

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



Stock Code (1347)

## News Release

### Hua Hong Semiconductor Limited Reports 2022 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 11, 2022.

Hua Hong Semiconductor Limited (SEHK: 1347) (the “Company”), a global, leading pure-play foundry, today announced its consolidated operational results for the quarter ending June 30, 2022.

#### Second Quarter 2022 Highlights (Unaudited)

- Revenue reached an all-time high of US\$620.8 million, up 79.4% year over year and 4.4% above the prior quarter.
- Gross margin was 33.6%, 8.8 percentage points above 2Q 2021 and 6.7 percentage points over 1Q 2022.
- Net profit was US\$53.2 million, 43.2% above 2Q 2021 and 47.8% below 1Q 2022, primarily due to foreign exchange losses in 2Q 2022.
- Net profit attributable to shareholders of the parent company was US\$83.9 million, 90.4% above 2Q 2021 and 18.5% below 1Q 2022.
- Basic earnings per share was US\$0.064, 88.2% over 2Q 2021 and 19.0% under 1Q 2022.
- ROE (annualized) was 11.5%, 4.7 percentage points above 2Q 2021 and 2.6 percentage points below 1Q 2022.

#### Third Quarter 2022 Guidance

- We expect revenue to be approximately US\$625 million.
- We expect gross margin to be in the range of 33% to 34%.

## **President's Message**

Mr. Tang Junjun, President and Executive Director of the Company, commented on the 2Q22 results:

"We are pleased with Hua Hong Semiconductor's performance in the second quarter of 2022. Benefiting from persistent demand for all our specialty technology platforms, Hua Hong Semiconductor continued to operate our 12-inch fab and three 8-inch fabs at full capacity utilization. The Company's revenue in Q2 reached a record \$620.8 million, an increase of 79.4% year-on-year and an increase of 4.4% quarter-on-quarter. Gross profit margin was 33.6%, 8.8 percentage points above a year ago and 6.7 percentage points over the prior quarter."

Mr. Tang continued: "In order to continue solidifying the Company's position as a specialty technology provider and seize opportunities in emerging markets, such as automotive electronics and new energy, we will persist in high quality development of our specialty technologies and keep focusing on furthering technology development work in non-volatile memory, power discrete, analog & power management IC, logic & RF, and other specialty technology platforms, providing superior product solutions to our global customers. Although the current economic environment has been enduring massive uncertainties, opportunities will benefit those who are prepared."

## Webcast/Conference Call Announcement

**Date:** Thursday, August 11, 2022

**Time:** 16:00 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](http://www.huahonggrace.com/html/investor_webcast.php) or  
<https://edge.media-server.com/mmc/p/6x6o37ix>  
(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/BI43f528788fd54c0cb9f39da1491ba69a>

**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 24 hours after the event and will be available for 12 months.  
[http://www.huahonggrace.com/s/investor\\_webcast.php](http://www.huahonggrace.com/s/investor_webcast.php)

## About the Company

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

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

For more information, please visit: [www.huahonggrace.com](http://www.huahonggrace.com).

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

	2Q 2022 (Unaudited)	2Q 2021 (Unaudited)	1Q 2022 (Unaudited)	YoY Change	QoQ Change
Revenue	620,823	346,110	594,648	79.4 %	4.4 %
Cost of sales	(411,953)	(260,440)	(434,625)	58.2 %	(5.2)%
<b>Gross profit</b>	<b>208,870</b>	<b>85,670</b>	<b>160,023</b>	<b>143.8 %</b>	<b>30.5 %</b>
<b>Gross margin</b>	<b>33.6 %</b>	<b>24.8 %</b>	<b>26.9 %</b>	<b>8.8</b>	<b>6.7</b>
Operating expenses	(70,676)	(45,905)	(75,264)	54.0 %	(6.1)%
Other (loss) / income net	(56,675)	11,896	10,479	(576.4)%	(640.8)%
<b>Profit before tax</b>	<b>81,519</b>	<b>51,661</b>	<b>95,238</b>	<b>57.8 %</b>	<b>(14.4)%</b>
Income tax (expense) / credit	(28,272)	(14,483)	6,865	95.2 %	(511.8)%
<b>Profit for the period</b>	<b>53,247</b>	<b>37,178</b>	<b>102,103</b>	<b>43.2 %</b>	<b>(47.8)%</b>
<b>Net profit margin</b>	<b>8.6 %</b>	<b>10.7 %</b>	<b>17.2 %</b>	<b>(2.1)</b>	<b>(8.6)</b>
Attributable to:					
Owners of the parent	83,933	44,082	102,944	90.4 %	(18.5)%
Non-controlling interests	(30,686)	(6,904)	(841)	344.5 %	3,548.8 %
Earnings per share attributable to owners of the parent					
Basic	0.064	0.034	0.079	88.2 %	(19.0)%
Diluted	0.064	0.033	0.078	93.9 %	(17.9)%
Wafers shipped (in thousands 8" equivalent wafers)	1,036	730	1,057	41.9 %	(2.0)%
Capacity utilization <sup>1</sup>	109.7 %	109.5 %	106.0 %	0.2	3.7
ROE <sup>2</sup>	11.5 %	6.8 %	14.1 %	4.7	(2.6)

### **Second Quarter 2022**

- *Revenue* reached an all-time high of US\$620.8 million, up 79.4% year over year and 4.4% above the prior quarter.
- *Cost of sales* was US\$412.0 million, 58.2% over 2Q 2021, largely due to increased wafer shipments and depreciation costs, and 5.2% below 1Q 2022, mainly due to decreased bonus and wafer shipments.
- *Gross margin* was 33.6%, 8.8 percentage points above 2Q 2021 and 6.7 percentage points over 1Q 2022, primarily due to improved average selling price.
- *Operating expenses* were US\$70.7 million, 54.0% over 2Q 2021, mainly due to increased labor expenses and decreased government grants for research and development, and 6.1% under 1Q 2022, mainly due to decreased bonus.
- *Other loss net* was US\$56.7 million, primarily due to foreign exchange losses in 2Q 2022 versus foreign exchange gains in 2Q 2021 and 1Q 2022.
- *Income tax expense* was US\$28.3 million, 95.2% over 2Q 2021, primarily due to increased taxable income.
- *Profit for the period* was US\$53.2 million, 43.2% above 2Q 2021 and 47.8% below 1Q 2022, largely due to foreign exchange losses in 2Q 2022.
- *Net profit attributable to shareholders of the parent company* was US\$83.9 million, 90.4% above 2Q 2021 and 18.5% below 1Q 2022.
- *Basic earnings per share* was US\$0.064, 88.2% over 2Q 2021 and 19.0% below 1Q 2022.
- *ROE (annualized)* was 11.5%, 4.7 percentage points over 2Q 2021 and 2.6 percentage points below 1Q 2022.

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

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

**Operating Results by Segment<sup>3</sup>**  
(Amounts in US\$ thousands, except for operating data)

	<b>2Q 2022</b>	<b>2Q 2021</b>	<b>1Q 2022</b>	<b>YoY</b>	<b>QoQ</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>Change</b>	<b>Change</b>
<b>Hua Hong 8"</b>					
<b>Revenue</b>	<b>353,990</b>	<b>261,975</b>	<b>332,603</b>	<b>35.1 %</b>	<b>6.4 %</b>
<b>Gross profit</b>	<b>156,617</b>	<b>82,862</b>	<b>128,451</b>	<b>89.0 %</b>	<b>21.9 %</b>
<b>Gross margin</b>	<b>44.2 %</b>	<b>31.6 %</b>	<b>38.6 %</b>	<b>12.6</b>	<b>5.6</b>
Operating expenses	(35,157)	(20,835)	(40,587)	68.7 %	(13.4)%
<b>Profit before tax</b>	<b>141,908</b>	<b>65,751</b>	<b>94,629</b>	<b>115.8 %</b>	<b>50.0 %</b>
EBITDA	176,457	103,994	130,824	69.7 %	34.9 %
<i>EBITDA margin</i>	<i>49.8 %</i>	<i>39.7 %</i>	<i>39.3 %</i>	<i>10.1</i>	<i>10.5</i>
Wafers shipped (in thousands 8" wafers)	567	546	571	3.8 %	(0.7)%
<b>Hua Hong Wuxi</b>					
<b>Revenue</b>	<b>266,833</b>	<b>84,135</b>	<b>262,045</b>	<b>217.1 %</b>	<b>1.8 %</b>
Gross profit	52,253	2,808	31,572	1,760.9 %	65.5 %
<b>Gross margin</b>	<b>19.6 %</b>	<b>3.3 %</b>	<b>12.0 %</b>	<b>16.3</b>	<b>7.6</b>
Operating expenses	(35,519)	(25,070)	(34,677)	41.7 %	2.4 %
Profit before tax	(60,389)	(14,090)	609	328.6 %	(10,016.1)%
<b>EBITDA</b>	<b>28,614</b>	<b>29,864</b>	<b>88,427</b>	<b>(4.2)%</b>	<b>(67.6)%</b>
<i>EBITDA margin</i>	<i>10.7 %</i>	<i>35.5 %</i>	<i>33.7 %</i>	<i>(24.8)</i>	<i>(23.0)</i>
Wafers shipped (in thousands 8" equivalent wafers)	469	184	486	154.9 %	(3.5)%

**Hua Hong 8"**

- *Revenue* was US\$354.0 million, 35.1% over 2Q 2021 and 6.4% above 1Q 2022.
- *Gross margin* was 44.2%, 12.6 percentage points above 2Q 2021 and 5.6 percentage points over 1Q 2022, largely due to improved average selling price.
- *Operating expenses* were US\$35.2 million, 68.7% over 2Q 2021, largely due to increased labor expenses, and 13.4% under 1Q 2022, primarily due to decreased bonus.
- *Profit before tax* was US\$141.9 million, 115.8% over 2Q 2021 and 50.0% above 1Q 2022.

**Hua Hong Wuxi**

- *Revenue* was US\$266.8 million, 217.1% over 2Q 2021 and 1.8% above 1Q 2022.
- *Gross margin* was 19.6%, 16.3 percentage points above 2Q 2021 and 7.6 percentage points over 1Q 2022, largely due to improved average selling price.
- *Operating expenses* were US\$35.5 million, 41.7% above 2Q 2021, primarily due to decreased government grants for research and development and increased labor expenses, and 2.4% over 1Q 2022, primarily due to decreased government grants for research and development, partially offset by decreased bonus.
- *EBITDA* was US\$28.6 million, 4.2% below 2Q 2021, and 67.6% under 1Q 2022, largely due to foreign exchange losses in 2Q 2022.

<sup>3</sup> The operating results of each operating segment are figures after netting of inter-segment elimination.

#### Analysis of Revenue

Revenue by service type	2Q 2022 US\$000 (Unaudited)	2Q 2022 % (Unaudited)	2Q 2021 US\$000 (Unaudited)	2Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
Wafers	600,865	96.8 %	331,384	95.7 %	269,481	81.3 %
Others	19,958	3.2 %	14,726	4.3 %	5,232	35.5 %
<b>Total revenue</b>	<b>620,823</b>	<b>100.0 %</b>	<b>346,110</b>	<b>100.0 %</b>	<b>274,713</b>	<b>79.4 %</b>

- 96.8% of total revenue was derived from the sale of semiconductor wafers in 2Q 2022.

#### Analysis of Revenue

Revenue by wafer size	2Q 2022 US\$000 (Unaudited)	2Q 2022 % (Unaudited)	2Q 2021 US\$000 (Unaudited)	2Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
8" wafers	353,990	57.0 %	261,975	75.7 %	92,015	35.1 %
12" wafers	266,833	43.0 %	84,135	24.3 %	182,698	217.1 %
<b>Total revenue</b>	<b>620,823</b>	<b>100.0 %</b>	<b>346,110</b>	<b>100.0 %</b>	<b>274,713</b>	<b>79.4 %</b>

- Revenues from 8" wafers and 12" wafers were US\$354.0 million and US\$266.8 million, respectively, in 2Q 2022.

### Analysis of Revenue

Revenue by geography	2Q 2022 US\$000 (Unaudited)	2Q 2022 % (Unaudited)	2Q 2021 US\$000 (Unaudited)	2Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
China <sup>4</sup>	450,449	72.6 %	255,218	73.8 %	195,231	76.5 %
United States <sup>5</sup>	73,213	11.8 %	29,528	8.5 %	43,685	147.9 %
Asia <sup>6</sup>	57,937	9.3 %	38,515	11.1 %	19,422	50.4 %
Europe	28,617	4.6 %	16,317	4.7 %	12,300	75.4 %
Japan <sup>7</sup>	10,607	1.7 %	6,532	1.9 %	4,075	62.4 %
<b>Total revenue</b>	<b>620,823</b>	<b>100.0 %</b>	<b>346,110</b>	<b>100.0 %</b>	<b>274,713</b>	<b>79.4 %</b>

- *Revenue from China* was US\$450.4 million, contributing 72.6% of total revenue and an increase of 76.5% over 2Q 2021, mainly due to increased demand for all technology platforms.
- *Revenue from United States* was US\$73.2 million, an increase of 147.9% over 2Q 2021, mainly due to increased demand for other PMIC and MCU products.
- *Revenue from Asia* was US\$57.9 million, an increase of 50.4% over 2Q 2021, mainly due to increased demand for logic, general MOSFET, and MCU products.
- *Revenue from Europe* was US\$28.6 million, an increase of 75.4% over 2Q 2021, mainly due to increased demand for general MOSFET, smart card ICs, and IGBT products.
- *Revenue from Japan* was US\$10.6 million, an increase of 62.4% over 2Q 2021, primarily due to increased demand for MCU and super junction products.

<sup>4</sup>Includes Hong Kong.

<sup>5</sup>Includes a major customer in US that was acquired by an Europe headquartered company in 2020.

<sup>6</sup>Excludes China and Japan.

<sup>7</sup>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 2022 US\$000 (Unaudited)	2Q 2022 % (Unaudited)	2Q 2021 US\$000 (Unaudited)	2Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
eNVM	175,216	28.2 %	103,576	29.9 %	71,640	69.2 %
Standalone NVM	69,595	11.2 %	18,325	5.3 %	51,270	279.8 %
Discrete	188,933	30.5 %	119,754	34.6 %	69,179	57.8 %
Logic & RF	77,046	12.4 %	57,016	16.5 %	20,030	35.1 %
Analog & PM	109,374	17.6 %	46,945	13.6 %	62,429	133.0 %
Others	659	0.1 %	494	0.1 %	165	33.4 %
<b>Total revenue</b>	<b>620,823</b>	<b>100.0 %</b>	<b>346,110</b>	<b>100.0 %</b>	<b>274,713</b>	<b>79.4 %</b>

- *Revenue from eNVM* was US\$175.2 million, an increase of 69.2% over 2Q 2021, mainly due to increased demand for MCU and smart card ICs.
- *Revenue from Standalone NVM* was US\$69.6 million, an increase of 279.8% over 2Q 2021, primarily due to increased demand for NOR flash products.
- *Revenue from discrete* was US\$188.9 million, an increase of 57.8% over 2Q 2021, mainly due to increased demand for IGBT, general MOSFET, and super junction products
- *Revenue from logic & RF* was US\$77.0 million, an increase of 35.1% over 2Q 2021, mainly due to increased demand for logic and CIS products.
- *Revenue from analog & power management* was US\$109.4 million, an increase of 133.0% over 2Q 2021, mainly due to increased demand for other PMIC products.



### Analysis of Revenue

Revenue by process technology node	2Q 2022 US\$000 (Unaudited)	2Q 2022 % (Unaudited)	2Q 2021 US\$000 (Unaudited)	2Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
55nm & 65nm	114,320	18.4 %	30,570	8.8 %	83,750	274.0 %
90nm & 95nm	114,697	18.5 %	49,256	14.2 %	65,441	132.9 %
0.11μm & 0.13μm	104,371	16.8 %	70,772	20.4 %	33,599	47.5 %
0.15μm & 0.18μm	47,290	7.6 %	36,881	10.7 %	10,409	28.2 %
0.25μm	3,601	0.6 %	6,956	2.0 %	(3,355)	(48.2)%
≥0.35μm	236,544	38.1 %	151,675	43.9 %	84,869	56.0 %
<b>Total revenue</b>	<b>620,823</b>	<b>100.0 %</b>	<b>346,110</b>	<b>100.0 %</b>	<b>274,713</b>	<b>79.4 %</b>

- Revenue from the 55nm & 65nm technology nodes was US\$114.3 million, an increase of 274.0% over 2Q 2021, mainly due to NOR flash, CIS, and logic products.
- Revenue from the 90nm & 95nm technology nodes was US\$114.7 million, an increase of 132.9% over 2Q 2021, mainly due to increased demand for other PMIC, smart card ICs, and MCU products.
- Revenue from the 0.11μm & 0.13μm technology nodes was US\$104.4 million, an increase of 47.5% over 2Q 2021, mainly due to increased demand for MCU products.
- Revenue from the 0.15μm & 0.18μm technology nodes was US\$47.3 million, an increase of 28.2% over 2Q 2021, mainly due to increased demand for MCU, logic, and other PMIC products.
- Revenue from the 0.25μm technology node was US\$3.6 million, a decrease of 48.2% over 2Q 2021, primarily due to decreased demand for RF products.
- Revenue from the 0.35μm and above technology nodes was US\$236.5 million, an increase of 56.0% over 2Q 2021, mainly due to increased demand for IGBT, general MOSFET, super junction, and other PMIC products.

### Analysis of Revenue

Revenue by end market distribution	2Q 2022 US\$000 (Unaudited)	2Q 2022 % (Unaudited)	2Q 2021 US\$000 (Unaudited)	2Q 2021 % (Unaudited)	YoY Change US\$000	YoY Change %
Consumer electronics	404,719	65.2 %	220,519	63.7 %	184,200	83.5 %
Industrial & automotive	125,728	20.3 %	66,107	19.1 %	59,621	90.2 %
Communications	70,416	11.3 %	48,034	13.9 %	22,382	46.6 %
Computing	19,960	3.2 %	11,450	3.3 %	8,510	74.3 %
<b>Total revenue</b>	<b>620,823</b>	<b>100.0 %</b>	<b>346,110</b>	<b>100.0 %</b>	<b>274,713</b>	<b>79.4 %</b>

- *Revenue from consumer electronics*, our largest end market segment, contributed US\$404.7 million, reaching 65.2% of total revenue, an increase of 83.5% over 2Q 2021, mainly due to increased demand for all technology platforms.
- *Revenue from industrial & automotive* was US\$125.7 million, an increase of 90.2% over 2Q 2021, mainly due to increased demand for MCU, IGBT, and smart card ICs.
- *Revenue from communications* was US\$70.4 million, an increase of 46.6% over 2Q 2021, mainly due to increased demand for logic, smart card ICs, and other PMIC products.
- *Revenue from computing* was US\$20.0 million, an increase of 74.3% over 2Q 2021, mainly due to increased demand for general MOSFET and MCU products.

### Capacity<sup>8</sup> and Capacity Utilization

Fab (in thousands wafers per month)	2Q 2022 (Unaudited)	2Q 2021 (Unaudited)	1Q 2022 (Unaudited)
Fab 1 (200mm)	65	65	65
Fab 2 (200mm)	60	60	60
Fab 3 (200mm)	53	53	53
Fab 7 (300mm)	65	40	65
<b>Total 8" equivalent wafers</b>	<b>324</b>	<b>268</b>	<b>324</b>
<i>Capacity utilization (200mm)</i>	<i>110.0%</i>	<i>112.1%</i>	<i>107.7%</i>
<i>Capacity utilization (300mm)</i>	<i>109.3%</i>	<i>104.1%</i>	<i>103.9%</i>
<i>Overall capacity utilization</i>	<i>109.7%</i>	<i>109.5%</i>	<i>106.0%</i>

- Monthly capacity was 324,000 8-inch equivalent wafers at the end of 2Q 2022. Overall capacity utilization was 109.7%, 3.7 percentage points over 1Q 2022.

<sup>8</sup> 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 2022 (Unaudited)	2Q 2021 (Unaudited)	1Q 2022 (Unaudited)	YoY Change	QoQ Change
Wafer shipments	1,036	730	1,057	41.9 %	(2.0)%

- *Wafer shipments* were 1,036,000, an increase of 41.9% year over year, and 2.0% below 1Q 2022.

### Operating Expenses Analysis

Amounts in US\$ thousands	2Q 2022 (Unaudited)	2Q 2021 (Unaudited)	1Q 2022 (Unaudited)	YoY Change	QoQ Change
Selling and distribution expenses	2,530	1,988	4,496	27.3 %	(43.7)%
Administrative expenses <sup>9</sup>	68,146	43,917	70,768	55.2 %	(3.7)%
<b>Operating expenses</b>	<b>70,676</b>	<b>45,905</b>	<b>75,264</b>	<b>54.0 %</b>	<b>(6.1)%</b>

- *Operating expenses* were US\$70.7 million, 54.0% over 2Q 2021, mainly due to increased labor expense and decreased government grants for research and development, and 6.1% below 1Q 2022, mainly due to decreased bonus.

### Other Income (loss)/ Net Analysis

Amounts in US\$ thousands	2Q 2022 (Unaudited)	2Q 2021 (Unaudited)	1Q 2022 (Unaudited)	YoY Change	QoQ Change
Rental income	3,852	3,544	3,781	8.7 %	1.9 %
Interest income	4,793	3,547	4,322	35.1 %	10.9 %
Foreign exchange (losses) / gains	(56,555)	6,050	7,140	(1,034.8)%	(892.1)%
Share of profit of associates	444	1,424	1,855	(68.8)%	(76.1)%
Finance costs	(8,194)	(3,418)	(6,786)	139.7 %	20.7 %
Government subsidies	496	376	1,842	31.9 %	(73.1)%
Others	(1,511)	373	(1,675)	(505.1)%	(9.8)%
<b>Other (loss) / income net</b>	<b>(56,675)</b>	<b>11,896</b>	<b>10,479</b>	<b>(576.4)%</b>	<b>(640.8)%</b>

- *Other loss net* was US\$56.7 million, largely due to foreign exchange losses in 2Q 2022 versus foreign exchange gains in 2Q 2021 and 1Q 2022.

<sup>9</sup>Administrative expenses include government grants recognized as an offset item.

### Cash Flow Analysis

Amounts in US\$ thousands	2Q 2022 (Unaudited)	2Q 2021 (Unaudited)	1Q 2022 (Unaudited)	YoY Change	QoQ Change
Net cash flows generated from operating activities	212,259	99,127	195,589	114.1 %	8.5 %
Net cash flows used in investing activities	(110,073)	(134,719)	(116,986)	(18.3)%	(5.9)%
Net cash flows (used in) / generated from financing activities	(30,087)	40,584	2,439	(174.1)%	(1,333.6)%
Effect of exchange rate changes	(59,383)	8,024	3,752	(840.1)%	(1,682.7)%
<b>Net change in cash</b>	<b>12,716</b>	<b>13,016</b>	<b>84,794</b>	<b>(2.3)%</b>	<b>(85.0)%</b>

- *Net cash flows generated from operating activities* was US\$212.3 million, 114.1% over 2Q 2021, primarily due to increased revenue, partially offset by increased payments for payrolls and materials.
- *Net cash flows used in investing activities* was US\$110.1 million, including US\$112.4 million of investment in fixed and intangible assets, partially offset by US\$1.8 million of interest income and US\$0.5 million of receipts of government grants for equipment.
- *Net cash flows used in financing activities* was US\$30.1 million, US\$54.5 million of repayment of bank borrowings, US\$12.5 million of interest expenses for bank borrowings and US\$0.5 million of lease payments, partially offset by US\$37.0 million proceeds from bank borrowings and US\$0.4 million proceeds from share option exercises.

### Capital Structure

Amounts in US\$ thousands	30-Jun-2022 (Unaudited)	31-Mar-2022 (Unaudited)
Total assets	6,240,744	6,316,078
Total liabilities	2,608,878	2,531,648
Total equity	3,631,866	3,784,430
<i>Debt ratio</i> <sup>10</sup>	41.8%	40.1%

### Capital Expenditures

Amounts in US\$ thousands	2Q 2022 (Unaudited)	1Q 2022 (Unaudited)
Hua Hong 8"	17,179	16,553
Hua Hong Wuxi	95,174	107,527
<b>Total</b>	<b>112,353</b>	<b>124,080</b>

- *Capital expenditures* were US\$112.4 million in 2Q 2022, including US\$95.2 million for the Wuxi fab.

<sup>10</sup> Debt ratio is calculated based on total liabilities / total assets.

## Liquidity

Amounts in US\$ thousands	30-Jun-2022 (Unaudited)	31-Mar-2022 (Unaudited)
Properties under development	121,026	125,110
Inventories	473,935	451,671
Trade and notes receivables	241,967	243,443
Prepayments, other receivables and other assets	63,186	50,060
Due from related parties	14,212	7,074
Restricted and time deposits	349	2,258
Cash and cash equivalents	1,707,650	1,694,934
<b>Total current assets</b>	<b>2,622,325</b>	<b>2,574,550</b>
Trade payables	303,263	243,211
Other payables and accruals	575,171	513,204
Interest-bearing bank borrowings	231,334	194,304
Lease liabilities	3,309	2,524
Government grants	66,876	67,127
Due to related parties	15,630	19,949
Income tax payable	35,532	67,538
<b>Total current liabilities</b>	<b>1,231,115</b>	<b>1,107,857</b>
<b>Net working capital</b>	<b>1,391,210</b>	<b>1,466,693</b>
Quick ratio	1.7x	1.9x
Current ratio	2.1x	2.3x
Trade and notes receivables turnover days	35	32
Inventories turnover days	101	92

- *Prepayments, other receivables and other assets* increased from US\$50.1 million on 31 March 2022 to US\$63.2 million on 30 June 2022, primarily due to increased deductible value added tax.
- *Trade payables* increased from US\$243.2 million on 31 March 2022 to US\$303.3 million on 30 June 2022, primarily due to increased payables to suppliers.
- *Other payables and accruals* increased from US\$513.2 million on 31 March 2022 to US\$575.2 million on 30 June 2022, mainly due to increased payables for capital expenditures.
- *Interest-bearing bank borrowings* increased from US\$194.3 million on 31 March 2022 to US\$231.3 million on 30 June 2022, mainly due to the reclassification of long term bank borrowings within one year into current liabilities.
- *Income tax payable* decreased from US\$67.5 million on 31 March 2022 to US\$35.5 million on 30 June 2022, mainly due to a payment of income tax for 2021, partially offset by accrued income tax for 2Q 2022.
- On 30 June 2022, *net working capital* was US\$1,391.2 million and the *current ratio* was 2.1.
- *Trade and notes receivables turnover days* were 35.
- *Inventories turnover days* were 101.

Please visit Company's website at [www.huahonggrace.com](http://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-2022 (Unaudited)	30-Jun-2021 (Unaudited)	31-Mar-2022 (Unaudited)
Revenue	620,823	346,110	594,648
Cost of sales	(411,953)	(260,440)	(434,625)
<b>Gross profit</b>	<b>208,870</b>	<b>85,670</b>	<b>160,023</b>
Other income and gains	9,441	13,898	17,721
Fair value gain on an investment property	-	-	(316)
Selling and distribution expenses	(2,530)	(1,988)	(4,496)
Administrative expenses	(68,146)	(43,917)	(70,768)
Other expenses	(58,366)	(8)	(1,995)
Finance costs	(8,194)	(3,418)	(6,786)
Share of profit of associates	444	1,424	1,855
<b>Profit before tax</b>	<b>81,519</b>	<b>51,661</b>	<b>95,238</b>
Income tax (expense) / credit	(28,272)	(14,483)	6,865
<b>Profit for the period</b>	<b>53,247</b>	<b>37,178</b>	<b>102,103</b>
Attributable to:			
Owners of the parent	83,933	44,082	102,944
Non-controlling interests	(30,686)	(6,904)	(841)
Earnings per share attributable to owners of parent			
Basic	0.064	0.034	0.079
Diluted	0.064	0.033	0.078
<b>Shares used in calculating basic earnings per share attributable to owners of parent</b>	<b>1,301,760,320</b>	<b>1,300,192,217</b>	<b>1,301,453,841</b>
<b>Shares used in calculating diluted earnings per share attributable to owners of parent</b>	<b>1,316,099,219</b>	<b>1,325,014,217</b>	<b>1,319,204,155</b>

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

	As of		
	30-Jun-2022 (Unaudited)	31-Mar-2022 (Unaudited)	30-Jun-2021 (Unaudited)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	2,955,516	3,053,141	2,710,002
Investment property	175,337	185,369	182,287
Right-of-use assets	81,994	76,681	76,997
Intangible assets	31,516	33,487	35,784
Investment in associates	118,129	124,420	110,699
Equity instruments designated at fair value through other comprehensive income	221,072	236,005	232,575
Long term prepayment	24,890	23,710	17,407
Due from related parties	-	-	40
Deferred tax assets	9,965	8,715	10,501
<b>Total non-current assets</b>	<b>3,618,419</b>	<b>3,741,528</b>	<b>3,376,292</b>
<b>CURRENT ASSETS</b>			
Properties under development	121,026	125,110	107,865
Inventories	473,935	451,671	355,881
Trade and notes receivables	241,967	243,443	108,358
Prepayments, other receivables and other assets	63,186	50,060	61,448
Due from related parties	14,212	7,074	6,253
Restricted and time deposits	349	2,258	362
Cash and cash equivalents	1,707,650	1,694,934	974,522
<b>Total current assets</b>	<b>2,622,325</b>	<b>2,574,550</b>	<b>1,614,689</b>
<b>CURRENT LIABILITIES</b>			
Trade payables	303,263	243,211	147,074
Other payables and accruals	575,171	513,204	491,089
Interest-bearing bank borrowings	231,334	194,304	138,627
Lease liabilities	3,309	2,524	2,010
Government grants	66,876	67,127	76,611
Due to related parties	15,630	19,949	18,723
Income tax payable	35,532	67,538	22,165
<b>Total current liabilities</b>	<b>1,231,115</b>	<b>1,107,857</b>	<b>896,299</b>
<b>NET CURRENT ASSETS</b>	<b>1,391,210</b>	<b>1,466,693</b>	<b>718,390</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>5,009,629</b>	<b>5,208,221</b>	<b>4,094,682</b>
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	1,346,974	1,400,496	616,254
Lease liabilities	15,687	15,429	16,463
Deferred tax liabilities	15,102	7,866	10,391
<b>Total non-current liabilities</b>	<b>1,377,763</b>	<b>1,423,791</b>	<b>643,108</b>
<b>Net assets</b>	<b>3,631,866</b>	<b>3,784,430</b>	<b>3,451,574</b>
<b>Equity and liabilities capital and reserves</b>			
Share capital	1,987,494	1,987,216	1,984,207
Reserves	901,446	980,308	652,280
<b>Equity attributable to the owners of the company</b>	<b>2,888,940</b>	<b>2,967,524</b>	<b>2,636,487</b>
Non-controlling interests	742,926	816,906	815,087
<b>Total equity</b>	<b>3,631,866</b>	<b>3,784,430</b>	<b>3,451,574</b>

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

	For the Three Months Ended		
	30-Jun 2022 (Unaudited)	30-Jun-2021 (Unaudited)	31-Mar-2022 (Unaudited)
<b>Cash flows from operating activities:</b>			
Profit before tax	81,519	51,661	95,238
Depreciation and amortization	115,358	78,786	117,227
Share of profit of associates	(444)	(1,424)	(1,855)
Changes in working capital and others	15,826	(29,896)	(15,021)
<b>Net cash flows generated from operating activities</b>	<b>212,259</b>	<b>99,127</b>	<b>195,589</b>
<b>Cash flows from investing activities:</b>			
Payments for property, plant and equipment and intangible assets	(112,353)	(136,535)	(124,080)
Receipt of government grants of property, plant and equipment	449	-	4,356
Other cash flow generated from investing activities	1,831	1,816	2,738
<b>Net cash flows used in investing activities</b>	<b>(110,073)</b>	<b>(134,719)</b>	<b>(116,986)</b>
<b>Cash flows from financing activities:</b>			
Proceeds from bank borrowings	36,971	47,590	47,413
Proceeds from issue of shares	393	151	1,252
Repayment of bank borrowings	(54,465)	(2,322)	(43,208)
Payment of lease liabilities	(545)	(827)	(2,484)
Interest paid	(12,441)	(4,008)	(534)
<b>Net cash flows (used in) /generated from financing activities</b>	<b>(30,087)</b>	<b>40,584</b>	<b>2,439</b>
Net increase in cash and cash equivalents	72,099	4,992	81,042
Effects of exchange rate changes	(59,383)	8,024	3,752
Cash and cash equivalents, beginning of period	1,694,934	961,506	1,610,140
<b>Cash and cash equivalents, ending of period</b>	<b>1,707,650</b>	<b>974,522</b>	<b>1,694,934</b>

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

**Executive Directors**

Suxin Zhang (Chairman)

Junjun Tang (President)

**Non-Executive Directors**

Guodong Sun

Jing Wang

Jun Ye

**Independent Non-Executive Directors**

Stephen Tso Tung Chang

Kwai Huen Wong, JP

Long Fei Ye

By order of the Board

**Hua Hong Semiconductor Limited**

Mr. Suxin Zhang

Chairman and Executive Director

Hong Kong SAR, PRC

August 11, 2022