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华虹宏力
HHGRACE

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 Second 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 – August 8, 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 June 30, 2024.

Second Quarter 2024 Highlights (Unaudited)

- Revenue was US$478.5 million, compared to US$631.4 million in 2Q 2023 and US$460.0 million in 1Q 2024.
- Gross margin was 10.5%, compared to 27.7% in 2Q 2023 and 6.4% in 1Q 2024.
- Net profit attributable to shareholders of the parent company was US$6.7 million, compared to US$78.5 million in 2Q 2023 and US$31.8 million in 1Q 2024.
- Basic earnings per share was US$0.004, compared to US$0.060 in 2Q 2023 and US$0.019 in 1Q 2024.
- ROE (annualized) was 0.4%, compared to 10.0% in 2Q 2023 and 2.0% in 1Q 2024.

Third Quarter 2024 Guidance

- We expect revenue to be approximately US$500 million to US$520 million.
- We expect gross margin to be in the range of 10% to 12%.

President's Message

Mr. Tang Junjun, President and Executive Director of the Company, commented on the second quarter performance in 2024:

"The semiconductor market is experiencing a slow recovery from the bottom. After several quarters of weak demand, the market showed signs of stabilization and recovery driven by some downstream sectors, such as consumer electronics. In the second quarter of 2024, sales revenue of Hua Hong Semiconductor reached $478.5 million, in line with guidance, with a gross margin of 10.5%, above guidance, and both achieving sequential growth. Capacity utilization also improved further from the previous quarter, approaching full utilization across the board, solidifying the company's market position as a leading foundry with specialty technologies."

Mr. Tang continued, "Construction of our second 12-inch production line is progressing at a fast pace and is expected to enter trial production by the end of this year, further expanding our capacity, developing our technology platforms, and unlocking greater potential. Hua Hong Semiconductor will continue to improve its research and development of process technology, solidify and strive to expand its advantage in specialty technologies, bring better operational performance to the market, and achieve more substantial investment returns to our investors."

Webcast/Conference Call Announcement

Date: Thursday, August 8, 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/xxyz2ewz

(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/BI7aacc9bd162f42aaa1d911212b0f5476

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)

	2Q 2024 (Unaudited)	2Q 2023 (Unaudited)	1Q 2024 (Unaudited)	YoY Change	QoQ Change
Revenue	478,524	631,381	459,986	(24.2)%	4.0 %
Gross profit	**50,063**	**175,056**	**29,632**	**(71.4)%**	**68.9 %**
Gross margin	***10.5 %***	***27.7 %***	***6.4 %***	***(17.2)***	***4.1***
Operating expenses	(90,328)	(76,668)	(78,520)	17.8 %	15.0 %
Other income / (loss) net	6,885	(54,709)	3,770	(112.6)%	82.6 %
(Loss) / profit before tax	**(33,380)**	**43,679**	**(45,118)**	**(176.4)%**	**(26.0)%**
Income tax (expense) / credit	(8,368)	(35,845)	19,832	(76.7)%	(142.2)%
(Loss) / profit for the period	**(41,748)**	**7,834**	**(25,286)**	**(632.9)%**	**65.1 %**
Net profit margin	***(8.7)%***	***1.2 %***	***(5.5)%***	***(9.9)***	***(3.2)***
Attributable to:					
Owners of the parent	6,673	78,524	31,818	(91.5)%	(79.0)%
Non-controlling interests	(48,421)	(70,690)	(57,104)	(31.5)%	(15.2)%
Earnings per share attributable to owners of the parent					
Basic	0.004	0.060	0.019	(93.3)%	(78.9)%
Diluted	0.004	0.060	0.019	(93.3)%	(78.9)%
Wafers shipped (in thousands 8" equivalent wafers)	1,106	1,074	1,026	3.0 %	7.8 %
Capacity utilization[1]	*97.9 %*	*102.7 %*	*91.7 %*	*(4.8)*	*6.2*
ROE[2]	*0.4 %*	*10.0 %*	*2.0 %*	*(9.6)*	*(1.6)*

Second Quarter 2024

- *Revenue* was US$478.5 million, compared to US$631.4 million in 2Q 2023, primarily due to decreased average selling price, and compared to US$460.0 million in 1Q 2024, mainly driven by increased wafer shipments.
- *Gross margin* was 10.5%, compared to 27.7% in 2Q 2023, primarily due to decreased average selling price, and compared to 6.4% in 1Q 2024, mainly driven by increased capacity utilization.
- *Operating expenses* were US$90.3 million, 17.8% over 2Q 2023, primarily due to increased expenses for new fab Hua Hong Manufacturing and engineering wafer costs, and 15.0% over 1Q 2024, mainly due to increased labor expense.
- *Other income net* was US$6.9 million, compared to other loss net US$54.7 million in 2Q 2023, primarily due to decreased foreign exchange losses and increased interest income. It was 82.6% over 1Q 2024, primarily due to increased interest income, partially offset by increased foreign exchange losses.
- *Income tax expense* was US$8.4 million, 76.7% lower than 2Q 2023, primarily due to decreased taxable income. There was an income tax credit in 1Q 2024, primarily due to a reversal of the dividend withholding tax accrued for 2023.
- *Loss for the period* was US$41.7 million, compared to profit for the period of US$7.8 million in 2Q 2023 and loss for the period of US$25.3 million in 1Q 2024.
- *Net profit attributable to shareholders of the parent company* was US$6.7 million, compared to US$78.5 million in 2Q 2023 and US$31.8 million in 1Q 2024.
- *Basic earnings per share* was US$0.004, compared to US$0.060 in 2Q 2023 and US$0.019 in 1Q 2024.
- *ROE (annualized)* was 0.4%, compared to 10.0% in 2Q 2023 and 2.0% in 1Q 2024.

[1] The capacity utilization is calculated based on average monthly equivalent wafers output divided by total estimated monthly capacity.
[2] Profit attributable to owners of the parent / weighted average net assets attributable to owners of the parent.

Analysis of Revenue

Revenue by service type	2Q 2024 US$000 (Unaudited)	2Q 2024 % (Unaudited)	2Q 2023 US$000 (Unaudited)	2Q 2023 % (Unaudited)	YoY Change US$000	YoY Change %
Wafers	453,345	94.7 %	600,950	95.2 %	(147,605)	(24.6)%
Others	25,179	5.3 %	30,431	4.8 %	(5,252)	(17.3)%
Total revenue	**478,524**	**100.0 %**	**631,381**	**100.0 %**	**(152,857)**	**(24.2)%**

- 94.7% of total revenue was derived from the sale of semiconductor wafers in 2Q 2024.

Analysis of Revenue

Revenue by wafer size	2Q 2024 US$000 (Unaudited)	2Q 2024 % (Unaudited)	2Q 2023 US$000 (Unaudited)	2Q 2023 % (Unaudited)	YoY Change US$000	YoY Change %
8” wafers	245,471	51.3 %	361,237	57.2 %	(115,766)	(32.0)%
12” wafers	233,053	48.7 %	270,144	42.8 %	(37,091)	(13.7)%
Total revenue	**478,524**	**100.0 %**	**631,381**	**100.0 %**	**(152,857)**	**(24.2)%**

- *Revenues from 8” wafers and 12” wafers* were US$245.5 million and US$233.0 million, respectively, in 2Q 2024.

Analysis of Revenue

Revenue by geography	**2Q 2024 US$000 (Unaudited)**	**2Q 2024 % (Unaudited)**	**2Q 2023 US$000 (Unaudited)**	**2Q 2023 % (Unaudited)**	**YoY Change US$000**	**YoY Change %**
China[3]	385,519	80.5 %	489,269	77.5 %	(103,750)	(21.2)%
North America[4]	46,829	9.8 %	48,547	7.7 %	(1,718)	(3.5)%
Asia[5]	28,137	5.9 %	45,186	7.2 %	(17,049)	(37.7)%
Europe	17,173	3.6 %	39,965	6.3 %	(22,792)	(57.0)%
Japan[6]	866	0.2 %	8,414	1.3 %	(7,548)	(89.7)%
Total revenue	**478,524**	**100.0 %**	**631,381**	**100.0 %**	**(152,857)**	**(24.2)%**

- *Revenue from China* was US$385.5 million, contributing 80.5% of total revenue and a decrease of 21.2% compared to 2Q 2023, mainly due to decreased average selling price and demand for smart card ICs, partially offset by increased demand for logic, other PMIC and CIS products.

- *Revenue from North America* was US$46.8 million, a decrease of 3.5% compared to 2Q 2023, mainly due to decreased demand and average selling price for MCU, logic, super junction and general MOSFET products, partially offset by increased demand for other PMICs.

- *Revenue from Asia* was US$28.1 million, a decrease of 37.7% compared to 2Q 2023, mainly due to decreased average selling price and demand for MCU, logic and super junction products.

- *Revenue from Europe* was US$17.2 million, a decrease of 57.0% compared to 2Q 2023, mainly due to decreased demand for smart card ICs, IGBT and general MOSFET products.

- *Revenue from Japan* was US$0.9 million, a decrease of 89.7% compared to 2Q 2023, primarily due to decreased demand for MCU and super junction products.

[3] *Includes Chinese Mainland and Hong Kong.*
[4] *Includes a major customer in US that was acquired by an Europe headquartered company in 2020.*
[5] *Excludes China and Japan.*
[6] *Includes a major customer in Japan that was acquired by a U.S. headquartered company in 2013.*

Analysis of Revenue

Revenue by technology platform	2Q 2024 US$000 (Unaudited)	2Q 2024 % (Unaudited)	2Q 2023 US$000 (Unaudited)	2Q 2023 % (Unaudited)	YoY Change US$000	YoY Change %
Embedded NVM	137,126	28.7 %	208,265	33.0 %	(71,139)	(34.2)%
Standalone NVM	23,675	4.9 %	33,360	5.3 %	(9,685)	(29.0)%
Discrete	152,371	31.8 %	251,351	39.8 %	(98,980)	(39.4)%
Logic & RF	63,487	13.3 %	57,175	9.1 %	6,312	11.0 %
Analog & PM	101,137	21.1 %	80,453	12.7 %	20,684	25.7 %
Others	728	0.2 %	777	0.1 %	(49)	(6.3)%
Total revenue	**478,524**	**100.0 %**	**631,381**	**100.0 %**	**(152,857)**	**(24.2)%**

- *Revenue from embedded NVM* was US$137.1 million, a decrease of 34.2% compared to 2Q 2023, mainly due to decreased average selling price for MCU products and decreased demand for smart card ICs.

- *Revenue from standalone NVM* was US$23.7 million, a decrease of 29.0% compared to 2Q 2023, mainly due to decreased average selling price and demand for flash products.

- *Revenue from discrete* was US$152.4 million, a decrease of 39.4% compared to 2Q 2023, mainly due to decreased average selling price and demand for IGBT, super junction, and decreased average selling price for general MOSFET products.

- *Revenue from logic & RF* was US$63.5 million, an increase of 11.0% over 2Q 2023, mainly due to increased demand for CIS and logic products.

- *Revenue from analog & power management* was US$101.1 million, an increase of 25.7% over 2Q 2023, mainly due to increased demand for other PMIC products.

Analysis of Revenue

Revenue by process technology node	2Q 2024 US$000 (Unaudited)	2Q 2024 % (Unaudited)	2Q 2023 US$000 (Unaudited)	2Q 2023 % (Unaudited)	YoY Change US$000	YoY Change %
55nm & 65nm	98,550	20.6 %	84,920	13.5 %	13,630	16.1 %
90nm & 95nm	95,285	19.9 %	96,675	15.3 %	(1,390)	(1.4)%
0.11µm & 0.13µm	68,660	14.3 %	120,254	19.0 %	(51,594)	(42.9)%
0.15µm & 0.18µm	30,508	6.4 %	37,368	5.9 %	(6,860)	(18.4)%
0.25µm	2,436	0.5 %	6,319	1.0 %	(3,883)	(61.4)%
≥0.35µm	183,085	38.3 %	285,845	45.3 %	(102,760)	(35.9)%
Total revenue	**478,524**	**100.0 %**	**631,381**	**100.0 %**	**(152,857)**	**(24.2)%**

- *Revenue from the 55nm & 65nm technology nodes* was US$98.6 million, an increase of 16.1% over 2Q 2023, mainly due to increased demand for other PMIC products.

- *Revenue from the 90nm & 95nm technology nodes* was US$95.3 million, a decrease of 1.4% compared to 2Q 2023, mainly due to decreased demand for smart card ICs, partially offset by increased demand for other PMICs.

- *Revenue from the 0.11µm & 0.13µm technology nodes* was US$68.7 million, a decrease of 42.9% compared to 2Q 2023, mainly due to decreased average selling price and demand for MCU products.

- *Revenue from the 0.15µm & 0.18µm technology nodes* was US$30.5 million, a decrease of 18.4% compared to 2Q 2023, mainly due to decreased average selling price and demand for MCU products.

- *Revenue from the 0.25µm technology node* was US$2.4 million, a decrease of 61.4% over 2Q 2023, mainly due to decreased demand and average selling price for logic and general MOSFET products.

- *Revenue from the 0.35µm and above technology nodes* was US$183.1 million, a decrease of 35.9% compared to 2Q 2023, mainly due to decreased demand and average selling price for IGBT, super junction and other PMICs, and partially offset by increased demand for general MOSFET products.

Analysis of Revenue

Revenue by end market distribution	2Q 2024 US$000 (Unaudited)	2Q 2024 % (Unaudited)	2Q 2023 US$000 (Unaudited)	2Q 2023 % (Unaudited)	YoY Change US$000	YoY Change %
Consumer electronics	298,320	62.4 %	347,824	55.1 %	(49,504)	(14.2)%
Industrial & automotive	110,643	23.1 %	195,158	30.9 %	(84,515)	(43.3)%
Communications	59,486	12.4 %	68,412	10.8 %	(8,926)	(13.0)%
Computing	10,075	2.1 %	19,987	3.2 %	(9,912)	(49.6)%
Total revenue	**478,524**	**100.0 %**	**631,381**	**100.0 %**	**(152,857)**	**(24.2)%**

- *Revenue from consumer electronics,* our largest end market segment, contributed US$298.3 million, reaching 62.4% of total revenue, a decrease of 14.2% compared to 2Q 2023, mainly due to decreased average selling price and demand for smart card ICs and IGBT products, partially offset by increased demand for other PMIC products.

- *Revenue from industrial & automotive* was US$110.6 million, a decrease of 43.3% compared to 2Q 2023, mainly due to decreased average selling price and demand for IGBT, MCU, general MOSFET, smart card ICs and super junction products.

- *Revenue from communications* was US$59.5 million, a decrease of 13.0% compared to 2Q 2023, mainly due to decreased demand for logic and analog products.

- *Revenue from computing* was US$10.1 million, a decrease of 49.6% compared to 2Q 2023, mainly due to decreased demand and average selling price for general MOSFET and super junction products.

Capacity[7] and Capacity Utilization

Fab (in thousands wafers)	2Q 2024 (Unaudited)	2Q 2023 (Unaudited)	1Q 2024 (Unaudited)
Capacity (200mm)	178	178	178
Capacity (300mm)	95	75	95
Total capacity (in thousands 8" equivalent wafers)	**391**	**347**	**391**
Capacity utilization (200mm)	*107.6%*	*112.0%*	*100.3%*
Capacity utilization (300mm)	*89.3%*	*92.9%*	*84.2%*
Overall capacity utilization	*97.9%*	*102.7%*	*91.7%*

- Monthly capacity was 391,000 8-inch equivalent wafers at the end of 2Q 2024. Overall capacity utilization was 97.9% in 2Q 2024, 6.2 percentage points over 1Q 2024.

[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	2Q 2024 (Unaudited)	2Q 2023 (Unaudited)	1Q 2024 (Unaudited)	YoY Change	QoQ Change
Wafer shipments	1,106	1,074	1,026	3.0 %	7.8 %

- *Wafer shipments* were 1,106,000, an increase of 3.0% year over year, and 7.8% quarter over quarter.

Operating Expenses Analysis

Amounts in US$ thousands	2Q 2024 (Unaudited)	2Q 2023 (Unaudited)	1Q 2024 (Unaudited)	YoY Change	QoQ Change
Selling and distribution expenses	2,785	2,402	1,985	15.9 %	40.3 %
Administrative expenses[8]	87,543	74,266	76,535	17.9 %	14.4 %
Operating expenses	**90,328**	**76,668**	**78,520**	**17.8 %**	**15.0 %**

- *Operating expenses* were US$90.3 million, 17.8% over 2Q 2023, primarily due to increased expenses for new fab Hua Hong Manufacturing and engineering wafer costs, and 15.0% over 1Q 2024, mainly due to increased labor expense.

Other Income / (Loss) Net Analysis

Amounts in US$ thousands	2Q 2024 (Unaudited)	2Q 2023 (Unaudited)	1Q 2024 (Unaudited)	YoY Change	QoQ Change
Rental income	3,558	3,921	3,560	(9.3)%	(0.1)%
Interest income	29,787	14,057	25,020	111.9 %	19.1 %
Foreign exchange losses	(7,921)	(62,646)	(5,850)	(87.4)%	35.4 %
Share of profit of associates	1,394	1,984	1,411	(29.7)%	(1.2)%
Finance costs	(24,847)	(28,287)	(24,585)	(12.2)%	1.1 %
Government subsidies	4,778	14,213	3,799	(66.4)%	25.8 %
Others	136	2,049	415	(93.4)%	(67.2)%
Other income / (loss) net	**6,885**	**(54,709)**	**3,770**	**(112.6)%**	**82.6 %**

- *Other income net* was US$6.9 million, compared to other loss net US$54.7 million in 2Q 2023, primarily due to decreased foreign exchange losses and increased interest income. It was 82.6% over 1Q 2024, primarily due to increased interest income, partially offset by increased foreign exchange losses.

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

Cash Flow Analysis

Amounts in US$ thousands	2Q 2024 (Unaudited)	2Q 2023 (Unaudited)	1Q 2024 (Unaudited)	YoY Change	QoQ Change
Net cash flows generated from operating activities	96,890	161,190	40,660	(39.9)%	138.3 %
Net cash flows used in investing activities	(171,973)	(150,649)	(298,951)	14.2 %	(42.5)%
Net cash flows generated from / (used in) financing activities	416,148	(300,183)	789,913	(238.6)%	(47.3)%
Effect of exchange rate changes	(25,185)	(77,948)	(8,817)	(67.7)%	185.6 %
Net change in cash	**315,880**	**(367,590)**	**522,805**	**(185.9)%**	**(39.6)%**

- *Net cash flows generated from operating activities* was US$96.9 million, decreased by 39.9% compared to 2Q 2023, primarily due to decreased receipts from customers and government subsidies, and 138.3% over 1Q 2024, primarily due to increased receipts from customers.

- *Net cash flows used in investing activities* was US$172.0 million, including US$196.8 million investment in fixed assets, partially offset by US$24.8 million interest income.

- *Net cash flows generated from financing activities* was US$416.1 million, including US$492.4 million capital contribution from non-controlling interests, US$99.0 million proceeds from bank borrowings, and US$0.5 million proceeds from share option exercises, partially offset by US$87.5 million of bank principal repayments, US$49.8 million interest payments, US$36.2 million of dividends, and US$2.3 million lease payments.

Capital Structure

Amounts in US$ thousands	30-Jun-2024 (Unaudited)	31-Mar-2024 (Unaudited)
Total assets	12,104,780	11,648,010
Total liabilities	3,059,884	2,980,801
Total equity	9,044,896	8,667,209
Debt ratio[9]	*25.3%*	*25.6%*

Capital Expenditures

Amounts in US$ thousands	2Q 2024 (Unaudited)	1Q 2024 (Unaudited)
Hua Hong 8”	27,997	31,728
Hua Hong Wuxi	40,431	71,417
Hua Hong Manufacturing	128,402	199,429
Total	**196,830**	**302,574**

- *Capital expenditures* were US$196.8 million in 2Q 2024, including US$128.4 million for Hua Hong Manufacturing, US$40.4 million for Hua Hong Wuxi, and US$28.0 million for Hua Hong 8”.

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

Liquidity

Amounts in US$ thousands	30-Jun-2024 (Unaudited)	31-Mar-2024 (Unaudited)
Properties under development	207,151	194,181
Inventories	462,563	431,206
Trade and notes receivables	274,382	306,151
Prepayments, other receivables and other assets	75,761	53,242
Due from related parties	16,034	15,688
Restricted and time deposits	39,259	32,032
Cash and cash equivalents	6,423,866	6,107,986
Total current assets	**7,499,016**	**7,140,486**
Trade payables	246,206	239,261
Other payables and accruals	505,945	379,133
Interest-bearing bank borrowings	247,034	232,201
Lease liabilities	4,674	6,257
Government grants	39,359	41,643
Due to related parties	8,340	9,704
Income tax payable	19,038	59,018
Total current liabilities	**1,070,596**	**967,217**
Net working capital	**6,428,420**	**6,173,269**
Quick ratio	6.4x	6.7x
Current ratio	7.0x	7.4x
Trade and notes receivables turnover days	55	58
Inventories turnover days	94	92

- *Inventories* increased from US$431.2 million on 31 March 2024 to US$462.6 million on 30 June 2024, mainly due to increased work-in-progress.
- *Trade and notes receivables* decreased from US$306.2 million on 31 March 2024 to US$274.4 million on 30 June 2024, mainly due to improved AR collection management.
- *Prepayments, other receivables and other assets* increased from US$53.2 million on 31 March 2024 to US$75.8 million on 30 June 2024, mainly due to increased value-added tax credit.
- *Other payables and accruals* increased from US$379.1 million on 31 March 2024 to US$505.9 million on 30 June 2024, mainly due to increased payables for capital expenditures.
- *Income tax payable* decreased from US$59.0 million on 31 March 2024 to US$19.0 million on 30 June 2024, mainly due to a payment of income tax for 2023, partially offset by accrued income tax for 2Q 2024.
- On 30 June 2024, *net working capital* was US$6,428.4 million and the *current ratio* was 7.0.
- *Trade and notes receivables turnover days* were 55.
- *Inventories turnover days* were 94.

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-Jun-2024 (Unaudited)	**30-Jun-2023 (Unaudited)**	**31-Mar-2024 (Unaudited)**
Revenue	478,524	631,381	459,986
Cost of sales	(428,461)	(456,325)	(430,354)
Gross profit	**50,063**	**175,056**	**29,632**
Other income and gains	38,259	34,245	32,851
Selling and distribution expenses	(2,785)	(2,402)	(1,985)
Administrative expenses	(87,543)	(74,266)	(76,535)
Other expenses	(7,921)	(62,651)	(5,907)
Finance costs	(24,847)	(28,287)	(24,585)
Share of profit of associates	1,394	1,984	1,411
(Loss) / profit before tax	**(33,380)**	**43,679**	**(45,118)**
Income tax (expense) / credit	(8,368)	(35,845)	19,832
(Loss) / profit for the period	**(41,748)**	**7,834**	**(25,286)**
Attributable to:			
Owners of the parent	6,673	78,524	31,818
Non-controlling interests	(48,421)	(70,690)	(57,104)
Earnings per share attributable to owners of parent			
Basic	0.004	0.060	0.019
Diluted	0.004	0.060	0.019
Shares used in calculating basic earnings per share attributable to owners of parent	**1,716,917,408**	**1,308,028,146**	**1,716,634,650**
Shares used in calculating diluted earnings per share attributable to owners of parent	**1,720,532,998**	**1,318,619,081**	**1,718,334,991**

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

	As of		
	30-Jun-2024 (Unaudited)	31-Mar-2024 (Unaudited)	30-Jun-2023 (Unaudited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3,750,176	3,587,363	3,256,562
Investment property	165,611	166,354	163,241
Right-of-use assets	80,629	79,347	80,145
Intangible assets	42,320	46,526	31,170
Investment in associates	141,036	140,270	129,414
Equity instruments designated at fair value through other comprehensive income	285,938	287,089	151,812
Long term prepayment	139,425	200,074	40,937
Deferred tax assets	629	501	17,393
Total non-current assets	**4,605,764**	**4,507,524**	**3,870,674**
CURRENT ASSETS			
Properties under development	207,151	194,181	143,674
Inventories	462,563	431,206	558,252
Trade and notes receivables	274,382	306,151	310,705
Prepayments, other receivables and other assets	75,761	53,242	32,194
Due from related parties	16,034	15,688	16,803
Restricted and time deposits	39,259	32,032	167,077
Cash and cash equivalents	6,423,866	6,107,986	1,850,957
Total current assets	**7,499,016**	**7,140,486**	**3,079,662**
CURRENT LIABILITIES			
Trade payables	246,206	239,261	227,907
Other payables and accruals	505,945	379,133	397,826
Interest-bearing bank borrowings	247,034	232,201	385,746
Lease liabilities	4,674	6,257	4,477
Government grants	39,359	41,643	34,133
Due to related parties	8,340	9,704	4,720
Income tax payable	19,038	59,018	49,557
Total current liabilities	**1,070,596**	**967,217**	**1,104,366**
NET CURRENT ASSETS	**6,428,420**	**6,173,269**	**1,975,296**
TOTAL ASSETS LESS CURRENT LIABILITIES	**11,034,184**	**10,680,793**	**5,845,970**
Non-current liabilities			
Interest-bearing bank borrowings	1,964,956	1,993,525	1,410,544
Lease liabilities	19,440	17,714	18,312
Deferred tax liabilities	4,892	2,345	21,938
Total non-current liabilities	**1,989,288**	**2,013,584**	**1,450,794**
Net assets	**9,044,896**	**8,667,209**	**4,395,176**
Equity and liabilities capital and reserves			
Share capital	4,935,470	4,934,028	1,997,829
Reserves	1,333,799	1,389,777	1,130,367
Equity attributable to the owners of the company	**6,269,269**	**6,323,805**	**3,128,196**
Non-controlling interests	2,775,627	2,343,404	1,266,980
Total equity	**9,044,896**	**8,667,209**	**4,395,176**

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

	For the Three Months Ended		
	30-Jun-2024 (Unaudited)	30-Jun-2023 (Unaudited)	31-Mar-2024 (Unaudited)
Cash flows from operating activities:			
(Loss) / profit before tax	(33,380)	43,679	(45,118)
Depreciation and amortization	136,881	123,661	133,088
Share of profit of associates	(1,394)	(1,984)	(1,411)
Changes in working capital and others	(5,217)	(4,166)	(45,899)
Net cash flows generated from operating activities	**96,890**	**161,190**	**40,660**
Cash flows from investing activities:			
Payments for property, plant and equipment and intangible assets	(196,830)	(164,966)	(302,574)
Investment in an equity instrument	-	-	(17,618)
Other cash flow generated from investing activities	24,857	14,317	21,241
Net cash flows used in investing activities	**(171,973)**	**(150,649)**	**(298,951)**
Cash flows from financing activities:			
Capital contribution from non-controlling interests	492,450	-	689,430
Proceeds from bank borrowings	99,042	8,116	103,405
Proceeds from issue of shares	579	1,407	114
Repayment of bank borrowings	(87,530)	(85,565)	-
Interest paid	(49,800)	(52,720)	(2,155)
Dividends paid to shareholders	(28,876)	-	-
Increase in pledged deposits	(7,369)	(167,738)	
Payment of lease liabilities	(2,348)	(3,320)	(881)
Other cash flow used in financing activities	-	(363)	-
Net cash flows generated from / (used in) financing activities	**416,148**	**(300,183)**	**789,913**
Net increase / (decrease) in cash and cash equivalents	341,065	(289,642)	531,622
Effects of exchange rate changes	(25,185)	(77,948)	(8,817)
Cash and cash equivalents, beginning of period	6,107,986	2,218,547	5,585,181
Cash and cash equivalents, ending of period	**6,423,866**	**1,850,957**	**6,107,986**

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
August 8, 2024