842	100.0 %	(170,859)	(27.1)%

- Revenue from the 55nm & 65nm technology nodes was US\$94.5 million, an increase of 61.5% over 1Q 2023, mainly due to increased demand for CIS and other PMIC products.
- Revenue from the 90nm & 95nm technology nodes was US\$88.5 million, a decrease of 25.8% compared to 1Q 2023, mainly due to decreased demand for smart card ICs, partially offset by increased demand for other PMICs.
- Revenue from the 0.11 μ m & 0.13 μ m technology nodes was US\$71.4 million, a decrease of 44.6% compared to 1Q 2023, mainly due to decreased average selling price for MCU products.
- Revenue from the 0.15 μ m & 0.18 μ m technology nodes was US\$29.9 million, a decrease of 31.9% compared to 1Q 2023, mainly due to decreased average selling price and decreased demand for MCU products.
- Revenue from the 0.25 μ m technology node was US\$7.6 million, an increase of 83.7% over 1Q 2023, mainly due to increased demand for logic products.
- Revenue from the 0.35 μ m and above technology nodes was US\$168.0 million, a decrease of 39.1% compared to 1Q 2023, mainly due to decreased demand and average selling price for IGBT, super junction, general MOSFET, and other PMICs.

Analysis of Revenue

Revenue by end market distribution	1Q 2024 US\$000 (Unaudited)	1Q 2024 % (Unaudited)	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	YoY Change US\$000	YoY Change %
Consumer electronics	287,863	62.6 %	368,695	58.4 %	(80,832)	(21.9)%
Industrial & automotive	102,723	22.3 %	180,229	28.6 %	(77,506)	(43.0)%
Communications	61,204	13.3 %	62,809	10.0 %	(1,605)	(2.6)%
Computing	8,196	1.8 %	19,109	3.0 %	(10,913)	(57.1)%
Total revenue	459,986	100.0 %	630,842	100.0 %	(170,856)	(27.1)%

- Revenue from consumer electronics, our largest end market segment, contributed US\$287.9 million, reaching 62.6% of total revenue, a decrease of 21.9% compared to 1Q 2023, mainly due to decreased average selling price and decreased demand for super junction and smart card ICs, partially offset by increased demand for other PMIC, flash, logic and CIS products.
- Revenue from industrial & automotive was US\$102.7 million, a decrease of 43.0% compared to 1Q 2023, mainly due to decreased average selling price and demand for MCU, IGBT, and general MOSFET products.
- Revenue from communications was US\$61.2 million, a decrease of 2.6% over 1Q 2023, mainly due to decreased demand for smart card ICs, partially offset by increased demand for CIS, analog and logic & RF products.
- Revenue from computing was US\$8.2 million, a decrease of 57.1% compared to 1Q 2023, mainly due to decreased demand for general MOSFET and MCU products.

Capacity⁷ and Capacity Utilization

Fab (in thousands wafers)	1Q 2024 (Unaudited)	1Q 2023 (Unaudited)	4Q 2023 (Unaudited)
Capacity (200mm)	178	178	178
Capacity (300mm)	95	65	95
Total capacity (in thousands 8" equivalent wafers)	391	324	391
Capacity utilization (200mm)	100.3%	107.1%	91.0%
Capacity utilization (300mm)	84.2%	99.0%	77.5%
Overall capacity utilization	91.7%	103.5%	84.1%

- Monthly capacity was 391,000 8-inch equivalent wafers at the end of 1Q 2024. Overall capacity utilization was 91.7% in 1Q 2024, 7.6 percentage points over 4Q 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	1Q 2024 (Unaudited)	1Q 2023 (Unaudited)	4Q 2023 (Unaudited)	YoY Change	QoQ Change
Wafer shipments	1,026	1,001	951	2.5 %	7.9 %

- *Wafer shipments* were 1,026,000, an increase of 2.5% year over year, and 7.9% quarter over quarter.

Operating Expenses Analysis

Amounts in US\$ thousands	1Q 2024 (Unaudited)	1Q 2023 (Unaudited)	4Q 2023 (Unaudited)	YoY Change	QoQ Change
Selling and distribution expenses	1,985	2,688	2,684	(26.2)%	(26.0)%
Administrative expenses ⁸	76,535	73,573	92,379	4.0 %	(17.2)%
Operating expenses	78,520	76,261	95,063	3.0 %	(17.4)%

- *Operating expenses* were US\$78.5 million, 3.0% over 1Q 2023, primarily due to increased engineering wafer costs, and 17.4% lower than 4Q 2023, mainly due to decreased bonus.

Other Income Net Analysis

Amounts in US\$ thousands	1Q 2024 (Unaudited)	1Q 2023 (Unaudited)	4Q 2023 (Unaudited)	YoY Change	QoQ Change
Rental income	3,560	3,464	3,447	2.8 %	3.3 %
Interest income	25,020	11,364	20,182	120.2 %	24.0 %
Foreign exchange (losses) / gains	(5,850)	16,536	27,041	(135.4)%	(121.6)%
Share of profit of associates	1,411	1,520	7,136	(7.2)%	(80.2)%
Finance costs	(24,585)	(28,413)	(19,540)	(13.5)%	25.8 %
Government subsidies	3,799	788	51,387	382.1 %	(92.6)%
Others	415	807	(2,053)	(48.6)%	(120.2)%
Other income net	3,770	6,066	87,600	(37.9)%	(95.7)%

- *Other income net* was US\$3.8 million, 37.9% lower than 1Q 2023, primarily due to foreign exchange losses versus foreign exchange gains, partially offset by increased interest income and 95.7% lower than 4Q 2023, mainly due to decreased government subsidies and foreign exchange losses versus foreign exchange gains.

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

Cash Flow Analysis

Amounts in US\$ thousands	1Q 2024 (Unaudited)	1Q 2023 (Unaudited)	4Q 2023 (Unaudited)	YoY Change	QoQ Change
Net cash flows generated from operating activities	40,660	131,868	196,546	(69.2)%	(79.3)%
Net cash flows used in investing activities	(298,951)	(203,281)	(301,916)	47.1 %	(1.0)%
Net cash flows generated from financing activities	789,913	263,249	642,297	200.1 %	23.0 %
Effect of exchange rate changes	(8,817)	17,946	58,753	(149.1)%	(115.0)%
Net change in cash	522,805	209,782	595,680	149.2 %	(12.2)%

- *Net cash flows generated from operating activities* was US\$40.7 million, decreased by 69.2% compared to 1Q 2023 and 79.3% compared to 4Q 2023, primarily due to decreased receipts from customers and government subsidies.
- *Net cash flows used in investing activities* was US\$299.0 million, including US\$302.6 million investment in fixed and intangible assets and US\$17.6 million investment in an equity instrument, partially offset by US\$21.2 million interest income.
- *Net cash flows generated from financing activities* was US\$789.9 million, including US\$689.4 million capital contribution from non-controlling interests, US\$103.4 million proceeds from bank borrowings, and US\$0.1 million proceeds from share option exercises, partially offset by US\$2.1 million interest payments, and US\$0.9 million lease payments.

Capital Structure

Amounts in US\$ thousands	31-Mar-2024 (Unaudited)	31-Dec-2023 (Audited)
Total assets	11,648,010	10,943,420
Total liabilities	2,980,801	2,928,876
Total equity	8,667,209	8,014,544
<i>Debt ratio</i> ⁹	25.6%	26.8%

Capital Expenditures

Amounts in US\$ thousands	1Q 2024 (Unaudited)	4Q 2023 (Unaudited)
Hua Hong 8"	31,728	28,761
Hua Hong Wuxi	71,417	121,918
Hua Hong Manufacturing	199,429	180,690
Total	302,574	331,369

- *Capital expenditures* were US\$302.6 million in 1Q 2024, including US\$199.4 million for Hua Hong Manufacturing, US\$71.4 million for Hua Hong Wuxi, and US\$31.7 million for Hua Hong 8".

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

Liquidity

Amounts in US\$ thousands	31-Mar-2024 (Unaudited)	31-Dec-2023 (Audited)
Properties under development	194,181	178,828
Inventories	431,206	449,749
Trade and notes receivables	306,151	278,669
Prepayments, other receivables and other assets	53,242	33,821
Due from related parties	15,688	11,219
Restricted and time deposits	32,032	32,088
Cash and cash equivalents	6,107,986	5,585,181
Total current assets	7,140,486	6,569,555
Trade payables	239,261	235,410
Other payables and accruals	379,133	430,478
Interest-bearing bank borrowings	232,201	193,035
Lease liabilities	6,257	3,076
Government grants	41,643	35,017
Due to related parties	9,704	13,876
Income tax payable	59,018	61,495
Total current liabilities	967,217	972,387
Net working capital	6,173,269	5,597,168
<i>Quick ratio</i>	6.7x	6.1x
<i>Current ratio</i>	7.4x	6.8x
Trade and notes receivables turnover days	58	60
Inventories turnover days	92	97

- *Prepayments, other receivables and other assets* increased from US\$33.8 million on 31 December 2023 to US\$53.2 million on 31 March 2024, mainly due to increased value-added tax credit.
- *Due from related parties* increased from US\$11.2 million on 31 December 2023 to US\$15.7 million on 31 March 2024, mainly due to increased receivables from our a certain related party.
- *Other payables and accruals* decreased from US\$430.5 million on 31 December 2023 to US\$379.1 million on 31 March 2024, mainly due to payments for capital expenditures and bonuses in 1Q 2024.
- *Interest-bearing bank borrowings* increased from US\$193.0 million on 31 December 2023 to US\$232.2 million on 31 March 2024, mainly due to increased reclassification of long term bank borrowings within one year into current liabilities
- *Government grants* increased from US\$35.0 million on 31 December 2023 to US\$41.6 million on 31 March 2024, mainly due to increased receipts from government.
- *Due to related parties* decreased from US\$13.9 million on 31 December 2023 to US\$9.7 million on 31 March 2024, mainly due to payment of technology purchased from a related party in 1Q 2024.
- On 31 March 2024, *net working capital* was US\$6,173.3 million and the *current ratio* was 7.4.
- *Trade and notes receivables turnover days* were 58.
- *Inventories turnover days* were 92.

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-Mar-2024 (Unaudited)	31-Mar-2023 (Unaudited)	31-Dec-2023 (Unaudited)
Revenue	459,986	630,842	455,361
Cost of sales	(430,354)	(428,645)	(437,141)
Gross profit	29,632	202,197	18,220
Other income and gains	32,851	32,970	100,442
Fair value gain on an investment property	-	-	103
Selling and distribution expenses	(1,985)	(2,688)	(2,684)
Administrative expenses	(76,535)	(73,573)	(92,379)
Other expenses	(5,907)	(11)	(541)
Finance costs	(24,585)	(28,413)	(19,540)
Share of profit of associates	1,411	1,520	7,136
(Loss) / profit before tax	(45,118)	132,002	10,757
Income tax credit / (expense)	19,832	8,900	(7,210)
(Loss) / profit for the period	(25,286)	140,902	3,547
Attributable to:			
Owners of the parent	31,818	152,234	35,386
Non-controlling interests	(57,104)	(11,332)	(31,839)
Earnings per share attributable to owners of parent			
Basic	0.019	0.116	0.021
Diluted	0.019	0.115	0.021
Shares used in calculating basic earnings per share attributable to owners of parent	1,716,634,650	1,307,286,436	1,716,439,808
Shares used in calculating diluted earnings per share attributable to owners of parent	1,718,334,991	1,318,907,456	1,720,215,394

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

	As of		
	31-Mar-2024 (Unaudited)	31-Dec-2023 (Audited)	31-Mar-2023 (Unaudited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3,587,363	3,519,292	3,436,656
Investment property	166,354	166,643	171,653
Right-of-use assets	79,347	78,545	84,063
Intangible assets	46,526	49,827	31,217
Investment in associates	140,270	139,099	134,017
Equity instruments designated at fair value through other comprehensive income	287,089	270,506	181,597
Long term prepayment	200,074	149,953	6,903
Deferred tax assets	501	-	14,673
Total non-current assets	4,507,524	4,373,865	4,060,779
CURRENT ASSETS			
Properties under development	194,181	178,828	143,960
Inventories	431,206	449,749	593,922
Trade and notes receivables	306,151	278,669	306,062
Prepayments, other receivables and other assets	53,242	33,821	38,657
Due from related parties	15,688	11,219	15,348
Restricted and time deposits	32,032	32,088	1,056
Cash and cash equivalents	6,107,986	5,585,181	2,218,547
Total current assets	7,140,486	6,569,555	3,317,552
CURRENT LIABILITIES			
Trade payables	239,261	235,410	220,243
Other payables and accruals	379,133	430,478	441,795
Interest-bearing bank borrowings	232,201	193,035	408,669
Lease liabilities	6,257	3,076	5,582
Government grants	41,643	35,017	38,165
Due to related parties	9,704	13,876	7,944
Income tax payable	59,018	61,495	98,314
Total current liabilities	967,217	972,387	1,220,712
NET CURRENT ASSETS	6,173,269	5,597,168	2,096,840
TOTAL ASSETS LESS CURRENT LIABILITIES	10,680,793	9,971,033	6,157,619
Non-current liabilities			
Interest-bearing bank borrowings	1,993,525	1,906,526	1,496,396
Lease liabilities	17,714	19,129	19,080
Deferred tax liabilities	2,345	30,834	11,463
Total non-current liabilities	2,013,584	1,956,489	1,526,939
Net assets	8,667,209	8,014,544	4,630,680
Equity and liabilities capital and reserves			
Share capital	4,934,028	4,933,559	1,996,528
Reserves	1,389,777	1,367,436	1,229,318
Equity attributable to the owners of the company	6,323,805	6,300,995	3,225,846
Non-controlling interests	2,343,404	1,713,549	1,404,834
Total equity	8,667,209	8,014,544	4,630,680

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

	For the Three Months Ended		
	31-Mar-2024 (Unaudited)	31-Mar-2023 (Unaudited)	31-Dec-2023 (Unaudited)
Cash flows from operating activities:			
(Loss) / profit before tax	(45,118)	132,002	10,757
Depreciation and amortization	133,088	120,338	129,135
Share of profit of associates	(1,411)	(1,520)	(7,136)
Changes in working capital and others	(45,899)	(118,952)	63,790
Net cash flows generated from operating activities	40,660	131,868	196,546
Cash flows from investing activities:			
Payments for property, plant and equipment and intangible assets	(302,574)	(216,620)	(331,369)
Investment in an equity instrument	(17,618)	-	-
Receipt of government grants of equipment	-	-	11,692
Other cash flow generated from investing activities	21,241	13,339	17,761
Net cash flows used in investing activities	(298,951)	(203,281)	(301,916)
Cash flows from financing activities:			
Capital contribution from non-controlling interests	689,430	296,197	491,723
Proceeds from bank borrowings	103,405	12,972	246,620
Repayment of bank borrowings	-	(42,527)	(54,942)
Interest paid	(2,155)	(3,830)	(45,234)
Payment of lease liabilities	(881)	(756)	(274)
Proceeds from issue of shares	114	1,442	1,407
Other cash flow (used in) / generated from financing activities	-	(249)	2,997
Net cash flows generated from financing activities	789,913	263,249	642,297
Net increase in cash and cash equivalents	531,622	191,836	536,927
Effects of exchange rate changes	(8,817)	17,946	58,753
Cash and cash equivalents, beginning of period	5,585,181	2,008,765	4,989,501
Cash and cash equivalents, ending of period	6,107,986	2,218,547	5,585,181

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

Executive Directors

Suxin Zhang (Chairman)
Junjun Tang (President)

Non-Executive Directors

Jun Ye
Guodong Sun
Limin Zhou
Chengyan Xiong

Independent Non-Executive Directors

Stephen Tso Tung Chang
Kwai Huen Wong, JP
Songlin Feng

By order of the Board

Hua Hong Semiconductor Limited

Mr. Suxin Zhang
Chairman and Executive Director

Hong Kong SAR, PRC
May 9, 2024