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Stock Code (1347)

News Release

Hua Hong Semiconductor Limited Reports 2023 First Quarter Results

*All currency figures in this report are in US Dollars unless indicated otherwise.
The consolidated financial statements are prepared in accordance with HKFRS.*

Hong Kong Special Administrative Region of the People's Republic of China – May 11, 2023.

Hua Hong Semiconductor Limited (SEHK: 1347) (the "Company"), a global, leading pure-play foundry, today announced its consolidated operational results for the quarter ending March 31, 2023.

First Quarter 2023 Highlights (Unaudited)

- Revenue reached US\$630.8 million, up 6.1% over a year ago and flat to prior quarter.
- Gross margin was 32.1%, 5.2 percentage points higher than 1Q 2022 and 6.1 percentage points lower than 4Q 2022.
- Net profit was US\$140.9 million, 38.0% above 1Q 2022 and 24.2% lower than 4Q 2022.
- Net profit attributable to shareholders of the parent company was US\$152.2 million, 47.9% above 1Q 2022 and 4.3% below 4Q 2022.
- Basic earnings per share was US\$0.116, 46.8% above 1Q 2022 and 4.9% below 4Q 2022.
- ROE (annualized) was 19.6%, 5.5 percentage points higher than 1Q 2022 and 2.4 percentage points below 4Q 2022.

Second Quarter 2023 Guidance

- We expect revenue to be approximately US\$630 million.
- We expect gross margin to be in the range of 25% to 27%.

President's Message

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

"Despite the current downturn in the chip sector and high inventory levels at some customers, the Company has been able to maintain high capacity utilization by adjusting our product mix and business strategy to better meet market demand by strengthening business synergies with customers in the industry chain, such as new energy vehicles, and to expand our supply of the non-volatile memory and power semiconductor platforms. Revenue for the first quarter of 2023 was \$630.8 million, up 6.1% year-over-year and flat quarter-over-quarter. Gross margin for the quarter was 32.1%, up 5.2 percentage points year-over-year and down 6.1 percentage points quarter-over-quarter due to seasonality, annual maintenance and increased depreciation."

Mr. Tang continued, "During 2023, the Company's 12-inch production line in Wuxi will gradually increase monthly capacity to 95,000 wafers and will start construction of new production lines in due course, to provide capacity support for the medium- and long-term development of the Company's specialty processes and to better meet market demand for our advanced "Specialty IC + Power Discrete" technologies. Relying on our diversified specialty process platforms, profound R&D strength, and long-term global customer base, Hua Hong Semiconductor will build on its strengths and reach new heights!"

Webcast/Conference Call Announcement

Date: Thursday, May 11, 2023

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 or
<https://edge.media-server.com/mmc/p/o49owufr>
(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/BI0698e7eb50d84ab8bd1e2dcd642579b6>

Important Note: Before the meeting starts, you will need the personal PIN to join the call. Please check and save the confirmation email after registering. For security reasons, please do not share your personal PIN with anyone else.

Replay: A recording will be available for replay at the below website about 12 hours after the event and will be available for 12 months.

http://www.huahonggrace.com/html/investor_webcast.php

About the Company

Hua Hong Semiconductor Limited (“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 embedded / standalone non-volatile memory (“NVM”), power discrete, analog & power management, and logic & RF, supporting applications in emerging areas, such as the Internet of Things, using advanced “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 National High-Tech Industrial Development Zone, at a 65,000 wafer per month capacity, has become a leading 12-inch foundry devoted to power discrete semiconductors in the Chinese mainland.

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

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

	1Q 2023 (Unaudited)	1Q 2022 (Unaudited)	4Q 2022 (Unaudited)	YoY Change	QoQ Change
Revenue	630,842	594,648	630,110	6.1 %	0.1 %
Gross profit	202,197	160,023	240,707	26.4 %	(16.0)%
Gross margin	32.1 %	26.9 %	38.2 %	5.2	(6.1)
Operating expenses	(76,261)	(75,264)	(59,579)	1.3 %	28.0 %
Other income net	6,066	10,479	35,565	(42.1)%	(82.9)%
Profit before tax	132,002	95,238	216,693	38.6 %	(39.1)%
Income tax credit / (expense)	8,900	6,865	(30,918)	29.6 %	(128.8)%
Profit for the period	140,902	102,103	185,775	38.0 %	(24.2)%
Net profit margin	22.3 %	17.2 %	29.5 %	5.1	(7.2)
Attributable to:					
Owners of the parent	152,234	102,944	159,136	47.9 %	(4.3)%
Non-controlling interests	(11,332)	(841)	26,639	1,247.4 %	(142.5)%
Earnings per share attributable to owners of the parent					
Basic	0.116	0.079	0.122	46.8 %	(4.9)%
Diluted	0.115	0.078	0.121	47.4 %	(5.0)%
Wafers shipped (in thousands 8" equivalent wafers)	1,001	1,057	992	(5.3)%	0.9 %
Capacity utilization ¹	103.5 %	106.0 %	103.2 %	(2.5)	0.3
ROE ²	19.6 %	14.1 %	22.0 %	5.5	(2.4)

First Quarter 2023

- *Revenue* reached US\$630.8 million, up 6.1% year over year and flat to the prior quarter.
- *Gross margin* was 32.1%, 5.2 percentage points higher than 1Q 2022, primarily due to improved average selling price, partially offset by increased depreciation costs, and 6.1 percentage points lower than 4Q 2022, primarily due to increased depreciation, material and utility costs .
- *Operating expenses* were US\$76.3 million, flat to 1Q 2022, and 28.0% over 4Q 2022, mainly due to decreased government grants for research and development.
- *Other income net* was US\$6.1 million, 42.1% below 1Q 2022, primarily due to increased finance costs, partially offset by increased foreign exchange gains and interest income, and 82.9% below 4Q 2022, primarily due to increased finance costs, decreased share of profit of associates and foreign exchange gains.
- *Income tax credit* was US\$8.9 million, 29.6% above 1Q 2022, primarily due to a reversal of increased dividend withholding tax accrued for the prior year.
- *Profit for the period* was US\$140.9 million, 38.0% above 1Q 2022 and 24.2% lower than 4Q 2022.
- *Net profit attributable to shareholders of the parent company* was US\$152.2 million, 47.9% above 1Q 2022 and 4.3% below 4Q 2022.
- *Basic earnings per share* was US\$0.116, 46.8% above 1Q 2022 and 4.9% below 4Q 2022.
- *ROE (annualized)* was 19.6%, 5.5 percentage points higher than 1Q 2022 and 2.4 percentage points below 4Q 2022.

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

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

Analysis of Revenue

Revenue by service type	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	1Q 2022 US\$000 (Unaudited)	1Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
Wafers	605,718	96.0 %	574,651	96.6 %	31,067	5.4 %
Others	25,124	4.0 %	19,997	3.4 %	5,127	25.6 %
Total revenue	630,842	100.0 %	594,648	100.0 %	36,194	6.1 %

- 96.0% of total revenue was derived from the sale of semiconductor wafers in 1Q 2023.

Analysis of Revenue

Revenue by wafer size	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	1Q 2022 US\$000 (Unaudited)	1Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
8" wafers	379,584	60.2 %	332,603	55.9 %	46,981	14.1 %
12" wafers	251,258	39.8 %	262,045	44.1 %	(10,787)	(4.1)%
Total revenue	630,842	100.0 %	594,648	100.0 %	36,194	6.1 %

- Revenues from 8" wafers and 12" wafers were US\$379.6 million and US\$251.3 million, respectively, in 1Q 2023.

Analysis of Revenue

Revenue by geography	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	1Q 2022 US\$000 (Unaudited)	1Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
China ³	477,155	75.7 %	451,638	76.0 %	25,517	5.6 %
North America ⁴	70,760	11.2 %	58,064	9.8 %	12,696	21.9 %
Asia ⁵	39,062	6.2 %	54,885	9.2 %	(15,823)	(28.8)%
Europe	37,344	5.9 %	22,081	3.7 %	15,263	69.1 %
Japan ⁶	6,521	1.0 %	7,980	1.3 %	(1,459)	(18.3)%
Total revenue	630,842	100.0 %	594,648	100.0 %	36,194	6.1 %

- *Revenue from China* was US\$477.2 million, contributing 75.7% of total revenue and an increase of 5.6% over 1Q 2022, mainly due to increased demand for MCU, IGBT, smart card ICs and super junction products, partially offset by decreased demand for CIS, NOR flash, logic and other PMIC products.
- *Revenue from North America* was US\$70.8 million, an increase of 21.9% over 1Q 2022, mainly due to increased demand for MCU products.
- *Revenue from Asia* was US\$39.1 million, a decrease of 28.8% compared to 1Q 2022, mainly due to decreased demand for logic and discrete products.
- *Revenue from Europe* was US\$37.3 million, an increase of 69.1% over 1Q 2022, mainly due to increased demand for smart card ICs and IGBT products.
- *Revenue from Japan* was US\$6.5 million, a decrease of 18.3% over 1Q 2022, primarily due to decreased demand for MCU products.

³Includes Chinese Mainland and Hong Kong.

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

⁵Excludes China and Japan.

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

Analysis of Revenue

Revenue by technology platform	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	1Q 2022 US\$000 (Unaudited)	1Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
Embedded NVM	239,228	37.9 %	142,258	23.9 %	96,970	68.2 %
Standalone NVM	31,802	5.0 %	58,546	9.8 %	(26,744)	(45.7)%
Discrete	232,640	36.9 %	181,342	30.6 %	51,298	28.3 %
Logic & RF	39,203	6.2 %	95,327	16.0 %	(56,124)	(58.9)%
Analog & PM	87,535	13.9 %	116,557	19.6 %	(29,022)	(24.9)%
Others	434	0.1 %	618	0.1 %	(184)	(29.8)%
Total revenue	630,842	100.0 %	594,648	100.0 %	36,194	6.1 %

- *Revenue from embedded NVM* was US\$239.2 million, an increase of 68.2% over 1Q 2022, mainly due to increased demand for MCU and smart card ICs.
- *Revenue from standalone NVM* was US\$31.8 million, a decrease of 45.7% over 1Q 2022, primarily due to decreased demand for NOR flash products.
- *Revenue from discrete* was US\$232.6 million, an increase of 28.3% over 1Q 2022, mainly due to increased demand for IGBT and super junction products.
- *Revenue from logic & RF* was US\$39.2 million, a decrease of 58.9% compared to 1Q 2022, mainly due to decreased demand for CIS and logic products.
- *Revenue from analog & power management* was US\$87.5 million, a decrease of 24.9% over 1Q 2022, mainly due to decreased demand for other PMIC products.

Analysis of Revenue

Revenue by process technology node	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	1Q 2022 US\$000 (Unaudited)	1Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
55nm & 65nm	58,514	9.2 %	103,031	17.3 %	(44,517)	(43.2)%
90nm & 95nm	119,348	18.9 %	124,360	21.0 %	(5,012)	(4.0)%
0.11µm & 0.13µm	128,905	20.4 %	82,825	13.9 %	46,080	55.6 %
0.15µm & 0.18µm	43,928	7.0 %	48,626	8.2 %	(4,698)	(9.7)%
0.25µm	4,146	0.7 %	3,802	0.6 %	344	9.0 %
≥0.35µm	276,001	43.8 %	232,004	39.0 %	43,997	19.0 %
Total revenue	630,842	100.0 %	594,648	100.0 %	36,194	6.1 %

- Revenue from the 55nm & 65nm technology nodes was US\$58.5 million, a decrease of 43.2% over 1Q 2022, mainly due to decreased demand for NOR flash, logic and CIS products, partially offset by increased demand for analog and MCU products.
- Revenue from the 90nm & 95nm technology nodes was US\$119.3 million, a decrease of 4.0% over 1Q 2022, mainly due to decreased demand for other PMIC and CIS products, partially offset by increased demand for smart card ICs and MCU.
- Revenue from the 0.11µm & 0.13µm technology nodes was US\$128.9 million, an increase of 55.6% over 1Q 2022, mainly due to increased demand for MCU products.
- Revenue from the 0.15µm & 0.18µm technology nodes was US\$43.9 million, a decrease of 9.7% over 1Q 2022, mainly due to decreased demand for logic products.
- Revenue from the 0.25µm technology node was US\$4.1 million, an increase of 9.0% over 1Q 2022.
- Revenue from the 0.35µm and above technology nodes was US\$276.0 million, an increase of 19.0% over 1Q 2022, mainly due to increased demand for IGBT and super junction products.

Analysis of Revenue

Revenue by end market distribution	1Q 2023 US\$000 (Unaudited)	1Q 2023 % (Unaudited)	1Q 2022 US\$000 (Unaudited)	1Q 2022 % (Unaudited)	YoY Change US\$000	YoY Change %
Consumer electronics	368,695	58.4 %	395,076	66.3 %	(26,381)	(6.7)%
Industrial & automotive	180,229	28.6 %	106,154	17.9 %	74,075	69.8 %
Communications	62,809	10.0 %	72,847	12.3 %	(10,038)	(13.8)%
Computing	19,109	3.0 %	20,571	3.5 %	(1,462)	(7.1)%
Total revenue	630,842	100.0 %	594,648	100.0 %	36,194	6.1 %

- Revenue from consumer electronics, our largest end market segment, contributed US\$368.7 million, reaching 58.4% of total revenue, a decrease of 6.7% over 1Q 2022, mainly due to decreased demand for other PMIC, NOR flash and logic products, partially offset by increased demand for MCU and super junction products.
- Revenue from industrial & automotive was US\$180.2 million, an increase of 69.8% over 1Q 2022, mainly due to increased demand for IGBT, MCU and general MOSFET.
- Revenue from communications was US\$62.8 million, a decrease of 13.8% over 1Q 2022, mainly due to decreased demand for CIS products, partially offset by increased demand for smart card ICs.
- Revenue from computing was US\$19.1 million, a decrease of 7.1% over 1Q 2022.

Capacity⁷ and Capacity Utilization

Fab (in thousands 8" equivalent wafers)	1Q 2023 (Unaudited)	1Q 2022 (Unaudited)	4Q 2022 (Unaudited)
Capacity (200mm)	178	178	178
Capacity (300mm)	65	65	65
Total capacity	324	324	324
Capacity utilization (200mm)	107.1%	107.7%	105.9%
Capacity utilization (300mm)	99.0%	103.9%	99.9%
Overall capacity utilization	103.5%	106.0%	103.2%

- Monthly capacity was 324,000 8-inch equivalent wafers at the end of 1Q 2023. Overall capacity utilization was 103.5% in 1Q 2023.

⁷ Wafers per month at the end of the period, calculated on a 30-day basis for comparison purposes.

Wafer Shipments

in thousands 8" equivalent wafers	1Q 2023 (Unaudited)	1Q 2022 (Unaudited)	4Q 2022 (Unaudited)	YoY Change	QoQ Change
Wafer shipments	1,001	1,057	992	(5.3)%	0.9 %

- *Wafer shipments* were 1,001,000, a decrease of 5.3% year over year, and 0.9% above 4Q 2022.

Operating Expenses Analysis

Amounts in US\$ thousands	1Q 2023 (Unaudited)	1Q 2022 (Unaudited)	4Q 2022 (Unaudited)	YoY Change	QoQ Change
Selling and distribution expenses	2,688	4,496	2,914	(40.2)%	(7.8)%
Administrative expenses ⁸	73,573	70,768	56,665	4.0 %	29.8 %
Operating expenses	76,261	75,264	59,579	1.3 %	28.0 %

- *Operating expenses* were US\$76.3 million, flat to 1Q 2022, and 28.0% over 4Q 2022, mainly due to decreased government grants for research and development.

Other Income Net Analysis

Amounts in US\$ thousands	1Q 2023 (Unaudited)	1Q 2022 (Unaudited)	4Q 2022 (Unaudited)	YoY Change	QoQ Change
Rental income	3,464	3,781	3,352	(8.4)%	3.3 %
Interest income	11,364	4,322	10,775	162.9 %	5.5 %
Foreign exchange income	16,536	7,140	22,054	131.6 %	(25.0)%
Share of profit of associates	1,520	1,855	7,311	(18.1)%	(79.2)%
Finance costs	(28,413)	(6,786)	(8,465)	318.7 %	235.7 %
Government subsidies	788	1,842	678	(57.2)%	16.2 %
Others	807	(1,675)	(140)	(148.2)%	(676.4)%
Other income net	6,066	10,479	35,565	(42.1)%	(82.9)%

- *Other income net* was US\$6.1 million, 42.1% below 1Q 2022, primarily due to increased finance costs, partially offset by increased foreign exchange gains and interest income, and 82.9% below 4Q 2022, primarily due to increased finance costs, decreased share of profit of associates and foreign exchange gains.

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

Cash Flow Analysis

Amounts in US\$ thousands	1Q 2023 (Unaudited)	1Q 2022 (Unaudited)	4Q 2022 (Unaudited)	YoY Change	QoQ Change
Net cash flows generated from operating activities	131,868	195,589	184,413	(32.6)%	(28.5)%
Net cash flows used in investing activities	(203,281)	(116,986)	(303,135)	73.8 %	(32.9)%
Net cash flows generated from financing activities	263,249	2,439	120,141	10,693.3 %	119.1 %
Effect of exchange rate changes	17,946	3,752	23,118	378.3 %	(22.4)%
Net change in cash	209,782	84,794	24,537	147.4 %	755.0 %

- *Net cash flows generated from operating activities* was US\$131.9 million, 32.6% below 1Q 2022, primarily due to increased payments for materials and maintenance, and 28.5% below 4Q 2022, primarily due to payment of bonuses in 1Q 2023.
- *Net cash flows used in investing activities* was US\$203.3 million, including US\$216.6 million of investment in fixed and intangible assets, partially offset by US\$13.3 million of interest income.
- *Net cash flows generated from financing activities* was US\$263.2 million, including US\$ 296.2 million of capital contribution from non-controlling interests, US\$13.0 million proceeds from bank borrowings, and US\$1.4 million proceeds from share option exercises, partially offset by US\$42.5 million of bank principal payment, US\$3.8 million of interest payments, US\$0.8 million of lease payments, and US\$0.3 million of listing fee.

Capital Structure

Amounts in US\$ thousands	31-Mar-2023 (Unaudited)	31-Dec-2022 (Unaudited)
Total assets	7,378,331	7,055,376
Total liabilities	2,747,651	2,919,908
Total equity	4,630,680	4,135,468
<i>Debt ratio</i> ⁹	37.2%	41.4%

Capital Expenditures

Amounts in US\$ thousands	1Q 2023 (Unaudited)	4Q 2022 (Unaudited)
Hua Hong 8"	25,642	20,169
Hua Hong Wuxi	190,978	310,896
Total	216,620	331,065

- *Capital expenditures* were US\$216.6 million in 1Q 2023, including US\$191.0 million for the Wuxi fab.

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

Liquidity

Amounts in US\$ thousands	31-Mar-2023 (Unaudited)	31-Dec-2022 (Unaudited)
Properties under development	143,960	134,723
Inventories	593,922	578,060
Trade and notes receivables	306,062	291,856
Prepayments, other receivables and other assets	38,657	48,273
Due from related parties	15,348	13,006
Restricted and time deposits	1,056	1,042
Cash and cash equivalents	2,218,547	2,008,765
Total current assets	3,317,552	3,075,725
Trade payables	220,243	236,999
Other payables and accruals	441,795	593,971
Interest-bearing bank borrowings	408,669	426,756
Lease liabilities	5,582	4,704
Government grants	38,165	37,714
Due to related parties	7,944	6,096
Income tax payable	98,314	76,176
Total current liabilities	1,220,712	1,382,416
Net working capital	2,096,840	1,693,309
<i>Quick ratio</i>	2.1x	1.7x
<i>Current ratio</i>	2.7x	2.2x
Trade and notes receivables turnover days	43	38
Inventories turnover days	123	126

- *Prepayments, other receivables and other assets* decreased from US\$48.3 million on 31 December 2022 to US\$38.7 million on 31 March 2023, mainly due to receipts of part of insurance claims.
- *Cash and cash equivalents* increased from US\$2,008.8 million on 31 December 2022 to US\$2,218.5 million due to the reasons stated in the cash flow analysis above.
- *Other payables and accruals* decreased from US\$594.0 million on 31 December 2022 to US\$441.8 million on 31 March 2023, mainly due to payments for capital expenditures and bonuses in 1Q 2023.
- *Income tax payable* increased from US\$76.2 million on 31 December 2022 to US\$98.3 million on 31 March 2023, mainly due to accrued income tax for 1Q 2023.
- On 31 March 2023, *net working capital* was US\$2,096.8 million and the *current ratio* was 2.7.
- *Trade and notes receivables turnover days* were 43.
- *Inventories turnover days* were 123.

Please visit Company's website at www.huahonggrace.com
for further details regarding recent announcements.

Hua Hong Semiconductor Limited
Condensed Consolidated Statements of Profit or Loss
(In US\$ Thousands Except Share Data)

	For the Three Months Ended		
	31-Mar-2023 (Unaudited)	31-Mar-2022 (Unaudited)	31-Dec-2022 (Unaudited)
Revenue	630,842	594,648	630,110
Cost of sales	(428,645)	(434,625)	(389,403)
Gross profit	202,197	160,023	240,707
Other income and gains	32,970	17,721	37,090
Fair value gain on an investment property	-	(316)	394
Selling and distribution expenses	(2,688)	(4,496)	(2,914)
Administrative expenses	(73,573)	(70,768)	(56,665)
Other expenses	(11)	(1,995)	(765)
Finance costs	(28,413)	(6,786)	(8,465)
Share of profit of associates	1,520	1,855	7,311
Profit before tax	132,002	95,238	216,693
Income tax credit / (expense)	8,900	6,865	(30,918)
Profit for the period	140,902	102,103	185,775
Attributable to:			
Owners of the parent	152,234	102,944	159,136
Non-controlling interests	(11,332)	(841)	26,639
Earnings per share attributable to owners of parent			
Basic	0.116	0.079	0.122
Diluted	0.115	0.078	0.121
Shares used in calculating basic earnings per share attributable to owners of parent	1,307,286,436	1,301,453,841	1,306,626,546
Shares used in calculating diluted earnings per share attributable to owners of parent	1,318,907,456	1,319,204,155	1,314,496,496

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

	As of		
	31-Mar-2023 (Unaudited)	31-Dec-2022 (Audited)	31-Mar-2022 (Unaudited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3,436,656	3,367,716	3,053,141
Investment property	171,653	169,363	185,369
Right-of-use assets	84,063	78,425	76,681
Intangible assets	31,217	32,986	33,487
Investment in associates	134,017	130,721	124,420
Equity instruments designated at fair value through other comprehensive income	181,597	178,632	236,005
Long term prepayment	6,903	7,742	23,710
Deferred tax assets	14,673	14,066	8,715
Total non-current assets	4,060,779	3,979,651	3,741,528
CURRENT ASSETS			
Properties under development	143,960	134,723	125,110
Inventories	593,922	578,060	451,671
Trade and notes receivables	306,062	291,856	243,443
Prepayments, other receivables and other assets	38,657	48,273	50,060
Due from related parties	15,348	13,006	7,074
Restricted and time deposits	1,056	1,042	2,258
Cash and cash equivalents	2,218,547	2,008,765	1,694,934
Total current assets	3,317,552	3,075,725	2,574,550
CURRENT LIABILITIES			
Trade payables	220,243	236,999	243,211
Other payables and accruals	441,795	593,971	513,204
Interest-bearing bank borrowings	408,669	426,756	194,304
Lease liabilities	5,582	4,704	2,524
Government grants	38,165	37,714	67,127
Due to related parties	7,944	6,096	19,949
Income tax payable	98,314	76,176	67,538
Total current liabilities	1,220,712	1,382,416	1,107,857
NET CURRENT ASSETS	2,096,840	1,693,309	1,466,693
TOTAL ASSETS LESS CURRENT LIABILITIES	6,157,619	5,672,960	5,208,221
Non-current liabilities			
Interest-bearing bank borrowings	1,496,396	1,481,580	1,400,496
Lease liabilities	19,080	14,644	15,429
Deferred tax liabilities	11,463	41,268	7,866
Total non-current liabilities	1,526,939	1,537,492	1,423,791
Net assets	4,630,680	4,135,468	3,784,430
Equity and liabilities capital and reserves			
Share capital	1,996,528	1,994,462	1,987,216
Reserves	1,229,318	1,036,008	980,308
Equity attributable to the owners of the company	3,225,846	3,030,470	2,967,524
Non-controlling interests	1,404,834	1,104,998	816,906
Total equity	4,630,680	4,135,468	3,784,430

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

	For the Three Months Ended		
	31-Mar-2023 (Unaudited)	31-Mar-2022 (Unaudited)	31-Dec-2022 (Unaudited)
Cash flows from operating activities:			
Profit before tax	132,002	95,238	216,693
Depreciation and amortization	120,338	117,227	107,849
Share of profit of associates	(1,520)	(1,855)	(7,311)
Changes in working capital and others	(118,952)	(15,021)	(132,818)
Net cash flows generated from operating activities	131,868	195,589	184,413
Cash flows from investing activities:			
Payments for property, plant and equipment and intangible assets	(216,620)	(124,080)	(331,065)
Investment in an associate	-	-	(4,013)
Receipt of government grants of equipment	-	4,356	24,655
Other cash flow generated from investing activities	13,339	2,738	7,288
Net cash flows used in investing activities	(203,281)	(116,986)	(303,135)
Cash flows from financing activities:			
Capital contribution from non-controlling interests	296,197	-	-
Proceeds from bank borrowings	12,972	47,413	181,470
Proceeds from issue of shares	1,442	1,252	1,631
Repayment of bank borrowings	(42,527)	(43,208)	(39,826)
Payment of lease liabilities	(756)	(2,484)	(782)
Interest paid	(3,830)	(534)	(31,861)
Other cash flow (used in) /generated from financing activities	(249)	-	9,509
Net cash flows generated from financing activities	263,249	2,439	120,141
Net increase in cash and cash equivalents	191,836	81,042	1,419
Effects of exchange rate changes	17,946	3,752	23,118
Cash and cash equivalents, beginning of period	2,008,765	1,610,140	1,984,228
Cash and cash equivalents, ending of period	2,218,547	1,694,934	2,008,765

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

May 11, 2023