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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 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 7, 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 September 30, 2024.

Third Quarter 2024 Highlights (Unaudited)

- Revenue was US\$526.3 million, 7.4% lower than 3Q 2023 and 10.0% over 2Q 2024.
- Gross margin was 12.2%, 3.9 percentage points lower than 3Q 2023 and 1.7 percentage points above 2Q 2024.
- Net profit attributable to shareholders of the parent company was US\$44.8 million, 222.6% over 3Q 2023 and 571.6% above 2Q 2024.
- Basic earnings per share was US\$0.026, 188.9% over 3Q 2023 and 550.0% above 2Q 2024.
- ROE (annualized) was 2.8%, 1.6 percentage points over 3Q 2023 and 2.4 percentage points above 2Q 2024.

Fourth Quarter 2024 Guidance

- We expect revenue to be approximately US\$530 million to US\$540 million.
- We expect gross margin to be in the range of 11% to 13%.

President's Message

Mr. Tang Junjun, President and Executive Director of the company, commented on the third quarter performance in 2024.

"The overall recovery of the semiconductor market is in line with our expectations, but there is a structural divergence. Demand in areas such as consumer electronics and some emerging applications is improving; however, improvement in demand conditions for some products, such as power discrete, remains to be seen. In the third quarter of 2024, sales revenue of Hua Hong Semiconductor reached \$526.3 million and gross margin was 12.2%, both better than guidance and sequential growth was achieved. Full capacity utilization was also reached. With diversified product structure and optimization of operation efficiency, the company has demonstrated it has good resilience in the face of a complex market environment."

Mr. Tang continued, "Construction of the new 12-inch production line in Wuxi continues to progress as planned, and it is expected that trial production and process verification for each process platform will be fully rolled out by the end of this year and the beginning of next year. We will use the new production line for continuous technology iteration of the process platforms to meet the continuous emergence and growth of various emerging downstream markets, driving the company's overall operating performance to a new level."

Webcast/Conference Call Announcement

Date: Thursday, November 7, 2024

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:
https://www.huahonggrace.com/html/ir_calendar.php or
<https://edge.media-server.com/mmc/p/c3dkanog>

(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/BI64f699022e5246a4952424f5bd0c3548>

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.

https://www.huahonggrace.com/html/ir_calendar.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)

| | 3Q 2024 (Unaudited) | 3Q 2023 (Unaudited) | 2Q 2024 (Unaudited) | YoY Change | QoQ Change |
|---|------------------------|------------------------|------------------------|-----------------|-----------------|
| Revenue | 526,306 | 568,529 | 478,524 | (7.4)% | 10.0 % |
| Gross profit | 64,007 | 91,623 | 50,063 | (30.1)% | 27.9 % |
| Gross margin | 12.2 % | 16.1 % | 10.5 % | (3.9) | 1.7 |
| Operating expenses | (81,430) | (85,065) | (90,328) | (4.3)% | (9.9)% |
| Other income / (loss) net | 51,797 | (19,417) | 6,885 | (366.8)% | 652.3 % |
| Profit / (loss) before tax | 34,374 | (12,859) | (33,380) | (367.3)% | (203.0)% |
| Income tax expense | (11,461) | (12,999) | (8,368) | (11.8)% | 37.0 % |
| Profit / (loss) for the period | 22,913 | (25,858) | (41,748) | (188.6)% | (154.9)% |
| Net profit margin | 4.4 % | (4.5)% | (8.7)% | 8.9 | 13.1 |
| Attributable to: | | | | | |
| Owners of the parent | 44,816 | 13,890 | 6,673 | 222.6 % | 571.6 % |
| Non-controlling interests | (21,903) | (39,748) | (48,421) | (44.9)% | (54.8)% |
| Earnings per share attributable to owners of the parent | | | | | |
| Basic | 0.026 | 0.009 | 0.004 | 188.9 % | 550.0 % |
| Diluted | 0.026 | 0.009 | 0.004 | 188.9 % | 550.0 % |
| Wafers shipped (in thousands 8" equivalent wafers) | 1,200 | 1,077 | 1,106 | 11.4 % | 8.5 % |
| Capacity utilization ¹ | 105.3 % | 86.8 % | 97.9 % | 18.5 | 7.4 |
| ROE ² | 2.8 % | 1.2 % | 0.4 % | 1.6 | 2.4 |

Third Quarter 2024

- *Revenue* was US\$526.3 million, 7.4% lower than 3Q 2023, primarily due to decreased average selling price, partially offset by increased wafer shipments, and 10.0% over 2Q 2024, mainly driven by increased wafer shipments.
- *Gross margin* was 12.2%, 3.9 percentage points lower than 3Q 2023, primarily due to decreased average selling price, partially offset by improved capacity utilization, and 1.7 percentage points above in 2Q 2024, mainly driven by improved capacity utilization.
- *Operating expenses* were US\$81.4 million, 4.3% lower than 3Q 2023 and 9.9% lower than 2Q 2024, primarily due to decreased engineering wafer costs.
- *Other income net* was US\$51.8 million, compared to other loss net of US\$19.4 million in 3Q 2023 and other income net of US\$6.9 million in 2Q 2024, primarily due to foreign exchange gains versus foreign exchange losses in 3Q 2023 and 2Q 2024, and increased government subsidies.
- *Income tax expense* was US\$11.5 million, 11.8% lower than 3Q 2023 and 37.0% over 2Q 2024.
- *Net profit for the period* was US\$ 22.9 million, compared to a loss of US\$25.9 million in 3Q 2023 and a loss of US\$41.7 million in 2Q 2024.
- *Net profit attributable to shareholders of the parent company* was US\$44.8 million, 222.6% over 3Q 2023 and 571.6% above 2Q 2024.
- *Basic earnings per share* was US\$0.026, 188.9% over 3Q 2023 and 550.0% above 2Q 2024.
- *ROE (annualized)* was 2.8%, 1.6 percentage points over 3Q 2023 and 2.4 percentage points above 2Q 2024.

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 2024 US\$000 (Unaudited) | 3Q 2024 % (Unaudited) | 3Q 2023 US\$000 (Unaudited) | 3Q 2023 % (Unaudited) | YoY Change US\$000 | YoY Change % |
|-------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------|--------------------|
| Wafers | 497,847 | 94.6 % | 538,547 | 94.7 % | (40,700) | (7.6)% |
| Others | 28,459 | 5.4 % | 29,982 | 5.3 % | (1,523) | (5.1)% |
| Total revenue | 526,306 | 100.0 % | 568,529 | 100.0 % | (42,223) | (7.4)% |

- 94.6% of total revenue was derived from the sale of semiconductor wafers in 3Q 2024.

Analysis of Revenue

| Revenue by wafer size | 3Q 2024 US\$000 (Unaudited) | 3Q 2024 % (Unaudited) | 3Q 2023 US\$000 (Unaudited) | 3Q 2023 % (Unaudited) | YoY Change US\$000 | YoY Change % |
|-----------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------|--------------------|
| 8" wafers | 263,139 | 50.0 % | 298,615 | 52.5 % | (35,476) | (11.9)% |
| 12" wafers | 263,167 | 50.0 % | 269,914 | 47.5 % | (6,747) | (2.5)% |
| Total revenue | 526,306 | 100.0 % | 568,529 | 100.0 % | (42,223) | (7.4)% |

- Revenues from 8" wafers and 12" wafers each contributed approximately half of total revenue in 3Q 2024.

Analysis of Revenue

| Revenue by geography | 3Q 2024 US\$000 (Unaudited) | 3Q 2024 % (Unaudited) | 3Q 2023 US\$000 (Unaudited) | 3Q 2023 % (Unaudited) | YoY Change US\$000 | YoY Change % |
|----------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------|--------------------|
| China ³ | 434,532 | 82.5 % | 441,246 | 77.5 % | (6,714) | (1.5)% |
| North America ⁴ | 46,709 | 8.9 % | 48,764 | 8.6 % | (2,055) | (4.2)% |
| Asia ⁵ | 27,829 | 5.3 % | 34,663 | 6.1 % | (6,834) | (19.7)% |
| Europe | 16,358 | 3.1 % | 38,976 | 6.9 % | (22,618) | (58.0)% |
| Japan ⁶ | 878 | 0.2 % | 4,880 | 0.9 % | (4,002) | (82.0)% |
| Total revenue | 526,306 | 100.0 % | 568,529 | 100.0 % | (42,223) | (7.4)% |

- *Revenue from China* was US\$434.5 million, contributing 82.5% of total revenue and a decrease of 1.5% compared to 3Q 2023, mainly due to decreased demand and average selling price for IGBT, super junction, and flash products, partially offset by increased demand for CIS and other PMICs.
- *Revenue from North America* was US\$46.7 million, a decrease of 4.2% compared to 3Q 2023, mainly due to decreased demand for MCU, general MOSFET, logic, and super junction products, partially offset by increased demand for other PMICs.
- *Revenue from Asia* was US\$27.8 million, a decrease of 19.7% compared to 3Q 2023, mainly due to decreased demand for logic, super junction, and general MOSFET products.
- *Revenue from Europe* was US\$16.4 million, a decrease of 58.0% compared to 3Q 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 82.0% compared to 3Q 2023, primarily due to decreased demand for super junction, MCU, and logic 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 2024 US\$000 (Unaudited) | 3Q 2024 % (Unaudited) | 3Q 2023 US\$000 (Unaudited) | 3Q 2023 % (Unaudited) | YoY Change US\$000 | YoY Change % |
|--------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------|--------------------|
| Embedded NVM | 132,598 | 25.2 % | 143,629 | 25.3 % | (11,031) | (7.7)% |
| Standalone NVM | 29,334 | 5.6 % | 36,800 | 6.5 % | (7,466) | (20.3)% |
| Discrete | 163,253 | 31.1 % | 235,978 | 41.5 % | (72,725) | (30.8)% |
| Logic & RF | 77,010 | 14.6 % | 49,878 | 8.8 % | 27,132 | 54.4 % |
| Analog & PM | 122,850 | 23.3 % | 100,897 | 17.7 % | 21,953 | 21.8 % |
| Others | 1,261 | 0.2 % | 1,347 | 0.2 % | (86) | (6.4)% |
| Total revenue | 526,306 | 100.0 % | 568,529 | 100.0 % | (42,223) | (7.4)% |

- *Revenue from embedded NVM* was US\$132.6 million, a decrease of 7.7% compared to 3Q 2023, mainly due to decreased demand for smart card ICs.
- *Revenue from standalone NVM* was US\$29.3 million, a decrease of 20.3% compared to 3Q 2023, mainly due to decreased average selling price and demand for flash products.
- *Revenue from discrete* was US\$163.3 million, a decrease of 30.8% compared to 3Q 2023, mainly due to decreased average selling price and demand for IGBT and super junction products.
- *Revenue from logic & RF* was US\$77.0 million, an increase of 54.4% over 3Q 2023, mainly driven by increased demand for CIS and logic products.
- *Revenue from analog & power management* was US\$122.9 million, an increase of 21.8% over 3Q 2023, mainly driven by increased demand for other PMIC products.

Analysis of Revenue

| Revenue by process technology node | 3Q 2024 US\$000 (Unaudited) | 3Q 2024 % (Unaudited) | 3Q 2023 US\$000 (Unaudited) | 3Q 2023 % (Unaudited) | YoY Change US\$000 | YoY Change % |
|------------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------|--------------------|
| 55nm & 65nm | 116,596 | 22.2 % | 87,329 | 15.4 % | 29,267 | 33.5 % |
| 90nm & 95nm | 98,966 | 18.8 % | 87,616 | 15.4 % | 11,350 | 13.0 % |
| 0.11 μ m & 0.13 μ m | 68,274 | 13.0 % | 82,990 | 14.6 % | (14,716) | (17.7)% |
| 0.15 μ m & 0.18 μ m | 37,894 | 7.2 % | 34,993 | 6.2 % | 2,901 | 8.3 % |
| 0.25 μ m | 4,155 | 0.8 % | 8,395 | 1.5 % | (4,240) | (50.5)% |
| \geq 0.35 μ m | 200,421 | 38.0 % | 267,206 | 46.9 % | (66,785) | (25.0)% |
| Total revenue | 526,306 | 100.0 % | 568,529 | 100.0 % | (42,223) | (7.4)% |

- Revenue from the 55nm & 65nm technology nodes was US\$116.6 million, an increase of 33.5% over 3Q 2023, mainly driven by increased demand for CIS and other PMIC products.
- Revenue from the 90nm & 95nm technology nodes was US\$99.0 million, an increase of 13.0% over 3Q 2023, mainly driven by increased demand for MCU and other PMICs, partially offset by decreased demand for smart card ICs.
- Revenue from the 0.11 μ m & 0.13 μ m technology nodes was US\$68.3 million, a decrease of 17.7% compared to 3Q 2023, mainly due to decreased average selling price for MCU and decreased demand for smart card ICs.
- Revenue from the 0.15 μ m & 0.18 μ m technology nodes was US\$37.9 million, an increase of 8.3% compared to 3Q 2023, mainly driven by increased demand for logic and other PMICs, partially offset by decreased demand for analog products.
- Revenue from the 0.25 μ m technology node was US\$4.2 million, a decrease of 50.5% compared to 3Q 2023, mainly due to decreased demand for RF products.
- Revenue from the 0.35 μ m and above technology nodes was US\$200.4 million, a decrease of 25.0% compared to 3Q 2023, mainly due to decreased demand and average selling price for IGBT and super junction products.

Analysis of Revenue

| Revenue by end market distribution | 3Q 2024 US\$000 (Unaudited) | 3Q 2024 % (Unaudited) | 3Q 2023 US\$000 (Unaudited) | 3Q 2023 % (Unaudited) | YoY Change US\$000 | YoY Change % |
|------------------------------------|-----------------------------------|-----------------------------|-----------------------------------|-----------------------------|--------------------------|--------------------|
| Consumer electronics | 330,928 | 62.9 % | 325,224 | 57.2 % | 5,704 | 1.8 % |
| Industrial & automotive | 123,853 | 23.5 % | 159,380 | 28.0 % | (35,527) | (22.3)% |
| Communications | 65,952 | 12.5 % | 71,662 | 12.6 % | (5,710) | (8.0)% |
| Computing | 5,573 | 1.1 % | 12,263 | 2.2 % | (6,690) | (54.6)% |
| Total revenue | 526,306 | 100.0 % | 568,529 | 100.0 % | (42,223) | (7.4)% |

- Revenue from consumer electronics, our largest end market segment, contributed US\$330.9 million, reaching 62.9% of total revenue, an increase of 1.8% over 3Q 2023, mainly driven by increased demand for other PMICs, partially offset by decreased average selling price and demand for super junction and flash products.
- Revenue from industrial & automotive was US\$123.9 million, a decrease of 22.3% compared to 3Q 2023, mainly due to decreased average selling price and demand for IGBT products, partially offset by increased demand for other PMICs.
- Revenue from communications was US\$66.0 million, a decrease of 8.0% compared to 3Q 2023, mainly due to decreased demand for smart card ICs and analog products, partially offset by increased demand for CIS products.
- Revenue from computing was US\$5.6 million, a decrease of 54.6% compared to 3Q 2023, mainly due to decreased demand for general MOSFET and super junction products.

Capacity⁷ and Capacity Utilization

| Fab (in thousands wafers) | 3Q 2024 (Unaudited) | 3Q 2023 (Unaudited) | 2Q 2024 (Unaudited) |
|---|------------------------|------------------------|------------------------|
| Capacity (200mm) | 178 | 178 | 178 |
| Capacity (300mm) | 95 | 80 | 95 |
| Total capacity (in thousands 8" equivalent wafers) | 391 | 358 | 391 |
| Capacity utilization (200mm) | 113.0% | 95.3% | 107.6% |
| Capacity utilization (300mm) | 98.5% | 78.4% | 89.3% |
| Overall capacity utilization | 105.3% | 86.8% | 97.9% |

- Monthly capacity was 391,000 8-inch equivalent wafers at the end of 3Q 2024. Overall capacity utilization was 105.3% in 3Q 2024, 7.4 percentage points over 2Q 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 | 3Q 2024 (Unaudited) | 3Q 2023 (Unaudited) | 2Q 2024 (Unaudited) | YoY Change | QoQ Change |
|--------------------------------------|------------------------|------------------------|------------------------|---------------|---------------|
| Wafer shipments | 1,200 | 1,077 | 1,106 | 11.4 % | 8.5 % |

- *Wafer shipments* were 1,200,000, an increase of 11.4% year over year, and 8.5% quarter over quarter.

Operating Expenses Analysis

| Amounts in US\$ thousands | 3Q 2024 (Unaudited) | 3Q 2023 (Unaudited) | 2Q 2024 (Unaudited) | YoY Change | QoQ Change |
|--------------------------------------|------------------------|------------------------|------------------------|---------------|---------------|
| Selling and distribution expenses | 2,241 | 2,415 | 2,785 | (7.2)% | (19.5)% |
| Administrative expenses ⁸ | 79,189 | 82,650 | 87,543 | (4.2)% | (9.5)% |
| Operating expenses | 81,430 | 85,065 | 90,328 | (4.3)% | (9.9)% |

- *Operating expenses* were US\$81.4 million, 4.3% lower than 3Q 2023 and 9.9% lower than 2Q 2024, primarily due to decreased engineering wafer costs.

Other Income / (Loss) Net Analysis

| Amounts in US\$ thousands | 3Q 2024 (Unaudited) | 3Q 2023 (Unaudited) | 2Q 2024 (Unaudited) | YoY Change | QoQ Change |
|--|------------------------|------------------------|------------------------|-----------------|----------------|
| Rental income | 3,612 | 3,428 | 3,558 | 5.4 % | 1.5 % |
| Interest income | 26,710 | 15,742 | 29,787 | 69.7 % | (10.3)% |
| Foreign exchange gains / (losses) | 29,270 | (13,986) | (7,921) | (309.3)% | (469.5)% |
| Share of profit / (loss) of associates | 1,087 | (1,410) | 1,394 | (177.1)% | (22.0)% |
| Finance costs | (27,275) | (24,257) | (24,847) | 12.4 % | 9.8 % |
| Government subsidies | 18,535 | 77 | 4,778 | 23,971.4 % | 287.9 % |
| Others | (142) | 989 | 136 | (114.4)% | (204.4)% |
| Other income / (loss) net | 51,797 | (19,417) | 6,885 | (366.8)% | 652.3 % |

- *Other income net* was US\$51.8 million, compared to other loss net of US\$19.4 million in 3Q 2023 and other income net of US\$6.9 million in 2Q 2024, primarily due to foreign exchange gains versus foreign exchange losses in 3Q 2023 and 2Q 2024, and increased government subsidies.

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

Cash Flow Analysis

| Amounts in US\$ thousands | 3Q 2024 (Unaudited) | 3Q 2023 (Unaudited) | 2Q 2024 (Unaudited) | YoY Change | QoQ Change |
|--|------------------------|------------------------|------------------------|-----------------|-----------------|
| Net cash flows (used in) / generated from operating activities | (26,838) | 152,091 | 96,890 | (117.6)% | (127.7)% |
| Net cash flows used in investing activities | (715,920) | (177,466) | (171,973) | 303.4 % | 316.3 % |
| Net cash flows (used in) / generated from financing activities | (5,007) | 3,176,383 | 416,148 | (100.2)% | (101.2)% |
| Effect of exchange rate changes | 90,648 | (12,464) | (25,185) | (827.3)% | (459.9)% |
| Net change in cash | (657,117) | 3,138,544 | 315,880 | (120.9)% | (308.0)% |

- *Net cash flows used in operating activities* was US\$26.8 million, compared to net cash flows generated from operating activities of US\$152.1 million in 3Q 2023 and US\$96.9 million in 2Q 2024, primarily due to increased payments of import value-add tax, partially offset by increased government subsidies.
- *Net cash flows used in investing activities* was US\$715.9 million, including US\$734.0 million investment in fixed assets, partially offset by US\$18.1 million interest income.
- *Net cash flows used in financing activities* was US\$5.0 million, including US\$4.5 million of bank principal repayments, US\$3.3 million interest payments, and US\$1.0 million lease payments, partially offset by US\$2.3 million proceeds from bank borrowings, and US\$1.5 million proceeds from share option exercises.

Capital Structure

| Amounts in US\$ thousands | 30-Sep-2024 (Unaudited) | 30-Jun-2024 (Unaudited) |
|--------------------------------|----------------------------|----------------------------|
| Total assets | 13,082,459 | 12,104,780 |
| Total liabilities | 3,867,040 | 3,059,884 |
| Total equity | 9,215,419 | 9,044,896 |
| <i>Debt ratio</i> ⁹ | 29.6% | 25.3% |

Capital Expenditures

| Amounts in US\$ thousands | 3Q 2024 (Unaudited) | 2Q 2024 (Unaudited) |
|---------------------------|------------------------|------------------------|
| Hua Hong 8" | 28,607 | 27,997 |
| Hua Hong Wuxi | 87,754 | 40,431 |
| Hua Hong Manufacturing | 617,708 | 128,402 |
| Total | 734,069 | 196,830 |

- *Capital expenditures* were US\$734.0 million in 3Q 2024, including US\$617.7 million for Hua Hong Manufacturing, US\$87.8 million for Hua Hong Wuxi, and US\$28.6 million for Hua Hong 8".

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

Liquidity

| Amounts in US\$ thousands | 30-Sep-2024 (Unaudited) | 30-Jun-2024 (Unaudited) |
|---|----------------------------|----------------------------|
| Properties under development | 225,711 | 207,151 |
| Inventories | 487,480 | 462,563 |
| Trade and notes receivables | 268,186 | 274,382 |
| Prepayments, other receivables and other assets | 269,191 | 75,761 |
| Due from related parties | 25,426 | 16,034 |
| Restricted and time deposits | 32,443 | 39,259 |
| Cash and cash equivalents | 5,766,749 | 6,423,866 |
| Total current assets | 7,075,186 | 7,499,016 |
| Trade payables | 273,352 | 246,206 |
| Other payables and accruals | 1,237,992 | 505,945 |
| Interest-bearing bank borrowings | 262,296 | 247,034 |
| Lease liabilities | 4,451 | 4,674 |
| Government grants | 40,072 | 39,359 |
| Due to related parties | 10,167 | 8,340 |
| Income tax payable | 26,494 | 19,038 |
| Total current liabilities | 1,854,824 | 1,070,596 |
| Net working capital | 5,220,362 | 6,428,420 |
| <i>Quick ratio</i> | 3.4x | 6.4x |
| <i>Current ratio</i> | 3.8x | 7.0x |
| Trade and notes receivables turnover days | 47 | 55 |
| Inventories turnover days | 92 | 94 |

- *Prepayments, other receivables and other assets* increased from US\$75.8 million on 30 June 2024 to US\$269.2 million on 30 September 2024, mainly due to increased value-added tax credit.
- *Due from related parties* increased from US\$16.0 million on 30 June 2024 to US\$25.4 million on 30 September 2024, mainly due to increased rental receivables from one of our related parties.
- *Other payables and accruals* increased from US\$505.9 million on 30 June 2024 to US\$1,238.0 million on 30 September 2024, mainly due to increased payables for capital expenditures.
- *Due to related parties* increased from US\$8.3 million on 30 June 2024 to US\$10.2 million on 30 September 2024, mainly due to increased trade payables to related parties.
- *Income tax payable* increased from US\$19.0 million on 30 June 2024 to US\$26.5 million on 30 September 2024, mainly due to an accrued income tax for 3Q 2024.
- On 30 September 2024, *net working capital* was US\$5,220.4 million and the *current ratio* was 3.8.
- *Trade and notes receivables turnover days* were 47.
- *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 | | |
|---|----------------------------|----------------------------|----------------------------|
| | 30-Sep-2024 (Unaudited) | 30-Sep-2023 (Unaudited) | 30-Jun-2024 (Unaudited) |
| Revenue | 526,306 | 568,529 | 478,524 |
| Cost of sales | (462,299) | (476,906) | (428,461) |
| Gross profit | 64,007 | 91,623 | 50,063 |
| Other income and gains | 78,092 | 20,290 | 38,259 |
| Selling and distribution expenses | (2,241) | (2,415) | (2,785) |
| Administrative expenses | (79,189) | (82,650) | (87,543) |
| Other expenses | (107) | (14,040) | (7,921) |
| Finance costs | (27,275) | (24,257) | (24,847) |
| Share of profit / (loss) of associates | 1,087 | (1,410) | 1,394 |
| Profit / (loss) before tax | 34,374 | (12,859) | (33,380) |
| Income tax expense | (11,461) | (12,999) | (8,368) |
| Profit / (loss) for the period | 22,913 | (25,858) | (41,748) |
| Attributable to: | | | |
| Owners of the parent | 44,816 | 13,890 | 6,673 |
| Non-controlling interests | (21,903) | (39,748) | (48,421) |
| Earnings per share attributable to owners of parent | | | |
| Basic | 0.026 | 0.009 | 0.004 |
| Diluted | 0.026 | 0.009 | 0.004 |
| Shares used in calculating basic earnings per share attributable to owners of parent | 1,717,612,830 | 1,580,159,540 | 1,716,917,408 |
| Shares used in calculating diluted earnings per share attributable to owners of parent | 1,721,402,553 | 1,587,083,357 | 1,720,532,998 |

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

| | As of | | |
|--|----------------------------|----------------------------|----------------------------|
| | 30-Sep-2024 (Unaudited) | 30-Jun-2024 (Unaudited) | 30-Sep-2023 (Unaudited) |
| ASSETS | | | |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 5,198,989 | 3,750,176 | 3,322,946 |
| Investment property | 168,433 | 165,611 | 164,287 |
| Right-of-use assets | 81,372 | 80,629 | 79,070 |
| Intangible assets | 38,897 | 42,320 | 29,182 |
| Investment in associates | 144,534 | 141,036 | 128,833 |
| Equity instruments designated at fair value through other comprehensive income | 290,857 | 285,938 | 153,024 |
| Long term prepayment | 83,396 | 139,425 | 36,085 |
| Deferred tax assets | 795 | 629 | 17,217 |
| Total non-current assets | 6,007,273 | 4,605,764 | 3,930,644 |
| CURRENT ASSETS | | | |
| Properties under development | 225,711 | 207,151 | 157,230 |
| Inventories | 487,480 | 462,563 | 492,783 |
| Trade and notes receivables | 268,186 | 274,382 | 318,787 |
| Prepayments, other receivables and other assets | 269,191 | 75,761 | 34,168 |
| Due from related parties | 25,426 | 16,034 | 19,572 |
| Restricted and time deposits | 32,443 | 39,259 | 31,654 |
| Cash and cash equivalents | 5,766,749 | 6,423,866 | 4,989,501 |
| Total current assets | 7,075,186 | 7,499,016 | 6,043,695 |
| CURRENT LIABILITIES | | | |
| Trade payables | 273,352 | 246,206 | 213,530 |
| Other payables and accruals | 1,237,992 | 505,945 | 357,181 |
| Interest-bearing bank borrowings | 262,296 | 247,034 | 180,238 |
| Lease liabilities | 4,451 | 4,674 | 3,281 |
| Government grants | 40,072 | 39,359 | 34,321 |
| Due to related parties | 10,167 | 8,340 | 4,604 |
| Income tax payable | 26,494 | 19,038 | 57,885 |
| Total current liabilities | 1,854,824 | 1,070,596 | 851,040 |
| NET CURRENT ASSETS | 5,220,362 | 6,428,420 | 5,192,655 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 11,227,635 | 11,034,184 | 9,123,299 |
| Non-current liabilities | | | |
| Interest-bearing bank borrowings | 1,983,494 | 1,964,956 | 1,745,779 |
| Lease liabilities | 19,334 | 19,440 | 18,650 |
| Deferred tax liabilities | 9,388 | 4,892 | 26,625 |
| Total non-current liabilities | 2,012,216 | 1,989,288 | 1,791,054 |
| Net assets | 9,215,419 | 9,044,896 | 7,332,245 |
| Equity and liabilities capital and reserves | | | |
| Share capital | 4,936,472 | 4,935,470 | 4,932,673 |
| Reserves | 1,478,303 | 1,333,799 | 1,164,151 |
| Equity attributable to the owners of the company | 6,414,775 | 6,269,269 | 6,096,824 |
| Non-controlling interests | 2,800,644 | 2,775,627 | 1,235,421 |
| Total equity | 9,215,419 | 9,044,896 | 7,332,245 |

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

| | For the Three Months Ended | | |
|---|----------------------------|----------------------------|----------------------------|
| | 30-Sep-2024 (Unaudited) | 30-Sep-2023 (Unaudited) | 30-Jun-2024 (Unaudited) |
| Cash flows from operating activities: | | | |
| Profit / (loss) before tax | 34,374 | (12,859) | (33,380) |
| Depreciation and amortization | 143,557 | 127,305 | 136,881 |
| Share of (profit) / loss of associates | (1,087) | 1,410 | (1,394) |
| Changes in working capital and others | (203,682) | 36,235 | (5,217) |
| Net cash flows (used in) / generated from operating activities | (26,838) | 152,091 | 96,890 |
| Cash flows from investing activities: | | | |
| Payments for property, plant and equipment and intangible assets | (734,069) | (193,652) | (196,830) |
| Other cash flow generated from investing activities | 18,149 | 16,186 | 24,857 |
| Net cash flows used in investing activities | (715,920) | (177,466) | (171,973) |
| Cash flows from financing activities: | | | |
| Capital contribution from non-controlling interests | - | - | 492,450 |
| Proceeds from bank borrowings | 2,287 | 347,707 | 99,042 |
| Proceeds from issue of shares | 1,471 | 2,937,689 | 579 |
| Repayment of bank borrowings | (4,476) | (239,086) | (87,530) |
| Interest paid | (3,283) | (3,803) | (49,800) |
| Dividends paid to shareholders | (7,371) | - | (28,876) |
| Decrease / (increase) in pledged deposits | 7,369 | 136,524 | (7,369) |
| Payment of lease liabilities | (1,004) | (1,230) | (2,348) |
| Other cash flow used in financing activities | - | (1,418) | - |
| Net cash flows (used in) / generated from financing activities | (5,007) | 3,176,383 | 416,148 |
| Net (decrease) / increase in cash and cash equivalents | (747,765) | 3,151,008 | 341,065 |
| Effects of exchange rate changes | 90,648 | (12,464) | (25,185) |
| Cash and cash equivalents, beginning of period | 6,423,866 | 1,850,957 | 6,107,986 |
| Cash and cash equivalents, ending of period | 5,766,749 | 4,989,501 | 6,423,866 |

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

November 7, 2024