

HGrace | 華虹宏力

HUA HONG SEMICONDUCTOR LIMITED
華虹半導體有限公司

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

(Stock Code: 1347)

(股份代號：1347)



2015

ANNUAL REPORT

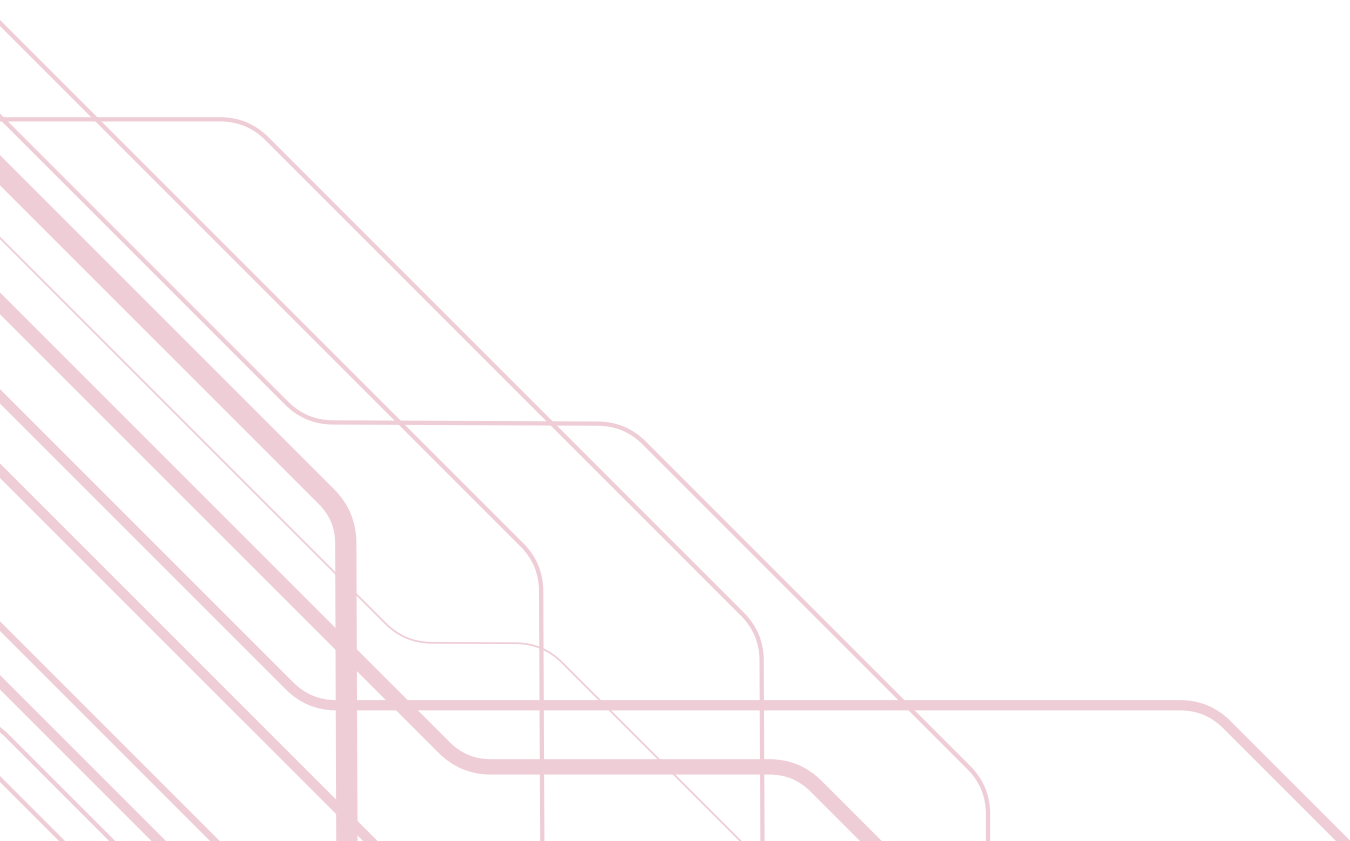
年度報告

**Smart IoT and
Green Innovation**

智能物聯，綠色創“芯”

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Definitions

In this annual report, unless the context otherwise requires, the following terms shall have the meanings set out below.

“Annual General Meeting” or “AGM”	an annual general meeting of the Company to be held on 11 May 2016 at 2:00 p.m. at the JW Marriot Hong Kong, Pacific Place, 88 Queensway, Hong Kong;
“Board”	the board of Directors of the Company;
“CEC”	China Electronics Corporation (中國電子信息產業集團有限公司), a company incorporated in the PRC in May 1989 and a substantial shareholder of Huahong Group;
“China” or “the PRC”	the People’s Republic of China, but for the purpose of this annual report and for geographical reference only and except where the context requires, references in this annual report to (“China”) and the (“PRC”) do not include Taiwan, the Macau Special Administrative Region and Hong Kong;
“Company” or “our Company”	Hua Hong Semiconductor Limited, a company incorporated in Hong Kong with limited liability on 21 January 2005 and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries;
“Company Secretaries”	the company secretaries of the Company;
“Director(s)”	the director(s) of the Company;
“EPS”	earnings per share;
“Executive Director(s)”	the executive director(s) of our Company;
“Grace Cayman”	Grace Semiconductor Manufacturing Corporation, an exempted company with limited liability incorporated in the Cayman Islands on 5 October 1999 and a wholly-owned subsidiary of our Company;
“Grace Shanghai”	Shanghai Grace Semiconductor Manufacturing Corporation (上海宏力半導體製造有限公司), a company incorporated in the PRC on 20 December 2000 and a wholly-owned subsidiary of our Company;
“Group”	our Company and our subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of our present subsidiaries (or became such associated companies of our Company), the business operated by such subsidiaries or their predecessors (as the case may be);
“HHGrace”	Shanghai Huahong Grace Semiconductor Manufacturing Corporation (上海華虹宏力半導體製造有限公司), a company incorporated in the PRC on 24 January 2013 and a wholly-owned subsidiary of our Company;
“HHNEC”	Shanghai Hua Hong NEC Electronics Co., Ltd. (上海華虹NEC電子有限公司), a company incorporated in the PRC on 17 July 1997 and a wholly-owned subsidiary of our Company;

Definitions

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Huahong Group”	Shanghai Huahong (Group) Co., Ltd. (上海華虹(集團)有限公司), a company incorporated in the PRC on 9 April 1996 as Shanghai Hua Hong Microelectronics Co., Ltd. and renamed as Shanghai Huahong (Group) Co., Ltd. in 1998, and a controlling shareholder of our Company;
“Huahong Real Estate”	Shanghai Huahong Real Estate Co., Ltd. (上海華虹置業有限公司), a company incorporated in the PRC on 28 October 2011 and a wholly-owned subsidiary of Huahong Technology Development;
“Huahong Technology Development”	Shanghai Huahong Technology Development Co., Limited (上海華虹科技發展有限公司), a company incorporated in the PRC on 10 May 2010, a company 50% held by and consolidated with Huahong Group and 50% held by HHNEC, and a connected person;
“Independent Non-Executive Director(s)”	the independent non-executive director(s) of our Company;
“INESA”	INESA (Group) Co., Ltd. (上海儀電(集團)有限公司), formerly known as INESA Holding Group (上海儀電控股(集團)有限公司), a state-owned company incorporated in the PRC in December 1993, and a controlling shareholder of our Company;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time;
“Merger”	the merger of Grace Cayman and Hua Hong Semiconductor (Cayman) Inc., an exempted company established by the Company in Cayman Islands;
“NEC”	NEC Corporation, a company incorporated in Japan and founded in 1899 as Nippon Electric Company, Limited;
“Non-Executive Director(s)”	the non-executive director(s) of our Company;
“QST”	QST Corporation (上海矽睿科技有限公司), a company incorporated in the PRC on 13 September 2012 and a connected person;
“RMB”	Renminbi, the lawful currency of the PRC;
“SAIL”	Shanghai Alliance Investment Ltd (上海聯和投資有限公司), a company incorporated in the PRC on 26 September 1994, and a controlling shareholder of our Company;

Definitions

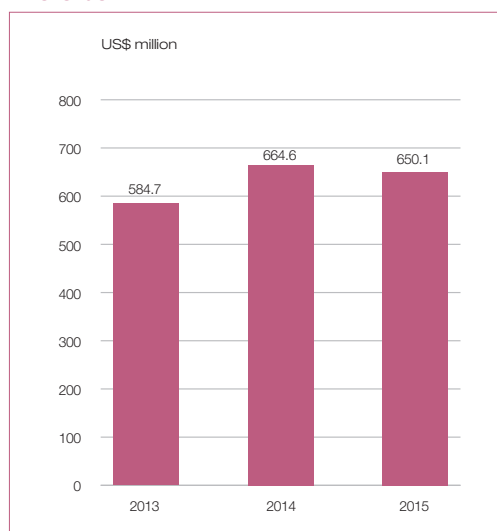
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shanghai Huali”	Shanghai Huali Microelectronics Co., Ltd (上海華力微電子有限公司), a company incorporated in the PRC on 18 January 2010 and a connected person;
“Shareholders”	holders of ordinary shares in the capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

Key Financials

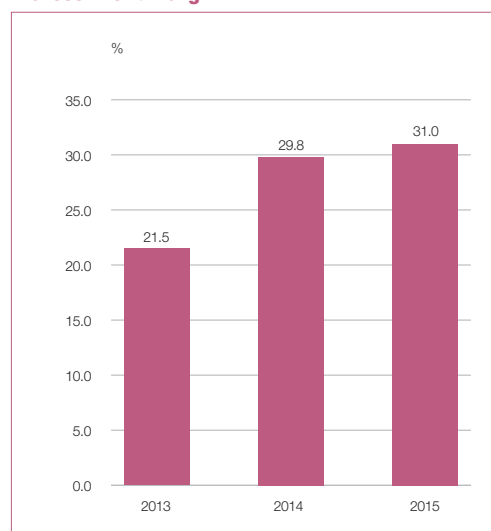
	2015 US\$ million	2014 US\$ million	2013 US\$ million
Revenue	650.1	664.6	584.7
Gross profit	201.4	197.8	125.4
Gross profit margin	31.0%	29.8%	21.5%
Profit for the year	112.5	93.1	61.8
EPS (US\$)	0.11	0.11	0.08

	31 December 2015 US\$ million	31 December 2014 US\$ million	31 December 2013 US\$ million
Net current assets	519.9	571.5	279.9
Net assets	1,490.7	1,465.5	1,056.2

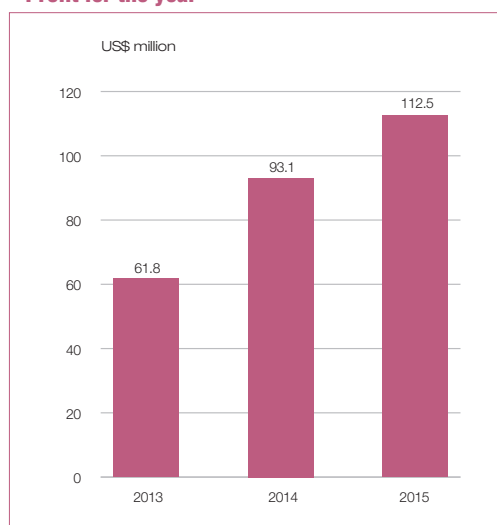
Revenue



Gross Profit Margin



Profit for the year



EPS



LETTER TO SHAREHOLDERS



Letter to Shareholders

Dear Shareholders,

Last year was a year of challenges but also opportunities for us to meet them with courage and integrity. Thanks to your continued support, we executed capacity expansion, drove increased innovation, strengthened financial management and concentrated on control and prevention of risk.

Due to our strong balance sheet, solid operating plan, the unending efforts of our entire workforce and the support of our customers, the Company's operating result was hard won against weakened demand for products in some of our business segments in the fourth quarter.

The gross profit margin grew to 31%, an increase of 1.2 percentage points from 2014, on sales revenue of US\$650.1 million. Net profit amounted to US\$112.5 million, representing an increase of 20.9% from the previous year. In addition, the debt to assets ratio of the Company continued declining to 22%, down by 4.4 percentage points.

As of 31 December 2015, the Company has had 20 consecutive profitable quarters. This was achieved by skillful allocation of resources to maintain stability and a strategy of sustainable growth leveraging our unique R&D and manufacturing expertise to successfully explore new sources of profit.

The Company successfully completed its annual expansion target on schedule, finishing the year with a total capacity of 146,000 wafers per month, representing an increase of 13.2% over 2014. With production expansion in full swing, manufacturing stability was maintained throughout the year with special attention to product mix and equipment performance. The annual output capacity amounted to 1.469 million wafers, representing an increase of 3.5% from 2014. As a highlight of the year, Fab 2, dedicated to power devices, reported an output of 50,000 wafers in a single month, a new record.

We strengthened our leading position in embedded non-volatile memory, especially for smart cards and MCUs, power discrete, power management and sensors. The Company successfully rolled out its 0.11 μ m Ultra-Low-Leakage ("ULL") embedded flash memory platform, which supports integrated RF-CMOS and represents one of the best solutions to MCU applications in the Internet of Things.

The 90nm eFlash/eEEPROM process platform began manufacturing ICs for next generation smart cards, including secure financial cards. The prospects for this advanced technology are very promising. As for discretes, we focused on emerging applications and implemented next generation super junction MOSFET and IGBT with better performance. Our more advanced Ultra High Voltage ("UHV") 700V BCD technology provides LED lighting applications with solutions that require less energy consumption at lower costs.

Amid an increasing demand for ICs for emerging green energy, the Internet of Things and automotive electronics, we will offer a green IC manufacturing platform that has low energy consumption and high performance efficiency in smaller dimensions. We will take full advantage of these growing market opportunities, expand strategically, maintain and improve our key differentiators, all supporting profitable growth and maintaining our competitiveness in the 200mm wafer foundry industry.

One of the economic targets of the present Chinese government's 13th Five-Year Plan (2016-2020) is to have the Chinese semiconductor industry be among the leaders in the global economy. The Company shall strive to be a significant contributor to the achievement of this goal and, at the same time, work to realize benefits from the ongoing support of the government for our industry.

Letter to Shareholders

We will also continue shouldering corporate social responsibility, including energy conservation and environmental protection, and implement practical measures to reduce waste and conserve energy.

The Company was honored with many awards last year, including “Top 50 Innovative Enterprises in Chinese Electronics Information Industry” (中國電子信息行業創新能力五十強企業), “China Top Ten Semiconductor Manufacturers” (中國十大半導體製造企業), and the “Golden Ant Award of National Golden Card Project” (國家金卡工程金螞蟻獎). In consideration of their significant achievements in terms of quality and performance management, the management of the Company were named “Shanghai Magnolia Quality Contributors” (上海市白玉蘭質量貢獻獎).

Our slogan for 2016 year is “Smart IoT and Green Innovation”.

We look forward to a successful year for our stakeholders.

Mr. Suxin Zhang

Chairman and Executive Director

Mr. Yu Wang

President and Executive Director

Hong Kong

22 March 2016

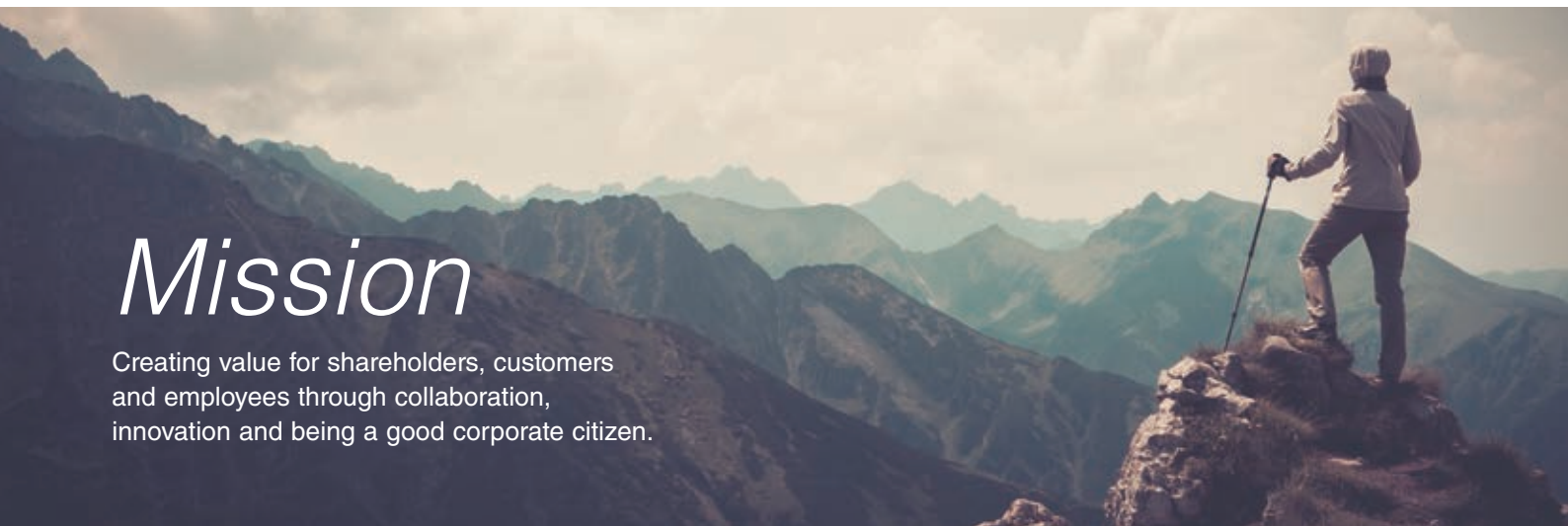
Corporate Information

Corporate Culture



Vision

We empower our customers through continuous innovation



Mission

Creating value for shareholders, customers and employees through collaboration, innovation and being a good corporate citizen.



Spirit

Disruptive Innovation, Confidence, Initiative and Teamwork

Corporate Information

Board of Directors

Executive Directors

Suxin Zhang (*Chairman*) (*appointed on 11 March 2016*)
Yu Wang (*President*)

Non-Executive Directors

Jianbo Chen
Yuchuan Ma
Takayuki Morita
Jun Ye

Independent Non-Executive Directors

Stephen Tso Tung Chang
Kwai Huen Wong, JP
Long Fei Ye

Joint Company Secretaries

Xiaojun Wang (*Solicitor*)
Rao Fu

Authorized Representatives

Yu Wang
Rao Fu

Audit Committee

Stephen Tso Tung Chang (*Chairman*)
Long Fei Ye
Jun Ye

Remuneration Committee

Kwai Huen Wong, JP (*Chairman*)
Jianbo Chen
Long Fei Ye

Nomination Committee

Suxin Zhang (*Chairman*) (*appointed on 11 March 2016*)
Kwai Huen Wong, JP
Long Fei Ye

Website

www.huahonggrace.com

Auditor

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central
Hong Kong

Legal Advisor

Herbert Smith Freehills
23/F, Gloucester Tower
15 Queen's Road Central
Hong Kong

Principal Banks

Shanghai Pudong Development Bank Shanghai Branch
No. 12, Zhongshan East 1st Road
Shanghai, PRC

Industrial and Commercial Bank of China Shanghai Branch
No. 9, Pudong Avenue
Pudong New Area
Shanghai, PRC

China Construction Bank Shanghai Branch
No. 900, Lujiazui Ring Road
Pudong New Area
Shanghai, PRC

Bank of Communications Shanghai Branch
No. 188, Yincheng Middle Road
Shanghai, PRC

China Construction Bank Corporation Hong Kong Branch
28/F, CCB Tower, 3 Connaught Road, Central
Hong Kong

Share Registrar

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

Room 2212, Bank Of America Tower
12 Harcourt Road, Central
Hong Kong

Principal Place of Business and Head Office in China

288 Halei Road
Zhangjiang Hi-Tech Park
Shanghai 201203, PRC

Stock Code

1347

Directors and Senior Management Team

Board of Directors

As of the date of this report, the Board consisted of nine Directors, including two Executive Directors, four Non-Executive Directors and three Independent Non-Executive Directors. They are:

Mr. Suxin Zhang, aged 52, was appointed as an Executive Director, chairman of our Company and a member of and chairman of the nomination committee of the Company on 11 March 2016. On 1 April 2016, Mr. Zhang was appointed as the chairman and director of Huahong Group. Mr. Zhang is also the secretary of the communist party committee of Huahong Group. Since 14 March 2016, Mr. Zhang has been the director and chairman of Shanghai Huali. Mr. Zhang has extensive experience in hi-tech strategic development, energy strategy research and the power equipment industry. From 2013 to March 2016, Mr. Zhang had been the deputy director of both the Shanghai Municipal Development and Reform Commission and the Administration Commission of Shanghai Hi-Tech Industrial Parks. From June 2011 to November 2013, he served as the chairman and secretary of the communist party of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. (Shanghai Stock Exchange Stock Code: 600639, 900911). From 2011 to 2013, he served as the secretary of the communist party and general manager of Shanghai Jinqiao (Holdings) Limited. During June 2008 to January 2011, he served as an executive director of Shanghai Electric Group Company Limited (Stock Code: 2727). Prior to that, Mr. Zhang had been the assistant to the president and head of business development department of Shanghai Electric Group Company Limited. He was the vice president of Shanghai Electric (Group) Corporation from April 2008 to 2011. From 2002 to 2004, Mr. Zhang served as the president of Shanghai Turbine Co., Ltd. From 1986 to 2002, Mr. Zhang served as a designer of the designing department, director of the designing research institute, vice general engineer, general engineer and assistant to the president, and vice president of Shanghai Turbine Co., Ltd. Mr. Zhang graduated from Tsinghua University with a bachelor's degree in engineering, and is a professor-level senior engineer.

Mr. Wenbiao Fu, aged 61, was our Executive Director and the chairman of our Company from July 2009 to March 2016. On 11 March 2016, Mr. Fu resigned as an Executive Director and chairman of the Company and ceased to be a member of and the chairman of the nomination committee of the Company. He has led many manufacturing enterprises throughout his career. Mr. Fu served as the factory chief of Shanghai Electrical Appliance Plastics Factory, Shanghai Electrical Engineering Mechanics Factory, Shanghai Compressor Factory and Shanghai Cable Factory, and as the general manager of Shanghai Wire and Cable Group Co., Ltd. In 1997, Mr. Fu joined HHNEC as vice general manager (Chinese Representative) and led the construction and operation of the first 200mm wafer semiconductor production line in Mainland China. Mr. Fu was the deputy director and director of Shanghai Municipal Commission of Informatization from 2001 to 2008. During the same period, he was also the director of the Shanghai Radio Administration Bureau. From 2009 to March 2016, he was appointed as the chairman of Huahong Group. Mr. Fu received his bachelor's degree in engineering from the University of Shanghai for Science and Technology (previously known as Shanghai Mechanical Engineering Institution) and further obtained his master's degree in economics from Fudan University. He was qualified as a senior engineer in industrial automations in 1993.

Mr. Yu Wang, aged 43, has been an Executive Director and the president of our Company since February 2012. He started his career at Shanghai Hua Hong Microelectronics Co., Ltd. in 1997. From January 1998 to October 2003, he served as the financial department manager and director of HHNEC. From October 2003 to March 2010, Mr. Wang served as the vice president and chief financial officer of HHNEC, during which period he contributed to the set-up from construction to production of the first 200mm wafer semiconductor production line in Mainland China. In March 2010, Mr. Wang joined Grace Shanghai as first vice president and was subsequently appointed president in September 2010. As president, he was instrumental in the successful consummation of the Merger and restructuring. Mr. Wang holds a bachelor's degree in international trade and a master's degree in international finance from Shanghai University of Finance and Economics.

Directors and Senior Management Team

Mr. Jianbo Chen, aged 51, has been a Non-Executive Director of our Company since February 2012. Mr. Chen is also vice president of Huahong Group and vice chairman of Huahong Technology Development. Mr. Chen has over 15 years of experience in electronics engineering. Mr. Chen held various positions, including deputy general manager of Shanghai Science and Technology Investment, the general manager of Shanghai Zhangjiang (Group) Co., Ltd., and office manager of Zhangjiang Innovation Park, president of the Shanghai Integrated Circuit Research & Development Center Limited and chairman of Shanghai Huahong Jitong Smart System Co., Ltd. (300330.SZ). Mr. Chen obtained a bachelor's degree in electronics engineering, a master's degree in electromagnetics and microwave technology, a doctorate degree in communications and electronics systems from Shanghai Jiao Tong University, and a master's degree in business administration from China Europe International Business School.

Mr. Yuchuan Ma, aged 50, has been a Non-Executive Director of our Company since May 2014. Mr. Ma has over 20 years of experience in the electronics and information industry. Mr. Ma is currently vice general manager of Huada Semiconductor Co., Ltd. and also serves as a director of the following companies: Shanghai Belling Co., Ltd (600171.SH), China Electronics Corporation Holdings Company Limited (00085.HK), CEC Huahong International Co., Ltd., Chengdu Sino Microelectronics Technology Co. Ltd. Mr. Ma held various positions in CEC, including vice general manager of the integrated circuit business group and the deputy general manager of the planning, science & technology department. Mr. Ma graduated from Zhejiang University with a bachelor's degree in semiconductor physics and devices.

Mr. Takayuki Morita, aged 56, has been a Non-Executive Director of our Company since July 2009. Mr. Morita joined NEC in April 1983. From 1983 to 2011 he held various positions in NEC, including manager of the international planning division, and senior vice president and executive general manager of the corporate business development unit. Mr. Morita is currently the executive vice president and the head of the global business unit at NEC and has held this position since July 2011. He holds various board positions in subsidiaries and associated companies of NEC Corporation. He also served as an auditor at Japan Aviation Electronics Industry Ltd (listed on Tokyo Stock Exchange) during 24 June 2008 to 26 June 2012. Mr. Morita graduated with a bachelor's degree in law from the University of Tokyo.

Mr. Jun Ye, aged 43, has been a Non-Executive Director of our Company since February 2012. Mr. Ye has 20 years of experience in finance and investment. Since 1996, Mr. Ye has held various positions within the business development and investment banking divisions of SAIL. In December 2009 he was promoted to his current position as vice president. Mr. Ye is also a director at Huahong Group, Shanghai Huali, Bank of Shanghai and Sino-US United MetLife Insurance Company Limited. Mr. Ye also serves as the chairman of Shanghai Zhaoxin Semiconductor Ltd. and Sino Therapeutics Inc. Mr. Ye obtained a bachelor's degree in industrial and international trade and a master's degree in business administration from Shanghai Jiao Tong University.

Mr. Stephen Tso Tung Chang, aged 67, is an Independent Non-Executive Director of our Company. Mr. Chang was certified public accountant in Hong Kong and was a member of the Hong Kong Society of Accountants from 1978 to the end of 2003. He was also a fellow member of the Institute of Chartered Accountants in England and Wales since January 1983. Mr. Chang has extensive experience in accounting, auditing and financial management. He held various positions at Ernst & Young starting in 1976. He became a management committee member of Ernst & Young in 1989 and was actively involved in establishing and monitoring the firm's internal control and risk management policy and procedures. Prior to his promotion in 2000 to managing partner of the professional services department, he was chairman of Ernst and Young's audit and advisory business services for four years. Before his retirement in 2003, he was a partner of Ernst and Young and also the chairman of Ernst and Young China and Hong Kong. He is a member of the Investment Committee of Shanghai Fudan University Education Development Foundation and Fudan University Education Development Foundation (overseas). He is also an independent non-executive director of three Hong Kong listed companies, China Cinda Asset Management Co., Ltd. (stock code: 1359.HK), Kerry Properties Limited (stock code: 683.HK), and China Life Insurance Company Ltd. (stock code: 2628.HK). He was formerly an independent non-executive director of China Pacific Insurance (Group) Co., Ltd. (stock codes: 601601.SH and 2601.HK), a listed company in Hong Kong and Shanghai. Mr. Chang obtained a bachelor's of science degree in food science and chemistry from the University of London.

Directors and Senior Management Team

Mr. Kwai Huen Wong, BBS, JP, aged 64, is an Independent Non-Executive Director of our Company. Mr. Wong was admitted to practice as a solicitor in Hong Kong in October 1985, and in England & Wales in July 1989. He was admitted as a fellow member of the Chartered Institute of Arbitrators in June 1999 and was the chairman of the Hong Kong International Arbitration Centre, and is currently a senior member of the Hong Kong Institute of Arbitrators. Mr. Wong has been a council member of the Law Society of Hong Kong since 2000. From December 2011 to November 2013, he was the chairman of the Copyright Tribunal. He has been a council member of the Hong Kong Institute of Directors and the deputy chairman of the Inland Revenue Board of Review since 2011. He was a board member of the Hong Kong Airport Authority and is currently a board member of the Hong Kong Hospital Authority and Competition Committee, and he has been the president of the Inter Pacific Bar Association and a member of the Competition Commission since 2015. He was appointed as the managing partner for China operations of Fried, Frank, Harris, Shriver & Jacobson from November 2006 to February 2011, and has held the position of managing partner to that firm since March 2011. Mr. Wong is currently an independent non-executive director of China International Marine Containers (Group) Co., Ltd. (stock codes: 000039.SZ and 2039.HK) and PICC Asset Management Co. Ltd. Since December 2015, Mr. Wong has been serving as honorary consultant for Financial Reporting Council. Mr. Wong graduated with a bachelor's degree in arts from Chinese University of Hong Kong, a bachelor's degree in Law and a solicitor certificate from the University of London and British Law School, and also with a certificate in PRC Law issued by the China Law Society.

Mr. Long Fei Ye, aged 74, is an Independent Non-Executive Director of our Company. Mr. Ye held various positions in the Shanghai Municipal Government. Mr. Ye was relocated to Hong Kong in 1991, and served until 1995 as the chief executive of the "Shanghai Desk", which was a cooperation arrangement for promoting Shanghai between the Shanghai government and Arthur Andersen & Co. He then joined Kerry Holdings Limited in 1995, and served as the chairman and deputy chairman of Shangri-La Asia Limited from October 2000 to August 2003 and August 2003 to March 2007, respectively. He has been an advisor to Shangri-La Asia Limited since March 2007. Mr. Ye obtained a bachelor's and master's degree, both in physics from Fudan University.

Senior Management

As of the date of this report, the Company's senior management includes:

Mr. Suxin Zhang, aged 52, was appointed as an Executive Director and Chairman of our Company on 11 March 2016. For more information about Mr. Zhang's past experience and academic background, see the section headed "Directors and Senior Management – Directors".

Mr. Wenbiao Fu, aged 61, was an Executive Director and the chairman of our Company from July 2009 to March 2016. On 11 March 2016, Mr. Fu resigned as an Executive Director and chairman of the Company. For more information about Mr. Fu's past experience and academic background, see the section headed "Directors and Senior Management – Directors".

Mr. Yu Wang, aged 43, is an Executive Director and the president of our Company. For more information about Mr. Wang's past experience and academic background, see the section headed "Directors and Senior Management – Directors".

Mr. Wei Xu, aged 58, is an executive vice president of our Company and is responsible for manufacturing and engineering, human resources, administrative, and security management of our Group. Mr. Xu participated in the start-up of HHNEC in July 1997 and made significant contributions to the set-up of the first 200mm wafer semiconductor production line in Mainland China. He has since held various positions at HHNEC in manufacturing, technology and quality control. From June 2012 to October 2013, Mr. Xu was the acting president of HHNEC. Prior to joining HHNEC, Mr. Xu worked with Wuxi Huajing Electronics Group. Mr. Xu graduated from Xi'an Jiaotong University majoring in semiconductor physics and devices. He further enrolled in post-graduate studies at Tsinghua University.

Directors and Senior Management Team

Mr. Heng Fan, aged 54, is an executive vice president of our Company and is responsible for Sales and Marketing. Prior to joining our Group at the end of 2014, Mr. Fan was director and president of Shanghai Huahong Jitong Smart System Co. Ltd from 2003 to 2014. Before this, he held various positions including research analyst/deputy director of Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Science, and vice president of Shanghai Huahong Integrated Circuit Co. Ltd. Mr. Fan has also been the chairman of Shanghai RFID Engineering and Technology Association since 2011. Mr. Fan received his bachelor's degree in microelectronics from the Electronic Engineering Department of Fudan University and his master's degree in Semiconductor Physics and Semiconductor Device Physics from Shanghai Institute of Microsystem and Information Technology, Chinese Academy of Science.

Mr. Daniel Yu-Cheng Wang, aged 53, is an executive vice president of our Company and oversees finance, information technology, listed company affairs, and international human resources for our Group. He joined Grace Shanghai in April 2001 and played a central leadership role in each stage of Grace Shanghai's development and in the preparation for and implementation of the Merger and the successful IPO of the Company. Mr. Wang has been secretary of the Board of the Company since February 2012. Prior to joining Grace Shanghai, Mr. Wang worked at LSI Logic Corporation in Silicon Valley, U.S. from August 1995 to March 2001 as the division controller in the broadband entertainment division. Before joining LSI Logic Corporation, Mr. Wang was employed by Franklin Templeton Investments in the U.S. Mr. Wang obtained a bachelor's of science degree in industrial engineering and operations research from College of Engineering, University of California, Berkeley, and a master's of business administration in finance and banking from the University of San Francisco.

Dr. Cheng Fu, aged 37, is an executive vice president of our Company and is in charge of legal and compliance. He joined Grace Shanghai in May 2006 and has been instrumental in setting the strategic direction of the Company. Dr. Fu has also held various positions at SAIL, starting from September 2005, where his primary responsibilities include investments in the technology sector. Dr. Fu holds the position of deputy director of technology and industry investments at SAIL concurrently with his responsibilities at our Group. Dr. Fu earned a bachelor's of engineering degree in computer science and technology and a doctorate degree of engineering in computer software and theory from Shanghai Jiao Tong University.

Dr. Weiran Kong, aged 52, is an executive vice president of our Company and is in charge of technology development. He joined Grace Shanghai in March 2003 and has 20 years' experience in the semiconductor industry, with a proven track record of driving innovations in the area of NOR Flash, Logic and embedded Flash. Before joining Grace Shanghai, Dr. Kong was based in the U.S. and has worked for Sun Microsystems, Inc., LSI Logic Corporation and ISSI. He obtained a bachelor's degree in physics from Nankai University in Tianjin and graduated with a master's of science degree in electrical engineering and a doctorate degree in applied physics from Oregon Graduate Institute of Science & Technology in the U.S. Dr. Kong holds 12 U.S. patents, 24 PRC patents and co-authored over 20 technical papers.

Mr. Kai Gong, aged 60, served as an executive vice president of our Company and was in charge of administrative and security management until his retirement on 31 December 2015. He joined HHNEC in 1998 and was the manager and director of the EHS and facility departments. Mr. Gong started his career in the Acrylic Factory of Shanghai Petrochemical Company and held various positions including workshop director, vice factory chief and factory chief from 1983 to 1995. Prior to joining HHNEC, he was the assistant to the general manager of Sinopec Shanghai Petrochemical Co, Ltd. and was in charge of basic construction and general administration. He obtained a bachelor's degree in business administration from the Shanghai University of Technology and a master's of business administration degree from China Europe International Business School. He was qualified as a senior economist in 2013 by Shanghai Municipal Human Resources and Social Security Bureau.

Directors and Senior Management Team

Dr. Qi Li, aged 53, is a vice president of our Company and is currently responsible for purchasing, logistics, testing, quality assurance, and planning. Dr. Li has over 20 years of professional working experience and joined Grace Shanghai in January 2003. Prior to that, he was the senior engineering manager at Applied Materials, Inc., in the U.S. from 1995 to 2002. Dr. Li received a bachelor's degree in physics from Peking University and his master's and doctorate degrees in physics from the University of Maryland.

Mr. Tony Chen, aged 57, is a vice president of our Company and currently responsible for regional sales and customer support. Mr. Chen has over 20 years of experience in the semiconductor industry and joined Grace Shanghai in March 2006. Prior to that, he worked for Chartered Semiconductor Manufacturing Ltd (which was later acquired by GLOBALFOUNDRIES) from January 1994 to February 2006 and was the chief representative for Chartered Semiconductor Manufacturing Ltd.'s China Representative Office from August 2002 until February 2006. Mr. Chen received his bachelor's degree in semiconductor physics from the Sun Yat-Sen University. He obtained his master's degrees of Science (M.Sc.) and University Administration (M.U.A.) from the University of Glasgow.

Dr. Steven Lin, aged 54, is a vice president of our Company and currently leads regional sales for North America and Japan. He worked in various non-volatile memory technology development roles at leading semiconductor companies such as Simtek Corporation and joined Grace Shanghai in August 2006. Dr. Lin received his bachelor's of science and master's of science degrees in electrical engineering from Massachusetts Institute of Technology, and a doctorate degree in electrical engineering from the California Institute of Technology.

Mr. Bill Lin, aged 47, is a vice president of our Company and is currently responsible for our Fab 3 operations. He has over 20 years of working experience in the semiconductor industry and joined Grace Shanghai in August 2000. Before joining Grace Shanghai, he worked for Texas Instruments-Acer Inc. (later merged with Taiwan Semiconductor Manufacturing Company Limited) from 1995 to August 2000. Mr. Lin received his master's degree in chemical engineering from the National Taiwan University of Science and Technology (previous known as National Taiwan Institute of Technology in Taiwan).

Mr. Mirko Sonntag, aged 39, is a vice president of our Company and is currently responsible for sales operations and customer services and sales for Europe. His expertise encompasses demand and supply chain planning and business operations, with a strong foundation in business development. Mr. Sonntag joined Grace Shanghai in October 2008. Prior to that, he worked at Infineon Technologies AG in Germany. Mr. Sonntag obtained a diploma in process engineering and economics from the University of Applied Sciences Berlin and School of Economics Berlin, Germany.

Ms. Ying Chen, aged 43, is a vice president of our Company and currently responsible for general administration, scientific and technological projects, market communications and listed company affairs. Ms. Chen joined Grace Shanghai in April 2001 and has 20 years of administrative experience. Prior to this, Ms. Chen worked at Shanghai Fudan Forward Science and Technology Co., Ltd. Ms Chen graduated from Fudan University with a bachelor degree in law, and subsequently obtained a MBA degree from Renmin University of China.

Directors and Senior Management Team

Joint Company Secretaries

Mr. Xiaojun Wang, aged 61, is our joint Company Secretary and was appointed in June 2014. He is a practicing solicitor admitted in the PRC, Hong Kong and England and Wales. He joined The Stock Exchange of Hong Kong Limited in 1992 and worked at Richards Butler, Peregrine Capital Limited and ING Barings Securities (Hong Kong) Limited. In 2001, he established X. J. Wang & Co. that was merged with Jun He Law Offices in 2009. He is currently a partner of Jun He Law Offices. From 2011 to 2012, Mr. Wang was a managing director of CCB International (Holdings) Limited. He was an independent non-executive director of Guangzhou Shipyard International Company Limited (stock codes: 317.HK and 600685.SH) from 2005 to 2011. From 2008 to 2014, Mr. Wang served as an independent non-executive director of NORINCO International Company Limited (stock code: 000065.SZ). Mr. Wang also serves as an independent non-executive director of OP Financial Investments Limited (stock code: 1140.HK), Yanzhou Coal Mining Company Limited (stock codes: 1171.HK, 600188.SH and YZC), China Aerospace International Holdings Limited (stock code: 31.HK), and Livzon Pharmaceutical Group Inc. (stock codes: 1513.HK and 000513.SZ). Mr. Wang obtained a bachelor's degree in laws from the Renmin University of China and a master of laws degree from the Chinese Academy of Social Sciences.

Ms. Rao Fu, aged 38, is our joint Company Secretary and was appointed in June 2014. Ms. Fu joined Grace Shanghai in 2007 and has held various positions, including manager of the legal department and senior legal counsel. She is very experienced on all legal matters of the Group, including mergers and acquisitions, management of litigation, commercial contracts, financing, regulatory and compliance matters, as well as other matters for the Group's business. Prior to joining Grace Shanghai, Ms. Fu worked at International Information Products (Shenzhen) Co., Ltd., from October 2000 to January 2002. This company was subsequently acquired by Lenovo in 2005 and renamed Lenovo Information Products (Shenzhen) Co., Ltd. Ms. Fu graduated with a bachelor's degree in economics from Jilin University of Finance and Economics (previously known as Changchun Taxation College) and obtained her Juris Master's degree from Fudan University School of Law and also her master of laws degree from Columbia Law School, the United States.

CORPORATE GOVERNANCE REPORT



Corporate Governance Report

Corporate Governance Report

The Board is pleased to present this corporate governance report for the year ended 31 December 2015.

Corporate Governance Practices

The Company is committed to promoting good corporate governance and has set up procedures on corporate governance that comply with the principles in the Corporate Governance Code (the “Code”) as set out in Appendix 14 to the Listing Rules.

Compliance with the Code Provisions

For the year ended 31 December 2015, the Company complied with the Code.

Directors’ Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company has made specific enquiries with all of the Directors, each of whom has confirmed that he has, throughout the year ended 31 December 2015, complied with the required standards set out therein.

Board of Directors

The Board is entrusted with the overall responsibility of managing the Company’s business and affairs and the ultimate responsibility of the day-to-day management of the Company which is delegated to the chairman and the management.

The Board currently comprises a total of nine Directors, with two Executive Directors, Mr. Suxin Zhang (chairman) (appointed on 11 March 2016) and Mr. Yu Wang (president), four Non-Executive Directors, Mr. Jianbo Chen, Mr. Yuchuan Ma, Mr. Takayuki Morita and Mr. Jun Ye and three Independent Non-Executive Directors, Mr. Stephen Tso Tung Chang, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye. Mr. Wenbiao Fu was an Executive Director and chairman of the Company from July 2009 to March 2016. On 11 March 2016, Mr. Wenbiao Fu resigned as an Executive Director and chairman of the Company and Mr. Suxin Zhang was appointed as an Executive Director and chairman of the Company. More details of the Directors are disclosed on pages 11 to 13 of this annual report. The Company has published and maintained on its website and on the Stock Exchange’s website an updated list of the Directors identifying their roles and functions.

Each of the Non-Executive Directors of the Company is appointed for a specific term of three years and is subject to re-nomination and re-election by the Company in general meetings unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director’s service contract.

The Board meets regularly throughout the year. All Directors are given the opportunity to put items on the agenda for regular Board meetings. All Directors have access to the Company Secretaries to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretaries and are available for inspection on reasonable notice. Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company.

The Board is responsible for setting the strategic direction and policies of the Group and supervising management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder of the Company or a Director, the approval of the quarterly, interim and final results, other disclosures to the public or regulators and the internal control system are reserved by the Board, and the decisions relating to such matter shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to management under the supervision of the respective Directors and the leadership of the chairman.

Corporate Governance Report

The chairman is responsible for formulating business strategies and providing leadership to the Board, ensuring effective running of the Board, including that all appropriate issues are discussed by the Board in a timely manner. The chairman ensures that all Directors are properly briefed on issues arising at Board meetings and all Directors receive adequate, complete and reliable information.

The roles of the chairman and the president are separate. The chairman is responsible for the overall management and operations of the Company and for proposing and reviewing the corporate directions and strategies of the Company. The president is responsible for the day-to-day management of the Company's business and operations as well as the implementation of the Company's business strategies.

During the year ended 31 December 2015, the Board at all times complied with Rules 3.10(1), (2) and 3.10A of the Listing Rules relating to the appointment of at least three Independent Non-Executive Directors representing at least one-third of the Board; one of the Independent Non-Executive Directors is required to possess appropriate professional qualifications or accounting or related financial management expertise. Each of the Independent Non-Executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all Independent Non-Executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

Directors' and Officers' Liabilities Insurance

Appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Company has been arranged by the Company.

Board Operation

During the year ended 31 December 2015, the Board held five Board meetings. The attendance record of each member of the Board at the Board meetings, the audit committee, nomination committee, and remuneration committee meetings is set out below:

	Board meetings	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings
Executive Directors				
Suxin Zhang (Note 1)	N/A	N/A	N/A	N/A
Wenbiao Fu (Note 2)	5	N/A	1	N/A
Yu Wang	5	N/A	N/A	N/A
Non-Executive Directors				
Jianbo Chen	5	N/A	N/A	1
Yuchuan Ma	5	N/A	N/A	N/A
Takayuki Morita	4	N/A	N/A	N/A
Jun Ye	4	3	N/A	N/A
Independent Non-Executive Directors				
Stephen Tso Tung Chang	5	5	N/A	N/A
Kwai Huen Wong, JP	5	N/A	1	1
Long Fei Ye	5	5	1	1

Corporate Governance Report

Note 1: Mr. Suxin Zhang was appointed as an Executive Director, chairman and chairman of the nomination committee of the Company on 11 March 2016. Mr. Suxin Zhang attended the Board meeting held on 22 March 2016 and no nomination committee meetings of the Company were held after his appointment.

Note 2: On 11 March 2016, Mr. Wenbiao Fu resigned as an Executive Director and chairman of the Company and ceased to be a member and chairman of the nomination committee of the Company.

During the year ended 31 December 2015, the Company held one extraordinary general meeting on 1 September 2015 to approve the adoption of the Share Option Scheme of the Company.

In place of physical meetings, the Board may circulate written resolutions for approval by the relevant members of the Board except for matters where a substantial shareholder or a Director has a conflict of interest that the Board has determined to be material in compliance with Code Provision A.1.7.

The Board having considered the attendance records of the Directors is satisfied that each Director spends sufficient time performing his responsibilities.

Continuous Professional Development

Directors shall keep abreast of their responsibilities as Directors of the Company and of the conduct, business activities and development of the Company.

Under Code Provision A.6.5 the Directors should participate in appropriate continuous professional development programs to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2015, all Directors were provided with timely updates on the Company's performance, financial position, prospects, and materials on new or salient changes to laws and regulations applicable to the Group, to enable the Board as a whole and each Director to discharge their duties. Internally-facilitated briefings for the Directors will be arranged in the next financial year, and reading material on relevant topics will be issued to the Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expense.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") currently comprises one Non-Executive Director, Mr. Jianbo Chen, and two Independent Non-Executive Directors, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye. The chairman of the Remuneration Committee is Mr. Kwai Huen Wong, JP. The roles and functions of the Remuneration Committee include the determination of the specific remuneration packages of all Executive Directors and senior management, including benefits in kind, pension rights and compensation payments, and the making of recommendations to the Board in connection with the remuneration of the Non-Executive Directors. The Remuneration Committee should consider factors such as the salaries paid by comparable companies, employment conditions elsewhere in the Group and the desirability of performance-based remuneration. A copy of the terms of reference of the Remuneration Committee is available from the Company's website and the Stock Exchange's website. The Remuneration Committee shall meet at least once a year.

During the year ended 31 December 2015, one meeting of the Remuneration Committee was held to review and recommend the Share Option Scheme of the Company.

Details of the emoluments of the Directors are set out in note 8 to the Financial Statements.

Corporate Governance Report

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) currently comprises one Executive Director, Mr. Suxin Zhang (appointed on 11 March 2016), and two Independent Non-Executive Directors, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye. The chairman of the Nomination Committee is Mr. Suxin Zhang (appointed on 11 March 2016). Mr. Wenbiao Fu was appointed as a member and chairman of the Nomination Committee on 22 September 2014. On 11 March 2016, Mr. Wenbiao Fu ceased to be a member and chairman of the Nomination Committee. The role and function of the Nomination Committee are to review the structure, size and composition of the Board, make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy, with due regard to the board diversity policy, identify individuals suitably qualified to become Board members, select or make recommendations to the Board on the selection of individuals nominated for directorships, assess the independence of Independent Non-Executive Directors and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the president, and monitor the implementation of the board diversity policy and review such policy, as appropriate, to ensure its effectiveness. The Nomination Committee has established a specific written committee charter which deals clearly with its authority and duties. A copy of the terms of reference of the Nomination Committee is available from the Company’s website and the Stock Exchange’s website. The Nomination Committee shall meet at least once a year.

During the year ended 31 December 2015, one meeting of the Nomination Committee was held.

Pursuant to the articles of association of the Company (the “Articles”), any person appointed as a Director to fill a casual vacancy of the Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election at the relevant general meeting and any Director appointed as an addition to the existing Board shall hold office only until the next annual general meeting of the Company and shall then be eligible for re-election at the relevant general meeting. Every Director shall be subject to retirement by rotation at least once every three years and shall be eligible for re-election in accordance with the Articles. The Articles also allow for removal of a Director by an ordinary resolution.

Auditor’s Remuneration

During the year ended 31 December 2015, the remuneration paid and payable to the auditors of the Company, Ernst & Young, for the provision of the Company’s audit services and non-audit related services was US\$0.50 million and US\$0.01 million respectively.

Audit Committee

At least one of the members of the audit committee of the Company (the “Audit Committee”) has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. None of the members of the Audit Committee was a former partner of the Company’s existing external auditors within one year immediately prior to the dates of their respective appointments. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company. The Board expects the members of the Audit Committee to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the Audit Committee in order to comply with the requirement of the Code.

Corporate Governance Report

The Audit Committee of the Company currently comprises one Non-Executive Director, Mr. Jun Ye, and two Independent Non-Executive Directors, Mr. Stephen Tso Tung Chang and Mr. Long Fei Ye. The chairman of the Audit Committee is Mr. Stephen Tso Tung Chang. The primary duties of the Audit Committee include the reviewing of the Company's financial reporting system, the nature and scope of audit review as well as the effectiveness of the system of internal control procedures and risk management. The Audit Committee is also responsible for making recommendations in relation to the appointment, reappointment and removal of the external auditors, and the reviewing and monitoring of the independence and objectivity of the external auditors. In addition, the Audit Committee discusses matters raised by the external auditors and regulatory bodies to ensure that appropriate recommendations are implemented. A copy of the terms of reference of the Audit Committee is available from the Company's website and the Stock Exchange's website. The Audit Committee shall meet at least twice a year. Reference is also made to the revised terms of reference of the Audit Committee dated 29 December 2015 which has come into effect on 1 January 2016.

During the year ended 31 December 2015, the Audit Committee held five meetings and a majority of the committee members were present at the meetings. In such meetings, the Audit Committee reviewed and approved the Company's financial statements for each of the four quarters of 2015, the six months ended 30 June 2015 and for the year ended 31 December 2015.

Summary of the Board Diversity Policy

On 22 September 2014, the Board adopted a board diversity policy (the "Policy") in compliance with Code provision A.5.6.

The Policy aims to set out the approach to achieve diversity on the Board and does not apply to diversity in relation to the employees of the Company, nor the board and the employees of any subsidiary of the Company. The Company sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. In designing the Board's composition, Board diversity will be considered from a number of aspects, including without limitation, differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board, in order to maintain an appropriate range and balance of talents, skills, experience and background on the Board. In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates on merit against objective criteria and with due regard for the benefits of diversity on the Board. The Nomination Committee will discuss and agree on the measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption. At any given time, the Board may seek to improve one or more aspects of its diversity and measure progress accordingly. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth.

Corporate Governance Functions

The Board is responsible for performing the functions set out in provision D.3.1 of the Code.

The Board reviewed the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance with the Model Code, and the Company's compliance with the Code and disclosure in this Corporate Governance Report.

Investor Relations

The Company maintains a website at www.huahonggrace.com with information and updates on the Company's business developments and operations, list of Directors and their role and function, constitutional documents, terms of reference of the Board and its committees, procedures for nomination of Directors for election, Shareholder rights and communication policy, corporate governance practices, announcements, circulars and reports released to the Stock Exchange and other information. Information on the Company's website will be updated from time to time.

Corporate Governance Report

Company Secretaries

The Company Secretaries, Mr. Xiaojun Wang and Ms. Rao Fu, are responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. They are also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Company and facilitating the induction and professional development of Directors.

The Company Secretaries report to the chairman and the president, play an essential role in the relationship between the Company and its Shareholders, and assist the Board in discharging its obligations to Shareholders pursuant to the Listing Rules.

During the year ended 31 December 2015, each of Mr. Xiaojun Wang and Ms. Rao Fu attended relevant professional seminars to update their skills and knowledge and each has complied with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training, respectively.

Shareholder Rights

The Company uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. These include quarterly, interim and annual reports, announcements and circulars.

The general meetings of the Company are a primary forum for communication between the Shareholders and the Board. The Company encourages its Shareholders to attend and participate in general meetings to ensure a high level of accountability and to keep Shareholders informed of the Company's strategy and goals. The chairman of the Board, other Board members and the chairmen of all the Board committees, or in their absence, other members of the respective committees, are available to answer any questions from the Shareholders.

Procedures for Shareholders to Convene an Extraordinary General Meeting

Extraordinary general meetings may be convened by the Directors on requisition of Shareholder(s) holding not less than one-twentieth of the paid up capital of the Company or by such Shareholder(s) who made the requisition (the Requisitionist(s)) (as the case may be) pursuant to sections 566 to 568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the Companies Ordinance). The objects of the meeting must be stated in the requisition which must be signed by the Requisitionist(s) and deposited at the registered office of the Company. Shareholders should follow the requirements and procedures as set out in sections 580 to 583 of the Companies Ordinance for convening an extraordinary general meeting.

Procedures for Putting Forward Proposals at Shareholders' Meetings and Directing Shareholders' Enquiries to the Board

Shareholders may at any time send their written requests, proposals, enquiries and concerns to the Company for the attention of chairman of the Board or the Company Secretaries whose contact details are as follows:

288 Halei Road, Zhangjiang Hi-Tech Park, Shanghai 201203, China
Tel: (86) 21 38829909
Fax: (86) 21 50809999
Email: IR@hhgrace.com

Voting by Poll

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll.

Corporate Governance Report

System of Internal Controls

The Board ensures the maintenance of sound and effective internal controls to safeguard the Shareholders' investment and the assets of the Company. It is an important duty of the Directors to conduct a review of the effectiveness of the system of internal controls of the Company annually or at any time necessary. The review covers all material controls, including financial, operational and compliance controls, and risk management functions, and takes into account the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget. The Board has reached the conclusion that the Company's internal control system was in place and effective.

General

The Directors acknowledge their responsibility in preparing the Company's financial statements for each financial period to give a true and fair view of the state of affairs of the Company and in accordance with statutory requirements and applicable accounting standards. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

The responsibilities of the auditors with respect to the financial reporting are set out in the Independent Auditors' Report on pages 145 and 146 of this annual report.

On behalf of the Board

Mr. Suxin Zhang

Chairman

DIRECTORS' REPORT

Internet
of
things



Directors' Report

The Directors present the annual report and the audited financial statements of the Company for the year ended 31 December 2015 (the "Financial Statements").

Principal Activities

The Company is a pure-play 200mm wafer foundry. We primarily focus on manufacturing semiconductors for specialty applications. The activities of our principal subsidiaries are set out in note 1 to the Financial Statements.

Business Review

Revenue Analysis

Revenue of the Company in 2015 was US\$650.1 million, representing a decrease of 2.2% from 2014. Thanks to our strong balance sheet, solid operating plan, the unending efforts of our entire workforce and the support of our customers, the Company's operating result was hard won against decreased demand in the fourth quarter for products in some of our business segments.

Revenue by Service						
	2015 US\$000	2015 %	2014 US\$000	2014 %	YoY US\$000 Change	YoY Percentage Points Change
Wafers	631,736	97.2%	641,428	96.5%	-9,692	0.7
Others	18,395	2.8%	23,158	3.5%	-4,763	-0.7
Total revenue	650,131	100.0%	664,586	100.0%	-14,455	-

- We derived 97.2% of our revenue from the sale of semiconductor wafers.

Revenue by Customer Type						
	2015 US\$000	2015 %	2014 US\$000	2014 %	YoY US\$000 Change	YoY Percentage Points Change
Systems and Fabless	489,179	75.2%	502,228	75.6%	-13,049	-0.4
Integrated Device Manufacturers	160,952	24.8%	162,358	24.4%	-1,406	0.4
Total revenue	650,131	100.0%	664,586	100.0%	-14,455	-

- Revenue contribution from systems and fabless companies accounted for 75.2% of our total revenue in 2015, remaining flat over 2014.

Directors' Report

Revenue by Geography

	2015 US\$000	2015 %	2014 US\$000	2014 %	YoY US\$000 Change	YoY Percentage Points Change
China	358,896	55.2%	356,412	53.6%	2,484	1.6
United States	123,716	19.0%	138,148	20.8%	-14,432	-1.8
Europe	61,648	9.5%	60,488	9.1%	1,160	0.4
Japan	53,027	8.2%	42,982	6.5%	10,045	1.7
Other Asia	52,844	8.1%	66,556	10.0%	-13,712	-1.9
Total revenue	650,131	100.0%	664,586	100.0%	-14,455	-

- China remained our largest market in 2015, contributing 55.2% of our total revenue, an increase over 53.6% in 2014, primarily due to increased demand for power management ICs for LED lighting and discrete.
- Revenue from the United States was 19.0%, decreased by 1.8 percentage points compared to 2014, due to lower demand for MCU from certain of our customers.
- Revenue contribution from Europe was 9.5%, flat compared to 2014. In terms of absolute dollar amounts, revenue from Europe increased by US\$1.2 million compared to 2014, mainly due to increased demand for discrete.
- Revenue from Japan was 8.2% in 2015, up by 1.7 percentage points compared to 2014, mainly due to increased demand for MCU.
- Revenue from Other Asia accounted for 8.1%, down by 1.9 percentage points compared to 2014, mainly due to lower demand for MCUs for computer-related market segments.

Revenue by Technology Platform

	2015 US\$000	2015 %	2014 US\$000	2014 %	YoY US\$000 Change	YoY Percentage Points Change
eNVM	284,948	43.8%	300,077	45.2%	-15,130	-1.4
Discrete	146,802	22.6%	122,927	18.5%	23,875	4.1
Analog & PM	106,097	16.3%	103,221	15.5%	2,876	0.8
Logic & RF	77,541	11.9%	93,787	14.1%	-16,246	-2.2
Standalone NVM	31,102	4.8%	37,987	5.7%	-6,885	-0.9
Others	3,641	0.6%	6,587	1.0%	-2,946	-0.4
Total revenue	650,131	100.0%	664,586	100.0%	-14,455	-

- Revenue from eNVM products in 2015 accounted for 43.8% of total revenue, down by 1.4 percentage points compared to 2014, mainly due to decreased demand for SIM Card ICs.
- Revenue from Discrete was 22.6%, up by 4.1 percentage points compared to 2014, mainly due to strong demand for MOSFET and Super-Junction MOSFET.
- Revenue from Analog & PM was 16.3%, up by 0.8 percentage point compared to 2014, mainly due to increased demand for LED lighting ICs.
- Revenue from logic & RF products accounted for 11.9% of our total revenue, decreased by 2.2 percentage points.

Directors' Report

Revenue by Technology Node

	2015 US\$000	2015 %	2014 US\$000	2014 %	YoY US\$000 Change	YoY Percentage Points Change
≤0.13μm	241,620	37.2%	259,636	39.1%	-18,016	-1.9
0.15μm & 0.18μm	111,299	17.1%	135,297	20.4%	-23,998	-3.3
0.25μm	15,933	2.5%	5,102	0.8%	10,831	1.7
≥0.35μm	281,279	43.2%	264,551	39.7%	16,728	3.5
Total revenue	650,131	100.0%	664,586	100.0%	-14,455	-

- Revenue contribution from 0.13μm and below technology nodes was 37.2% in 2015, a decrease of 1.9 percentage points compared to 2014, mainly due to lower demand for SIM Card ICs.
- Revenue from 0.15μm & 0.18μm accounted for 17.1%, a decrease of 3.3 percentage points compared to 2014, due to lower demand for Logic products.
- Revenue from 0.25μm was 2.5% in 2015, up by 1.7 percentage points compared to the previous year, due to increased demand for MCU and RF SOI.
- Revenue from 0.35μm and above technology nodes was 43.2%, up by 3.5 percentage points from 2014, mainly due to increased demand for discrete and power management ICs.



Directors' Report

Revenue by End Market

	2015 US\$000	2015 %	2014 US\$000	2014 %	YoY US\$000 Change	YoY Percentage Points Change
Consumer Electronics	364,773	56.1%	335,700	50.5%	29,073	5.6
Communications	149,926	23.1%	182,089	27.4%	-32,163	-4.3
Industrial & Automotive	86,677	13.3%	80,305	12.1%	6,372	1.2
Computing	48,755	7.5%	66,492	10.0%	-17,737	-2.5
Total revenue	650,131	100.0%	664,586	100.0%	-14,455	-

- Revenue contribution from Consumer Electronics was 56.1% in 2015, an increase of 5.6 percentage points compared to 50.5% in 2014, driven mainly by an increased demand for MCU, discrete and power management ICs.
- Revenue from Communications accounted for 23.1%, a decrease of 4.3 percentage points compared to 2014, mainly due to lower demand for SIM Card ICs.
- Revenue from Industrial & Automotive was 13.3%, an increase of 1.2 percentage points compared to 2014; the main growth came from MCU and SJSFET.
- Revenue from Computing was 7.5%, down by 2.5 percentage points from 2014, primarily due to lower demand for computer related MCUs.

Capacity and Capacity Utilization

Fab	2015 thousands of wafers per month	2014 thousands of wafers per month	YoY Change
Fab1	56	50	6
Fab2	50	39	11
Fab3	40	40	-
Total monthly wafer fabrication capacity	146	129	17
Capacity utilization	90.0%	93.5%	-3.5%

- The utilization rate decreased from 93.5% in 2014 to 90.0% in 2015 as a result of increased capacity and decreased demand in the fourth quarter.

Directors' Report

Wafer Shipments

	2015 thousands of wafers	2014 thousands of wafers	YoY Percentage Points Change
Wafer shipments	1,442	1,402	2.9%

- Wafer shipments were 1.442 million wafers in 2015, an increase of 2.9% compared to 2014.

Research and Development: Enabling Superior Products for our Customers

Our 90nm embedded flash platform, our most advanced technology, was fully qualified in 2015, supporting a first order from a key customer.

Smart Card has always been a key source of revenue for the Company as we continue to offer the best smart card IC solutions in China. This leadership has been expanded recently as, based on the Company's 0.11 μ m embedded non-volatile memory platform, the security chips of one of our key customers obtained the Common Criteria ("CC") EAL4+ Security Certificate under PP0084 – which defines the safety criteria and protection scheme for such chips – from an international authoritative certification organization. This is China's first smart card chip to obtain this strictest CC certificate and represents an essential milestone in domestic security chip solutions for bank cards and other financial applications.

Supporting the fast growing MCU markets, we launched our latest 0.11 μ m Ultra-Low-Leakage ("ULL") eFlash and eEEPROM platform achieving a quintessential integration of ultra-low-power digital-analog mixed signal, embedded flash and low-cost RF CMOS technologies. This process platform offers a comprehensive, flexible and cost-effective solution, tailored to the needs of our customers and reducing product time-to-market, making it a perfect fit for a variety of energy-saving smart products such as IoT, wearable devices, smart grids, embedded smart connected devices, medical electronics, as well as lighting, industrial and automotive electronics applications.

The Company also implemented enhancements to its cost-effective 0.18 μ m process platform, supporting both mixed-signal applications and embedded One Time Programmable ("OTP") and Multiple Time Programmable ("MTP") solutions. This technology enables chips with the industry's lowest number of mask layers, smaller IP macro size with faster read speed and lower power consumption, providing customers with even more cost-effective MCU solutions for a variety of applications. In addition, it also provides a migration path for legacy products currently using 0.35 μ m process platforms.

In order to provide leading wireless RF front-end switch applications for the ever growing number of mobile intelligent devices, the Company launched its 0.2 μ m RF Silicon On Insulator ("SOI") process design kit ("PDK"). This PDK enables customers to achieve very efficient design and tape-out of high-quality RF components, thereby minimizing revision of designs and shortening the time for customers to launch their products.

In the power management IC field, based on our successful first-generation that dominated the domestic market, the Company's next generation ultra-high voltage 0.5 μ m 700V BCD process platform achieved mass production with over 98% yield. This provides customers with a platform for highly competitive, industry leading, single-chip solutions, and mainly focuses on the applications of green energy, such as AC-DC converters and LED lighting.

Directors' Report

Our unique super-junction MOSFET technology is well positioned to take advantage of the growing demand for high-voltage semiconductor solutions. Design optimization, system solutions and market penetration made possible through efforts together with our customers, triggered stronger demand for this unique and competitive platform, exceeding all related capacity. As a result, we are expanding capacity for super-junction products.

As a result of our continuous R&D innovation, we successfully integrated Micro-Electro-Mechanical Systems ("MEMS") and standard CMOS as a one-chip solution that is now in mass production. We launched the next-generation 3-axis gyroscope System on Chip ("SoC") together with a key customer, the first time this most technologically demanding product among the motion sensors has been developed and manufactured in China. We also jointly launched one of the world's smallest barometers with another key customer on CMOS-MEMS chips using Wafer Level Packaging.

We view our patent portfolio as an essential factor in ensuring our competitiveness and a critical entry barrier for competitors, and therefore protect the valuable IP produced by our R&D teams. During 2015, our group achieved over 300 patent filings.

Compliance with the Relevant Laws and Regulations

For the year ended 31 December 2015, the Company was not aware of any non-compliance with any relevant laws and regulations that have a significant impact on it.

Outlook for 2016

Looking forward, the challenge is still continuing, but dawn is beginning to show from lower inventory levels than seasonal average, and the pickup of new orders from customers is steady.

2016 will see more products migrate to our advanced 90nm platform, enhancing our competitiveness in the semiconductor market, particularly in smart card ICs. We will continue to reduce the size of the memory cells and the IP macros, which leads to smaller product sizes, assuring our excellent market position.

We expect to take full advantage of our expertise in smart card ICs, especially bank cards, working closely with our customer who obtained the Common Criteria Security Certificate, to grow our market share in the domestic bank card IC business.

Meanwhile, we are expanding our MCU foundry portfolio, to optimize process technologies for MCU customers. And our product mix will be further improved by introducing more SJNFBT and IGBT products for consumer, industrial and automotive applications.

In power management IC field, we intend to improve our market penetration using our established 700V BCD process technology for LED lighting. In addition, we have an enhanced 700V BCD technology under development for other high-end applications.

In summary, we will continue to further enhance our advanced and differentiated process technology portfolio enabling value-added solutions to manufacture high-performance, cost-effective products for our diverse customers. We will continue to shift our product mix towards higher margin and higher growth opportunities. Indeed, constant and broad communications with many customers is a key element of our success and gives us confidence in our technology roadmap and corporate strategy. As a result, our capacity expansion is still being executed as planned. We firmly believe that this will allow us to better our position in semiconductor supply chain in the long run.

Directors' Report

Management Discussion and Analysis

Financial Performance

	2015 US\$'000	2014 US\$'000	Change
Revenue	650,131	664,586	(2.2)%
Cost of sales	(448,705)	(466,815)	(3.9)%
Gross profit	201,426	197,771	1.8%
Other income and gains	42,717	23,886	78.8%
Fair value gains on an investment property	58	1,127	(94.9)%
Selling and distribution expenses	(7,292)	(7,206)	1.2%
Administrative expenses	(104,855)	(85,053)	23.3%
Other expenses	(9)	(2,433)	(99.6)%
Finance costs	(7,754)	(12,136)	(36.1)%
Share of profits of an associate	961	4,856	(80.2)%
Profit before tax	125,252	120,812	3.7%
Income tax expense	(12,703)	(27,722)	(54.2)%
Profit for the year	112,549	93,090	20.9%

Explanation on Items with Fluctuation over 5% in 2015

Other income and gains

Other income and gains were US\$42.7 million, an increase of 78.8% compared to 2014, mainly due to increased R&D subsidies, foreign exchange gain and interest income.

Fair value gain on an investment property

Fair value gain on an investment property reflects a gain in valuation of the investment property. As the appraised value in 2015 remained stable compared to 2014, the fair value gain was relatively small.

Administrative expenses

Administrative expenses were US\$104.9 million, an increase of 23.3% over 2014, which was mainly due to (i) increased labor expenses, and (ii) increased R&D expenses due to more R&D activities.

Directors' Report

Other expenses

Other expenses decreased to US\$9,000 from US\$2.4 million in 2014, mainly due to foreign exchange loss in 2014.

Finance costs

Finance costs were US\$7.8 million, a decrease of 36.1% from 2014, mainly due to lower bank borrowings.

Share of profits of an associate

Share of profits of an associate was US\$1.0 million, a decrease of 80.2% compared to 2014, due to decreased profit realized by the associate.

Income tax expense

Income tax expense was US\$12.7 million, a decrease of 54.2% from the previous year, primarily due to (i) a reversal of dividend withholding tax accrued in 4Q 2013 and 2014 in accordance with Company's dividend policy, and (ii) a preferential dividend withholding tax rate (5%).

Profit for the year

As a result of the cumulative effect of the above factors, profit for the year increased to US\$112.5 million from US\$93.1 million in 2014. Our net profit margin increased from 14.0% in 2014 to 17.3% in 2015.



Directors' Report

Financial Status

	31 December 2015 US\$'000	31 December 2014 US\$'000	Change
Non-current assets			
Property, plant and equipment	629,180	568,626	10.6%
Investment property	180,542	191,533	(5.7)%
Investment in an associate	40,833	42,030	(2.8)%
Available-for-sale investment	217,214	230,512	(5.8)%
Other non-current assets	46,134	56,330	(18.1)%
Total non-current assets	1,113,903	1,089,031	2.3%
Current assets			
Inventories	107,081	93,988	13.9%
Trade and note receivables	103,822	107,509	(3.4)%
Other current assets	34,690	50,185	(30.9)%
Pledged and time deposits	41,796	2,583	1,518.1%
Cash and cash equivalents	510,441	646,773	(21.1)%
Total current assets	797,830	901,038	(11.5)%
Current liabilities			
Trade payables	66,280	63,532	4.3%
Other current liabilities	168,896	184,349	(8.4)%
Interest bearing bank borrowings	42,750	81,690	(47.7)%
Total current liabilities	277,926	329,571	(15.7)%
Net current assets	519,904	571,467	(9.0)%
Non-current liabilities			
Interest bearing bank borrowings	137,871	183,031	(24.7)%
Deferred tax liabilities	5,246	11,988	(56.2)%
Total non-current liabilities	143,117	195,019	(26.6)%
Net assets	1,490,690	1,465,479	1.7%

Directors' Report

Explanation on Items with Fluctuation over 5% from 31 December 2014 to 31 December 2015

Property, plant and equipment

Property, plant and equipment increased from US\$568.6 million to US\$629.2 million, largely due to increased investment for capacity expansion.

Investment property

Investment property decreased from US\$191.5 million to US\$180.5 million, largely due to currency translation difference as a result of RMB depreciation in 2015.

Available-for-sale investments

Available-for-sale investments decreased from US\$230.5 million to US\$217.2 million, largely due to currency translation difference as a result of RMB depreciation in 2015.

Other non-current assets

Other non-current assets decreased from US\$56.3 million to US\$46.1 million, mainly due to the amortization of intangible assets and prepaid land lease payments in 2015.

Inventories

Inventories increased from US\$94.0 million to US\$107.1 million, largely due to slow inventory turnover.

Other current assets

Other current assets decreased from US\$50.2 million to US\$34.7 million, mainly due to decreased amounts due from related parties as a result of lower revenue from certain related parties in 2015.

Pledged and time deposits

Pledged and time deposits increased from US\$2.6 million to US\$41.8 million, largely due to increased time deposits.

Cash and cash equivalents

Cash and cash equivalents decreased from US\$646.8 million to US\$510.4 million, mainly due to (i) investment of US\$183.1 million for capacity expansion, (ii) a repayment of bank borrowings of US\$119.9 million, (iii) investment of US\$40.0 million for time deposits; these were offset by (i) US\$187.8 million generated from operating activities, and (ii) a new bank borrowing of US\$39.0 million. Additionally, there was a negative effect of US\$27.8 million due to RMB depreciation.

Directors' Report

Other current liabilities

Other current liabilities decreased from US\$184.3 million to US\$168.9 million, mainly due to decreased amounts due to related parties, offset by an increase in bonus accrual.

Interest-bearing bank borrowings

Total interest-bearing bank borrowings decreased from US\$264.7 million to US\$180.6 million, mainly due to a repayment of bank borrowings of US\$119.9 million, offset by a new bank borrowing of US\$39.0 million.

Deferred tax liabilities

Deferred tax liabilities, largely comprising withholding tax accrued for dividend distribution, decreased from US\$12.0 million to US\$5.2 million, primarily due to (i) a reversal of dividend withholding tax accrued in 4Q 2013 and 2014 in accordance with Company's dividend policy, and (ii) a preferential dividend withholding tax rate (5%).

Directors' Report

Cash Flow

	2015 US\$'000	2014 US\$'000	Change
Net cash flows generated from operating activities	187,777	221,740	(15.3)%
Net cash flows used in investing activities	(207,658)	(96,930)	114.2%
Net cash flows (used in) generated from financing activities	(88,693)	206,731	(142.9)%
Net (decrease) increase in cash and cash equivalents	(108,574)	331,541	(132.7)%
Cash and cash equivalents at beginning of the year	646,773	317,045	104.0%
Effect of foreign exchange rate changes, net	(27,758)	(1,813)	1,431.1%
Cash and cash equivalents at end of the year	510,441	646,773	(21.1)%

Net cash flows generated from operating activities

Net cash flows generated from operating activities decreased from US\$221.7 million in 2014 to US\$187.8 million, mainly due to (i) a receipt of advanced payment of rental from a related party in 2014, (ii) increased payment of income tax in 2015, and (iii) increased operating expenses in 2015.

Net cash flows used in investing activities

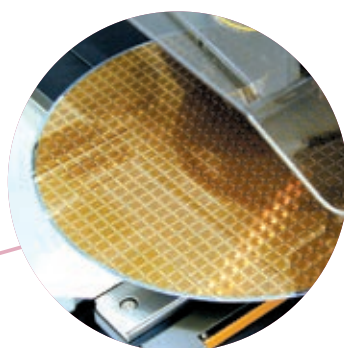
Net cash flows used in investing activities were US\$207.7 million, primarily attributed to US\$183.1 million for capacity expansion and US\$40.0 million for time deposits, offset by receipts of interest income of US\$7.8 million.

Net cash flows (used in) generated from financing activities

Net cash flows used in financing activities was US\$88.7 million, including a repayment of bank borrowings of US\$119.9 million and an interest payment of US\$7.8 million, offset by a new bank borrowing of US\$39.0 million.

Net (decrease) increase in cash and cash equivalents

As a result of the cumulative effect of the above factors, cash and cash equivalents decreased from US\$646.8 million as of 31 December 2014 to US\$510.4 million as of 31 December 2015.



Directors' Report

Financial Risks

Foreign currency risk

We are exposed to foreign exchange risks. Such exposures arise when transactions of our PRC operating subsidiary are denominated in US dollars rather than in its functional RMB currency.

As of 31 December 2015, if the US dollar had strengthened/weakened against the RMB by 5%, with all other variables held constant, our profit before tax for the year would have been approximately US\$5.2 million higher/lower.

Interest rate risk

Our exposure to risk of changes in market interest rates relates primarily to our interest-bearing bank borrowings with a floating interest rate. Our policy is to manage our interest cost using a mix of fixed and variable rate debts.

As of 31 December 2015, if interest rates on bank loans had been 1% higher/lower, with all other variables held constant, our profit before tax for the year would have been approximately US\$1.4 million lower/higher.

Credit risk

We have policies in place to ensure credit terms are only granted to customers with an appropriate credit history, and we perform periodic credit evaluations on them, taking into account their financial position, past experience and other factors. In addition, receivable balances are monitored on an ongoing basis and our exposure to bad debts is not significant.

The carrying amounts of cash and cash equivalents, trade and notes receivables, financial assets included in prepayments, deposits and other receivables, amounts due from related parties and pledged and time deposits included in the consolidated statement of financial position represent our maximum exposure to credit risk in relation to its financial assets. We have no other financial assets which carry significant exposure to credit risk.

Liquidity risk

Our liquidity position is monitored closely by our management. We maintain a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in cash flows.

Capital management

We manage our capital structure and make adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, we may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. We are not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

Gearing Ratio

Details of the gearing ratio are set out in note 36 to the Financial Statements.

Directors' Report

Results

The results of the Group for the year ended 31 December 2015 and the state of affairs at that date are set out in the Financial Statements on pages 147 to 235 of this report.

Final Dividends

The Directors recommend the payment of a final dividend of HK\$0.27 per share for the year ended 31 December 2015. Subject to shareholders' approval at the forthcoming AGM, the proposed final dividend will be payable on Thursday, 30 June 2016 to the shareholders whose names appear on the register of members of the Company on Thursday, 19 May 2016.

Dividend Policy

Subject to the approval of the Shareholders and the requirements of the law, it has been decided that the Company will pay dividends to the Shareholders for the year of 2015 and onwards if the Group is profitable, the operations environment is stable and there is no significant investment made by the Group. It is intended that the average of dividends paid in three consecutive years will be no less than 30% of the average distributable net profit of these three years. The remaining net profit will be used for the development and operations of the Group.

This dividend policy will continue to be reviewed from time to time and there can be no assurance that dividends will be paid in any particular amount for any given period. In the event that the Board recommends a dividend, the form and amount will depend on the assessment by the Directors of the factors affecting the Group from time to time.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2015 are set out in note 25 to the Financial Statements.

Financial Summary

A summary of the published results and of the assets and liabilities of the Group for the past five financial years is set out on page 236. This summary does not form part of the audited financial statements.

Use Of Proceeds From The Initial Public Offering

After deducting share issuance expenses, the net proceeds from the initial public offering of the Company's shares in October 2014 amounted to approximately US\$320.2 million. As at 31 December 2015, the Group had used approximately US\$132.9 million for expansion of our manufacturing capacity, specifically in investments in equipment, tools and facilities, approximately US\$27.4 million for our working capital, technology and intellectual property, and other general corporate purposes. The remaining balance of the net proceeds was placed in bank deposit accounts. The Group will apply the remaining net proceeds in the manner set out in the prospectus of the Company dated 3 October 2014 (the "Prospectus").

Directors' Report

Property, Plant and Equipment

Details of additions and other movements during the year ended 31 December 2015 in the property, plant and equipment and investment property of the Group are set out in notes 13 and 14 to the Financial Statements.

In addition, details of the investment property are set out below:

Location	Type of Use	Term of Lease	Group's Interest	Gross Floor Area (sq.m.)
Portions of 9 buildings No. 818 Guo Shou Jing Road Zhangjiang Hi-Tech Park Pudong New Area Shanghai, PRC	Industrial use	Held under a land use right for a term expiring on 8 March 2051	100%	91,563.11

Share Capital and Share Option Scheme

Details of movement in the share capital of the Company during the year ended 31 December 2015 are set out in note 28 to the Financial Statements. The movements include the automatic inclusion of the amount standing to the share premium account into the share capital as from 3 March 2014 in accordance with section 37 of Schedule 11 to the new Hong Kong Companies Ordinance (Cap. 622), as part of the transition to the no-par value regime.

A share option scheme (the "Share Option Scheme") was approved by an extraordinary general meeting of the company held on 1 September 2015. A summary of the Share Option Scheme is as follows:

Purpose of the Share Option Scheme:

The purpose of the Share Option Scheme is to attract, retain and provide incentives to the Participants (defined below), to provide them with the opportunity to obtain Shares of the Company and to link their interests closely to the operating results and share performance of the Company with the view to increasing the value of the Company.

Participants:

The participants of the Share Option Scheme ("Participants") include (1) existing executive and non-executive Directors of any member of the Group; and (2) senior management and key managerial and technical personnel having a direct impact on the results of operations and sustainable development of any member of the Group, subject always to any limits and restrictions specified in the Share Option Scheme, but shall not include any Independent Non-Executive Directors.

Directors' Report

Maximum entitlement of each participant:	If the total number of Shares allotted and which may fall to be allotted upon exercise of all the share options ("Share Options") granted and to be granted (including exercised, cancelled and outstanding Share Options) to a Participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at the time, no further grant of Share Options shall be given to such Participant. Share Options may be granted to any Participant in excess of the individual limit of 1% in any 12-month period with the approval of the Shareholders in general meeting. No Share Option shall be granted to any person who holds over 5% of Shares which carry voting right on the Grant Date (as defined in the Share Option Scheme) unless it is approved by shareholders in general meetings.
Minimum period, if any, for which an option must be held before it can be exercised:	Two years unless otherwise stated in the grant notice of the Share Option.
The amount payable on application or acceptance of the Share Option and the period within which payments or calls must be made or loans for such purposes must be paid:	HK\$1.00 is to be paid by each grantee as consideration for the grant of Share Option within 28 days from the date of offer.
Remaining life of the Share Option Scheme:	The Share Option Scheme shall be valid and effective for a period of seven (7) years commencing on the date of adoption and will expire on 1 September 2022.
Details of the Share Options granted are as follows:	
Date of grant:	4 September 2015
Exercise price of options granted:	HK\$6.912
Number of options granted:	30,250,000 (representing 2.93% of the issued shares of the Company as at the date of this report).
Validity period of the options:	From 4 September 2015 to 3 September 2022 (seven (7) years), both dates inclusive.
Vesting period of the options:	One third of the options shall vest on each of 4 September 2017, 4 September 2018 and 4 September 2019.

The exercise price of HK\$6.912 per Share represents a premium of 0% over the higher of (i) the closing price of HK\$6.87 per Share as stated in the daily quotation sheets issued by the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of the grant; and (ii) the average closing price of HK\$6.912 per Share as stated in the daily quotation sheets issued by Stock Exchange for the five business days immediately preceding the date of grant.

Directors' Report

Details of the movements in the share options during the year ended 31 December 2015 are as follows:

Name or category of participants	Number of share options				At 31.12.2015	Exercise period of share options	Exercise price of share options
	Granted at 04.09.2015	Exercised during the year	Cancelled during the year	Lapsed during the year			
Directors							
Mr. Yu Wang	869,000	-	-	-	869,000	04.09.2017-04.09.2022	HK\$6.912
Mr. Takayuki Morita	119,000	-	-	-	119,000	04.09.2017-04.09.2022	HK\$6.912
Other employees							
In aggregate	29,262,000	-	(130,000)	-	29,132,000	04.09.2017-04.09.2022	HK\$6.912
	30,250,000	-	(130,000)	-	30,120,000		

- The fair value of equity-settled share options granted during the year were US\$12,184,000, which was estimated as at the date of grant, using a binomial model. The value of the options is subject to the limitation of the binomial model and a number of assumptions which are subjective and uncertain. Changes in such assumptions could materially affect the value of the options.

Save as disclosed above, the Company has not adopted any other share option scheme during the year ended 31 December 2015.

Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity on page 151 of this report.

Continuing Connected Transactions and Connected Transactions

Continuing Connected Transactions

The Group disclosed in the prospectus of the Company dated 3 October 2014 a series of continuing connected transactions relating to the Huahong Zealcore, QST, NEC Management Partner, Ltd. (NEC Management), INESA, Shanghai Huali, Huahong Real Estate and Shanghai Huajin Property Management Co., Ltd. (Huajin Property Management). Certain details of the transactions are summarized in the table below. The Company has applied for and the Stock Exchange has granted a waiver from, among others, strict compliance with the announcement and independent shareholders' approval requirement (as the case may be) in respect of such continuing connected transactions. Details of the continuing connected transaction of the Group are as follow:

Unit: US\$'000

Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2015	Proposed Annual Caps 2015
1 July 2014	Huahong Zealcore (as purchaser) The Company (as seller)	Huahong Zealcore is a wholly-owned subsidiary of Huahong Group, the Company's controlling shareholder.	Sales agreement between the Company as seller and Huahong Zealcore as purchaser in relation to the sales of IC and other semiconductor products to Huahong Zealcore.	9,929	13,200

Directors' Report

Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2015	Proposed Annual Caps 2015
1 November 2013	QST (as purchaser) The Company (as seller)	QST was 36.36% held by SAIL, the Company's controlling shareholder, of which 27.27% interest was held directly by SAIL and 9.09% interest was held directly by the Company. ⁽¹⁾	Sales agreement between the Company as seller and QST as purchaser in relation to the sales of IC and other semiconductor products to QST.	911	8,000
18 May 2014	QST (as receiver of services) The Company (as provider of services)	QST was 36.36% held by SAIL, the Company's controlling shareholder, of which 27.27% interest was held directly by SAIL and 9.09% interest was held directly by the Company. ⁽¹⁾	Service agreement between QST as receiver of services and the Company as provider of services in relation to the provision of services to QST.	445	500
1 July 2014	Huahong Zealcore (as seller) The Company (as purchaser)	Huahong Zealcore is a wholly-owned subsidiary of Huahong Group, the Company's controlling shareholder.	Purchase agreement between Huahong Zealcore as seller and the Company as purchaser in relation to the purchase of materials used in the manufacturing process of the Group's semiconductor products.	495	800
1 July 2014	NEC Management (previously known as NEC Purchasing Service, Ltd.) (as seller) The Company (as purchaser)	NEC Management is a wholly-owned subsidiary of NEC Corporation, the Company's substantial shareholder.	Purchase agreement between NEC Management as seller and the Company as purchaser in relation to the purchase of materials and parts used for the Group's processing equipment.	726	800
23 September 2014	INESA (on behalf of itself and its subsidiaries) (as seller) The Company (as purchaser)	INESA is the Company's controlling shareholder.	Purchase agreement between INESA as seller (on behalf of itself and its subsidiaries) and the Company as purchaser in relation to the purchase of goods and services.	382	1,300

Directors' Report

Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2015	Proposed Annual Caps 2015
25 February 2010 (together with supplemental agreements dated 10 June 2011 and 25 July 2014)	Shanghai Huali (as lessee) The Company (as lessor)	Shanghai Huali is 73.42% owned by SAIL, the Company's controlling shareholder.	Lease agreement between Shanghai Huali as lessee and the Company as lessor in relation to the factory premise situated at Hill 2, 13th street, Zhangjiang Hi-Tech park, Pudong New Area, Shanghai, PRC leased by the Company to Shanghai Huali for their 300mm wafer production line. The total gross floor area leased was 96,099.2 square meters.	12,793	14,811
10 January 2013	Huahong Real Estate (as lessor) The Company (as lessee)	Huahong Real Estate is a wholly-owned subsidiary of Hua Hong Technology Development, a company 50% held by and consolidated with Huahong Group, our controlling shareholder, and 50% held by HHNEC.	Lease agreement between Huahong Real Estate as lessor and the Company as lessee in relation to the dormitory premises situated at Hua Hong Innovation Park, Nong 2777, Jinxiu Road East, Pudong New Area, Shanghai, PRC (Dormitory Premises) rented by the Company from Huahong Real Estate for use as staff quarters for the Company's employees. The total gross floor area rented was 17,412.87 square meters.	1,622	1,622
10 June 2014	Huajin Property Management (as property manager) The Company (as contractor)	Huajin Property Management is a wholly-owned subsidiary of Hua Hong Technology Development, a company 50% held by and consolidated with Huahong Group, our controlling shareholder, and 50% held by HHNEC.	Property management agreement between Huajin Property Management as property manager and the Company as contractor in relation to the engagement of Huajin Property Management by the Group to provide property management service for the Dormitory Premises.	201	206

Directors' Report

Notes:

(1) This reflects the position as at 31 December 2015.

The Board (including the Independent Non-Executive Directors) has reviewed the continuing connected transactions as described above and confirmed that such transactions did in fact continue in 2015:

- (i) in the ordinary and usual course of business of the Company;
- (ii) either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (iii) in accordance with the relevant agreements on terms that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditors of the Company have confirmed in a letter to the Board that, with respect to the aforesaid continuing connected transactions of 2015:

- (i) nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have not been approved by the Company's Board;
- (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes the auditors to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company;
- (iii) nothing has come to their attention that causes the auditors to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes the auditors to believe that the disclosed continuing connected transactions have exceeded the maximum aggregate annual value disclosed in the Prospectus in respect of each of the disclosed continuing connected transactions.

Connected Transactions

On 25 May 2015, Huahong Real Estate, an indirect subsidiary of Huahong Group, our controlling shareholder, entered into the Supplemental Lease Agreement with HHGrace, a wholly-owned subsidiary of the Company, in relation to certain Renovation Work on the Dormitory Premises, for a maximum consideration of RMB11,810,000. Details of the Supplemental Lease Agreement were announced by the Company on 25 May 2015 and the defined terms in this paragraph has the same meaning as those defined in the announcement.

Related Party Transactions

During the year ended 31 December 2015, the Group entered into certain transactions with parties regarded as "related parties" under the applicable accounting standards. Details of the related party transactions entered into by the Group during the year ended 31 December 2015 are disclosed in note 33 to the financial statements. Save as disclosed in the paragraph headed "Connected Transactions" in this annual report, the other related parties transactions disclosed in note 33 were not regarded as connected transactions or were exempt from reporting, announcement and shareholder approval requirements under the Listing Rules.

Directors' Report

Annual General Meeting

The AGM will be held on Wednesday, 11 May 2016.

Closure Of Register Of Members

For determining eligibility of Shareholders to attend and vote at the 2016 AGM

Latest time to lodge transfer documents for registration	4:30 p.m. on 6 May 2016
Closure of Register of members	9 to 11 May 2016 (both dates inclusive)
Record date	11 May 2016

For determining entitlement of Shareholders to the proposed final dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on 16 May 2016
Closure of Register of members	17 to 19 May 2016 (both dates inclusive)
Record date	19 May 2016
Payable date	30 June 2016

In order to be eligible to attend and vote at the Annual General Meeting, and the entitlement of the aforementioned proposed final dividend, unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than the aforementioned latest time.

Directors and Directors' Service Contracts

The Directors of the Company during the year and up to the date of this report were:

Executive Directors:

Mr. Suxin Zhang (*Chairman*) (*appointed on 11 March 2016*)
Mr. Wenbiao Fu (*Chairman*) (*resigned on 11 March 2016*)
Mr. Yu Wang (*President*)

Non-Executive Directors:

Mr. Jianbo Chen
Mr. Yuchuan Ma
Mr. Takayuki Morita
Mr. Jun Ye

Independent Non-Executive Directors:

Mr. Stephen Tso Tung Chang
Mr. Kwai Huen Wong, JP
Mr. Long Fei Ye

Each of the Directors of the Company is appointed for a specific term of three years and is subject to re-nomination and re-election by the Company in general meeting unless previously terminated in accordance with the terms and conditions of the relevant letter of appointment or director's service contract.

Directors' Report

Mr. Yu Wang, Mr. Stephen Tso Tung Chang, Mr. Long Fei Ye and Mr. Suxin Zhang will retire by rotation from office as Directors at the Annual General Meeting, and Mr. Yu Wang, Mr. Stephen Tso Tung Chang, Mr. Long Fei Ye and Mr. Suxin Zhang, being eligible, will offer themselves for re-election pursuant to the articles of association of the Company.

None of the Directors proposed for re-election at the Annual General Meeting has a service contract which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

The Company has received annual confirmation of independence from each of the existing Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all of the Independent Non-Executive Directors are independent in accordance with the Listing Rules.

Profiles of Directors and Senior Management

Profiles of Directors and senior management of the Group are set out on pages 11 to 16 to this report.

Highest Paid Individuals and the Remuneration of the Directors and Senior Management

Details of the Directors' remuneration and the five individuals with highest emoluments are set out in notes 8 and 9 respectively of the consolidated financial statements in this annual report.

Directors' and Chief Executive Interests in Shares and Underlying Shares of the Company

As at 31 December 2015, save as disclosed below, none of the Directors nor the chief executive of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any associated corporation (within the meaning of Part XV of SFO), as recorded in the register kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

Name of Director	Capacity	Number of underlying shares held in long position (Note 1)	Approximate percentage of interests
Mr. Yu Wang	Beneficial owner	869,000	0.08%
Mr. Takayuki Morita	Beneficial owner	119,000	0.01%

Notes:

(1) Long position in the underlying shares of the Company under share options granted pursuant to the Share Option Scheme.

Directors' Interest in Competing Business

During the year, none of the Directors of the Group had any interests in a business which competes, either directly, or indirectly, with the business of the Company or the Group.

Directors' Interests in Transactions, Arrangements or Contracts of Significance

No transactions, arrangements or contract of significance to which the Company or any of its subsidiaries or associates was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2015 or at any time during the year.

Directors' Report

Directors' Securities Transactions

The Company has devised its own code of conduct regarding Directors dealing in the Company's securities (the Company Code) on terms no less exacting than the Model Code. Specific enquiry has been made of all the Directors, and the Directors have confirmed that they have complied with the Company Code and the Model Code throughout 2015.

Indemnity and insurance

The Company provides D&O insurance for the Directors and Officers. The D&O insurance covers day-to-day management liability and is renewed every year.

Director(s) of the Subsidiaries

The names of Directors who have served on the Boards on the Company's subsidiaries during the year ended 31 December 2015, or during the period from the end of the year 2015 to the date of this Report, were as follows:

Name of the Subsidiaries	Place of Incorporation	Name of the Director
Grace Semiconductor Manufacturing Corporation ("Grace Cayman")	Cayman Islands	Mr. Suxin Zhang Mr. Wenbiao Fu (<i>resigned</i>) Mr. Jun Ye
Shanghai Huahong Grace Semiconductor Manufacturing Corporation ("HHGrace")	Shanghai, PRC	Mr. Suxin Zhang Mr. Wenbiao Fu (<i>resigned</i>) Mr. Yu Wang Mr. Jianbo Chen Mr. Yuchuan Ma Mr. Takayuki Morita Mr. Jun Ye Mr. Stephen Tso Tung Chang Mr. Kwai Huen Wong, JP Mr. Long Fei Ye
Global Synergy Technology Limited ("GST")	Hong Kong, PRC	Mr. Daniel Wang Mr. Cheng Fu
HHGrace Semiconductor USA, Inc. ("HHGrace USA")	CA, USA	Mr. Daniel Wang Mr. Cheng Fu
HHGrace Semiconductor Japan Co., Ltd. ("HHGrace Japan")	Tokyo, Japan	Ms. Maki Nakamura Mr. Daniel Wang Mr. Cheng Fu
Shanghai Huajie IC Technology Service Co., Ltd. ("Shanghai Huajie")	Shanghai, PRC	Mr. Heng Fan Mr. Xiangyang Li (<i>resigned</i>)

Directors' Report

Substantial Shareholders' and Other Persons' Interests in the Shares and Underlying Shares of the Company

As at 31 December 2015, persons other than a Director or chief executive of the Company, having interests of 5% or more or short positions in the shares and underlying shares of the Group, were as follows:

Substantial shareholders	Capacity and nature of interest	Number of shares held	Approximate percentage of aggregate interests in issued share capital*
Shanghai Hua Hong International, Inc. (Hua Hong International) ⁽²⁾	Legal and beneficial owner	350,401,100 ⁽¹⁾	33.89%
Huahong Group ⁽²⁾	Interest in a controlled corporation	350,401,100 ⁽¹⁾	33.89%
CEC ⁽²⁾	Interest in a controlled corporation	350,401,100 ⁽¹⁾	33.89%
INESA ⁽²⁾	Interest in a controlled corporation	350,401,100 ⁽¹⁾	33.89%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Legal and beneficial owner	237,450,330 ⁽¹⁾⁽³⁾	22.97%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Interest in a controlled corporation	34,919,354 ⁽¹⁾	3.37%
SAIL	Interest in a controlled corporation	622,770,784 ⁽¹⁾⁽⁴⁾	60.23%
NEC Corporation	Legal and beneficial owner	99,038,800 ⁽¹⁾	9.57%
AllianceBernstein L.P.	Investment manager	24,860,826 ⁽¹⁾	2.40%
AllianceBernstein L.P.	Interest in a controlled corporation	27,796,174 ⁽¹⁾	2.69%

Notes:

- (1) Long positions in the shares of the Company.
 - (2) Hua Hong International is a wholly-owned subsidiary of Huahong Group. As at 31 December 2015, Huahong Group was 47.08% owned by CEC, and 47.08% owned by SAIL. In addition, SAIL controlled 51.83% of the voting rights of Huahong Group by virtue of its 47.08% equity interest in Huahong Group and an additional 4.75% voting rights pursuant to a voting bloc from INESA to SAIL. Therefore CEC, SAIL and INESA were deemed to be interested in all the Shares in which Huahong Group is interested in by virtue of Part XV of the SFO.
 - (3) Including 3,645 shares held in escrow by Sino-Alliance International pursuant to an escrow arrangement. Of the 3,645 escrow shares, 561 shares were subsequently transferred back to its beneficial owner on 09 March 2016.
 - (4) In addition to the 350,401,100 Shares (33.89%) it indirectly held through Hua Hong International, SAIL indirectly held interests in the Company through four wholly-owned subsidiaries, including Sino-Alliance International.
- * The percentages are calculated based on the total number of shares of the Company in issue as at 31 December 2015, i.e., 1,033,871,656 shares.

Save as disclosed above, so far as is known to any of the Directors and chief executive of the Company, as at 31 December 2015, no other person or corporation other than a Director or chief executive of the Company had any interests or short positions in any shares or underlying shares of the Company which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Directors' Report

Arrangement to Purchase Shares or Debentures

At no time during the year ended 31 December 2015 were rights to acquire benefits by means of acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them, or was the Company or any of its holding companies, subsidiaries or fellow subsidiaries, a party to any arrangements to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

Major Customers and Suppliers

For the year ended 31 December 2015, the total purchases attributable to the Group's five largest suppliers were less than 30%, and the total turnover attributable to the Group's five largest customers was less than 30%.

Emolument Policy

As at 31 December 2015, the Group had a total of 3,787 employees. The Group recruits and promotes individuals based on merit and their development potentials. The emolument policy for the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regard to the Group's operating results and individual performance. The emoluments of the Directors on a named basis are set out in note 8 to the financial statements for the year ended 31 December 2015.

Purchase, Sale or Redemption of Securities

For the year ended 31 December 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Hong Kong, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance standards to safeguard the interests of shareholders and to enhance corporate value and accountability.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report in this annual report.

Directors' Report

Compliance with Deed of Non-Competition and the Deed of Right of First Refusal

Huahong Group, SAIL and INESA, being controlling shareholders of the Company, entered into a deed of non-competition (the “**Deed of Non-Competition**”) dated 23 September 2014, details of which have been set out in the paragraph headed “Deed of Non-competition” in the section headed “Relationship with Controlling Shareholders” of the Company’s Prospectus dated 3 October 2014 (the “**Prospectus**”). In addition, Huahong Group and SAIL also entered into a deed of right of first refusal (the “**Deed of Right of First Refusal**”) dated 10 June 2014, details of which have been set out in the paragraph headed “Deed of Right of First Refusal” in the section headed “Relationship with Controlling Shareholders” of the Prospectus. The Company has reviewed the written declaration from each of the controlling shareholders mentioned above on their compliance with their undertaking under the Deed of Non-Competition and the Deed of Right of First Refusal (as the case may be) for the year ended 31 December 2015. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition and the Deed of Right of First Refusal (as the case may be) have been complied with by the relevant parties.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Directors are satisfied that the Company has maintained the prescribed minimum public float under the Listing Rules.

Auditors

A resolution will be submitted to the AGM to re-appoint Ernst & Young as auditors of the Company.

On behalf of the Board

Mr. Suxin Zhang

Chairman

22 March 2016

CORPORATE SOCIAL RESPONSIBILITY



Corporate Social Responsibility

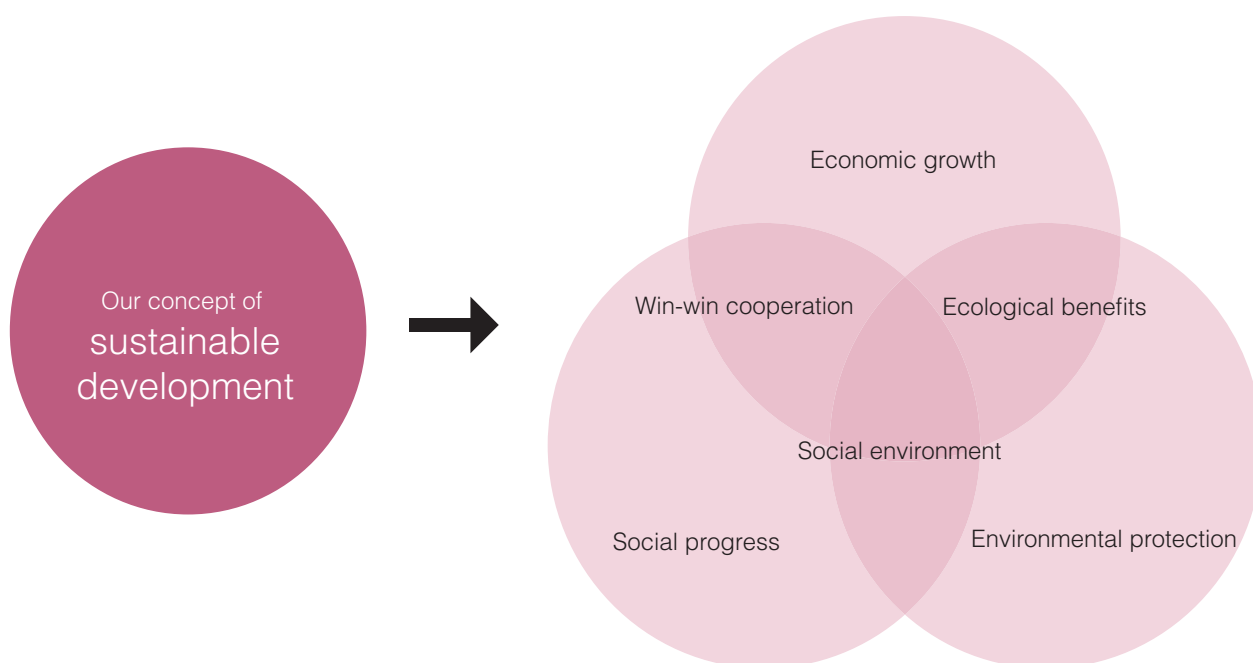
Introduction

Our concept of sustainable development and pursuit of long-term performance is to make achievements in economic, environmental and social aspects as these aspects interact with and support each other. Our corporate social responsibility (“CSR”) practices are in line with all applicable laws of the regions where we operate and we stay current with international leading standards of our industry. Such practices help us promptly respond to the interests of all our stakeholders, including, in addition to our customers, employees and investors, the people in communities and countries in which we work and live. We have integrated CSR into our operations in ways that achieve customer satisfaction, employee well-being and environmental protection, all the while being a good citizen.

1. Social Responsibility Management System

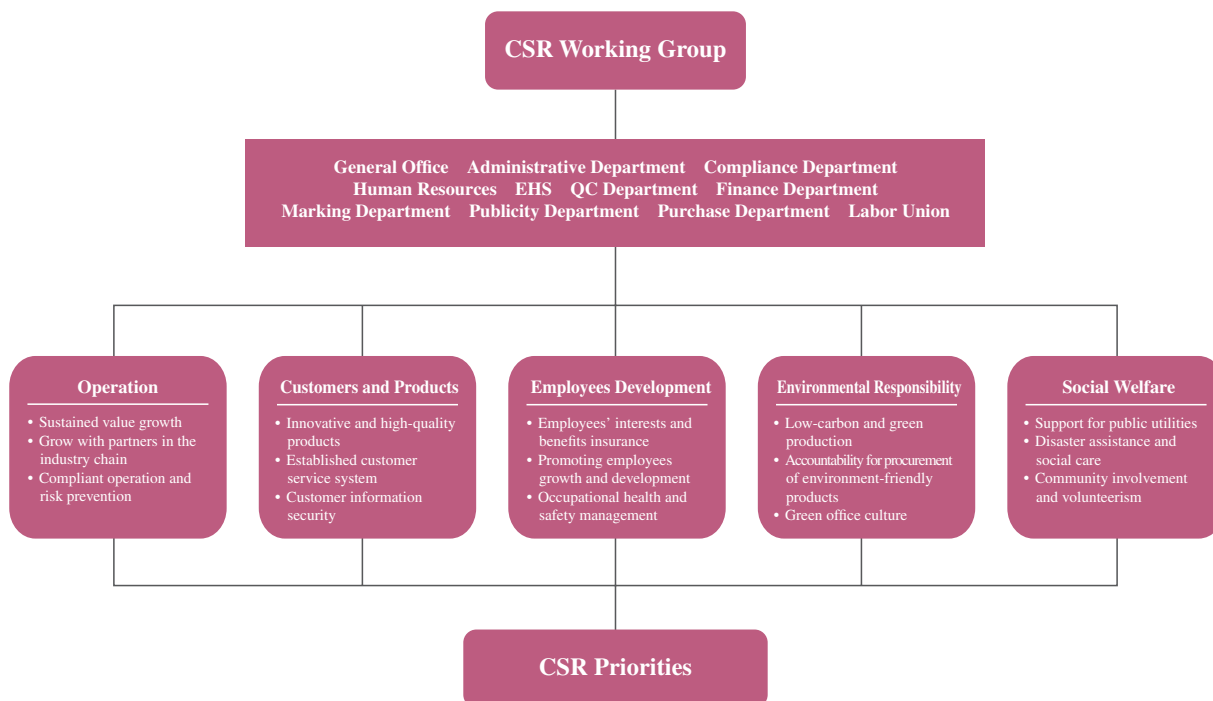
1.1 Concept and Management

We believe the fulfillment of corporate social responsibility first and foremost requires pro-active adherence to and implementation of the highest international standards of business and social ethics while creating value for and sharing value with all stakeholders. To this end, our Company incorporates environmental and social responsibilities directly into our business strategies and operations. We take a prudent approach to manage our environmental and social risks by improving supply chain performance and reducing resource consumption and environmental emissions while encouraging innovation and recruiting and fostering talents, thereby winning social recognition and enhancing our reputation.



Corporate Social Responsibility

Effective social responsibility management also requires senior management's ongoing attention and the involvement of all staff. We established a CSR working group to set up a CSR organization system that enables management to participate in and coordinate with the functional departments horizontally and member companies vertically. The working group comprises responsible officers from various functional departments.



Corporate Social Responsibility

1.2 Involvement of Stakeholders

Based on the business and operational characteristics of our Company and leveraging the experience and best practices in the industry at home and abroad, we have determined the following to be our stakeholders: our shareholders, customers, employees and partners; government agencies and regulators; and, of course, the communities in which we live and work as well as the general public. Our Company actively communicates with all of these stakeholders via various channels and methods, including websites, media, meetings, reports and other business and social activities.

Expectations and Responses of Stakeholders

Key stakeholders	Description	Issues concerned	Communications and responses
Shareholders	Domestic and foreign investors holding equity and debt investments shares in our Company	Corporate governance system, business strategy and performance, stable profitability and return on investment	Shareholders' meetings, financial reports, results announcements, road shows, etc.
Customers	IDMs, systems and fabless semiconductor companies	Product quality, service value, and protection of customer information	Product exhibitions, customer research, technical seminars, B2B systems and e-tapeout systems, customer service hotlines and complaints, customer satisfaction surveys, etc.
Employees	Our employees and contract personnel who serve our Company on a continuous basis	Employee interests and benefits, compensation systems, training and development, working conditions, health and family care	Employee activities, Employee Representatives Congress, trainings, self-service systems and employee manuals, internal publications, etc.
Government and regulators	Industry, tax, environmental protection, security and other departments, local governments, SFC and other governmental or regulatory authorities	Compliant operation, regulatory transparency, full tax payment, carbon emission reduction, resource conservation	On-site visit, official correspondences, policy enforcement, information disclosure, etc.
Partners	Suppliers, research institutions, industry associations, etc.	Business ethics and creditworthiness, fair competition, compliant operation, strategic alliances with mutual benefits	Public tender conferences, strategic cooperation negotiations, exchanges and visits, etc.
Communities and the public	Communities in which we operate, the public, media and non-profit organizations	Community development, social welfare, environmental protection, business ethics	Community activities, employee volunteer activities, public welfare activities, social cause campaigns, etc.

Corporate Social Responsibility

1.3 Risk Management and Identification and Analysis of Substantive Issues

Risk Management

We continuously improve our organizational system of risk management through improvement in relevant processes and policies, thereby effectively enhancing our capabilities in comprehensive risk management. Our management has designed and implemented a set of risk management policies to identify and address various potential risks arising in day-to-day operations, including strategic, operational, financial and legal risks. The Audit Committee of the Board is responsible for overseeing overall risk management and assessing and updating our risk management policies on a yearly basis. In 2015, we further improved our policies for financial and environmental risks.

Key ESG Risks and Countermeasures

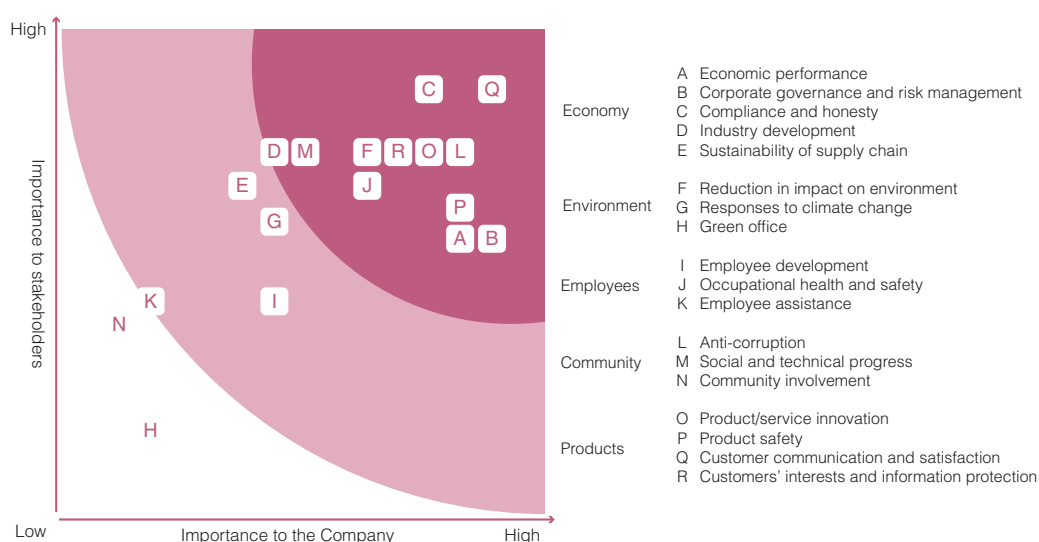
Risk Category	Content	Countermeasures
Finance	Cash flow	Prepare cash flow statements on a monthly basis to record cash flows and dispatch the same to relevant departments for follow-up actions
	Exchange fluctuations	Transactions denominated in foreign currencies are settled in foreign currency whenever possible to reduce the need for foreign currency exchange, thus reducing risks arising from exchange rate fluctuations
	Customer credit control	Sales managers are responsible for collecting customer information, including their financial reports and overall development. Finance Department is responsible for customer credit ratings and classifying different credit ranges based on the information collected, and reports the results to the respective sales managers and the chief financial officer
Environment and Safety	Environment	We design management procedures based on our observation, assessment and control of environmental factors, and list major environmental factors
	Project evaluation	Prior to the commencement of each project, we perform a comprehensive assessment of the possible impact the project may pose to the environment and occupational health and safety
	Safety check	Safety checks focusing on troubleshooting and fault diagnosis are carried out on a continuous and regular basis
	Occupational health	We have developed the goals of our environmental and occupational health and safety program management in accordance with the Company's established indicators for health, safety and environment ("HSE") and program management procedures
Production	Rating and selection of suppliers	Suppliers are rated based on cost, supply capacity, specifications and other criteria so as to select the most suitable suppliers, and regular assessments are performed on suppliers
Products	Responsible marketing	All information disclosure requires the approval of the Marketing Department and the Publicity Department for release
	Intellectual property rights	Prior to application for patents, our Compliance Department will conduct review in respect thereof

Corporate Social Responsibility

Identification and Analysis of Substantive Issues

We check social responsibility issues on a regular basis, and identify the more substantive ones on which to focus our operations, reporting and disclosures through periodical identification, evaluation and screening. We take into account both internal and external factors such as our strategic and operational direction, stakeholders' concerns and expectations, as well as national and international standards and policies.

In 2015, we set forth new priorities for reporting and actions by reference to the Sustainability Reporting Guidelines GRI4 and based on a survey of internal and external stakeholders. In particular, we have given special priority to certain issues such as customer communication and satisfaction, compliance and integrity, customer interests, information protection and anti-corruption.



2. Environmental Responsibilities

We keep track of environment-related international conventions and laws and regulations of the regions where we operate, and update our management systems on greenhouse gas emissions, use of resources and energy and waste discharge on a regular basis to ensure strict compliance with the “Environmental Protection Law of the People’s Republic of China” (《中華人民共和國環境保護法》), the “Law of the People’s Republic of China on Prevention and Control of Atmospheric Pollution” (《中華人民共和國大氣污染防治法》), the “Law of the People’s Republic of China on Prevention and Control of Air Pollution Environmental Pollution by Solid Wastes” (《中華人民共和國固體廢物污染環境防治法》) and other environment-related laws and regulations. We have established an environmental management system and we implement strict measures to reduce emissions and the consumption of energy and natural resources as far as possible. Thanks to these efforts, we have not experienced any environmental pollution incidents, nor were we subject to any complaints or penalties in relation to environmental issues as at the end of 2015.

Review of environment-related laws and regulations

Legal and regulatory areas	Description	Number of laws identified
Environment	We have analyzed and sorted out environment-related laws and regulations and international conventions in relation to environmental protection, exhaust gas, water, wastes, noise, electromagnetic radiation, chemicals, resources, energy and radiation	More than 100 laws and regulations

Corporate Social Responsibility

2.1 Environmental Management

Our Company adheres to the requirements of the ISO 14001 management system, and has developed the goal indicators of HSE management system and the program management procedures based on environmental risks identified at national, industry and corporate levels. With respect of waste discharge management, our Company has formulated a complete set of effective environmental management procedures covering the management and control of incoming chemical raw materials, the discharge of exhaust gas and waste water, treatment of waste materials and noise management within the factory zone. Our carbon footprint and its causes are evaluated frequently to enable us to reduce the Company's greenhouse gas emissions. In March 2015, our environmental management system received certification from the British Standards Institution (BSI), and we accordingly set up plans on hazardous waste reduction and energy conservation and emission reductions. We use environmentally friendly products and certified materials in our operations as far as possible.

With respect to resources utilization, our Company has established a resource management system. Our "Energy and Resource Management Procedures" expressly defines the energy management functions of our top management, as well as the responsibilities of the Energy Management Task Force and its individual members. Meanwhile, our Company has established an incentive scheme for development of new energy saving and emission reduction projects. In 2015, our No. 1, 2 and 3 factories made incentive payments of RMB1,094,600 for a total of 687 VE (value engineering) projects in respect of energy saving and emission reduction, and recorded a revenue of RMB95,550,000.

2015 Work and Results in Pollution Prevention and Rectification

Monitoring and testing work

- Regarding waste discharge monitoring and testing, the Company completed the "2014 Waste Discharge Annual Report" and the "2015 Waste Discharge Declaration", and conducted monthly inspections of automatic monitoring facilities at sources of pollution. We compiled environmental quarterly reports, including information from online monitoring of operation facilities
- Regarding waste disposal, the Company formulated the "2014 Waste Disposal Management Plan". It completed the annual filing for dangerous industrial wastes. The environmental monitoring response task force conducted on-site monitoring of arsenic and arsenic hydride, as well as investigating disposal of arsenic-containing materials
- The Company made arrangement for preparation of the "HHGrace 2015 Audit Report on Clean Production"

Results

- The monitoring and testing data (waster and gas emission and noise) from Pudong Environmental Monitoring Station shows that all results of state-owned enterprises meet the requirements
- The water discharge monitoring and testing data from Water Works Regiment of Pudong Administration and Law Enforcement Division indicates that the Company meets requirements, and the gas emission discharge fees were fully paid the Company
- The Company completed the 2015 on-line operation to record dangerous wastes
- The Company regularly contracts out monitoring and testing, the data of which have been found to meet standards

2015 Energy Saving – Work and Achievements

Monitoring and testing

- For energy management, the Company compiled and issued the 2014 "State of Energy Utilization Report", and prepared such surveys as the "Load Management Potential Investigation" by the Shanghai Municipal Commission of Economy and Informatization and the Notice of Huahong Group on Reporting Energy Saving Work. It has passed the 2015 performance assessment conducted by the energy saving monitoring center.
- For water utilization management, the Company made arrangement for preparation of the water conservation application report for its three factories. Under the premise of water sufficiency for production, the Company conducted audit inspection of the water meter accounts, performed statistical analysis on water utilization and published monthly reports to encourage economical use of water resources through water saving schemes and the recycling of grey water.

Major projects and achievements

- Energy saving transformation for cold water and hot water co-generation system helped save approximately 2,140 tons of coal equivalent annually
- One additional small ice machine was purchased to adjust the freezing capacity of the ice water system. In winter, such small ice machines were used to replace large ice machines, which helped save electricity of approximately 648 tons of coal equivalent annually
- Energy saving transformation for the converter of the air-conditioning system resulted in a decrease of 60KW compared to the effective operating power of motor, which helped save electricity of approximately 157.68 tons of coal equivalent annually
- MAU fresh air temperature adjustment helped save approximately 168,848.84 cubic meters of natural gas annually and approximately 210,246 KW/year of electricity, or approximately 28.67 tons of coal equivalent annually

Corporate Social Responsibility

2015 Environmental Protection Performance

Related index	Performance	
	2014	2015
Energy saving and emission reduction, and environmental investments	RMB39.222 million	RMB12.461 million
Total water consumption	4.545 million tons	4.722 million tons
Water consumption per unit output	3.2 tons	3.18 tons
Total electricity consumption	412,740,000 KW	440,630,000 KW
Electricity consumption per unit output	291 KW	297 KW
Gas consumption	7,076,500m ³	6,043,800m ³
Gas consumption per unit output	5.0m ³	4.07m ³
Total wastewater discharge	4,090,700 tons	4,152,300 tons
Water recycling use	2,514,300 tons	2,355,300 tons
Total gas emission	12,000,000,000m ³	12,101,510,000m ³
Disposal of dangerous wastes	3,597.0 tons	4073.4 tons
Discharge of calcium fluoride wastes	2,455.8 tons	2786 tons
Total dangerous wastes	3597 tons	4073.4 tons
Generation of dangerous wastes tons per unit output	0.0025 tons	0.0027 tons
Total harmless wastes	2455.8 tons	2786 tons
Generation of harmless wastes tons per unit output	0.0017 tons	0.0019 tons
Total consumption of packaging materials used in finished products	31.9 tons	33.7 tons
Consumption of packaging materials tons per 10,000 units output	0.2246 tons	0.2277 tons
Recycling of packaging materials used in finished products	4.2 tons	5.7 tons
Penalties for contravention of environmental laws and regulations (times)	Nil	Nil
Heavy penalties for contravention of environmental laws and regulations (RMB)	Nil	Nil

Corporate Social Responsibility

2.2 Green Products

All of the Company's manufacturing facilities are certified to be in compliance with the QC080000 IECQ HSPM standard, which defines management system standards for hazardous materials technologies. This ensures that wafer products or outsourced packaged chips comply with international regulations. Apart from that, the Company has formulated its own hazardous materials management standards, hazardous materials risk assessment management procedures and control methods to further ensure products comply with the EU RoHS directives, the SVHC (Substance of Very High Concern) announced by EU REACH, SONY SS-00259 and customer requirements regarding control of hazardous materials.

The Company has always attached great importance to research and development of green products. In the stages of energy application, the Company has applied smarter management and control to effectively enhance the energy efficiency and reduce emissions, so as to support the green and low-carbon economy. Power semiconductors can be widely applied in mobile devices, lighting, new-type power supply and new-energy powered autos. The Company provides corresponding process solutions to ensure longer running time, faster recharge speed and lower power consumption for mobile devices; provides the LED lighting with stable and diverse drive circuits; provides the new generation of mobile devices with more efficient and smaller recharge devices and adopters; and provides new energy-powered autos with smarter, more efficient and more stable motor-driving modules. As a power semiconductor foundry leader, the Company will continue to expand and improve its technologies of power devices with intelligence and low consumption as its primary objective.

2.3 Green Culture

The Company constantly promotes the concept and implementation of environmental protection measures inside and outside of the Company. As for daily operation and administration, the Company utilizes technology effectively to live up to a sustainable development ideal, such as using network printing and centralized office automation to control paper consumption. The Company encourages the use of both sides of paper, using recycled paper, and supports recycling of our own. At the same time, the Company strongly supports the use of electric vehicles, and the Company's vehicle fleet also uses electric vehicles. In 2015, the Company was awarded the "Advanced Group of Greening and Environmental Hygiene in Shanghai".

With respect to external promotion, the Company also proactively participates in external environmental protection activities to exert corporate influence and push forward actions for environmental protection. In 2015, the Company organized and participated in "Pudong World Environment Day and the Fourth Jinqiao Ecological Culture Festival". The Company will continue to conduct the trading of electronic wastes at alah.com throughout all factories, and proactively supports community activities, with natural science and technology and environmental protection as their subject.

Corporate Social Responsibility

3. Employee-Related Responsibilities

We keep track of employee-related international conventions and laws and regulations of the regions where we operate, and update our management systems on employee remuneration, recruitment and promotion, dismissal, overall rights, obligations and benefits, working environment and occupational safety, child labor and forced labor on a regular basis. We strictly comply with the “Labor Law of the People’s Republic of China” (《中華人民共和國勞動法》), the “Production Safety Law of the People’s Republic of China” (《中華人民共和國安全生產法》), the “Employment Promotion Law of the People’s Republic of China” (《中華人民共和國就業促進法》) and other employee-related laws and regulations, and have a sound human resources system in place to protect the legitimate interests of all employees. In addition, we have created a safe work environment and established strict safety assessment indicators. We provide safety-related trainings to our employees and conduct emergency exercises on a regular basis. As at the end of 2015, no infringement upon the interests of employees was found, nor were we subject to complaints or penalties in connection with our employees.

Sorting of employee-related laws and regulations

Legal and regulatory areas	Description	Number of laws identified
Employees	We analyzed and sorted out employee-related laws and regulations and international conventions, including employment, labor protection, work safety, occupational disease prevention and labor unions	More than 170 laws and regulations

Corporate Social Responsibility

3.1 Rights and Benefits

Employment

We implement a non-discriminatory recruitment and employment policy, have established a fair, equal and open recruitment system, and are committed to providing equal opportunity in all our human resources activities such as employee selection, recruitment, promotion, transfer, and remuneration. We do not implement or engage in discriminatory policies or injurious actions for any reason, in particular nationality, region, color of skin, ethnicity, religion, age, family conditions or other factors. We have formulated our Employment Procedures and the Management Procedures for Trainees. We strictly check the identity information of our staff, and do not employ children or adolescents under the age of 16 years. Meanwhile, we resolutely prevent all compulsory labor practices from occurring.

2015 Company Employment Statistics

Type	Group	2014 (Persons)	2015 (Persons)
Sex	Male	2,548	2,647
	Female	1,130	1,140
Type of employment	Labor contract employees	3,678	3,787
	Contract outsourcing employees	167	160 ¹
Age	< 30 years	1,919	1,878
	30-50 years	1,686	1,827
	> 50 years	73	82
Region	Mainland China	3,669	3,777
	Overseas	9	10
Management gender	Female	9	9
	Male	66	63
Employee turnover	New recruits	815	606
	Turnover	508	509
	Mainland China/Regional employee turnover	507/1	507/2
	Turnover of employees under 30 years/30-50 years/over 50 years	380/128/0	385/110/14

¹ Includes security personnel and logistical personnel

Corporate Social Responsibility

Remuneration and Benefits

In order to attract and retain our talents, we have provided our employees with competitive remuneration and comprehensive benefit plans; we also pay full statutory social insurance items, and purchases commercial supplemental coverage for our employees, including accident insurance and major illness medical insurance, and provide free supplemental medical insurance to children and spouses of those employees in financial distress. We guarantee the rights of our employees to rest and off-duty days in compliance with national statutory requirements, and also allow supplemental annual paid leave. For the Mid-Autumn Festival and New Year's Day, the Labor Union will arrange to send gifts to the employees. In addition, in order to help those employees from remote areas to be recorded in their local census register, the Company has formulated the "Measures for Employees from Other Provinces or Cities on Application for Registration in the Census Register of Shanghai" to help solve the worries of employees. In 2015, the Company had introduced a total of 52 professionals.

Care and Support for Our Employees

It is of significance for the Company to build harmonious labor relations, establish unblocked communication channels and offer heartfelt care. The Company has established its Labor Union and holds regular employee representative meetings for employees to participate in the daily management and construction of systems of the Company. In addition, the Company listens to the opinions of employees through round table lunches and seriously considers reasonable suggestions. Meanwhile, we have established an employee support mechanism and a "Home for Employees" to provide the distressed with long term support and help them to get out of predicament as soon as possible.

Related 2015 Performance Statistics on Employees' Rights and Benefits

Related indexes	Performance	
	2014	2015
Rate of signed labor contracts	100%	100%
Social security coverage	100%	100%
Coverage of employees under collective consultative agreement protection	100%	100%
Complaint cases	nil	nil
Employees discrimination cases	nil	nil
Fund supporting impoverished and needy employees	RMB200,000	RMB260,000
Number of benefited employees	80 persons	81 persons
Funeral consolation	RMB121,000	RMB133,000
Employee special occasions	RMB1.10 million	RMB2.70 million
Total employee cash donations	RMB51,000	RMB150,000

Corporate Social Responsibility

3.2 Health and Safety

Full Coverage for Health, Food, Lodging, Transportation

The Company pays ongoing attention to the health of its employees. In terms of medical treatment, we provide annual physical examinations for all employees, offer employees designated for special positions occupational disease checkups with respect to pre-employment, employment, and postemployment in such positions, and arrange more specialized physical examinations for female and veteran employees. For systemized management in 2015, we fully supported the development of standard healthcare service centers and health management systems, and created employee health status profiles.

In terms of food, the Company operates its own cafeterias and cafes in factory zones, ensuring a safe, nutritious, and healthy diet for all employees. We established the model of managing centralized food procurement and qualified supply chains, providing assurance about the safe sources of food. By preparing and circulating the “Food Preparation Guidelines”, a collection of 422 food preparation standards and selling prices, we provided guidance to all cafeterias in factories on processing and sales of food, and employees are invited to provide supervision based on such guidelines. In addition, we strengthened the promotion of a “healthy diet” concept to help employees develop a proper diet.

Regarding lodging, the Company provides its employees with excellent lodging conditions. Our accommodation capacity can fully satisfy the current lodging requirements, and each room is installed with an independent bathroom facility. Within the lodging area, we also provide libraries, computer rooms, pool tables, laundry rooms, TV rooms, and other supporting facilities with 24-hour water heating and WIFI services, ensuring that our employees feel as comfortable as at home.

Regarding transportation, to provide its employees with convenient commuting to and from work, the Company arranges free shuttle buses connecting to Jinqiao No.1 Factory, the metro system, and the lodging areas. Based on the commuting requirements of its employees, the Company arranges the shuttle bus routes and schedules, and provides special weekend bus routes and schedules for departments required for OT work. All employees at Zhangjiang Factory are reimbursed with transportation allowances, and our employees may choose their own convenient commuting means.

To maintain a healthy, comfortable, and harmonious work environment for our employees, we organize a variety of mental health training seminars to assist employees in developing healthy living habits and alleviating living pressure. Meanwhile, our employees are encouraged to proactively participate in entertainment activities for maintaining a balance between work and life. Based on the interests of our employees, the Company Labor Union establishes 30 associations with respect to jogging, basketball games, photography, card and chess games, dramas, calligraphy and others. Regular themed activities are organized, covering such areas as sports, leisure, literature, and arts.

2015 Statistics on Employee Health Performance Indices

Related Indices	Performance
Mental Health Training Seminar	389 attendances
Staff physical examination coverage	100%
Corporate events	More than 8,200 attendances
Association participation rate	54.8%

Corporate Social Responsibility

Employee Occupational Health and Safety Management

It is the most fundamental responsibility and obligation to guarantee the health and safety of employees at work. Based on the OHSAS18000 Occupational Health Safety Management system and the ISO14001 Environmental Management System, we further improved our EHS management system. In addition, we reviewed all laws and regulations related to occupational health, safety, and environmental issues, while fully evaluating the occupational hazard factors and protective measures involving our Company.

By formulating stringent safety assessment standards, as well as persevering with preemptive actions to prevent disasters, we engaged in preventive measures based on elimination of latent dangers and diagnosis over equipment malfunctions. In addition, we improved 60 new cards for equipment failure emergency procedures based on the original “1+12+1782” Company Contingency Plan System. Meanwhile, during the safety training for employees, we persisted in both evacuation and relief upon occurrence of a disaster and observed the principle of emergency training and practical drills. Through “Safety and Health Cup” and other labor campaigns, we organized drills for frontline production employees to implement emergency plans.

2015 Statistics on Occupational Health and Safety Performance Indices

Related Indices	Performance	
	2014	2015
Occupational Checkups for employees designated for special positions/completion rate	100%	99% ²
Occupational disease occurrence rate	0%	0%
Latent dangers and 5S elimination	4,813	10,447
Rate of completed rectification	98.5%	96%
Safety and Technology Reform Projects	105	114
Investments in safety and technology reforms	RMB20.50 million	RMB20.58 Million
Total investments in safety operations	RMB26.20 million	RMB26.50 million
Number of emergency drills	429	117
Number of participants in emergency drills	10,434	13,175
Safety training sessions	45	57
Safety training session attendees	6,650	7,058
Number of days absent from work due to injury	83 days	149.5 days
Safety production incidents	Nil	Nil
Death toll due to safety incidents	Nil	Nil

² 1 person was subject to pre-employment restrictions, and 1 person was subject to employment restrictions, both of which were re-designated.

Corporate Social Responsibility

3.3 Learning and Growth

Employee growth is a significant contributor for corporate development, so we constantly work to improve our training system, such as formulating mechanisms like the “Training and Education Procedures”. In 2015, the Company focused on trainings for new recruits, job positions, and professional and management skills. A total of 1,954 internal and external training sessions were held, and implementation results and effectiveness were evaluated by questionnaires, behavioral follow-ups and summary analysis.

By improving its promotion mechanism, re-designation, job replacement, and other practices, the Company creates a platform to assist the employees in their career development. Given the job description, the Company sets up three categories, namely administration, technical, and functional. In addition, the Company assists employees in their career development plan with attentive care, and customizes career development paths for its employees. In 2015, 100% of the employees participated in regular performance and career development assessments. Meanwhile, the Company encouraged employees to receive education and further studies, and provided education allowances for on-the-job learning. In 2015, the Company offered education allowances to seven employees for their master and doctorate degrees.

2015 Statistics on Employee Training Performance Indices

Related Indices	Performance	
	2014	2015
Employee training person-events	75,689	83,051
Total investments in employee training (RMB10,000)	110	158
Training hours of each employee	64.7 hours	78.53 hours
Overall employees' training coverage rate	100%	100%
Training hours of each general employee	65 hours	65.8 hours
Training hours of each management member	8 hours	3.6 hours
General employees' training coverage	100%	100%
Management employees' training coverage	100%	100%
Training hours of each female employee	65.1 hours	77.6 hours
Training hours of each male employee	65 hours	79.2 hours
Female employees' training coverage	100%	100%
Male employees' training coverage	100%	100%

Corporate Social Responsibility

4. Products and Customers

We keep track of international treaties and laws and regulations relevant to our products and customers in places where the businesses are operated, and regularly update our management policies governing products and services in terms of health, safety, advertising, labels, privacy, and other areas. In addition, we are in strict compliance with such laws and regulations related to our products as the Product Quality Law of the People's Republic of China and the Advertisement Law of the People's Republic of China, and establish quality assurance systems and customer service systems. As of the end of 2015, the Company did not receive any litigation regarding infringement of the interests of customers, nor did the Company receive any litigation from customers regarding product quality.

4.1 Product Liability

Quality Control

Adhering to the idea that “quality is vital to an enterprise”, we have developed the Quality Control Guidelines and promoted comprehensive quality control by designating five integrated departments (being quality system and customer satisfaction, supplier management and material analysis, quality engineering, reliability assurance, and failure analysis) to ensure product quality and reliability over the full range of our operations. Meanwhile, we have established multiple management systems such as personnel management, equipment management, environment management, system management, process management and customer quality control to reduce human error. With reliable management systems, we are able to achieve real-time monitoring and testing over our production processes, forecast anomalies that may arise during the entire production processes through failure analysis and make corresponding adjustments on a timely basis. We have a sound recall system in place, pursuant to which if our products fail to meet the applicable warranties due to reasons attributable to us, our customers may return such non-conforming products to us within the warranty period and we shall repair or replace such products free of charge.

Our Company has successively received ISO 9001 Quality Management System certification, ISO 14001 Environmental Management System certification, ISO 27001 Information Security Management System certification, OHSAS 18001 Occupational Health and Safety Management System certification, ISO/TS 16949 certification for Quality Management Systems for Automotive Industry, and QC080000 Hazardous Substance Process Management System certification. Our sound system-based management provides further assurance that products manufactured by us are free from defects in material and workmanship and in conformity with the customer specifications.

2015 Statistics on Product Quality Control Performance Indicators

Indicators	Performance in 2014	Performance in 2015
Product return rate	<0.1%	<0.1%
Percentage of products recalled due to safety and health issues	0%	0%

Corporate Social Responsibility

Technological Innovation

Innovation is vital to the growth of an enterprise. We are always committed to the research and development (R&D) on advanced, differentiated technologies for semiconductor manufacturing, and have successfully promoted the application of our advanced specialty process technologies and R&D achievements in a wide range of fields. As a State-certified enterprise technology center, we have an academician workstation and set up the Huahong Grace Enterprise Association for Science and Technology (華虹宏力企業科協) in 2015. We strive to create a technological innovation system incorporating collaboration among industries, universities and research institutes, and promote transformation of scientific and technological achievements into actual productive forces through recruitment of experts, cooperation in projects, personnel training and academic exchanges and other means and channels. In 2015, our Company submitted applications for more than 10 major scientific projects of different levels.

Intellectual Property Protection

As a technology-oriented company, our Company attaches importance to innovations in research and development of application specific integrated circuits such as smart cards and information security, and has distinguished itself with a host of impressive technological innovations. We have established systems to protect our confidential information and trade secrets, and actively protect our intellectual property rights by way of applying for patents and ensuring anyone who infringes our intellectual property rights is held accountable. Meanwhile, we respect the intellectual property rights of other parties and undertake not to infringe such rights of any other entity or individual. We have also established a strict information protection system to keep confidential the product technical information of our upstream and downstream partners. In order to reduce the risk of claims of infringement of third-party intellectual property rights against our manufacturing of semiconductor devices or end products, we accept orders from reputable customers without known potential risk of infringement. We also enter into a number of technology licensing agreements with major technology companies.

2015 Statistics on Scientific and Technological Innovation Performance Indicators

Indicators	Performance	
	2014	2015
R&D investment (US\$ in million)	36.5	51.0
R&D investment as a percentage of revenue from principal operations	5.5%	7.8%
Intellectual property rights infringement cases	0	0

As at the end of 2015, our Company had a total of 1,704 patents for inventions, of which 80 patents were granted by the US competent authority.

Corporate Social Responsibility

4.2 Customer Service and Protection of Customers' Interests

Customer Service System

Our Company has a sound customer service system in place and provides services to our customers through customer service hotlines, website systems, regular and ad hoc conferences, technical seminars, trainings and other means. We have established the procedures and standards for contacting customers, setting out the basic requirements of our customers in respect of inquiries, transactions and complaints. We have established the Customer Complaints Handling Procedures, which sets out the processes for handling customer complaints, and the responsible offices and key techniques and requires that preliminary survey results and responses should be given within 48 hours upon receipt of a general customer complaint. Furthermore, we sort out and analyze the information reflected in customer complaints on a regular basis, and require relevant departments to develop improvement plans based on the results and oversee and assess the effects of relevant rectifications. Our Customer Satisfaction Measurement Procedures require us to carry out a customer satisfaction survey once every six months and to develop an improvement scheme based on the scores given and any dissatisfaction expressed by customers.

Adhering to the idea of providing customers with more convenient and safer services, we view the establishment and improvement of customer product customization information systems as an important goal for our customer services. We have set up such online customer interactive interfaces as B2B system and e-Tapeout system, making it easy for customers to download technical documents and submit product technical information. This effectively solves the problems relating to low efficiency of transmission of product design information and delayed delivery of new products due to incorrectness or omission of information that are commonly seen in the semiconductor industry. As such, we are able to effectively shorten the tapeout lead time for customers' new products.

2015 Statistics on Customer Service Performance Indicators

Indicators	Performance	
	2014	2015
Customer satisfaction score	8.39	8.49
Complaint cases	16	11
Percentage of customer complaints addressed	100%	100%

Protection of Customer Information

We always pay great attention to maintain the security of customer information. As China's first semiconductor foundry with information security certification, we have established a "Risk Management-based" management system according to the ISO 27001 Information Security Management, and formulated an information security policy. In addition, an Information Security Committee has been established to take charge of information security, ensuring information security through controlling information security risks in information asset management, human resources security, physical access management, logical access management and other aspects. Meanwhile, we perform audit on photomask factories that have cooperative relationship with us, so as to ensure the security of data management and storage in the photomask factories. In 2015, we did not receive any customer complaint relating to violations of customer privacy and loss of customer data.

Corporate Social Responsibility

5. Compliance in Business Operation

We keep track of international treaties and laws and regulations relevant to compliance in business operation in places where our businesses operate, and regularly update management policies governing supply chain management, risk control, corruption and bribery prevention, business fraud, and other aspects. In addition, we are in strict compliance with such laws and regulations with respect to compliance in business operation as the Criminal Law of the People's Republic of China and the Anti Unfair Competition Law of the People's Republic of China, thereby deepening the implementation of supplier review work and proactively engaging in the promotion of clean and honest industrial practices and anti-corruption governance. As of the end of 2015, the Company was not involved in any litigation with respect to any commercial bribery or corruption.

5.1 Supply Chain Management

It is a long-term development strategy for the Company to progress forward together with enterprises in the entire supply chain with our CSR value chain. To this end we established a CSC Procurement Review Committee, and implemented an open bidding process as our main procurement approach. By formulating the Supply Chain Management Procedures, we conduct reviews over suppliers in terms of environmental safety, quality management, product performance, and business qualification, and ensure enterprises under review will become supply chain partners of the Company only upon approval. In addition, we also took the initiative to join ECOVadis in France for monitoring the environmental and social risks of suppliers. By entering into the Undertakings against Commercial Bribery and the Environmental Protection Undertakings with all suppliers, we eradicate all unfair competition activities, while ensuring raw materials comply with ecofriendly requirements. By setting up the internal supplier rating mechanism, we conduct regular risk assessment of suppliers, whereby evaluating the practice of corporate social responsibilities, the management of harmful substances, and other managerial aspects. Our Company always encourages our suppliers to become members of the Electronic Industry Citizenship Coalition (EICC) and follow the EICC Code of Conduct and obtain ISO14001 certifications, thereby further promoting our green value chain. Meanwhile, we undertake to refuse the purchase of conflict minerals, while proactively eliminating the metals derived from the supply chain that uses illegal mining areas, conflict minerals, or poor mining environment.

With the improving production capacity of the Company, the Company also increases its purchase of raw materials, equipment, and energy products. Currently, we have more than 1,000 domestic and overseas suppliers. In addition to ensuring quality amid lower costs, we proactively support the growth and development of our domestic suppliers, and constantly assist suppliers in improving their management capacities. In addition, we also proactively encourage small- and medium-sized enterprises to participate in the localization of key raw materials, including gas, chemicals and silicon wafers. In 2015, the Company's purchase of raw materials had a localization rate of 24.5%.

5.2 Anti-corruption

The Company established a compliance department to supervise the overall compliance management. Meanwhile, all major departments also have compliance officers to cover the implementation of internal control management systems, policies, and measures. We improve our compliance management systems based on the capital market requirements each year, including reviews over compliance management.

The Company has long-term commitments to training and education on clean and honest practices for customers and manufacturers, management cadres, and employees in major positions. By constantly promoting the execution of the Undertakings against Commercial Bribery and the Undertakings to Refuse Commercial Bribery, as of December 2015, the Company entered into the Undertakings against Commercial Bribery with 429 manufacturers and the Undertakings to Refuse Commercial Bribery with 656 management employees and employees in major positions, including 35 new employees in 2015. The execution rate is 100%. In 2015, we paid sample-based visits to 198 positions with respect to the execution of the Undertakings, and found no non-compliance incident.

The Company constantly promoted the clean and honest practices and organized training programs with respect to anti-corruption and clean and honest initiatives, whereby staging three clean and honest initiative seminars with management members with a total of 432 participants. The participation rate was 98%. Separate interviews were conducted with 52 cadres over clean and honest practices. The Company's "Measures to Manage Employee Complaints and Whistle-Blowing" provides definite whistle-blowing channels, including email, telephone, or mail. All of these encourage our employees to report any suspicious internal violations. In 2015, there were no reports filed by any employees.

Corporate Social Responsibility

6. Social Welfare Causes and Public Communities

In 2015, in terms of environmental protection activities, we supported the “2015 Global Natural History Day” sponsored by Global Health & Education Foundation, and selected a company cadre to serve as the judge to the Foundation (Shanghai Area). We also support the “Shanghai Alliance for Circulation of Used Textbook Supplements” (上海市廢置教輔書流通聯盟) sponsored by a student public welfare association comprised of the students from High School Affiliated to Fudan University, encouraging employees of the Company to donate used textbook supplements to children, and collect books from the said Alliance. By supporting the SEMI China High School IC Summer Camp as co-sponsored by SEMI China and Tokyo Electron Ltd., the Company’s employees and their children participated in such camping activities, which promoted the knowledge of the integrated circuit industry.

An amicable relationship with public communities represents an important guarantee for the long-term development of the Company. We maintain our ongoing attention to public communities and in-depth integration with such communities. The Labor Union of the Company entered into a “Joint Community Development and Construction Agreement” with the property management company within the area where our employee accommodation buildings are located, and engages in fire safety presentations, community environment inspections and their continuous improvement together with such property management company. The Company earnestly promoted the exchange between the technology-oriented community and the drama culture community. The Company also entered into a Joint Community Development and Construction Agreement with local fire brigades, and expresses its gratitude and solicitude to fire fighters serving at Jinqiao and Zhangjiang fire brigades prior to each Mid-Autumn Festival. By founding a volunteer association, the Company encourages its employees to provide voluntary community services. In 2015, 250 employees of the Company served the communities as volunteers for 480 hours.

List of 2015 Social Recognitions

No.	Items
1	Top 50 Innovative Enterprises in Chinese Electronics Information Industry
2	2015 China Top Ten Semiconductor Manufacturers
3	2015 Shanghai Top 100 Industrial Taxpayers
4	2015 Shanghai Outstanding Intellectual Property Rights Holders
5	Excellent Enterprise of the Year 2014-2015 in China’s Semiconductor Energy-Saving Chip Manufacturing Market
6	The 9th (2014) China Semiconductor Innovative Products and Technology Award
7	2014 Technological Innovation Award for Outstanding Contribution
8	2014 Top Ten Performers of Economic Yield in the IC Industry
9	2015 Golden Ant Award of National Golden Card Project
10	2015 Most Influential Enterprises in China Mobile Payment and Smart Card Industry
11	2015 Innovative Chip Manufacturing Technology for Smart Cards in China
12	2015 Nationwide Customer Satisfaction Award for “Chip Customization Services”
13	First Prize of 2015 Innovation Achievement Awards of Pudong New District, Shanghai

Corporate Social Responsibility

7. Preparation

Report Overview

This 2015 CSR Report of Hua Hong Semiconductor Limited explains its principles in fulfilling CSR and the work carried out in 2015. It mainly addresses to our stakeholders the sustainable development regarding economic, environmental, and social issues concerned.

Reference Basis

This CSR report adopts the “Environmental, Social and Governance Reporting Guide” issued by the Stock Exchange of Hong Kong Limited and the “Sustainability Reporting Guidelines (G4)” of the Global Reporting Initiative (“GRI”) as its reference basis.

Scope of Report

Organizational scope: This report covers Hua Hong Semiconductor Limited, including all subsidiaries of the Group.

Reporting period: From 1 January 2015 to 31 December 2015.

Release cycle: This is an annual report.

Data Descriptions

Data and cases in this report originate from the Company's original records in day-to-day operation or financial reports.

Independent Auditors' Report 獨立核數師報告



To the members of Hua Hong Semiconductor Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Hua Hong Semiconductor Limited (the "Company") and its subsidiaries set out on pages 147 to 235, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of consolidated statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

致華虹半導體有限公司列位股東
(於香港註冊成立的有限公司)

吾等已審核華虹半導體有限公司(「貴公司」)及其子公司載於第147至235頁的綜合財務報表，當中包括於二零一五年十二月三十一日的綜合財務狀況表，以及截至該日止年度的綜合損益表、綜合全面收益表、綜合權益變動表及綜合現金流量表，連同主要會計政策概要及其他說明資料。

董事對綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則和香港公司條例編製綜合財務報表以作出真實而公平的反映，並落實董事認為必須之內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大失實陳述。

核數師的責任

吾等的責任是根據吾等的審計對該等綜合財務報表作出意見，並按照香港公司條例第405條僅向整體股東報告，除此之外本報告別無其他目的。吾等不會就本報告的內容向任何其他人士負上或承擔任何責任。

吾等已根據香港會計師公會頒佈的香港審計準則進行審計。該等準則要求吾等遵守道德規範，並規劃及執行審計，以合理確定綜合財務報表是否不存在任何重大錯誤陳述。

Independent Auditors' Report 獨立核數師報告

Auditors' Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

22 March 2016

核數師的責任（續）

審計涉及執行程序以獲取有關綜合財務報表所載金額及披露資料的審計憑證。所選定的程序取決於核數師的判斷，包括評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險。在評估該等風險時，核數師考慮與該公司編製綜合財務報表以作出真實而公平的反映相關的內部控制，以設計適當的審計程序，但目的並非對公司的內部控制的有效性發表意見。審計亦包括評價董事所採用會計政策的合適性及作出會計估計的合理性，以及評價綜合財務報表的整體列報。

吾等相信，吾等所獲得的審計憑證能充足和適當地為吾等的審計意見提供基礎。

意見

吾等認為，該等綜合財務報表已根據香港財務報告準則真實而公平地反映貴公司及其子公司於二零一五年十二月三十一日的財務狀況，及彼等截至該日止年度的財務表現及現金流量，並已按照香港公司條例妥為編製。

安永會計師事務所
執業會計師

香港中環
添美道1號
中信大廈22樓

二零一六年三月二十二日

Consolidated Statement of Profit or Loss

綜合損益表

Year ended 31 December 2015
截至二零一五年十二月三十一日止年度

			2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Revenue	銷售收入	5	650,131	664,586
Cost of sales	銷售成本		(448,705)	(466,815)
Gross profit	毛利		201,426	197,771
Other income and gains	其他收入及收益	5	42,717	23,886
Fair value gain on an investment property	投資物業的公平值收益		58	1,127
Selling and distribution expenses	銷售及分銷費用		(7,292)	(7,206)
Administrative expenses	管理費用		(104,855)	(85,053)
Other expenses	其他費用		(9)	(2,433)
Finance costs	財務費用	7	(7,754)	(12,136)
Share of profits of an associate	分佔一家聯營公司溢利		961	4,856
PROFIT BEFORE TAX	稅前溢利	6	125,252	120,812
Income tax expense	所得稅開支	10	(12,703)	(27,722)
PROFIT FOR THE YEAR	年內溢利		112,549	93,090
Attributable to owners of the parent	母公司擁有人應佔		112,549	93,090
EARNINGS PER SHARE	母公司普通股權持有人	12		
ATTRIBUTABLE TO ORDINARY	應佔每股盈利：			
EQUITY HOLDERS OF THE PARENT:				
Basic	基本			
– For profit for the year	– 年內溢利		US\$0.11 0.11美元	US\$0.11 0.11美元
Diluted	攤薄			
– For profit for the year	– 年內溢利		US\$0.11 0.11美元	US\$0.11 0.11美元

Consolidated Statement of Comprehensive Income

綜合全面收益表

Year ended 31 December 2015
截至二零一五年十二月三十一日止年度

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
PROFIT FOR THE YEAR	年內溢利	112,549	93,090
OTHER COMPREHENSIVE LOSS	其他全面虧損		
Other comprehensive losses to be reclassified to profit or loss in subsequent periods:	於其後期間重新分類至損益的其他全面虧損：		
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	(88,669)	(3,998)
Net other comprehensive losses to be reclassified to profit or loss in subsequent periods	於其後期間重新分類至損益的其他全面虧損淨額	(88,669)	(3,998)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	年內其他全面虧損，扣除稅項	(88,669)	(3,998)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收益總額	23,880	89,092
Attributable to owners of the parent	母公司擁有人應佔	23,880	89,092

Consolidated Statement of Financial Position

綜合財務狀況表

31 December 2015
二零一五年十二月三十一日

			31 December 2015 二零一五年 十二月三十一日 (US\$'000) (千美元)	31 December 2014 二零一四年 十二月三十一日 (US\$'000) (千美元)
	Notes 附註			
NON-CURRENT ASSETS		非流動資產		
Property, plant and equipment	13	物業、廠房及設備	629,180	568,626
Investment property	14	投資物業	180,542	191,533
Prepaid land lease payments	15	預付土地租賃款項	22,120	24,194
Intangible assets	16	無形資產	8,516	14,708
Investment in an associate	17	於聯營公司的投資	40,833	42,030
Available-for-sale investments	18	可供出售投資	217,214	230,512
Long term prepayments		長期預付款項	10,806	8,237
Deferred tax assets	27	遞延稅項資產	4,692	9,191
Total non-current assets		非流動資產總額	1,113,903	1,089,031
CURRENT ASSETS		流動資產		
Inventories	19	存貨	107,081	93,988
Trade and notes receivables	20	貿易應收款項及應收票據	103,822	107,509
Prepayments, deposits and other receivables	21	預付款項、按金及其他應收款項	9,408	7,007
Due from related parties	33(e)	應收關聯方款項	25,282	43,178
Pledged and time deposits	22	已抵押及定期存款	41,796	2,583
Cash and cash equivalents	22	現金及現金等價物	510,441	646,773
Total current assets		流動資產總額	797,830	901,038
CURRENT LIABILITIES		流動負債		
Trade payables	23	貿易應付款項	66,280	63,532
Other payables, advances from customers and accruals	24	其他應付款項、預收賬款及暫估費用	84,474	72,310
Interest-bearing bank borrowings	25	計息銀行借款	42,750	81,690
Government grants	26	政府補助	53,881	63,885
Due to related parties	33(e)	應付關聯方款項	8,965	25,006
Income tax payable		應付所得稅	21,576	23,148
Total current liabilities		流動負債總額	277,926	329,571
NET CURRENT ASSETS		流動資產淨額	519,904	571,467
TOTAL ASSETS LESS CURRENT LIABILITIES		資產總值減流動負債	1,633,807	1,660,498

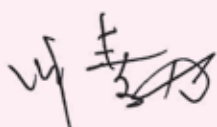
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Consolidated Statement of Financial Position

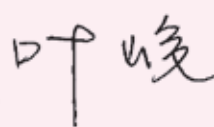
綜合財務狀況表

31 December 2015
二零一五年十二月三十一日

			31 December 2015 二零一五年 十二月三十一日 (US\$'000) (千美元)	31 December 2014 二零一四年 十二月三十一日 (US\$'000) (千美元)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		1,633,807	1,660,498
NON-CURRENT LIABILITIES	非流動負債			
Interest-bearing bank borrowings	計息銀行借款	25	137,871	183,031
Deferred tax liabilities	遞延稅項負債	27	5,246	11,988
Total non-current liabilities	非流動負債總額		143,117	195,019
Net assets	淨資產		1,490,690	1,465,479
EQUITY	權益			
Equity attributable to owners of the parent	母公司擁有人應佔權益			
Share capital	股本	28	1,550,164	1,550,164
Reserves	儲備	30	(59,474)	(84,685)
Total equity	權益總額		1,490,690	1,465,479



Suxin Zhang
張素心
Director
董事



Jun Ye
葉峻
Director
董事

Consolidated Statement of Changes in Equity

綜合權益變動表

Year ended 31 December 2015
截至二零一五年十二月三十一日止年度

		Attributable to owners of the parent 母公司擁有人應佔									
		Share capital	Share premium account	Merger reserve	Share option reserve	Other reserve and contributed surplus	Asset revaluation reserve [#]	Statutory reserve funds	Exchange fluctuation reserve	Accumulated losses	Total equity
		股本	股份溢價賬	合併儲備	購股權儲備	其他儲備及 供款盈餘	資產 重估儲備 [#]	法定 儲備基金	外匯 波動儲備	累計虧損	權益總額
		US\$'000 千美元 (note 28) (附註28)	US\$'000 千美元 (note 28) (附註28)	US\$'000 千美元	US\$'000 千美元 (note 29) (附註29)	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元 (note 30) (附註30)	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
At 1 January 2014	於二零一四年一月一日	8,062	1,221,944	645,494	-	45,097	99,257	2,416	210,486	(1,176,527)	1,056,219
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	93,090	93,090
Other comprehensive income	年內其他全面收益：	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	-	-	-	-	-	-	-	(3,998)	-	(3,998)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	-	(3,998)	93,090	89,092
Issue of shares	發行股份	331,730	-	-	-	-	-	-	-	-	331,730
Share issue expenses	股份發行費用	(11,562)	-	-	-	-	-	-	-	-	(11,562)
Transition to no-par value regime	過渡至無面值股份制度	1,221,944	(1,221,944)	-	-	-	-	-	-	-	-
Transfer from retained profits generated by a subsidiary	轉撥自一間子公司產生的留存溢利	-	-	-	-	-	-	10,363	-	(10,363)	-
At 31 December 2014 and 1 January 2015	於二零一四年十二月三十一日及二零一五年一月一日	1,550,164	-	645,494*	-*	45,097*	99,257*	12,779*	206,488*	(1,093,800)*	1,465,479
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	112,549	112,549
Other comprehensive income for the year	年內其他全面收益：	-	-	-	-	-	-	-	-	-	-
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	-	-	-	-	-	-	-	(88,669)	-	(88,669)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	-	(88,669)	112,549	23,880
Equity-settled share option arrangements	以權益結算的購股權安排	-	-	-	1,331	-	-	-	-	-	1,331
Transfer from retained profits generated by a subsidiary	轉撥自一間子公司產生的留存溢利	-	-	-	-	-	-	10,752	-	(10,752)	-
At 31 December 2015	於二零一五年十二月三十一日	1,550,164	-	645,494*	1,331*	45,097*	99,257*	23,531*	117,819*	(982,003)*	1,490,690

* The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value.

These reserve accounts comprise the consolidated negative reserves of US\$59,474,000 (2014: US\$84,685,000) in the consolidated statement of financial position.

資產重估儲備源於按公平價值列賬之一項自用物業的用途更改為投資物業。

* 該等儲備賬合計為財務狀況表中的綜合負債儲備59,474,000美元(二零一四年：84,685,000美元)。

Consolidated Statement of Cash Flows

綜合現金流量表

Year ended 31 December 2015
截至二零一五年十二月三十一日止年度

	Notes 附註	2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
CASH FLOWS FROM OPERATING ACTIVITIES	經營活動所得現金流量		
Profit before tax	稅前溢利	125,252	120,812
Adjustments for:	就以下各項作出的調整：		
Finance costs	財務費用	7	12,136
Share of profits of an associate	分佔一家聯營公司溢利	(961)	(4,856)
Interest income	利息收入	5	(4,592)
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目以及預付土地租賃款項所得收益	5	(402)
Depreciation	折舊	13	71,613
Changes in fair value of an investment property	投資物業公平值變動	14	(58)
Write-down of inventories to net realisable value	撇減存貨至可變現淨值	6	2,410
(Reversal)/provision of impairment of trade receivables and other receivables	貿易應收款項及其他應收款項減值(撥回)/撥備	6	(154)
Impairment of items of property, plant and equipment	物業、廠房及設備項目減值	13	5,162
Amortisation of intangible assets	無形資產攤銷	16	4,461
Recognition of prepaid land lease payments	預付土地租賃款項確認	15	708
Equity-settled share option expense	以權益結算的購股權開支	29	1,331
		211,527	210,528
(Increase)/decrease in inventories	存貨(增加)/減少	(14,563)	1,418
Decrease/(increase) in trade and notes receivables	貿易應收款項及應收票據減少/(增加)	3,991	(1,984)
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項增加	(2,414)	(62)
Decrease in amounts due from related parties	應收關聯方款項減少	17,896	5,054
Decrease/(increase) in pledged deposits	已抵押存款減少/(增加)	787	(511)
Increase in trade payables	貿易應付款項增加	2,748	3,305
Increase in other payables, advances from customers and accruals	其他應付款項、預收賬款及暫估費用增加	6,556	9,334
(Decrease)/increase in government grants	政府補助(減少)/增加	(6,799)	652
(Decrease)/increase in amounts due to related parties	應付關聯方款項(減少)/增加	(16,041)	2,106
Cash generated from operations	經營活動產生的現金	203,688	229,840
Income tax paid	已付所得稅	(15,911)	(8,100)
Net cash flows generated from operating activities	經營活動所得現金流量淨額	187,777	221,740

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Consolidated Statement of Cash Flows

Year ended 31 December 2015
截至二零一五年十二月三十一日止年度

綜合現金流量表

	Notes 附註	2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
CASH FLOWS FROM INVESTING ACTIVITIES	投資活動所得現金流量		
Interest received	已收利息	7,809	4,592
Dividend received from an associate	收到一間聯營公司的股息	–	8,186
Purchases of items of property, plant and equipment	購置物業、廠房及設備項目	(181,916)	(76,054)
Purchases of items of intangible assets	購買無形資產項目	(1,167)	(4,105)
Proceeds from disposal of items of property, plant and equipment and intangible assets	出售物業、廠房及設備項目以及無資產所得款項	70	72
Recovery of loans from an associate	向聯營公司收回貸款	–	24,490
Purchases of available-for-sale investments	購買可供出售投資	–	(57,199)
Receipt of government grants	收到政府補助	7,546	3,088
Increase in time deposits	定期存款增加	(40,000)	–
Net cash flows used in investing activities	投資活動所用現金流量淨額	(207,658)	(96,930)
CASH FLOWS FROM FINANCING ACTIVITIES	融資活動所得現金流量		
Proceeds from issue of shares	發行股份所得款項	–	331,730
Share issue expenses	股份發行費用	–	(11,562)
Interest paid	已付利息	(7,800)	(12,136)
New bank loans	新增銀行貸款	38,961	–
Repayment of bank loans	償還銀行貸款	(119,854)	(101,301)
Net cash flows (used in)/generated from financing activities	融資活動(所用)/所得現金流量淨額	(88,693)	206,731
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)/增加淨額	(108,574)	331,541
Cash and cash equivalents at beginning of year	年初現金及現金等價物	646,773	317,045
Effect of foreign exchange rate changes, net	外匯匯率變動影響，淨額	(27,758)	(1,813)
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物	510,441	646,773
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結餘	202,250	439,556
Non-pledged time deposits with original maturity of less than three months when acquired	於獲得時原到期日少於三個月的無抵押定期存款	308,191	207,217
Cash and cash equivalents as stated in the statement of financial position and in the statement of cash flows	財務狀況表及現金流量表中所列現金及現金等價物	510,441	646,773

Notes to Financial Statements

財務報表附註

31 December 2015

二零一五年十二月三十一日

1. Corporate and Group Information

Hua Hong Semiconductor Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 21 January 2005. The registered office of the Company is located at Room 2212, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

The principal activity of the Company is investment holding. During the year, the Company’s subsidiaries were principally engaged in the manufacture and sale of semiconductor products.

In the opinion of the directors, the parent and the ultimate parent of the Company are Shanghai Alliance Investment Ltd. (“SAIL”) and INESA Holding Group (“INESA”), which are state-owned companies established in the People’s Republic of China (“PRC”), supervised by the State-owned Assets Supervision and Administration Commission (“SASAC”).

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

1. 公司及集團資料

華虹半導體有限公司（「本公司」）為一家於二零零五年一月二十一日在香港註冊成立的有限公司。本公司的註冊辦事處為香港中環夏慤道12號美國銀行中心2212室。

本公司的主要活動為投資控股。於年內，本公司的子公司主要從事半導體產品的生產及銷售。

董事認為，本公司的母公司及最終控股公司為上海聯和投資有限公司（「上海聯和」）及上海儀電控股（集團）有限公司（「儀電集團」），上海聯和及儀電集團均為於中華人民共和國（「中國」）成立並由國有資產監督管理委員會（「國資委」）監管的國有公司。

有關子公司的資料

本公司旗下子公司的詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立/ 登記地點及業務	Issued ordinary/ registered share capital ('000) 已發行普通/ 註冊股本 (千元)	Percentage of equity attributable to the Company 本公司應佔權益百分比		Principal activities 主要業務活動
			Direct 直接	Indirect 間接	
Grace Semiconductor Manufacturing Corporation ("Grace Cayman")*	Cayman Islands 開曼群島	US\$0.001 0.001美元	100% 100%	– –	Investment holding 投資控股
Shanghai Huahong Grace Semiconductor Manufacturing Corporation ("HHGrace")** 上海華虹宏力半導體製造有限公司 ("華虹宏力")**	Mainland China 中國大陸	RMB5,865,538 人民幣5,865,538元	100% 100%	– –	Manufacture and sale of semiconductor products 生產及銷售半導體產品
Shanghai Huajie IC Technology Service Co., Ltd. ("Shanghai Huajie")*** 上海華傑芯片技術服務有限公司 ("上海華傑")***	Mainland China 中國大陸	RMB41,385 人民幣41,385元	– –	100% 100%	Manufacture and sale of semiconductor products 生產及銷售半導體產品
Global Synergy Technology Limited ("GST")****	Hong Kong 香港	HK\$10 10港元	100% 100%	– –	Trading 貿易
HHGrace Semiconductor USA, Inc.*	USA 美國	– –	100% 100%	– –	Sales office 銷售辦事處
HHGrace Semiconductor Japan Co., Ltd.*	Japan 日本	JPY10,000 10,000日圓	100% 100%	– –	Sales office 銷售辦事處

Notes to Financial Statements

財務報表附註

31 December 2015
二零一五年十二月三十一日

1. Corporate and Group Information (continued)

Information about subsidiaries (continued)

- * No audited financial statements have been prepared for these entities for the year ended 31 December 2015, as these entities were not subject to any statutory audit requirement under the relevant rules and regulations in their jurisdictions of incorporation.
- ** On 24 January 2013, HHGrace was established to consolidate the assets and liabilities of Shanghai Hua Hong NEC Electronics Co., Ltd. (“HHNEC”) and Shanghai Grace Semiconductor Manufacturing Corporation (“Grace Shanghai”). This consolidation has been substantially completed except for certain administrative formalities which still need to be fulfilled before the deregistration of HHNEC and Grace Shanghai.
- *** Shanghai Huajie is a domestic company established under PRC law.
- **** Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for an investment property which has been measured at fair value. These financial statements are presented in United States dollars (“US\$”) and all values are rounded to the nearest thousands except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

1. 公司及集團資料 (續)

有關子公司的資料 (續)

- * 於截至二零一五年十二月三十一日止年度，概無編製該等實體的經審核財務報表，因為根據其註冊成立的司法權區的相關法律及法規，該等實體毋須進行任何法定審核。
- ** 於二零一三年一月二十四日，華虹宏力成立，以整合上海華虹NEC電子有限公司(「華虹NEC」)及上海宏力半導體製造公司(「上海宏力」)的資產及負債。整合大致上已完成，但仍需完成若干行政手續，方可註銷華虹NEC及上海宏力。
- *** 上海華傑是根據中國法律成立的境內公司。
- **** 未經安永會計師事務所或安永會計師事務所全球網絡的其他成員公司審核。

2.1 編製基準

該等財務報表乃根據由香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」，包括所有香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋、香港公認會計準則以及香港公司條例編製。財務報表乃根據歷史成本慣例編製，惟已按公平值計量的投資物業除外。該等財務報表以美元(「美元」)呈列，而除另有指明外，所有數值已約整至最接近的千位數。

綜合基準

綜合財務報表包括本公司及其子公司(統稱為「本集團」)截至二零一五年十二月三十一日止年度的財務報表。子公司指受本公司直接或間接控制的實體(包括結構性實體)。倘本集團透過參與被投資方業務而享有或有權取得被投資方的可變回報，且有能力行使在被投資方的權力影響有關回報，則本集團擁有該實體的控制權(即現時賦予本集團指導被投資方相關活動的能力)。

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2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 編製基準 (續)

綜合基準 (續)

倘本公司直接或間接擁有的被投資方投票權或類似權利不及大半，則評估本公司對被投資方是否擁有權力時，本集團會考慮所有相關事實及情況，包括：

- (a) 與該被投資方其他投票權擁有人的合約安排；
- (b) 根據其他合約安排所享有的權利；及
- (c) 本集團的投票權及潛在投票權。

子公司與本公司的財務報表的報告期間相同，並採用一致會計政策編製。子公司的業績由本集團取得控制權之日起計合併入賬，並繼續合併入賬至該等控制權終止時為止。

損益及其他全面收入的各部份乃歸屬於本集團母公司擁有人及非控股權益，即使導致非控股權益產生虧絀結餘。本集團成員公司之間交易所產生的集團內部資產及負債、權益、收入、支出及現金流量均在綜合入賬時全數對銷。

倘事實及情況顯示以下子公司會計政策所述的三項控制因素之一項或多項出現變動，本集團會重新評估其是否控制被投資公司。子公司的所有權益變動（沒有失去控制權），按權益交易入賬。

倘本集團失去對一間子公司的控制權，則其取消確認(i)該子公司的資產（包括商譽）及負債、(ii)任何非控制權益的賬面值及(iii)於權益內記錄的累計交易差額；及確認(i)所收代價的公平值、(ii)所保留任何投資的公平值及(iii)損益賬中任何因此產生的盈餘或虧損。先前於其他全面收入內確認的本集團應佔部份重新分類為損益或保留盈利（如適用），倘本集團已直接出售相關資產或負債則須以同一基準確認。

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2.2 Changes in Accounting Policies and Disclosures

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19 *Defined Benefit Plans:*
Employee Contributions

Annual Improvements to
HKFRSs 2010-2012 Cycle

Annual Improvements to
HKFRSs 2011-2013 Cycle

The adoption of the above revised standards has had no significant financial effect on these financial statements.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.2 會計政策的變動及披露

本集團首次於本年度財務報表內採納下列經修訂準則。

香港會計準則第19號 *界定福利計劃：*
(修訂本) *僱員供款*

香港財務報告準則
二零一零年至
二零一二年週期的
年度改進

香港財務報告準則
二零一一年至
二零一三年週期的
年度改進

採納上述經修訂準則對該等財務報表概無重大影響。

此外，香港公司條例(第622章)第9部「賬目及審計」的規定於本財政年度首次生效。對財務報表的主要影響為財務報表若干資料的呈報及披露方式。

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2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ²
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i> ¹
Amendments to HKFRS 11	<i>Accounting for Acquisitions of Interests in Joint Operations</i> ¹
HKFRS 14	<i>Regulatory Deferral Accounts</i> ³
HKFRS 15	<i>Revenue from Contracts with Customers</i> ²
Amendments to HKAS 1	<i>Disclosure Initiative</i> ¹
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i> ¹
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i> ¹
Amendments to HKAS 27 (2011)	<i>Equity Method in Separate Financial Statements</i> ¹
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs ¹

¹ Effective for annual periods beginning on or after 1 January 2016

² Effective for annual periods beginning on or after 1 January 2018

³ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

2.3 已頒佈但尚未生效的香港財務報告準則

本集團並無於該等財務報表應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

香港財務報告準則第9號	金融工具 ²
香港財務報告準則第10號及香港會計準則第28號(修訂本)(二零一一年)	投資者與其聯營公司或合營公司之間的資產出售或貢獻 ¹
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)(二零一一年)	投資實體 – 使用綜合入賬的例外情況 ¹
香港財務報告準則第11號(修訂本)	收購合營業務權益的會計處理 ¹
香港財務報告準則第14號	監管遞延賬戶 ³
香港財務報告準則第15號	客戶合約收益 ²
香港會計準則第1號(修訂本)	披露計劃 ¹
香港會計準則第16號及香港會計準則第38號(修訂本)	可接受折舊及攤銷方式的澄清 ¹
香港會計準則第16號及香港會計準則第41號(修訂本)	農業：生產性植物 ¹
香港會計準則第27號(修訂本)(二零一一年)	獨立財務報表的權益法 ¹
二零一二年至二零一四年週期的年度改進	多項香港財務報告準則的修訂 ¹

¹ 於二零一六年一月一日或之後開始的年度期間生效

² 於二零一八年一月一日或之後開始的年度期間生效

³ 對首次於二零一六年一月一日或之後開始的年度財務報表採納香港財務報告準則的實體生效，故並無適用於本集團

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2.3 Issued But Not Yet Effective Hong Kong Financial Reporting Standards (continued)

While the adoption of some of the new and revised HKFRSs may result in changes in accounting policies, none of these amendments is expected to have a significant impact on the Group's results of operations and financial position, except the followings:

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

2.4 Summary of Significant Accounting Policies

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

2.3 已頒佈但尚未生效的香港財務報告準則（續）

儘管採納部分新訂及經修訂香港財務報告準則或會導致會計政策變動，惟該等修訂本預期不會對本集團的經營業績及財務狀況造成重大影響，惟以下除外：

香港財務報告準則第15號建立一個新的五步模式，將應用於自客戶合約產生的銷售收入。根據香港財務報告準則第15號，銷售收入按能反映實體預期就交換向客戶轉讓貨物或服務而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收益提供更加結構化的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆銷售收入總額，關於履行責任、不同期間之間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。該準則將取代香港財務報告準則項下所有現時確認銷售收入的規定。本集團預期於二零一八年一月一日採納香港財務報告準則第15號，目前正評估採納香港財務報告準則第15號的影響。

2.4 重大會計政策概要

於聯營公司的投資

聯營公司為一間本集團對其擁有一般不少於20%股本投票權的長期權益，且本集團可對其發揮重大影響力的實體。重大影響力指有權力參與投資對象的財務及經營決策，但並非對該等政策擁有控制或聯合控制權。

本集團於聯營公司的投資於綜合財務狀況表內按使用權益會計法計算的本集團應佔資產淨值扣減任何減值虧損列賬。

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2.4 Summary of Significant Accounting Policies (continued)

Investment in an associate (continued)

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investments in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associate is included as part of the Group's investment in an associate.

If an investment in an associate becomes an investment in a joint venture, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 重大會計政策概要 (續)

於聯營公司的投資 (續)

已對任何可能存在的相異會計政策作出調整，以使之貫徹一致。

本集團應佔其聯營公司的收購後業績及其他全面收入分別列入綜合損益表及綜合其他全面收益表。此外，倘聯營公司的權益內直接確認某一變動，則本集團會於綜合權益變動表內確認其於任何變動（如適用）的應佔部份。本集團及其聯營公司進行交易所產生的未變現收益及虧損按本集團於該等聯營公司的投資進行撇銷，惟未變現虧損有證據顯示所轉讓資產出現減值者除外。收購聯營公司產生的商譽作為本集團於聯營公司投資的一部份列報。

倘於聯營公司的投資變成於合營公司的投資或反之，保留權益不會重新計量。相反，該投資將繼續按權益法列賬。於所有其他情形下，倘本集團不再對聯營公司擁有重大影響力，本集團將按其公平值計量及確認任何保留投資。於失去重大影響力或共同控制權當日聯營公司的賬面值與保留投資的公平值及出售所得款項之間的任何差額於損益內確認。

倘於聯營公司的投資被分類為持作出售，則根據香港財務報告準則第5號持作出售非流動資產及終止持續經營業務列賬。

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2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement

The Group measures its investment property at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 重大會計政策概要 (續)

公平值計量

本集團於各報告期末按公平值計量投資物業。公平值指於計量日市場參與者之間的有序交易中，就出售資產所收取的價格或轉讓負債所支付的價格。計量公平值時假設出售資產或轉讓負債的交易於資產或負債的主要市場或（在未有主要市場的情況下）最有利市場進行。主要或最有利市場須為本集團能參與的市場。假設市場參與者基於最佳經濟利益行事，資產或負債的公平值使用市場參與者為資產或負債定價所用假設計量。

非金融資產的公平值計量會計及市場參與者將資產用於最高增值及最佳用途或售予會將資產用於最高增值及最佳用途的另一名市場參與者而創造經濟利益的能力。

本集團針對不同情況使用不同估值技術，確保有足夠數據計量公平值，並盡量利用相關可觀察輸入數據，減少使用不可觀察輸入數據。

公平值於財務報表確認或披露的所有資產及負債，均基於對計量公平值整體而言屬重大的最低層級輸入數據按下述公平值層級分類：

- 第1級 – 相同資產或負債於活躍市場的市場報價（未經調整）
- 第2級 – 採用對公平值計量而言屬重大的直接或間接可觀察最低層級輸入數據的估值技術
- 第3級 – 採用對公平值計量而言屬重大的不可觀察最低層級輸入數據的估值技術

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2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and investment property), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 重大會計政策概要 (續)

公平值計量 (續)

對於按經常性基準於財務報表確認的資產及負債，本集團於各報告期末重新評估分類（基於對公平值計量整體而言屬重大的最低層級輸入數據），確定有否在不同層級之間轉移。

非金融資產減值

倘一項資產（存貨、金融資產及投資物業除外）存在減值跡象，或需要進行年度減值測試，則會估計資產的可收回金額。資產可收回金額按該資產或現金產生單位的使用價值及其公平值減出售成本兩者中的較高金額計算，並按個別資產釐定，除非該資產所產生的現金流入基本上不能獨立於其他資產或資產組別所產生的現金流入，在此情況下，可收回金額將按該資產所屬現金產生單位釐定。

減值虧損僅於資產賬面值超逾其可收回金額時確認。於評估使用價值時，估計未來現金流量乃按稅前貼現率貼現至其現值。稅前貼現率反映當時市場對貨幣時間值的評估及該資產的特有風險。減值虧損於其產生期間的損益表內在與減值資產的功能一致的相關開支類別中扣除。

於各報告期末，會評估是否有跡象顯示先前確認的減值虧損不再存在或可能已減少。倘有該等跡象存在，便會估計可收回金額。先前就資產（商譽除外）確認的減值虧損，僅於用以釐定該資產的可收回金額的估計有變時予以撥回，但撥回金額不得高於倘過往年度並無就該資產確認減值虧損情況下原應釐定的賬面值（扣除任何折舊／攤銷）。撥回的減值虧損於其產生期間計入損益表，惟倘該項資產以重估價值列賬，則減值虧損撥回會按該項重估資產適用的有關會計政策入賬。

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2.4 Summary of Significant Accounting Policies (continued)

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 重大會計政策概要 (續)

關聯方

以下人士將被視為與本集團有關聯：

- (a) 倘為以下人士或其近親：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本集團母公司的主要管理層成員；

或

- (b) 該人士為符合下列任何條件的實體：
 - (i) 該實體與本集團屬同一集團的成員公司；
 - (ii) 實體為另一實體（或另一實體的母公司、子公司或同系子公司）的聯營公司或合營企業；
 - (iii) 該實體與本集團為同一第三方的合營企業；
 - (iv) 實體為一名第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
 - (v) 該實體為本集團或與本集團有關聯的實體就僱員利益設立的離職後福利計劃；
 - (vi) 該實體由(a)項所列人士控制或共同控制；
 - (vii) (a)(i)項所列人士對該實體具有重大影響力或為該實體（或該實體的母公司）的主要管理層成員；及
 - (viii) 該實體或該實體所屬集團的任何成員公司為本集團或本集團的母公司提供主要管理人員服務。

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2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3.8%
Plant and machinery	9.5% – 19.0%
Office equipment	19.0%
Motor vehicles	19.0%
Leasehold improvements	20.0%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 重大會計政策概要 (續)

物業、廠房及設備以及折舊

物業、廠房及設備(在建工程除外)乃按成本減累計折舊及任何減值虧損列賬。倘物業、廠房及設備項目被分類為持作出售或屬部分被分類為持作出售的部分,則不會對此進行折舊,而根據香港財務報告準則第5號列賬。物業、廠房及設備項目的成本包括其購買價及任何使資產達致操作狀況及地點作擬定用途的直接應佔成本。

物業、廠房及設備項目投入運作後所產生維修保養等支出,一般於其產生期間自損益表內扣除。倘達到確認標準的重大檢修的開支,作為該資產的重置價值予以資本化。倘物業、廠房及設備須定期替換的重大部份,則本集團將該等部份確認為具有特定可使用年期的獨立資產,並相應對此進行折舊。

折舊的計算是按直線法,在其預估可使用年限內將廠房及設備各項目的成本撇銷至剩餘價值。就此所用的主要年率如下:

樓宇	3.8%
廠房及機器	9.5%–19.0%
辦公設備	19.0%
汽車	19.0%
租賃改進	20.0%

倘物業、廠房及設備項目其中部份的可使用年期不同,該項目的成本會按合理基準分配至有關部份,而各部份均分開計提折舊。剩餘價值、可使用年期及折舊方法至少於各財政年度末作出評估及按需要作出調整。

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2.4 Summary of Significant Accounting Policies (continued)

Property, plant and equipment and depreciation (continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal or retirement recognised in the statement of profit or loss in the year the assets is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment property

Investment property is interest in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair value of investment property are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

2.4 重大會計政策概要 (續)

物業、廠房及設備以及折舊 (續)

物業、廠房及設備項目(包括任何初始確認的重大部份)於出售或預期使用或出售有關項目不會產生未來經濟利益時終止確認。於終止確認資產年度在損益表內確認的出售或報廢資產的收益或虧損，為出售有關資產所得款項淨額與其賬面值兩者間的差額。

在建工程乃按成本減任何減值虧損列賬，但不會計提折舊。成本包括建造期間的直接建設成本。在建工程於完工且可供使用時將重新分類為物業、廠房及設備的適當類別。

投資物業

投資物業乃為賺取租金收入及／或資本增值而持有的土地及樓宇權益(包括符合投資物業定義的物業於經營租賃下的租賃權益)，而非用於生產或供應貨物或服務或用作行政用途；或用作在日常業務過程中銷售。該物業初步以成本(包括交易費用)計量。於初始確認後，投資物業以反映報告期末市況的公平值列賬。

投資物業公平值變動產生的收益或虧損計入其產生年度的損益表內。

因投資物業報廢或出售而產生的任何收益或虧損於報廢或出售年度的損益表內確認。

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2.4 Summary of Significant Accounting Policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Process technology licence and software

Process technology licence and software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years of the underlying products, commencing from the date when the products are put into commercial production.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

2.4 重大會計政策概要 (續)

無形資產

單獨取得的無形資產於初始確認時按成本計量。通過業務合併取得的無形資產的成本為收購日期的公平值。無形資產的可使用年期評定為有限期或無限期。有限期的無形資產隨後按可使用經濟年期攤銷，於有跡象顯示無形資產可能出現減值時評估減值。有限可使用年期的無形資產的攤銷期及攤銷方法至少於各財政年度末評估一次。

工藝技術許可及軟件

工藝技術許可及軟件按成本減任何減值虧損列賬，並以直線法在相關產品的五至十年估計可使用年限（自其投產日期起計）內攤銷。

研發成本

所有研發成本於產生時列支於損益表。

研發新產品項目所產生的開支僅會在本集團能夠顯示其在技術上能夠完成無形資產能供使用或出售、打算完成資產並能夠加以使用或將之出售、資產在未來如何帶來經濟利益、有足夠資源以完成項目並且有能力可靠地計量開發期間的開支的情況下，才會被資本化及遞延。倘未能符合以上標準，產品研發開支會在產生時費用化。

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2.4 Summary of Significant Accounting Policies (continued)

Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2.4 重大會計政策概要 (續)

租賃

出租人仍保留資產擁有權的絕大部份回報及風險的租賃均入賬列為經營租賃。倘本集團為出租人，本集團根據經營租賃出租的資產列入非流動資產，而經營租賃項下應收租金按租賃年期以直線法計入損益表。倘本集團為承租人，根據經營租賃的應付租金扣除從出租人收取的任何優惠後按租賃年期以直線法於損益表內扣除。

經營租賃項下的預付土地租賃款項初始按成本列賬，其後於租賃年期內按直線基準確認。

投資及其他金融資產

初始確認及計量

金融資產於初始確認時分類為貸款及應收款項，以及可供出售金融投資（倘適用）。當金融資產在初始確認時，均以公平值加收購金融資產應佔交易成本計量。

所有常規購入及出售的金融資產均於交易日確認，即本集團承諾購買或出售該項資產的日期。所謂金融資產的常規購入或出售乃指需按法規規定或市場慣例於一般規定的期間內交付資產的交易。

後續計量

金融資產其後按類別以下列方法計量：

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2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in finance costs for loans and in administrative expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

貸款及應收款項

有固定或可確定付款但並無在活躍市場報價的貸款及應收款項為非衍生金融資產。於初始計量後，該等資產其後用實際利率方法以攤銷成本減任何減值撥備計量。計算攤銷成本時，將考慮任何收購折讓或溢價，並計入屬於實際利率不可分割部份的費用或成本。實際利率攤銷乃計入損益表的其他收入及收益。貸款及應收款項減值產生的虧損乃於損益表內確認為貸款的融資成本及應收款項的管理費用。

可供出售金融投資

可供出售金融投資指上市及非上市股本投資及債務證券中的非衍生金融資產。既非分類為持作買賣，又非指定為按公平值計入損益的股本投資歸類為可供出售。擬將無限期待有且可能因流動資金需求或市況改變而出售的債務證券歸類至該類別。

於初始確認後，可供出售金融投資其後以公平值計量，未變現收益或虧損於可供出售投資重估儲備確認為其他全面收入，直至終止確認投資（累計收益或虧損於損益表內確認為其他收益）或投資被釐定為已減值（累計收益或虧損自可供出售投資重估儲備重新分類至損益表的其他收益或虧損）為止。持有可供出售金融投資所賺取的利息及股息分別呈報為利息收入及股息收入，並根據下文「銷售收入確認」所載政策於損益表內確認為其他收入。

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2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2.4 重大會計政策概要 (續)

投資及其他金融資產 (續)

可供出售金融投資 (續)

當非上市股本投資的公平值由於(a)公平值合理估計範圍的變化對該投資而言屬重大或(b)上述範圍內各種預計的機率難以合理評估並用於估計公平值而無法可靠計量時，該等投資以成本減任何減值虧損列賬。

本集團評估在短期內出售其可供出售金融資產的能力及意向是否仍然適宜。在特殊情況下，當本集團因缺乏活躍市場而無法買賣該等金融資產時，如管理層有能力及意向在可預見將來持有該等資產或持有至到期，本集團可選擇重新分類該等金融資產。

就從可供出售類別重新分類的金融資產而言，重新分類當日的公平賬面值成為其新攤銷成本，而先前已於權益確認的該資產任何收益或虧損採用實際利率法於剩餘投資年期內在損益攤銷。新攤銷成本與到期金額之間的任何差額亦採用實際利率法於資產剩餘年期內攤銷。如資產其後被釐定為已減值，則計入權益的金額重新分類至損益表。

終止確認金融資產

出現以下情形時，金融資產(或(如適用)部份金融資產或一組同類金融資產的一部份)一般會終止確認(即自本集團綜合財務狀況表移除)：

- 從資產收取現金流量的權利已屆滿；或
- 本集團已根據「轉手」安排轉讓從資產收取現金流量的權利，或已承擔向第三方無重大延誤全額支付所收現金流量的責任；及(a)本集團已轉讓資產的絕大部份風險及回報，或(b)本集團雖未轉讓或保留資產的絕大部份風險及回報，但已轉讓資產的控制權。

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2.4 Summary of Significant Accounting Policies (continued)

Derecognition of financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the assets have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

2.4 重大會計政策概要 (續)

終止確認金融資產 (續)

倘本集團已轉讓從資產收取現金流量的權利或訂立轉手安排，則評估有否保留資產所有權的風險及回報及保留程度。倘本集團並無轉讓或保留資產的絕大部份風險及回報，亦無轉讓資產控制權，則本集團將以本集團持續參與程度為限繼續確認所轉讓資產。在該情況下，本集團亦確認相關負債。已轉讓資產及相關負債根據反映本集團所保留權利及責任的基準計量。

通過對已轉讓資產作出擔保的形式持續參與的計量，按資產原賬面值與本集團或須償還的最高代價兩者較低者計算。

金融資產減值

本集團於各報告期末評估是否有客觀跡象顯示一項金融資產或一組金融資產出現減值。倘資產首次確認後出現一項或多項事件而對能可靠估計的金融資產或一組金融資產的估計未來現金流量有影響，則說明已發生減值。減值跡象可能包括單個債務人或一組債務人有重大財務困難、拖欠利息或本金付款、可能破產或進行其他財務重組，以及可觀察數據顯示估計未來現金流量減少且可計量，例如與拖欠有關的欠款或經濟狀況變動。

按攤銷成本入賬的金融資產

對於按攤銷成本列賬的金融資產，本集團首先單獨評估個別重大的金融資產有否客觀減值跡象，或共同評估非個別重大的金融資產有否客觀減值跡象。倘本集團釐定個別已評估金融資產無客觀減值跡象，則有關資產不論是否重大，會計入一組信貸風險特徵相若的金融資產，共同作減值評估。對於個別作減值評估的資產，倘其減值虧損會確認或繼續會確認，則不會計入共同減值評估。

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2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

2.4 重大會計政策概要 (續)

金融資產減值 (續)

按攤銷成本入賬的金融資產 (續)

已識別減值虧損金額以資產的賬面值與估計未來現金流量現值(不包括尚未發生的未來信用損失)的差額計量。估計未來現金流量的現值按金融資產的原實際利率(即初始確認時計算採用的實際利率)貼現。

資產賬面價值通過使用撥備賬扣減，減值虧損金額於損益表內確認。利息收入持續按已扣減賬面值累計，利率為計量減值虧損時貼現未來現金流量所使用的貼現率。倘不可能於未來實現回收且所有抵押品已變現或轉至本集團，則貸款及應收款項連同相關撥備可撇銷。

倘後續期間於減值確認後發生的事項導致估計減值虧損增加或減少，則以往確認的減值虧損通過調整撥備賬增加或減少。倘撇賬於日後收回，則轉回的減值虧損計入損益表的其他費用。

按成本入賬的資產

倘有客觀跡象顯示因未能可靠計量公平值而不按公平值入賬的未報價股本工具，或與該等未報價股本工具掛且須以交付該未報價股本工具結算的衍生資產已產生減值虧損，則該虧損金額按該資產的賬面值與按同類金融資產的當前市場回報率折讓的估計未來現金流量現值的差額計量。該等資產的減值虧損不會撥回。

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2.4 Summary of Significant Accounting Policies (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, financial liabilities included in other payables, advances from customers and accruals, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

2.4 重大會計政策概要 (續)

金融負債

初始確認及計量

金融負債初始確認時視情況歸類為按公平值計入損益的金融負債、貸款及借貸。

所有金融負債初始按公平值確認，貸款及借貸則須扣除直接應佔交易成本。

本集團的金融負債包括貿易應付款項及計入其他應付款項的金融負債、預收賬款及暫估費用、應付關聯方款項以及計息銀行借款。

後續計量

金融負債其後按類別以下列方法計量：

貸款及借貸

初始確認後，計息貸款及借貸其後以實際利率法按攤銷成本計量，若貼現影響不大，則按成本列賬。收益及虧損於負債終止確認時透過實際利率攤銷程序於損益表確認。

計算攤銷成本時已計及任何收購折讓或溢價及屬實際利率不可分割部份的費用或成本。實際利率攤銷則計入損益表的財務費用。

終止確認金融負債

金融負債於負債的責任解除、註銷或屆滿時終止確認。

當現有金融負債被同一貸款人以條款明顯不同的負債取代時，或現有負債的條款有重大修改時，有關替換或修改則視為終止確認原有負債並確認一項新負債，而相關賬面值的差額於損益表確認。

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2.4 Summary of Significant Accounting Policies (continued)

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis, and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when there is a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

2.4 重大會計政策概要 (續)

抵銷金融工具

倘(且僅當)有現行可強制執行的法律權利抵銷已確認金額,並且擬以淨額基準進行結算或同時將資產變現及清償負債,方可將金融資產及金融負債抵銷,淨額於財務狀況表呈報。

存貨

存貨按成本及可變現淨值兩者中的較低者列賬。成本按加權平均基準釐定,而就在製品及製成品而言,成本包括直接材料、直接勞工及適當比例的生產費用。可變現淨值為估計售價減去任何在完成及出售過程中產生的估計費用。

現金及現金等價物

就綜合現金流量表而言,現金及現金等價物包括手頭現金及活期存款,以及一般期限為自購入起計三個月內及可隨時轉換為已知數額現金且價值變動風險較低的短期高流動性投資。

就綜合財務狀況表而言,現金及現金等價物包括手頭及銀行現金(包括定期存款以及與現金性質類似的資產)(使用不受限制)。

撥備

倘因過往事件而須承擔法定或推定責任,而履行該責任可能導致未來資源外流,且該責任所涉金額能夠可靠估計,則確認撥備。

倘貼現影響重大,則確認撥備的數額為預期日後履行有關責任所需開支於報告期末的現值。倘已貼現的現值隨時間而有所增加,則該等增幅將於損益表列作財務費用。

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2.4 Summary of Significant Accounting Policies (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

2.4 重大會計政策概要 (續)

所得稅

所得稅包括即期及遞延稅項。與於損益外確認的項目有關的所得稅於損益外確認為其他全面收入或直接於權益中確認。

即期稅項資產及負債，根據於報告期末已頒佈或實質上已頒佈的稅率（及稅法），按預期獲稅務機關退回或向稅務機關支付的款項，並計及本集團經營所在國家現行法律詮釋及慣例計量。

遞延稅項於報告期末採用負債法就資產及負債稅基與財務報告所示賬面值的所有暫時差額撥備。

除下列情況外，遞延稅項負債會就所有應課稅暫時差額確認：

- 倘遞延稅項負債因非業務合併交易中初始確認資產或負債而產生，且於交易時遞延稅項負債不會影響會計溢利或應課稅溢利或虧損；及
- 就於子公司投資相關的應課稅暫時差額而言，倘可控制暫時差額的撥回時間，且於可見未來不會撥回暫時差額。

遞延稅項資產於有可能動用應課稅溢利以抵銷可扣減暫時差額的情況下，就所有可扣稅暫時差額、未動用稅項抵免及未動用稅項虧損結轉確認，而未動用稅項抵免及未動用稅項虧損結轉可以動用，惟下列情況除外：

- 倘涉及可扣減暫時差額的遞延稅項資產乃因初始確認非業務合併、且於交易時不影響會計溢利或應課稅損益的交易的資產或負債而產生；及

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2.4 Summary of Significant Accounting Policies (continued)

Income tax (continued)

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 重大會計政策概要 (續)

所得稅 (續)

- 就於子公司投資相關的可扣減暫時差額而言，遞延稅項資產僅於可見未來可能撥回暫時差額，且可動用應課稅溢利以抵銷暫時差額的情況下確認。

遞延稅項資產賬面值於各報告期末檢討，並於不再可能有足夠應課稅溢利可容許動用全部或部份遞延稅項資產的情況下予以扣減。未確認遞延稅項資產於各報告期末重新評估，並在具備足夠應課稅溢利以容許收回全部或部份遞延稅項資產的情況下予以確認。

遞延稅項資產及負債按預期適用於變現資產或清償負債期間的稅率，依據於報告期末已頒佈或實質上已頒佈的稅率（及稅法）計量。

倘存在可依法強制執行權利，以將即期稅項資產抵銷即期稅項負債，而遞延稅項與同一應課稅實體及同一稅務機構有關，則遞延稅項資產及遞延稅項負債可互相抵銷。

政府補助

政府補助在合理確定將會收取補助及將會符合一切所附條件時，按其公平值確認。如補助與開支項目有關，則於有關期間內確認為收入，以按系統基準將補助與擬補償的相關成本抵銷。

倘補助與資產有關，則公平值計入遞延收入賬，並按相關資產的預計可使用年期按年以等額分期轉撥至損益賬。

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2.4 Summary of Significant Accounting Policies (continued)

Government grants (continued)

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) from the sale of goods, when the significant risks and rewards of ownership and title have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) from the rendering of services, when the service has been rendered;
- (c) rental income, on a time proportion basis over the lease terms;
- (d) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (e) dividend income, when the shareholders' right to receive payment has been established.

2.4 重大會計政策概要 (續)

政府補助 (續)

倘本集團就建造合資格資產而收取的政府貸款不付息或按低於市場利率計息，則政府貸款的初始賬面值使用實際利率法釐定，進一步詳情載述於上文「金融負債」的會計政策。授出的政府貸款福利不付息或按低於市場利率計息（為貸款的初始賬面值與所收取的所得款項的差額）視作政府補貼及於有關資產的預期可使用年期內逐年按等額分期撥回損益表。

銷售收入確認

當經濟利益很可能流入本集團且收入能可靠計量時，銷售收入按下列基準確認：

- (a) 銷售貨品的銷售收入於所有權及業權上的重大風險及回報已轉移至買方，且本集團不再對已售出商品保持通常與所有權有關的管理參與和有效控制權時確認；
- (b) 提供服務產生的銷售收入按所提供服務確認；
- (c) 就租金收入而言，於租期內按時間比例基準確認；
- (d) 就利息收入而言，按應計基準以實際利率法採用將金融工具預計可使用年期或較短期間（如適用）內的估計未來現金收入準確貼現至金融資產賬面淨值的利率確認；及
- (e) 就股息收入而言，於股東收取款項的權利確立時確認。

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2.4 Summary of Significant Accounting Policies (continued)

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 29 to the financial statements.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

2.4 重大會計政策概要 (續)

以股份付款

本公司實施一項購股權計劃，旨在激勵與獎勵對本集團業務成功作出貢獻的合資格參與者。本集團僱員（包括董事）以股份付款的方式收取報酬，僱員提供服務作為收取股本工具的代價（「股權結算交易」）。

於授出相關與僱員進行股權結算交易的成本，乃參照授出日期的公平值而計量。公平值由外聘估值師採用二項式模式釐定，詳情載於財務報表附註29。

股權結算交易成本連同權益相應增加部份，在績效及／或服務條件達成時於期內在僱員福利開支確認。截至歸屬日期前於報告期末確認的股權結算交易的累計開支，反映歸屬期已到期部份及本集團對最終將會歸屬的股本工具數目的最佳估計。期內在損益表扣除或進賬，乃指期初與期終已確認的累計開支的變動。

釐定獎勵的授出日公平值並不考慮服務及非市場表現條件，惟能達成條件的可能性則被評定為將最終歸屬為本集團權益工具數目的最佳估計的一部份。市場表現條件將反映在授出日的公平值。附帶於獎勵中但並無相關聯服務要求的其他任何條件皆視為非歸屬條件。反映非歸屬條件的獎勵公平值若當中不包含服務及／或表現條件乃即時予以支銷。

因未能達至非市場表現及／或服務條件，而導致最終並無歸屬的獎勵並不會確認支銷，惟包括一項市場或非歸屬條件之獎勵，無論市場或非歸屬條件是否達成，其均會被視為已歸屬，前提是所有其他表現及／或服務條件須已達成。

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2.4 Summary of Significant Accounting Policies (continued)

Share-based payments (continued)

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiary which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

2.4 重大會計政策概要 (續)

以股份付款 (續)

倘股權結算獎勵的條款有變更，假設符合獎勵原條款，則所確認之開支最少須達到猶如條款並無任何變更的水平。此外，倘按變更日期之計量，任何變更導致以股份付款的公平值總額增加，或為僱員帶來其他利益，則就該等變更確認開支。

倘股權結算獎勵註銷，則視為已於註銷日期歸屬，任何尚未確認之獎勵（包括未能符合本集團或僱員可控制的非歸屬條件的任何獎勵）開支，均即時確認。然而，若已授出新獎勵代替已註銷的獎勵，並於授出日期指定為替代獎勵，則如前段所述，已註銷獎勵及新獎勵均視為原有獎勵的變更。

計算每股盈利時，未行使購股權的攤薄效應，反映為額外股份攤薄。

其他僱員福利

退休金計劃

本集團於中國內地營運的子公司屬下的僱員須參與由有關地方政府營運的中央退休金計劃。該子公司須按僱員薪金若干百分比對中央退休金計劃供款。供款於按中央退休金計劃規則應付時在損益表內支銷。

離職福利

離職福利於目標公司不再能取消提供該等福利時及目標公司確認涉及支付離職福利之重組成本時之較早者確認。

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2.4 Summary of Significant Accounting Policies (continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained earnings within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Foreign currencies

These financial statements are presented in US dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement of translation of monetary items are recognised in the statement of profit or loss.

2.4 重大會計政策概要 (續)

借款成本

收購、建設或生產合資格資產(即需要一段較長時間方可達致擬定用途或出售的資產)直接應佔的借款成本會撥充資本,作為該等資產的部份成本。當資產已大致可作擬定用途或出售時,則不會再將該等借款成本撥充資本。在特定借款用作合資格資產支出前暫作投資所賺取的投資收入須自撥充資本的借款成本扣除。所有其他借款成本於產生期間支銷。借款成本包括公司借款時產生的利息及其他成本。

股息

末期股息於股東在股東大會上批准時確認為負債。於過往年度,董事建議的末期股息於財務狀況表權益部分分類作保留盈利的單獨分配,直至其股東於股東大會上批准為止。於實施香港公司條例(第622章)後,建議末期股息於財務報表附註中予以披露。

外幣

該等財務報表以本公司的功能貨幣美元呈列。本集團各實體自行決定其功能貨幣,而各實體財務報表所載項目均採用該功能貨幣計量。本集團實體記錄的外幣交易初步採用其各自於交易日期的功能貨幣匯率入賬。以外幣計值的貨幣資產及負債按各報告期末的功能貨幣匯率換算。結算或換算貨幣項目產生的所有差額於損益表確認。

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2.4 Summary of Significant Accounting Policies (continued)

Foreign currencies (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on retranslation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries and associate are currencies other than the US dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into US dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into US dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into US dollars at the weighted average exchange rates for the year.

2.4 重大會計政策概要 (續)

外幣 (續)

根據以外幣計值的歷史成本計量的非貨幣項目採用首次交易日期的匯率換算。按外幣公平值計量的非貨幣項目採用計量公平值當日的匯率換算。換算以公平值計量的非貨幣項目產生的收益或虧損按與確認項目公平值變動的收益或虧損一致的方式處理(即公平值收益或虧損於其他全面收入或損益確認的項目的換算差額亦分別於其他全面收入或損益確認)。

若干海外子公司及聯營公司的功能貨幣為美元以外的貨幣。於報告期末，該等實體的資產及負債按各報告期末的通行匯率換算為美元，而其損益表按年內加權平均匯率換算為美元。

由此產生的匯兌差額於其他全面收入確認，並於匯率波動儲備中累計。出售國外業務時，有關特定國外業務的其他全面收入的組成部份於損益表確認。

就綜合現金流量表而言，海外子公司的現金流量乃按現金流量當日的匯率換算為美元。海外子公司年內重複產生的現金流量乃按年內的加權平均匯率換算為美元。

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3. Significant Accounting, Estimates and Assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Impairment of non-financial assets

In determining if an asset is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement in the area of asset impairment, particularly in assessing:

- (a) whether an event has occurred that may affect asset value or such an event affecting the asset value has not been in existence;
- (b) whether the carrying value of an asset can be supported by the net present value of future cash flows which are estimated based upon the continuing use of the asset or derecognition; and
- (c) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Impairment of available-for-sale investments carried at cost

In determining if an available-for-sale investment carried at cost is impaired or the event previously causing the impairment no longer exists, management has to exercise judgement in the area of asset impairment, particularly in assessing:

- (a) whether an event has occurred that may affect the value of available-for-sale investment carried at cost or such an event affecting the value of available-for-sale investment carried at cost has not been in existence;

3. 重要會計估計及假設

管理層在編製本集團財務報表時須作出判斷、估計及假設，而有關判斷、估計及假設會對收入、開支、資產及負債的呈報金額及其隨附披露，以及或然負債披露造成影響。該等假設及估計的不定性或導致須對在未來遭受影響的資產及負債的賬面值進行重大調整。

判斷

於採納本集團會計政策的過程中，除涉及估計的會計政策外，管理層已作出對財務報表已確認金額構成最重大影響的判斷如下：

非金融資產減值

在釐定一項資產是否減值或曾經引致減值的事件不再存在時，管理層須對資產減值的領域，尤其是評估以下各項時作出判斷：

- (a) 是否已發生可能影響資產值的一項事件或並不存在影響資產值的有關事件；
- (b) 一項資產的賬面值是否可以未來現金流量的現值淨額作支持，而有關現值淨額乃基於持續使用該資產或終止確認而估計；及
- (c) 編製現金流量預測將應用的適當主要假設，包括該等現金流量預測是否會使用適當比率貼現。

按成本計的可供出售投資的減值

於釐定按成本計的可供出售投資是否減值或過往事件造成減值是否不再存在時，管理層須就資產減值方面進行判斷，尤其於評估：

- (a) 可能影響按成本計的可供出售投資的價值的事件是否發生或影響按成本計的可供出售投資的價值的此類事件是否不再存在；

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3. Significant Accounting, Estimates and Assumptions (continued)

Judgements (continued)

Impairment of available-for-sale investments carried at cost (continued)

- (b) whether the carrying value of an available-for-sale investment carried at cost can be supported by the net present value of future cash flows which are estimated based upon the continuing operation of the investee; and
- (c) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate.

Lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment property and owner-occupied property

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some property comprises a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. 重要會計估計及假設 (續)

判斷 (續)

按成本計的可供出售投資的減值 (續)

- (b) 按成本計的可供出售投資的賬面值是否能夠受根據被投資人的持續經營業務的估計未來現金流的淨現值支持；及
- (c) 於編製現金流預測時擬將應用的適當主要假設，包括是否該等現金流預測採用適當比率進行貼現。

租賃分類 – 本集團作為出租人

本集團訂立有關投資物業組合的商務物業租賃。本集團基於對該等安排的條款及條件的評估確定本集團保留有關按經營租賃租出的該等物業所有權的所有重大風險及回報。

投資物業與自用物業的分類

本集團決定物業是否符合投資物業的資格，並已制訂作出此判斷的準則。投資物業是為賺取租金或資本增值或同時為此兩項目的而持有的物業。因此，本集團會考慮一項物業產生現金流量時是否基本上與本集團所持有的其他資產無關。某些物業的部份是為賺取租金或資本增值而持有，而物業內另一些部份是為用於生產或供應貨品或服務或作行政用途而持有。倘若此等部份可以分開出售或根據融資租賃分開出租，本集團會將有關部份分開入賬。倘若該等部份無法分開出售，則只會用於生產或供應貨品或服務或作行政用途而持有的部份並不重要時，有關物業才會列作投資物業。本集團對各項物業作出判斷，以決定配套服務是否重要以使物業並不符合投資物業的資格。

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3. Significant Accounting, Estimates and Assumptions (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

3. 重要會計估計及假設（續）

估計不確定性

於報告期末，有關未來的主要假設及估計不確定的其他主要來源（存在導致於下一財政年度內對資產及負債的賬面值作出重大調整的重大風險）論述如下。

非金融資產減值（商譽除外）

本集團於各報告期末評估所有非金融資產是否出現任何減值跡象。其他非金融資產於有跡象顯示賬面值可能無法收回時測試減值。資產或現金產生單位賬面值超逾其可回收金額（即其公平值減出售成本與使用價值的較高者）時，則存在減值。計量公平值減出售成本時，按以公平基準就類似資產進行具有約束力的銷售交易可得數據，或可得市價減出售資產的已增加成本得出。當計算使用價值時，管理層必須估計來自資產或現金產生單位的預期未來現金流量，並選擇合適的貼現率，以計算該等現金流量的現值。

遞延稅項資產

遞延稅項資產於可能將有應課稅溢利可動用作抵銷虧損的情況下，就未動用稅項虧損予以確認。於釐定可予確認的遞延稅項資產金額時須根據未來應課稅溢利的可能時間及程度以及未來稅務規劃策略作出重大管理判斷。

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3. Significant Accounting, Estimates and Assumptions (continued)

Estimation uncertainty (continued)

Estimation of fair value of investment property

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of the investment property as at 31 December 2015 was US\$180,542,000 (2014: US\$191,533,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

3. 重要會計估計及假設 (續)

估計不確定性 (續)

投資物業公平值估計

倘類似物業在交投活躍的市場上並無現行市價，則本集團會考慮各項資料來源，包括：

- (a) 於活躍市場中，不同性質、狀況或地點的物業的現行價格，並就有關差別作出調整；
- (b) 於較非活躍的市場中，同類物業的近期價格，並就自按該等價格進行交易日期以來經濟環境變動作出調整；及
- (c) 根據可靠的未來現金流量估算、任何現有租約及其他合約的年期及(如可能)外在證據(如於同一地點及狀況下，類似物業的現行市值租金)，以及使用可反映現金流量金額及出現時間不明朗因素的現時市場評估的貼現率計算而得出的貼現現金流量預測。

於二零一五年十二月三十一日，投資物業的賬面值為180,542,000美元(二零一四年：191,533,000美元)。進一步詳情(包括公平值計量及敏感度分析所採用的主要假設)載於財務報表附註14。

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4. Operating Segment Information

For management purposes, the Group is organised into one single business unit that includes primarily the manufacture and sale of semiconductor products. Management reviews the consolidated results when making decisions about allocating resources and assessing the performance of the Group. Accordingly, no segment analysis is presented.

The principal assets employed by the Group are located in Shanghai, the PRC. Therefore, no segment information based on the geographical location of assets is presented for the year.

Revenues are attributed to geographic areas based on the location of customers. Revenues regarding geographical segments based on the location of customers for the year are presented as follows:

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
China (including Hong Kong)	中國(包括香港)	358,896	356,412
United States of America	美利堅合眾國	123,716	138,148
Asia (excluding China and Japan)	亞洲(不包括中國及日本)	52,844	66,556
Europe	歐洲	61,648	60,488
Japan	日本	53,027	42,982
		650,131	664,586

Information about major customers

No revenue amounting to 10% or more of the Group's revenue was derived from sales to a single customer for the year ended 31 December 2015 (2014: Nil).

4. 經營分部資料

出於管理需要，本集團僅構組一個業務單元，主要包括製造及銷售半導體產品。管理層在作出分配資源的相關決策及評估本集團表現時審核綜合業績。因此，並無呈列分部分析。

本集團使用的主要資產位於中國上海，故並無按資產的地理位置於年內呈列分部資料。

地理區域應佔收入乃按客戶所在地劃分。年內按客戶所在地劃分的地區分部有關收入呈列如下：

有關主要客戶的資料

截至二零一五年十二月三十一日止年度並無對單一客戶的銷售所得收益金額達本集團收入的10%或以上(二零一四年：無)。

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5. Revenue, Other Income and Gains

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts, the value of services rendered and gross rental income received and receivable from investment property during the year.

An analysis of revenue, other income and gains is as follows:

5. 收入、其他收入及收益

收入指年內扣除退貨及貿易折扣後的已出售貨品發票淨值、所提供服務的價值以及投資物業已收及應收租金收入總額。

對收入、其他收入及收益的分析如下：

		2015	2014
		二零一五年	二零一四年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Revenue	收入		
Sale of goods	銷售貨品	650,131	664,586
Other income	其他收入		
Rental income	租金收入	13,167	13,270
Interest income	利息收入	7,856	4,592
Government subsidies	政府補貼	9,966	663
Sale of scrap materials	銷售廢料	442	466
Rendering of services	提供服務	444	1,081
Others	其他	2,406	3,412
		34,281	23,484
Gains	收益		
Gain on disposal of items of property, plant and equipment and prepaid land lease payments	出售物業、廠房及設備項目以及預付土地租賃款項的收益	401	402
Exchange gain	外匯匯兌收益	8,035	-
		8,436	402
		42,717	23,886

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6. Profit Before Tax

The Group's profit before tax is arrived at after charging/
(crediting):

6. 稅前溢利

本集團的稅前溢利乃於扣除／(計入)下列各項後達致：

			2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
	Notes 附註			
Cost of inventories sold	已售存貨成本		448,705	466,815
Depreciation	折舊	13	73,879	71,613
Recognition of prepaid land lease payments	確認預付土地租賃款項	15	708	721
Amortisation of intangible assets	無形資產攤銷	16	4,461	12,154
Research and development costs	研發成本		47,512	30,791
Minimum lease payments under operating leases	經營租賃最低租賃款項		3,408	3,425
Auditors' remuneration	核數師薪酬		498	770
Employee benefit expense (excluding directors' and chief executive's remuneration (Noted 8)):	僱員福利開支(不包括董事及最高行政人員的薪酬(附註8)):			
Wages, salaries and other benefits	工資、薪金及其他福利		140,061	116,572
Equity-settled share option expense	以權益結算的購股權開支		1,331	-
Pension scheme contributions	退休金計劃供款		11,125	11,340
			152,517	127,912
Rental income on an investment property, net	投資物業的租金收入淨額	5	(13,167)	(13,270)
Government subsidies	政府補貼	5	(9,966)	(663)
Foreign exchange (gain)/losses, net	外匯匯兌(收益)/虧損淨額		(8,035)	1,385
Impairment on items of property, plant and equipment	物業、廠房及設備項目減值	13	5,162	-
(Reversal)/provision for impairment of trade receivables and other receivables	貿易應收款項及其他應收款項減值(撥回)/撥備		(154)	246
Write-down of inventories to net realisable value	撇減存貨至可變現淨值		2,410	3,823
Fair value gain on an investment property	投資物業公平值收益		(58)	(1,127)

7. Finance Costs

7. 財務費用

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Interest on bank loans	銀行貸款利息	7,754	12,136

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8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Fees	袍金	240	69
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	161	154
Performance related bonuses	與表現掛鉤的花紅	155	139
Equity-settled share option expense	以權益結算的購股權開支	42	-
Pension scheme contributions	退休金計劃供款	6	10
		364	303
		604	372

During the year, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 29 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. 董事及最高行政人員的薪酬

根據上市規則及香港公司條例第383(1)(a)、(b)、(c)及(f)節及《公司(披露董事利益資料)規例》第2部披露的本年度董事及最高行政人員薪酬如下：

於年內，若干董事根據本公司的購股權計劃因其向本集團提供的服務獲授購股權，其進一步詳情載於財務報表附註29。相關購股權的公平值已按歸屬期於損益表確認，並於授出日期釐定且於本年度財務報表入賬的金額已計入前述董事及最高行政人員的薪酬披露中。

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8. Directors' and Chief Executive's Remuneration (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

		2015	2014
		二零一五年	二零一四年
		US\$'000	US\$'000
		千美元	千美元
Stephen Tso Tung Chang	張祖同	80	23
Kwai Huen Wong, JP	王桂堦，太平紳士	80	23
Long Fei Ye	葉龍蜚	80	23
		240	69

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

8. 董事及最高行政人員的薪酬 (續)

(a) 獨立非執行董事

年內向獨立非執行董事支付的袍金如下：

年內並無應付予獨立非執行董事的其他酬金（二零一四年：無）。

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8. Directors' and Chief Executive's Remuneration (continued)

8. 董事及最高行政人員的薪酬 (續)

(b) Executive directors, non-executive directors and the chief executive

(b) 執行董事、非執行董事及最高行政人員

		Salaries, allowances and benefits in kind 袍金 及實物利益 US\$'000 千美元	Performance related bonuses 與表現掛鈎 的花紅 US\$'000 千美元	Equity-settled share option expense 以權益結算的 購股權開支 US\$'000 千美元	Pension scheme contributions 退休金 計劃供款 US\$'000 千美元	Total remuneration 薪酬總額 US\$'000 千美元
2015	二零一五年					
Non-executive director:	非執行董事：					
Mr. Takayuki Morita	森田隆之先生	-	-	5	-	5
Chief executive:	最高行政人員：					
Mr. Yu Wang	王煜先生	-	155	37	6	359
		-	155	42	6	364
2014	二零一四年					
Chief executive:	最高行政人員：					
Mr. Yu Wang	王煜先生	-	139	-	10	303

Save as disclosed above, none of the directors received any emoluments during 2015 and 2014.

除前述披露者外，概無董事於二零一五年及二零一四年收取任何薪酬。

There was no arrangement under which a director waived or agreed to waive any remuneration during the year.

於年內，概無董事作出安排放棄或同意放棄任何薪酬。

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9. Five Highest Paid Employees

The five highest paid employees during the year included one director, i.e. the chief executive, (2014: one), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2014: four) highest paid employees who are not directors of the Company are as follows:

		2015	2014
		二零一五年	二零一四年
		US\$'000	US\$'000
		千美元	千美元
Salaries, allowances and benefits in kind	薪酬、津貼及實物利益	1,153	1,214
Performance related bonuses	與表現掛鉤的花紅	192	292
Equity-settled share option expense	以權益結算的購股權開支	101	–
Pension scheme contributions	退休金計劃供款	15	15
		1,461	1,521

The number of highest paid employees who are not directors of the Company and whose remuneration fell within the following bands is as follows:

		Number of employees	
		僱員人數	
		2015	2014
		二零一五年	二零一四年
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	–	–
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元	–	–
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	3	2
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	–	1
HK\$3,500,001 to HK\$4,000,000	3,500,001港元至4,000,000港元	1	–
HK\$4,500,001 to HK\$5,000,000	4,500,001港元至5,000,000港元	–	1
		4	4

During the year, share options were granted to four non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

9. 五名最高薪僱員

年內，五名最高薪僱員包括一名（二零一四年：一名）董事（即最高行政人員），其薪酬詳情載於上文附註8。年內，其餘四名（二零一四年：四名）並非本公司董事的最高薪僱員的薪酬詳情如下：

薪酬屬於以下範疇的並非本公司董事的最高薪僱員人數如下：

於年內，四名非董事及非最高行政人員的最高薪僱員因其向本集團提供服務獲授購股權，其進一步詳情於財務報表附註29披露。相關購股權的公平值已按歸屬期於損益表確認，並於授出日期釐定且於本年度財務報表入賬的金額已計入前述非董事及非最高行政人員的最高薪僱員的薪酬披露中。

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10. Income Tax

Hong Kong profits were subject to profits tax at the rate of 16.5% during the year (2014:16.5%). No provision for Hong Kong profits tax has been made as the Company and a subsidiary incorporated in Hong Kong had no assessable income during the year (2014: Nil).

The Company's subsidiary incorporated in the Cayman Islands is not subject to corporate income tax ("CIT") as it does not have a place of business (other than a registered office) or carry on any business in the Cayman Islands.

All of the Group's subsidiaries registered in the PRC and only having operations in Mainland China are subject to PRC enterprise income tax on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws based on a statutory rate of 25%.

Pursuant to the relevant laws and regulations in the PRC and with approval from the tax authorities in charge, one of the Group's subsidiaries, HHGrace, is qualified as an enterprise producing integrated circuits of 0.25 μm in width and thus is entitled to a preferential tax rate of 15% from 2013 to 2017.

The Company's subsidiary incorporated and operating in Japan is subject to corporation tax at a rate of 25.5% (2014: 25.5%).

The Company's subsidiary incorporated and operating in the United States is subject to federal corporation income tax at a rate of 34% during the year (2014: 34%), as well as state tax at 8.84% (2014: 8.84%).

The major components of income tax expense of the Group are as follows:

10. 所得稅

於年內的香港溢利須按16.5% (二零一四年：16.5%) 的稅率繳納利得稅。由於本公司及一家在香港註冊成立的子公司於年內並無取得應評稅收入，故並無就香港利得稅作出撥備 (二零一四年：無)。

由於本公司在開曼群島註冊成立的子公司在開曼群島並無擁有營業地點 (註冊辦事處除外) 或經營任何業務，故有關子公司毋須繳納企業所得稅 (「企業所得稅」)。

所有本集團在中國註冊且僅在中國內地營運的子公司，應就其根據相關中國所得稅法調整的中國法定賬目所呈報應課稅收入按25%的法定稅率繳納中國企業所得稅。

根據中國相關法律及法規及獲稅務主管機關批准，本集團一家子公司華虹宏力符合資格成為生產工藝技術節點小於0.25μm集成電路的企業，故有權於二零一三年至二零一七年期間按15%的優惠稅率繳稅。

本公司在日本註冊成立及營運的子公司應按25.5% (二零一四年：25.5%) 的企業稅率繳稅。

本公司在美國註冊成立及營運的子公司應按34% (二零一四年：34%) 的聯邦企業所得稅率及8.84% (二零一四年：8.84%) 的州稅稅率繳稅。

本集團所得稅開支的主要組成部份如下：

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Current income tax – PRC	當期所得稅 – 中國	14,965	20,220
Current income tax – elsewhere	當期所得稅 – 其他地區	353	29
Deferred tax (note 27)	遞延稅項 (附註27)	(2,615)	7,473
		12,703	27,722

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10. Income Tax (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates is as follows:

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Profit before tax	稅前溢利	125,252	120,812
Tax at the statutory tax rate	按法定稅率計算的稅項	31,313	30,203
Lower tax rates for specific provinces or enacted by local authority	特定省份或地方當局頒佈的較低稅率	(12,500)	(12,177)
Adjustments in respect of current tax of previous periods	就上一期間當期稅項的調整	(5)	(4)
Profits attributable to an associate	一家聯營公司應佔溢利	(144)	(728)
Income not subject to tax	免繳稅收入	(160)	(140)
Expenses not deductible for tax	不可扣稅開支	495	697
Tax losses not recognised	未確認稅項虧損	299	476
Temporary differences not recognised	未確認暫時差額	127	-
Adjustments in respect of deferred tax of previous years	以前年度遞延稅項的調整	(11,560)	68
Effect of withholding tax at 5% (2014:10%) on the distributable profits of the Group's PRC subsidiary	本集團中國子公司可供分派溢利按5% (二零一四年：10%) 稅率	4,838	9,327
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項開支	12,703	27,722

The share of tax attributable to an associate amounting to US\$259,000 for the year (2014: US\$811,000) is included in "Share of profits of an associate" in the consolidated statement of profit or loss.

按本公司及其大部分子公司經營所在國家的法定稅率計算的除稅前溢利的適用稅項開支，與按實際稅率計算的稅項開支的對賬如下：

年內分佔聯營公司稅項為259,000美元 (二零一四年：811,000美元)，載於綜合損益表「分佔一家聯營公司溢利」。

11. Dividend

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Proposed final-HK\$27 cents (2014: Nil) per ordinary share	建議末期股息－每股普通股 27港仙 (二零一四年：無)	36,015	-

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (2014: Nil).

本年度建議末期股息須待本公司股東於應屆股東週年大會上批准 (二零一四年：無)。

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12. Earnings per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,033,871,656 (2014: 853,421,114) in issue during the year, as adjusted to reflect the rights issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share is based on:

12. 母公司普通股權益持有人應佔每股盈利

每股基本盈利乃基於母公司普通權益持有人應佔年內溢利及於年內已發行1,033,871,656股(二零一四年: 853,421,114股)普通股的加權平均數計算,經調整以反映年內供股。

每股已攤薄盈利金額乃根據母公司普通權益持有人應佔年內溢利計算。計算時採用之普通股加權平均數為計算每股基本盈利時採用之年內已發行普通股數目加上假設所有潛在攤薄普通股被視為行使或兌換為普通股時以零代價發行之普通股加權平均數。

每股基本及攤薄盈利的計算乃基於:

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Earnings	盈利		
Profit attributable to ordinary equity holders of the parent	母公司普通權益持有人應佔溢利	112,549	93,090
Number of shares 股份數目			
		2015 二零一五年	2014 二零一四年
Shares	股份		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	用於計算每股基本盈利的年內已發行普通股加權平均數	1,033,871,656	853,421,114
Effect of dilution-weighted average number of ordinary shares:	普通股攤薄加權平均數的影響:		
Share options	購股權	945,000	-
		1,034,816,656	853,421,114

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13. Property, Plant and Equipment

13. 物業、廠房及設備

		Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
		樓宇	廠房設施及機器	辦公設備	汽車	租賃物業裝修	在建工程	總計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元
31 December 2015	二零一五年十二月三十一日							
At 31 December 2014 and at 1 January 2015:	於二零一四年十二月三十一日及二零一五年一月一日:							
Cost	成本	332,393	3,696,100	33,313	2,167	4,268	52,277	4,120,518
Accumulated depreciation and impairment	累計折舊及減值	(147,195)	(3,359,142)	(27,157)	(1,585)	(853)	(15,960)	(3,551,892)
Net carrying amount	賬面淨值	185,198	336,958	6,156	582	3,415	36,317	568,626
At 1 January 2015, net of accumulated depreciation and impairment	於二零一五年一月一日，扣除累計折舊及減值	185,198	336,958	6,156	582	3,415	36,317	568,626
Additions	添置	-	-	-	-	-	177,564	177,564
Transfers	轉撥	346	130,773	2,443	2	153	(133,717)	-
Disposals	處置	-	(22)	(47)	(1)	-	-	(70)
Depreciation provided during the year	年內計提折舊	(10,653)	(60,171)	(1,939)	(216)	(900)	-	(73,879)
Impairment	減值	-	(4,319)	-	-	-	(843)	(5,162)
Exchange realignment	匯兌調整	(10,266)	(23,239)	(369)	(23)	(167)	(3,835)	(37,899)
At 31 December 2015, net of accumulated depreciation and impairment	於二零一五年十二月三十一日，扣除累計折舊及減值	164,625	379,980	6,244	344	2,501	75,486	629,180
At 31 December 2015:	於二零一五年十二月三十一日:							
Cost	成本	313,550	3,603,591	33,024	2,044	4,169	91,334	4,047,712
Accumulated depreciation and impairment	累計折舊及減值	(148,925)	(3,223,611)	(26,780)	(1,700)	(1,668)	(15,848)	(3,418,532)
Net carrying amount	賬面淨值	164,625	379,980	6,244	344	2,501	75,486	629,180

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13. Property, Plant and Equipment (continued)

13. 物業、廠房及設備（續）

		Buildings	Plant and machinery	Office equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
		樓宇	廠房設施 及機器	辦公設備	汽車	租賃 物業裝修	在建工程	總計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元
31 December 2014	二零一四年十二月三十一日							
At 31 December 2013 and at 1 January 2014:	於二零一三年十二月三十一日及二零一四年一月一日：							
Cost	成本	325,683	3,625,942	30,508	3,291	-	89,010	4,074,434
Accumulated depreciation and impairment	累計折舊及減值	(136,181)	(3,313,773)	(26,604)	(2,554)	-	(16,018)	(3,495,130)
Net carrying amount	賬面淨值	189,502	312,169	3,904	737	-	72,992	579,304
At 1 January 2014, net of accumulated depreciation and impairment	於二零一四年一月一日，扣除累計折舊及減值	189,502	312,169	3,904	737	-	72,992	579,304
Additions	添置	-	-	3,700	152	-	59,260	63,112
Transfers	轉撥	7,900	83,561	-	-	4,276	(95,737)	-
Disposals	處置	-	-	(8)	(64)	-	-	(72)
Depreciation provided during the year	年內計提折舊	(11,526)	(57,590)	(1,402)	(240)	(855)	-	(71,613)
Exchange realignment	匯兌調整	(678)	(1,182)	(38)	(3)	(6)	(198)	(2,105)
At 31 December 2014, net of accumulated depreciation and impairment	於二零一四年十二月三十一日，扣除累計折舊及減值	185,198	336,958	6,156	582	3,415	36,317	568,626
At 31 December 2015:	於二零一五年十二月三十一日：							
Cost	成本	332,393	3,696,100	33,313	2,167	4,268	52,277	4,120,518
Accumulated depreciation and impairment	累計折舊及減值	(147,195)	(3,359,142)	(27,157)	(1,585)	(853)	(15,960)	(3,551,892)
Net carrying amount	賬面淨值	185,198	336,958	6,156	582	3,415	36,317	568,626

As at 31 December 2015, certain of the Group's property, plant and equipment with a net carrying value of US\$507,224,000 (2014: US\$458,462,000) were pledged to banks to secure the Group's banking facilities (note 25).

於二零一五年十二月三十一日，本集團賬面淨值為507,224,000美元（二零一四年：458,462,000美元）的若干物業、廠房及設備已抵押予銀行以取得本集團的銀行信貸融資（附註25）。

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14. Investment Property

14. 投資物業

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Carrying amount at 1 January	於一月一日的賬面值	191,533	191,098
Net gain from a fair value adjustment	公平值調整的收益淨額	58	1,127
Exchange realignment	匯兌調整	(11,049)	(692)
Carrying amount at 31 December	於十二月三十一日的賬面值	180,542	191,533

The Group's investment property is situated in Shanghai, the PRC and is held under a medium term lease. The directors have determined that the investment property is an industrial property, based on the nature, characteristics and risks of the property.

本集團的投資物業位於中國上海，按中期租約持有。董事已基於物業的性質、特點及風險釐定投資物業為工業物業。

The Group's investment property was revalued on 31 December 2015 based on valuation performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent professionally qualified valuer, on an open market value basis. The valuation is based on both capitalisation of income derived from the existing tenancy with allowance for the reversionary income potential of the property, and by making reference to comparable market transactions.

於二零一五年十二月三十一日，本集團的投資物業已根據一家具專業資格的獨立估值師仲量聯行企業評估及諮詢有限公司按公開市值進行了重估。該估值參考了現有租約收入扣除潛在可復歸收入後的金額及相關市場的可比較交易確定。

Each year, the Group's property manager and the chief financial officer decide to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results annually when the valuation is performed for annual financial reporting.

每年，本集團的物業經理及財務總監決定委任外聘評估師負責本集團物業的外部估值。選聘標準包括對市場的了解、聲譽、獨立性及是否具備專業水準。本集團的物業經理及財務總監就年度財務報告進行估值時，已與估值師每年討論一次估值假設及估值結果。

The investment property is leased to a related party under an operating lease (note 31 (a) and note 33 (b)).

投資物業根據經營租約出租予關聯方(附註31(a)和33(b))。

As at 31 December 2015 and 2014, the Group's investment property was pledged to banks to secure the Group's banking facilities (note 25).

於二零一五年及二零一四年十二月三十一日，本集團的投資物業已抵押予銀行以取得本集團的銀行信貸融資(附註25)。

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14. Investment Property (continued)

Fair value hierarchy

The recurring fair value measurement for the Group's investment property, which is an industrial property, is made using significant unobservable inputs (Level 3) as at 31 December 2014 and 2015. During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

Below is a summary of the valuation techniques used and the key inputs to the valuation of the investment property:

Industrial property 工業物業	Valuation techniques 估值技術	Significant unobservable inputs 重大不可觀察輸入數據	Weighted average 加權平均
As at 31 December 2015 於二零一五年十二月三十一日	Term and reversion method 年期及復歸法	Estimated rental value (per sq.m. and per month) 估計租賃價值 (每平方米及每月)	US\$11.6 11.6美元
		Term yield 年期回報率	7.0%
		Reversionary 復歸	7.5%
		Long term vacancy rate 長期空置率	5.0%
As at 31 December 2014 於二零一四年十二月三十一日	Term and reversion method 年期及復歸法	Estimated rental value (per sq.m. and per month) 估計租賃價值 (每平方米及每月)	US\$11.6 11.6美元
		Term yield 年期回報率	7.0%
		Reversionary 復歸	7.5%
		Long term vacancy rate 長期空置率	5.0%

Under the term and reversion method, fair value is measured by taking into account the rental income derived from the existing lease with due allowance for the reversionary income potential of the lease, which is then capitalised into the value at appropriate rates.

The term value was estimated based on the existing rent, tenancy period as stated in the lease agreement and the yield during the term period (tenancy period). The reversionary value was estimated based on the market rents, market yield and the reversionary periods.

14. 投資物業 (續)

公平值層級

本集團投資物業(為工業物業)於二零一五年十二月三十一日及二零一四年十二月三十一日的週期公平值計量乃使用重大不可觀察輸入數據(第3級)作出。於年內,第1級與第2級間並無公平值計量轉移,且第3級並無轉入或轉出(二零一四年:無)。

下文為投資物業估值所用估值技術及主要輸入數據概要:

根據年期及復歸法,公平值乃經計及現有租約產生的租金收入,並就該等租約的潛在可復歸收入計提適當撥備,其後按適用資本化比率撥充資本計算價值而達致。

定期價值乃根據租賃協議所訂明的現有租金、租期及年期內(租期)回報率估計。復歸價值乃根據市值租金、市場回報率及復歸期估計。

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14. Investment Property (continued)

Fair value hierarchy (continued)

A significant increase/(decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase/(decrease) in the fair value of the investment property. A significant increase/(decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease/(increase) in the fair value of the investment property. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

14. 投資物業 (續)

公平值層級 (續)

估計租賃價值及市場租金年增長率單獨大幅上升/(下降)將導致投資物業的公平值大幅增加/(減少)。長期空置率及貼現率單獨大幅上升/(下降)將導致投資物業的公平值大幅減少/(增加)。一般而言，就估計租賃價值作出的假設變動同時，租金年增長率及貼現率出現同向變動，而長期空置率出現反向變動。

15. Prepaid Land Lease Payments

15. 預付土地租賃款項

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Carrying amount at 1 January	於一月一日的賬面值	24,914	25,726
Recognised during the year	年內確認	(708)	(721)
Exchange realignment	匯兌調整	(1,408)	(91)
Carrying amount at 31 December	於十二月三十一日的賬面值	22,798	24,914
Current portion included in prepayments, deposits and other receivables	預付款項、按金及其他應收款項的即期部份	(678)	(720)
Non-current portion	非即期部份	22,120	24,194

The Group's prepaid land lease payments with a carrying value of US\$22,798,000 as at 31 December 2015 (2014: US\$24,914,000) were pledged to banks to secure the Group's banking facilities (note 25).

於二零一五年十二月三十一日，賬面值為22,798,000美元(二零一四年：24,914,000美元)的本集團若干預付土地租賃付款已抵押予銀行以取得本集團的銀行信貸融資(附註25)。

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16. Intangible Assets

16. 無形資產

		Process technology licence 工藝技術許可 US\$'000 千美元	Software 電腦軟件 US\$'000 千美元	Total 總計 US\$'000 千美元
31 December 2015	二零一五年十二月三十一日			
At 31 December 2014 and at 1 January 2015:	於二零一四年十二月 三十一日及二零一五年 一月一日：			
Cost	成本	282,999	109,882	392,881
Accumulated amortisation and impairment	累計攤銷及減值	(282,999)	(95,174)	(378,173)
Net carrying amount	賬面淨值	—	14,708	14,708
At 1 January 2015, net of accumulated amortisation and impairment	於二零一五年一月一日， 扣除累計攤銷及減值	—	14,708	14,708
Addition	添置	—	1,167	1,167
Release of government grants	政府補助撥入	—	(2,510)	(2,510)
Amortisation provided during the year	年內作出攤銷	—	(4,461)	(4,461)
Exchange realignment	匯兌調整	—	(388)	(388)
At 31 December 2015, net of accumulated amortisation and impairment	於二零一五年十二月 三十一日，扣除累計 攤銷及減值	—	8,516	8,516
At 31 December 2015:	於二零一五年十二月 三十一日			
Cost	成本	282,999	102,090	385,089
Accumulated amortisation and impairment	累計攤銷及減值	(282,999)	(93,574)	(376,573)
Net carrying amount	賬面淨值	—	8,516	8,516

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16. Intangible Assets (continued)

16. 無形資產 (續)

		Process technology licence 工藝技術許可 US\$'000 千美元	Software 軟件 US\$'000 千美元	Total 總計 US\$'000 千美元
31 December 2014	二零一四年十二月三十一日			
At 31 December 2013 and at 1 January 2014:	於二零一三年十二月 三十一日及二零一四年 一月一日：			
Cost	成本	284,025	106,261	390,286
Accumulated amortisation and impairment	累計攤銷及減值	(281,335)	(86,113)	(367,448)
Net carrying amount	賬面淨值	2,690	20,148	22,838
At 1 January 2014, net of accumulated amortisation and impairment	於二零一四年一月一日， 扣除累計攤銷及減值	2,690	20,148	22,838
Additions	添置	–	4,105	4,105
Amortisation provided during the year	年內作出攤銷	(2,680)	(9,474)	(12,154)
Exchange realignment	匯兌調整	(10)	(71)	(81)
At 31 December 2014, net of accumulated amortisation and impairment	於二零一四年十二月 三十一日，扣除累計 攤銷及減值	–	14,708	14,708
At 31 December 2014:	於二零一四年十二月 三十一日			
Cost	成本	282,999	109,882	392,881
Accumulated amortisation and impairment	累計攤銷及減值	(282,999)	(95,174)	(378,173)
Net carrying amount	賬面淨值	–	14,708	14,708

Certain of the Group's intangible assets with a carrying value of US\$6,806,000 at 31 December 2015 (2014: US\$10,599,000) were pledged to banks to secure the Group's banking facilities (note 25).

於二零一五年十二月三十一日，賬面值為6,806,000美元(二零一四年：10,599,000美元)的若干本集團無形資產已抵押予銀行以取得本集團的銀行信貸融資(附註25)。

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17. Investment in an Associate

17. 於聯營公司的投資

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Share of net assets	分佔資產淨值	40,833	42,030

Particulars of the material associate are as follows:

主要聯營公司詳情如下：

Name of company 公司名稱	Place and date of incorporation/ registration and place of business 註冊成立/ 登記地點及日期 及營業地點	Paid-in capital 實繳股本 RMB'000 人民幣千元	Percentage of equity interest attributable to the Group 本集團應佔 股權百分比	Principal activities 主要業務
Shanghai Huahong Technology Development Co., Ltd. ("Huahong Technology Development") 上海華虹科技發展有限公司 (「華虹科技發展」)	PRC/ Mainland China 中國／中國內地	548,000	50%	Technology development and investment 科技開發及投資

The financial statements of this associate were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

該聯營公司的財務報表並未經香港安永會計師事務所或安永會計師事務所全球網絡的其他成員公司審核。

The Group's voting power held and profit sharing arrangement in relation to Huahong Technology Development are 40% and 50%, respectively.

本集團有關華虹科技發展持有的投票權及利潤分配安排分別為40%及50%。

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

本集團透過本公司的全資子公司持有該聯營公司的股權。

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17. Investment in an Associate (continued)

The following table illustrates the summarised financial information of the Group's associate:

17. 於聯營公司的投資（續）

下表概述本集團聯營公司的財務資料：

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Current assets	流動資產	155,597	185,530
Non-current assets	非流動資產	49,675	19,892
Current liabilities	流動負債	(43,096)	(41,277)
Non-current liabilities	非流動負債	(80,510)	(80,085)
Net assets	淨資產	81,666	84,060
Net assets, excluding goodwill	淨資產，不包括商譽	81,666	84,060
Reconciliation to the Group's interest in the associate:	本集團於聯營公司的權益對賬：		
Proportion of the Group's interest in the associate	本集團於聯營公司的權益比例	50%	50%
Group's share of net assets of the associate, excluding goodwill	本集團分佔聯營公司資產淨值，不包括商譽	40,833	42,030
		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Revenue	收入	22,051	21,305
Profit for the year	年內溢利	1,922	9,712
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總額	1,922	9,712
Dividend received	已收股息	-	(8,186)

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18. Available-for-sale Investments

18. 可供出售投資

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Unlisted equity investments, at cost	非上市股權投資 · 按成本值	217,214	230,512

As at 31 December 2015, the unlisted equity investments with a carrying amount of US\$217,214,000 (2014: 230,512,000) were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair value cannot be measured reliably. The Group does not intend to dispose of these investments in the near future.

由於合理公平值估計範圍太大，董事認為其公平值不能可靠計量，故於二零一五年十二月三十一日非上市股權投資賬面值217,214,000美元（二零一四年：230,512,000美元）乃按成本值扣除減值呈列。本集團近期無意出售該等投資。

19. Inventories

19. 存貨

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Raw materials	原材料	46,109	40,808
Work in progress	在製品	40,391	37,162
Finished goods	製成品	33,082	27,049
		119,582	105,019
Provision for inventories	存貨撥備	(12,501)	(11,031)
		107,081	93,988

20. Trade and Notes Receivables

20. 貿易應收款項及應收票據

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Trade receivables	貿易應收款項	59,746	76,638
Notes receivable	應收票據	45,630	32,729
		105,376	109,367
Impairment of trade receivables	貿易應收款項減值	(1,554)	(1,858)
		103,822	107,509

The Group's trading terms with its customers are mainly on credit and the credit period is generally 30 to 45 days, extending up to 60 days for major customers. There is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

本集團與其客戶的貿易賬期以信貸為主，信貸期一般為30至45天，對大客戶的信貸期延長至最多60天。本集團並無重大集中信貸風險。本集團並無就其貿易應收款項餘額持有任何抵押品或採取其他加強信貸措施。貿易應收款項為免息。

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20. Trade and Notes Receivables (continued)

An aged analysis of the trade receivables, based on the invoice date and net of provisions, is as follows:

		2015	2014
		二零一五年	二零一四年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Within 3 months	3個月以內	55,978	73,515
3 to 6 months	3至6個月	1,523	913
Over 6 months	6個月以上	691	352
		58,192	74,780

The movements in provision for impairment of trade receivables are as follows:

		2015	2014
		二零一五年	二零一四年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
At 1 January	於一月一日	1,858	1,865
Reversal of impairment	減值撥回	(210)	-
Exchange realignment	匯兌調整	(94)	(7)
As at 31 December	於十二月三十一日	1,554	1,858

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of US\$1,554,000 as at 31 December 2015 (2014: US\$1,858,000), with a carrying amount before provision of US\$1,554,000 (2014: US\$1,858,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in interest and/or principal payments and only a portion of the receivables is expected to be recovered.

20. 貿易應收款項及應收票據 (續)

按發票日期計，貿易應收款項（扣除撥備）的賬齡分析如下：

	2015	2014
	二零一五年	二零一四年
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
Within 3 months	55,978	73,515
3 to 6 months	1,523	913
Over 6 months	691	352
	58,192	74,780

貿易應收款項減值撥備的變動如下：

	2015	2014
	二零一五年	二零一四年
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
At 1 January	1,858	1,865
Reversal of impairment	(210)	-
Exchange realignment	(94)	(7)
As at 31 December	1,554	1,858

上述貿易應收款項減值撥備包括於二零一五年十二月三十一日就個別出現減值的貿易應收款項1,554,000美元（二零一四年：1,858,000美元）作出的撥備，於撥備前的賬面值為1,554,000美元（二零一四年：1,858,000美元）。

個別出現減值的貿易應收款項乃與遭遇財政困難或拖欠利息及／或本金還款的客戶有關，而預期僅可收回部份應收款項。

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20. Trade and Notes Receivables (continued)

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Neither past due nor impaired	既未逾期亦未減值	53,303	59,208
Less than 1 month past due	逾期少於1個月	2,658	12,596
1 to 3 months past due	逾期1至3個月	1,590	2,249
3 to 6 months past due	逾期3至6個月	113	657
6 to 12 months past due	逾期6至12個月	464	70
Over 1 year past due	逾期1年以上	64	-
		58,192	74,780

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default. Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

20. 貿易應收款項及應收票據 (續)

並無個別或共同被視為減值的貿易應收款項的賬齡分析如下：

既未逾期亦未減值的應收款項與眾多不同客戶有關，彼等近期並無拖欠紀錄。已逾期但未減值的應收款項與多名獨立客戶有關，彼等與本集團交易紀錄良好。根據過往經驗，董事認為無必要為該等結餘計提減值撥備，原因是信譽質素並無重大改變，且該等結餘被認為仍可全數收回。

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21. Prepayments, Deposits and Other Receivables

21. 預付款項、按金及其他應收款項

		31 December 2015 二零一五年 十二月三十一日 US\$'000 千美元	31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元
Other receivables	其他應收款項	5,128	5,346
Prepayments	預付款項	4,561	1,882
Current portion of prepaid land lease payments (note 15)	預付土地租賃款項的即期部份(附註15)	678	720
		10,367	7,948
Impairment of other receivables	其他應收款項減值	(959)	(941)
		9,408	7,007

The movements in provision for impairment of other receivables are as follows:

其他應收款項減值撥備的變動如下：

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
At 1 January	於一月一日	941	697
Impairment losses recognised	確認減值虧損	56	246
Exchange realignment	匯兌調整	(38)	(2)
As at 31 December	於十二月三十一日	959	941

Included in the above provision for impairment of other receivables is a provision for individually impaired other receivables of US\$959,000 as at 31 December 2015 (2014: US\$941,000), with a carrying amount before provision of US\$959,000 (2014: US\$941,000).

上述其他應收款項減值撥備包括於二零一五年十二月三十一日就個別出現減值的其他應收款項959,000美元(二零一四年：941,000美元)作出的撥備，於撥備前的賬面值為959,000美元(二零一四年：941,000美元)。

The individually impaired other receivables relate to debtors that were in financial difficulties or were in default in both interest and/or principal payments and only a portion of the receivables is expected to be recovered.

個別出現減值的其他應收款項乃與遭遇財政困難或拖欠利息及／或本金還款的債務人有關，而預期僅可收回部份應收款項。

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22. Cash and Cash Equivalents and Pledged and Time Deposits

22. 現金及現金等價物以及已抵押及定期存款

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Cash and bank balances	現金及銀行結餘	202,250	439,556
Time deposits	定期存款	349,987	209,800
		552,237	649,356
Pledged and time deposits:	已抵押及定期存款：		
Pledged deposits for letters of credit	就信用證抵押存款	(1,796)	(2,583)
Time deposits with original maturity of more than three months	原有期限不超過三個月 的定期存款	(40,000)	-
Cash and cash equivalents	現金及現金等價物	510,441	646,773

At the end of the reporting period, the cash and bank balances and time deposits of the Group denominated in Renminbi ("RMB") amounted to US\$278,840,172 (2014: US\$205,717,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between seven days and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Pledged deposits with a carrying value of US\$1,796,000 as at 31 December 2015 (2014: US\$2,583,000) were pledged to secure the issuance of letters of credit.

Time deposits with original maturity of more than three months with a carrying value of US\$40,000,000 as at 31 December 2015 will mature within six months (2014: Nil).

於報告期間末，本集團的現金及銀行結餘以及定期存款乃以人民幣（「人民幣」）計值，為278,840,172美元（二零一四年：205,717,000美元）。人民幣不可自由兌換為其他貨幣。然而，根據中國內地的《外匯管理條例》及《結匯、售匯及付匯管理規定》，本集團獲准透過獲授權開展外匯業務的銀行將人民幣兌換為其他貨幣。

銀行現金乃根據每日銀行存款利率按浮動利率計息。短期的定期存款乃視乎本集團的即時現金需求為期七天至三個月不等，按各短期定期存款的利率賺取利息。銀行結餘乃存放於信譽良好且近期並無違約記錄的銀行。

於二零一五年十二月三十一日，已抵押賬面值為1,796,000美元（二零一四年：2,583,000美元）的已抵押存款以獲發行信用證。

於二零一五年十二月三十一日原到期日3個月以上的賬面值40,000,000美元定期存款將於六個月內到期（二零一四年：無）。

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23. Trade Payables

An aged analysis of the trade payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Within 1 month	1個月以內	48,588	34,796
1 to 3 months	1至3個月	10,833	21,520
3 to 6 months	3至6個月	1,154	1,180
6 to 12 months	6至12個月	810	1,013
Over 12 months	12個月以上	4,895	5,023
		66,280	63,532

The trade payables are unsecured, non-interest-bearing and are normally settled on 30 to 60 day terms.

於各報告期間末按發票日期計，本集團貿易應付款項的賬齡分析如下：

貿易應付款項為無抵押、不計息及一般於30天至60天內結清。

24. Other Payables, Advances From Customers And Accruals

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Other payables and accruals	其他應付款項及暫估費用	43,084	39,325
Advances from customers	預收賬款	11,386	13,758
Payroll and bonus payables	應付薪金及花紅	30,004	19,227
		84,474	72,310

The above balances are unsecured, non-interest-bearing and repayable on demand.

24. 其他應付款項、預收賬款及暫估費用

以上結餘無抵押、免息及須於要求時償還。

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25. Interest-Bearing Bank Borrowings

25. 計息銀行借款

		31 December 2015 二零一五年十二月三十一日			31 December 2014 二零一四年十二月三十一日		
		Effective interest rate (%) 實際利率 (%)	Maturity 到期	US\$'000 千美元	Effective interest rate (%) 實際利率 (%)	Maturity 到期	US\$'000 千美元
Current	流動						
Current portion of long term bank loans – secured	長期銀行貸款的 即期部份 — 有抵押	2.05	2016 二零一六年	42,750	2.0-6.6	2015 二零一五年	81,690
Non-current	非流動						
Secured bank loans	有抵押銀行貸款	1.2-2.05	2017-2025 二零一七年 至二零二五年	137,871	2.0-6.6	2016-2018 二零一六年 至二零一八年	183,031
				180,621			264,721
					2015		2014
					二零一五年		二零一四年
					(US\$'000)		(US\$'000)
					(千美元)		(千美元)
Analysed into:	分析為：						
Bank loans repayable:	應償還銀行貸款：						
Within one year	一年內			42,750			81,690
In the second year	第二年			44,752			62,079
Beyond third year, inclusive	超過第三年 (包括首尾兩年)			93,119			120,952
				180,621			264,721

Included in secured bank loans were long term loans of US\$38,961,439 as at 31 December 2015 (2014: long term loans due within one year of US\$38,940,000 and long term loans of US\$41,371,000), which were denominated in RMB. All other loans were denominated in US\$.

於二零一五年十二月三十一日，有抵押銀行貸款包括以人民幣計值的38,961,439美元長期貸款(二零一四年：於一年內到期的長期貸款38,940,000美元及長期貸款41,371,000美元)。所有其他貸款均以美元計值。

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25. Interest-Bearing Bank Borrowings (continued)

As at 31 December 2015 and 2014, the Group's bank loans were secured by the pledges of the Group's assets with carrying values as follows:

			2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Property, plant and equipment	物業、廠房及設備	13	507,224	458,462
Investment property	投資物業	14	180,542	191,533
Prepaid land lease payments	預付土地租賃款項	15	22,798	24,914
Intangible assets	無形資產	16	6,806	10,599
			717,370	685,508

In addition to the assets pledged above, the Group's secured bank loans as at 31 December 2015 and 2014 were secured by the Company's 36.23% of equity interest in its subsidiary, HHGrace.

於二零一五年及二零一四年十二月三十一日，本集團的銀行貸款由抵押本集團的資產作擔保，資產的賬面值如下：

除以上已抵押資產外，本集團於二零一五年及二零一四年十二月三十一日的有抵押銀行貸款乃以本公司於其子公司華虹宏力的36.23%股權作抵押。

26. Government Grants

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
At 1 January	於1月1日	63,885	63,462
Received during the year	年內收到	9,707	21,475
Paid to subcontractors during the year	年內支付予分包商	(49)	(1,004)
Released to offset cost of sales	撥入以抵銷銷售成本	(2,922)	(11,034)
Released to offset research and development costs	撥入以抵銷研發成本	(3,479)	(5,697)
Offset with long term assets	抵銷長期資產	(10,056)	(3,088)
Exchange realignment	匯兌調整	(3,205)	(229)
As at 31 December	於12月31日	53,881	63,885

The Group received government funding for several government-sponsored projects focusing on the research and development of advanced technologies.

本集團的多個政府資助項目均獲得政府撥付資金資助，該等項目專注於開發先進技術。

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27. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities:

		Fair value gains on investment property 投資物業的公平值收益 US\$'000 千美元	Withholding tax 預扣稅 US\$'000 千美元	Total 總計 US\$'000 千美元
As at 1 January 2014	於二零一四年一月一日	319	2,208	2,527
Deferred tax charged to profit or loss during the year (note 10)	年內扣自損益表的遞延稅項(附註10)	169	9,327	9,496
Exchange realignment	匯兌調整	(1)	(34)	(35)
As at 31 December 2014 and 1 January 2015	於二零一四年十二月三十一日及二零一五年一月一日	487	11,501	11,988
Deferred tax charged/(credited) to profit or loss during the year (note 10)	年內扣自/(計入)損益表的遞延稅項(附註10)	9	(6,722)	(6,713)
Exchange realignment	匯兌調整	(29)	-	(29)
As at 31 December 2015	於二零一五年十二月三十一日	467	4,779	5,246

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5% in accordance with the approval from the local tax authority on a lower rate effective from 2015 to 2017 (2014:10%).

During the year, Directors of the Company approved that any undistributed profits of the Company and its subsidiaries as of 31 December 2014 will not be paid as dividends to the Shareholders. Accordingly, the Group reversed withholding taxes on dividends distributable by subsidiaries established in Mainland China of US\$11,560,000.

27. 遞延稅項

年內遞延稅項負債及資產的變動如下：

遞延稅項負債：

根據《中華人民共和國企業所得稅法》，於中國內地成立的外資企業向外國投資者宣派的股息須按10%繳納預扣稅。該項規定自二零零八年一月一日起生效並適用於二零零七年十二月三十一日後產生的盈利。因此，本集團須就於中國內地成立的該等子公司自二零零八年一月一日起產生的盈利所分派的股息繳納預扣稅。倘中國內地與外國投資者所屬司法權區間訂有稅務協定，可能適用較低的預扣稅率。就本集團而言，根據當地稅務部門批准於二零一五年至二零一七年生效的較低稅率，適用稅率為5%（二零一四年：10%）。

年內，本公司董事批准不會就本公司及其子公司截至二零一四年十二月三十一日的任何未分配溢利向股東支付股息。因此，本集團就於中國內地成立之子公司的可分派股息撥回預扣稅11,560,000美元。

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27. Deferred Tax (continued)

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

Deferred tax assets:

27. 遞延稅項 (續)

本公司向其股東派付股息並無附帶任何所得稅後果。

遞延稅項資產：

		Write-down of inventories and impairment of receivables 存貨撇減及 應收款項減值 US\$'000 千美元	Accruals 暫估費用 US\$'000 千美元	Tax losses 稅項虧損 US\$'000 千美元	Total 總計 US\$'000 千美元
As at 1 January 2014	於二零一四年一月一日	1,372	5,757	68	7,197
Deferred tax credited/ (charged) to profit or loss during the year (note 10)	年內計入/(扣自) 損益表 的遞延稅項 (附註10)	610	1,481	(68)	2,023
Exchange realignment	匯兌調整	(6)	(23)	-	(29)
As at 31 December 2014 and 1 January 2015	於二零一四年十二月 三十一日及二零一五年 一月一日	1,976	7,215	-	9,191
Deferred tax credited/ (charged) to profit or loss during the year (note 10)	年內計入/(扣自) 損益表的遞延稅項 (附註10)	338	(4,436)	-	(4,098)
Exchange realignment	匯兌調整	(159)	(242)	-	(401)
As at 31 December 2015	於二零一五年十二月 三十一日	2,155	2,537	-	4,692

Deferred tax assets have not been recognised in respect of the following items:

以下項目並無確認遞延稅項資產：

		31 December 2015 二零一五年 十二月三十一日 US\$'000 千美元	31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元
Unused tax losses	未動用稅項虧損	4,704	2,893
Deductible temporary differences	可扣稅暫時差額	428,109	453,458
		432,813	456,351

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

由於遞延稅項資產乃源自已虧損多時的子公司，且不大可能有應課稅溢利可用以抵銷該等稅項虧損，故並無就該等虧損確認遞延稅項資產。

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27. Deferred Tax (continued)

The temporary differences are available indefinitely for offsetting against future taxable profits of the companies. Deferred tax assets have not been recognised in respect of the temporary differences as it is not considered probable that taxable profits will be available against which the above items can be utilised.

27. 遞延稅項 (續)

暫時差額可無限期地用以抵銷有關公司的未來應課稅溢利。由於不大可能有應課稅溢利可用以抵銷上述項目，故並無就暫時差額確認遞延稅項資產。

28. Share Capital

28. 股本

	31 December 2015	31 December 2014
	二零一五年 十二月三十一日	二零一四年 十二月三十一日
	US\$'000	US\$'000
	千美元	千美元
Issued and fully paid: 1,033,871,656 (2014: 1,033,871,656) ordinary shares	已發行及繳足： 1,033,871,656股 (二零一四年： 1,033,871,656股) 普通股	1,550,164
	1,550,164	1,550,164

A summary of movements in the Company's share capital is as follows:

本公司股本的變動概述如下：

	Number of shares in issue	Amount of share capital
	已發行股份數目	股本金額
	US\$'000	US\$'000
	千美元	千美元
At 1 January 2014	於二零一四年一月一日	805,176
Issuance of ordinary shares (note (a))	發行普通股 (附註(a))	228,696
Transition to no-par value regime on 3 March 2014 (note (b))	於二零一四年三月三日過渡至 無面值股份制度 (附註(b))	-
At 31 December 2014 and 2015	於二零一四年及二零一五年 十二月三十一日	1,033,872
		1,550,164

Notes:

附註：

(a) In connection with the listing of the shares on the Main Board of the Stock Exchange on 15 October 2014, 228,696,000 shares of HK\$0.01 each were issued at a price of HK\$11.25 per share for a total cash consideration of HK\$2,572,830,000 (equivalent to approximately US\$331,730,000), which have been credited to the Company's share capital after deduction of US\$11,562,000 listing expenses.

(a) 就股份於二零一四年十月十五日在聯交所主板上市而言，228,696,000股每股面值0.01港元的股份以每股11.25港元的價格發行，總現金代價2,572,830,000港元（相當於約331,730,000美元）扣除上市費用11,562,000美元後計入本公司股本。

(b) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance, on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

(b) 根據香港公司條例附表11第37條所載的過渡性條文，於二零一四年三月三日，股份溢價賬內之進賬額已成為本公司股本的一部份。

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29. Share Option Scheme

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's directors, including a non-executive director and other employees of the Group. The Scheme became effective on 4 September 2015 and, unless otherwise cancelled or amended, will remain in force for 7 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a vesting period of two to four years and ends on a date which is not later than the expiry date of the Scheme.

The exercise price of share options is determinable by the directors, but may not be less than the higher of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer.

29. 購股權計劃

本公司設有一項購股權計劃（「該計劃」），旨在為對本集團順利發展有所貢獻之符合資格參與者提供激勵及獎勵。該計劃之符合資格參與者包括本公司董事（包括獨立非執行董事）及本集團其他僱員。該計劃由二零一五年九月四日起生效，除非另被取消或修訂，該計劃將由該日起計7年內有效。

現時可根據該計劃授出之未行使購股權數目不得超過該等購股權行使後本公司不時已發行股份之10%。於任何十二個月期間，該計劃各符合資格參與者根據購股權可獲發行之股份數目不得超過本公司任何時候已發行股份之1%。進一步授予超出此限額之購股權則須股東在股東大會上批准。

向各董事、本公司行政總裁或主要股東或彼等之任何聯繫人士授予購股權須事先取得獨立非執行董事批准。此外，倘若於任何十二個月期間，授予本公司主要股東或獨立非執行董事或彼等各自之任何聯繫人士之購股權超出本公司任何時候已發行股份之0.1%或總值（根據授出日期本公司股份價格計算）超逾500萬港元，則須事先在股東大會上取得股東批准。

承授人須於授出日期起計28日內決定是否接納獲授之購股權，並須於接納時繳交合共1港元之名義代價。購股權之行使期由董事決定，並於二至四年歸屬期後開始以及於該計劃屆滿之日前終止。

購股權之行使價為由董事釐定，惟不得少於以下兩者之最高者：(i)本公司股份於授予購股權日期在聯交所之收市價；及(ii)本公司股份於緊接授出日期前五個交易日在聯交所之平均收市價。

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29. Share Option Scheme (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

		Weighted average exercise price HK\$ per share 每股加權 平均行使價 (港元)	Number of options '000 購股權數目 (千份)
At 1 January 2014, 31 December 2014 and 1 January 2015	於二零一四年一月一日、 二零一四年十二月三十一日 及二零一五年一月一日	-	-
Granted during the year	年內授出	6.912	30,250
Forfeited during the year	年內沒收	6.912	(130)
At 31 December 2015	於二零一五年十二月三十一日	6.912	30,120

During the year, 5,823,000 options were granted to directors and key management personnel ("Tranche A") (2014: Nil) and 24,427,000 options were granted to other employees ("Tranche B") (2014: Nil).

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Number of options 購股權數目 '000 千份	Exercise price* 行使價* HK\$ per share 每股港元	Exercise period 行使期
9,953	6.912	4 September 2017 to 3 September 2022 二零一七年九月四日至二零二二年九月三日
10,083	6.912	4 September 2018 to 3 September 2022 二零一八年九月四日至二零二二年九月三日
10,084	6.912	4 September 2019 to 3 September 2022 二零一九年九月四日至二零二二年九月三日
30,120		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

29. 購股權計劃 (續)

購股權並非附帶可令持有人獲得股息或於股東大會投票的權利。

於本年度以下購股權尚未根據該計劃行使：

於本年度，5,823,000份購股權已授予董事及主要管理人員（「第一批」）（二零一四年：無）以及24,427,000份購股權已授予其他僱員（「第二批」）（二零一四年：無）。

於報告期末尚未行使購股權的行使價及行使期如下：

* 倘若進行供股或紅股發行，或本公司之股本有其他類似改動，則購股權之行使價可予調整。

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29. Share Option Scheme (continued)

The fair values of the share options granted during the year were US\$2,316,000 (US\$0.40 each) and US\$9,868,000 (US\$0.41 each) for Tranche A and Tranche B respectively (2014: Nil), of which the Group recognised a share option expense of US\$1,331,000 (2014: Nil) during the year ended 31 December 2015.

The fair value of equity-settled share options granted during the year was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

		Tranche A 第一批	Tranche B 第二批
Expected volatility (%)	預期波幅(%)	49.7	49.7
Risk-free interest rate (%)	無風險利率(%)	1.5	1.5
Annual post-vesting forfeit rate (%)	年度歸屬後沒收率(%)	13	8
Exercise multiple	行使倍數	2.5	2.5
Weighted average share price (US\$ per share)	加權平均股價(每股美元)	0.89	0.89

The annual post-vesting forfeit rate of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 30,120,000 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 30,120,000 additional ordinary shares of the Company and additional share capital of US\$26,863,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 30,120,000 share options outstanding under the Scheme, which represented approximately 2.9% of the Company's shares in issue as at that date.

29. 購股權計劃(續)

年內所授出購股權的公平值分別為第一批2,316,000美元(每股0.40美元)以及第二批9,868,000美元(每股0.41美元)(二零一四年:無),當中本集團於截至二零一五年十二月三十一日止年度確認購股權開支1,331,000美元(二零一四年:無)。

本年度授出的以權益結算購股權之公平值,乃於授出日期採用二項式模式估計,並考慮所授出購股權的條款及條件。下表列出計算模式所用的輸入資料:

購股權的年度歸屬後沒收率乃根據過往三年的歷史數據計算,未必反映可能發生的行使模式。預期波幅指假設歷史波幅反映未來趨勢,且亦未必為實際結果。

並無其他已授購股權特性加入公平值計量。

於報告期末,本公司擁有30,120,000份購股權尚未根據該計劃行使。根據本公司現時的股本架構,悉數行使尚未行使購股權可能會導致額外發行30,120,000股本公司普通股及增加股本26,863,000美元(未扣除發行費用)。

於批准該等財務報表日期,本公司擁有30,120,000份購股權尚未根據該計劃行使,佔該日本公司已發行股份的約2.9%。

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30. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 151 of the financial statements.

According to the relevant PRC laws and regulations for wholly-foreign-owned enterprises, which are applicable to the Company's subsidiaries in the PRC, profits of PRC subsidiaries, as determined in accordance with the applicable accounting rules and regulations in the PRC, are available for distribution in the form of cash dividends to the Company after PRC subsidiaries have (1) satisfied all tax liabilities; (2) provided for losses in previous years; and (3) made appropriations to the statutory reserve funds. The Company's subsidiaries in the PRC are required to appropriate not less than 10% of their profit after taxation to the statutory reserve funds until the reserve balance reaches 50% of their registered capital.

30. 儲備

本集團於本年度及過往年度的儲備及相關變動於財務報表第151頁綜合權益變動表中呈列。

根據中國有關外商獨資企業的法律及法規（適用於本公司的中國子公司），按照適用的中國會計規則及規例釐定的中國子公司的溢利，可於中國子公司(1)償付所有稅務負債；(2)就過往年度虧損作出撥備；及(3)就法定儲備金作出撥備後以現金股息形式向本公司作出分派。本公司的中國子公司須劃撥不少於其除稅後溢利的10%作為法定儲備金，直至儲備結餘達到其註冊資本的50%。

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31. Operating Lease Arrangements

(a) As lessor

The Group leases its investment property (note 14) to Shanghai Huali Microelectronics Co., Ltd. ("Shanghai Huali"), under an operating lease arrangement, with a lease term of 20 years. The terms of the lease generally also require the tenant to provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 December 2015, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

		2015	2014
		二零一五年	二零一四年
		US\$'000	US\$'000
		千美元	千美元
Within one year	一年內	12,293	13,046
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	49,173	52,183
More than five years	超過五年	113,784	133,943
		175,250	199,172

The Group was advanced the future rentals from Shanghai Huali of US\$5,456,000 as at 31 December 2015 (2014: US\$18,688,000).

31. 經營租賃安排

(a) 作為出租人

本集團根據一項經營租賃安排，將其投資物業(附註14)出租予上海華力微電子有限公司(「上海華力」)，租期為20年。該租約的條款一般亦規定承租人根據當時市況就定期租金調整作出撥備。

於二零一五年十二月三十一日，本集團根據不可撤銷經營租約於以下期間應收承租人的未來最低租賃款項總額如下：

於二零一五年十二月三十一日，本集團收到上海華力預付日後租金5,456,000美元(二零一四年：18,688,000美元)。

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31. Operating Lease Arrangements (continued)

(b) As lessee

The Group leases certain of its office and dormitory properties under operating lease arrangements, negotiated for terms of one to twenty years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

At 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Within one year	一年內	1,912	1,709
In the second to fifth years, inclusive	第二至第五年(包括首尾兩年)	6,586	6,599
More than five years	超過五年	20,210	23,097
		28,708	31,405

The Group advanced the future rentals to Huahong Real Estate Co., Ltd. ("Huahong Real Estate"), a subsidiary of Huahong Technology Development, of US\$1,537,000 as at 31 December 2015 (2014: US\$3,295,000).

32. Commitments

In addition to the operating lease commitments detailed in Note 31(b) above, the group had the following capital commitments at the end of the report period:

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Contracted, but not provided for: Property, plant and equipment	已訂約，但未撥備： 物業、廠房及設備	26,511	24,176

31. 經營租賃安排 (續)

(b) 作為承租人

本集團根據經營租賃安排租入若干辦公室及宿舍物業，經協商租期為一至二十年，可於租期結束後予以續期，屆時所有條款將重新協商。

於二零一五年十二月三十一日，本集團根據不可撤銷經營租約於以下期間應付的未來最低租賃款項總額如下：

於二零一五年十二月三十一日，本集團向上海華虹置業有限公司（「華虹置業」，華虹科技發展的子公司）預付1,537,000美元（二零一四年：3,295,000美元）的未來租金。

32. 承擔

除上文附註31(b)所述經營租賃承擔外，本集團於報告期末有以下資本承擔：

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33. Related Party Transactions and Balances

33. 關聯方交易及結餘

(a) Name and relationship

(a) 名稱及關係

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
Huahong Group and its subsidiaries 華虹集團及其子公司	
– Shanghai Huahong (Group) Co., Ltd. (“Huahong Group”) – 上海華虹(集團)有限公司(「華虹集團」)	the holding company of Hua Hong International Inc., 華虹國際的控股公司
– Hua Hong International Inc., (“Huahong International”) – 華虹國際有限公司(「華虹國際」)	Shareholder of the Company 本公司股東
– Shanghai Huahong Zealcore Electronics Co., Ltd. (“Huahong Zealcore”) – 上海華虹摯芯科技有限公司(「華虹摯芯」)	Subsidiary of Huahong Group 華虹集團子公司
– Shanghai Hongri International Electronics Co., Ltd. (“Hongri”) – 上海虹日國際電子有限公司(「虹日」)	Subsidiary of Huahong Group 華虹集團子公司
– Shanghai Integrated Circuit Research and Development Center (“ICRD”) – 上海集成電路研發中心(「集成電路研發」)	Subsidiary of Huahong Group 華虹集團子公司
– Shanghai Hua Hong Jitong Smart System Co., Ltd. (“Jitong”) – 上海華虹計通智能系統股份有限公司(「計通」)	Subsidiary of Huahong Group 華虹集團子公司
NEC Corporation (“NEC”)	
– NEC Management Partner, Ltd. (“NEC Management”)	Shareholder of the Company 本公司股東 Subsidiary of NEC NEC子公司
SAIL and its subsidiaries 上海聯和及其子公司	
– Sino-Alliance International Ltd. (“SAIL International”)	Shareholder of the Company 本公司股東
– Shanghai Huali Microelectronics Co., Ltd. (“Shanghai Huali”) – 上海華力微電子有限公司(「上海華力」)	Subsidiary of SAIL 上海聯和子公司
– QST Corporation (“QST”) – 上海矽睿科技有限公司(「矽睿科技」)	Subsidiary of SAIL 上海聯和子公司

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33. Related Party Transactions and Balances (continued)

(a) Name and relationship (continued)

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
INESA and its subsidiaries 儀電集團及其子公司	
– INESA (Group) Co., Ltd. (“INESA”)	Subsidiary of INESA 儀電集團子公司
– 上海儀電(集團)有限公司(「儀電集團」)	
– Shanghai Nanyang Software System Integration Co., Ltd. (“Nanyang Software”)	Subsidiary of INESA 儀電集團子公司
– 上海南洋軟件系統集成有限公司(「南洋軟件」)	
– Shanghai Nanyang Wanbang Information Technology Service Co., Ltd. (“Wanbang IT”)	Subsidiary of INESA 儀電集團子公司
– 上海南洋萬邦軟件技術有限公司(「萬邦軟件技術」)	
Shanghai Huahong Technology Development Co., Ltd. (“Huahong Technology Development”)	Associate of the Group
上海華虹科技發展有限公司(「華虹科技發展」)	本集團聯營公司
Huahong Real Estate 華虹置業	Subsidiary of Huahong Technology Development 華虹科技發展子公司
Shanghai Huajin Property Management Co., Ltd. (“Huajin”) 上海華錦物業管理有限公司(「華錦」)	Subsidiary of Huahong Technology Development 華虹科技發展子公司
CEC and its subsidiaries 中國電子及其子公司	
– China Electronics Corporation (“CEC”)	Shareholder of Huahong Group
– 中國電子信息產業集團有限公司(「中國電子」)	華虹集團股東
– CEC Huada Electronic Design Co., Ltd. (“Huada”)	Subsidiary of CEC
– 北京中電華大電子設計有限責任公司(「華大」)	中國電子子公司
– Shanghai Huahong Integrated Circuit Co., Ltd. (“Shanghai Huahong IC”)	Subsidiary of CEC 中國電子子公司
– 上海華虹集成電路有限責任公司(「上海華虹集成電路」)	
– Beijing Huahong IC Design Co., (“Beijing Huahong IC”)	Subsidiary of CEC
– 北京華虹集成電路設計有限責任公司(「北京華虹集成電路」)	中國電子子公司
– Shanghai Belling Co., Ltd. (“Shanghai Belling”)	Subsidiary of CEC
– 上海貝嶺股份有限公司(「上海貝嶺」)	中國電子子公司
– Hylintek Limited (“Hylintek”)*	Subsidiary of CEC
– 香港海華有限公司(「香港海華」)*	中國電子子公司

* Agreement with SAIL International whereby Hylintek Limited agreed to sell and SAIL International agreed to purchase 64,010,100 shares of the Company (the “Share Purchase”). Following completion of the Share Purchase, Hylintek ceased to hold any shares in the Company as of 12 May 2015.

33. 關聯方交易及結餘(續)

(a) 名稱及關係(續)

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
INESA and its subsidiaries 儀電集團及其子公司	
– INESA (Group) Co., Ltd. (“INESA”)	Subsidiary of INESA 儀電集團子公司
– 上海儀電(集團)有限公司(「儀電集團」)	
– Shanghai Nanyang Software System Integration Co., Ltd. (“Nanyang Software”)	Subsidiary of INESA 儀電集團子公司
– 上海南洋軟件系統集成有限公司(「南洋軟件」)	
– Shanghai Nanyang Wanbang Information Technology Service Co., Ltd. (“Wanbang IT”)	Subsidiary of INESA 儀電集團子公司
– 上海南洋萬邦軟件技術有限公司(「萬邦軟件技術」)	
Shanghai Huahong Technology Development Co., Ltd. (“Huahong Technology Development”)	Associate of the Group
上海華虹科技發展有限公司(「華虹科技發展」)	本集團聯營公司
Huahong Real Estate 華虹置業	Subsidiary of Huahong Technology Development 華虹科技發展子公司
Shanghai Huajin Property Management Co., Ltd. (“Huajin”) 上海華錦物業管理有限公司(「華錦」)	Subsidiary of Huahong Technology Development 華虹科技發展子公司
CEC and its subsidiaries 中國電子及其子公司	
– China Electronics Corporation (“CEC”)	Shareholder of Huahong Group
– 中國電子信息產業集團有限公司(「中國電子」)	華虹集團股東
– CEC Huada Electronic Design Co., Ltd. (“Huada”)	Subsidiary of CEC
– 北京中電華大電子設計有限責任公司(「華大」)	中國電子子公司
– Shanghai Huahong Integrated Circuit Co., Ltd. (“Shanghai Huahong IC”)	Subsidiary of CEC 中國電子子公司
– 上海華虹集成電路有限責任公司(「上海華虹集成電路」)	
– Beijing Huahong IC Design Co., (“Beijing Huahong IC”)	Subsidiary of CEC
– 北京華虹集成電路設計有限責任公司(「北京華虹集成電路」)	中國電子子公司
– Shanghai Belling Co., Ltd. (“Shanghai Belling”)	Subsidiary of CEC
– 上海貝嶺股份有限公司(「上海貝嶺」)	中國電子子公司
– Hylintek Limited (“Hylintek”)*	Subsidiary of CEC
– 香港海華有限公司(「香港海華」)*	中國電子子公司

* 與SAIL International簽訂協議，據此香港海華有限公司同意出售而SAIL International同意購買64,010,100股本公司股份(「購股事項」)。完成購股事項後，香港海華於二零一五年五月十二日不再持有本公司任何股份。

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33. Related Party Transactions and Balances (continued)

33. 關聯方交易及結餘 (續)

(b) Related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

(b) 關聯方交易

除該等財務報表其他部份所披露交易及結餘外，本集團於年內已與關聯方進行以下重大交易：

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Sales of goods to related parties (note (i))	向關聯方出售貨品 (附註(i))		
Huada	華大	25,495	45,761
Shanghai Huahong IC	上海華虹集成電路	10,953	10,408
Shanghai Belling	上海貝嶺	7,951	5,323
Hongri	虹日	526	1,021
Huahong Zealcore#	華虹摯芯#	9,929	11,303
ICRD	集成電路研發	8,140	6,204
Beijing Huahong IC	北京華虹集成電路	-	705
QST#	矽睿科技#	911	408
Shanghai Huali	上海華力	-	7
Purchases of goods from related parties (note (ii))	自關聯方購買貨品 (附註(ii))		
Hylintek	香港海華	5,837	4,928
Hongri	虹日	4,859	3,566
Huahong Zealcore#	華虹摯芯#	495	448
Jitong	計通	4	18
NEC Management#	NEC Management#	726	559
ICRD	集成電路研發	-	1
Service fee income from related parties (note (iii))	來自關聯方的服務費收入 (附註(iii))		
QST#	矽睿科技#	445	1,059

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33. Related Party Transactions and Balances (continued)

33. 關聯方交易及結餘 (續)

(b) Related party transactions (continued)

(b) 關聯方交易 (續)

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Service fees charged by related parties (note (iv))	關聯方收取的服務費 (附註(iv))		
Huahong Real Estate	華虹置業	2,176	-
INESA#	儀電集團#	357	25
Nanyang Software#	南洋軟件#	25	214
Wanbang IT#	萬邦軟件技術#	-	39
Huajin#	華錦#	201	205
Rental income from a related party (note (iii))	來自關聯方的租金收入 (附註(iii))		
Shanghai Huali#	上海華力#	12,793	13,270
Rental expense charged by a related party (note (iv))	關聯方收取的租金開支 (附註(iv))		
Huahong Real Estate#	華虹置業#	1,622	1,653
Expense paid on behalf of a related party (note (v))	代關聯方支付的開支 (附註(v))		
Shanghai Huali	上海華力	26,327	25,614
Entrusted loans	委託貸款		
Huahong Technology Development – interest	華虹科技發展 – 利息	-	324

The related party transactions in respect of items denoted with “#” above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

上表中標有「#」號的關聯方交易亦構成上市規則第14A章所界定的持續關連交易。

Note (i): The sales of goods to the related parties were made according to the prices and terms agreed between the related parties.

附註(i): 向關聯方出售的貨品乃根據與關聯方協定的價格及條款作出。

Note (ii): The purchases of goods from the related parties were made according to the prices and terms offered by the related parties.

附註(ii): 自關聯方購買的貨品乃根據關聯方提供的價格及條款作出。

Note (iii): The rental income and service fee income from related parties were received according to the prices and terms agreed between the related parties.

附註(iii): 來自關聯方的租金收入及服務費收入乃根據與關聯方協定的價格及條款收取。

Note (iv): The rental expense and service fees charged by related parties were paid according to the prices and terms agreed between the related parties.

附註(iv): 關聯方收取的租金開支及服務費乃根據與關聯方協定的價格及條款支付。

Note (v): The expense paid on behalf of the related party is interest-free and repayable on demand.

附註(v): 代關聯方支付的開支為不計息，及須按要求償還。

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33. Related Party Transactions and Balances (continued)

(c) Non-cash related party transaction

In 2014, HHGrace invested RMB10.5 million in QST in the form of intellectual property transfer in accordance with the binding term sheet signed by HHGrace on 18 August 2012. On 18 May 2014, QST and HHGrace signed an agreement regarding certain products and services provided by HHGrace to QST for the period from 1 January 2013 to 31 March 2017, including wafer products and masking, technology development and maintenance services, in exchange for the aforesaid intellectual property.

(d) Other related party transaction

In 2011, HHNEC and Huahong Group entered into a cash pooling arrangement. Under such arrangement, HHNEC and Huahong Group entered into RMB900,000,000 loans with each other. According to the PRC Contract Law, the agreement and the mutual understanding of both parties, the receivables and payables resulting from loans under such cash pooling arrangement can be set off. The net balance at 31 December 2013 was zero. On 9 June 2014, HHNEC and Huahong Group settled the receivables and payables on a net basis and terminated such loans.

33. 關聯方交易及結餘 (續)

(c) 非現金關聯方交易

於二零一四年，華虹宏力根據於二零一二年八月十八日簽訂的具約束力合約細則以轉讓知識產權的形式向矽睿科技投資人民幣1,050萬元。於二零一四年五月十八日，矽睿科技與華虹宏力就華虹宏力於二零一三年一月一日至二零一七年三月三十一日止期間向矽睿科技提供若干產品及服務簽訂協議，包括以晶圓產品及光罩、技術開發及維護服務換取上述知識產權。

(d) 其他關聯方交易

於二零一一年，華虹NEC與華虹集團訂立現金池安排。根據該安排，華虹NEC與華虹集團互相訂立人民幣9億元貸款。根據中國合同法、雙方的協議及相互了解，該現金池安排項下的貸款所產生的應收款項及應付款項可予抵銷。二零一三年十二月三十一日的淨結餘為零。於二零一四年六月九日，華虹NEC與華虹集團按淨額基準結清應收款項及應付款項，並終止該等貸款。

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33. Related Party Transactions and Balances (continued)

33. 關聯方交易及結餘 (續)

(e) Outstanding balances with related parties

(e) 與關聯方之間的未結清餘額

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Amounts due from related parties	應收關聯方款項		
Huada	華大	7,470	21,589
Shanghai Huahong IC	上海華虹集成電路	3,171	4,149
Shanghai Huali	上海華力	8,726	7,056
Huahong Zealcore	華虹摯芯	2,724	5,303
Shanghai Belling	上海貝嶺	1,265	1,411
Hongri	虹日	90	242
ICRD	集成電路研發	9	128
INESA	儀電集團	1	-
Huahong Real Estate	華虹置業	1,537	3,295
QST	矽睿科技	289	5
		25,282	43,178
Amounts due to related parties	應付關聯方款項		
Shanghai Huali	上海華力	5,456	18,688
INESA	儀電集團	19	-
Hylintek	香港海華	960	1,486
Hongri	虹日	630	783
Huahong Zealcore	華虹摯芯	153	114
NEC Management	NEC Management	222	110
Huahong Real Estate	華虹置業	246	1,774
Jitong	計通	4	-
Huajin	華錦	8	-
Shanghai Belling	上海貝嶺	-	1
QST	矽睿科技	519	891
ICRD	集成電路研發	748	1,159
		8,965	25,006

Balances with the related parties were unsecured, non-interest-bearing and had no fixed repayment terms.

與關聯方之間的結餘為無抵押、不計息及無固定還款期限。

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33. Related Party Transactions and Balances (continued)

(f) Compensation of key management personnel of the Group

		2015 二零一五年 (US\$'000) (千美元)	2014 二零一四年 (US\$'000) (千美元)
Short term employee benefits	短期僱員福利	2,704	2,596
Pension scheme contributions	退休金計劃供款	36	37
Equity-settled share option expense	以權益結算的購股權開支	212	-
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	2,952	2,633

Further details of director's remuneration are included in note 8 to the financial statements.

董事薪酬之進一步詳情載於財務報表附註8。

33. 關聯方交易及結餘 (續)

(f) 本集團主要管理人員的酬金

34. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets – loans and receivables

		31 December 2015 二零一五年 十二月三十一日 US\$'000 千美元	31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元
Trade and notes receivables	貿易應收款項及應收票據	103,822	107,509
Financial assets included in prepayments, deposits and other receivables (note 21)	計入預付款項、按金及其他應收款項的金融資產(附註21)	4,169	4,405
Due from related parties	應收關聯方款項	25,282	43,178
Pledged and time deposits	已抵押及定期存款	41,796	2,583
Cash and cash equivalents	現金及現金等價物	510,441	646,773
		685,510	804,448

Financial assets – available-for-sale financial assets

		31 December 2015 二零一五年 十二月三十一日 US\$'000 千美元	31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元
Available-for-sale investments	可供出售投資	217,214	230,512

34. 按類別劃分的金融工具

各類金融工具於報告期間末的賬面值如下：

金融資產 – 貸款及應收款項

金融資產 – 可供出售金融資產

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34. Financial Instruments by Category (continued)

Financial liabilities – at amortised cost

		31 December 2015	31 December 2014
		二零一五年 十二月三十一日	二零一四年 十二月三十一日
		US\$'000	US\$'000
		千美元	千美元
Trade payables	貿易應付款項	66,280	63,532
Financial liabilities included in other payables, advances from customers and accruals (note 24)	計入其他應付款項、預收賬款及暫估費用的金融負債(附註24)	41,578	35,999
Interest-bearing bank borrowings	計息銀行借款	180,621	264,721
Due to related parties	應付關聯方款項	8,965	25,006
		297,444	389,258

34. 按類別劃分的金融工具(續)

金融負債 – 按攤銷成本

35. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts and fair values of the Group's financial instrument, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

35. 金融工具的公平值及公平值層級

本集團金融工具(不包括賬面值與公平值大致相若的金融工具)的賬面值及公平值載列如下:

		Carrying amounts		Fair values	
		賬面值	賬面值	公平值	公平值
		2015	2014	2015	2014
		二零一五年	二零一四年	二零一五年	二零一四年
		US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元
Financial liability	金融負債				
Interest-bearing bank borrowing	計息銀行借款	38,961	–	31,627	–

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35. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Management has assessed that the fair values of cash and cash equivalents, pledged and time deposits, trade and notes receivables, trade payables, financial assets included in prepayments, deposits and other receivables, financial liabilities included in other payables, advances from customers and accruals, amounts due from/to related parties and the current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors annually for annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of the non-current portion of interest-bearing bank borrowings has been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank borrowings as at 31 December 2015 and 2014 was assessed to be insignificant. Management has assessed that the fair value of the non-current interest-bearing bank borrowings of the Group approximates to their fair value due to their floating interest rates, expect for the loan disclosed above.

35. 金融工具的公平值及公平值層級 (續)

管理層已評估現金及現金等價物、已抵押及定期存款、貿易應收款項及應收票據、貿易應付款項、計入預付款項、按金及其他應收款項的金融資產、計入其他應付款項、預收賬款及暫估費用的金融負債、應收／應付關聯方款項、計息銀行借款的流動部份的公平值，彼等均與其賬面值相若，主要是由於該等工具均於短期內到期。

本集團旗下以財務經理為首的財務部負責釐定金融工具公平值計量的政策及程序。財務部直接向財務總監報告。於各報告日期，財務部分析金融工具的價值變動並釐定估值中適用的主要輸入數據。估值由財務總監審核及批准。估值過程及結果由董事會每年討論一次，以進行年度財務申報。

金融資產及負債的公平值是按當前與自願方交易（而非被迫或清盤出售）中可交換有關工具的金額列賬。估計公平值乃使用以下的方法及假設：

計息銀行借款的非流動部份的公平值乃透過採用具有類似條款、信貸風險及剩餘到期期限的工具的現有利率貼現預期未來現金流量而計算。本集團評估後認為，於二零一五年及二零一四年十二月三十一日其自身的計息銀行借款不履約風險並不大。由於按浮動利率計，管理層評估後認為本集團的非流動計息銀行借款的公平值與賬面值相若，惟上述貸款除外。

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36. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise bank loans, cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities, such as trade and other receivables and trade and other payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, the Group's profit before tax (through the impact on floating rate borrowings).

		Increase/ decrease in interest rate 利率上升/ 下降	(Decrease)/ increase in profit before tax 稅前溢利 (減少)/增加 US\$'000 千美元
Year ended 31 December 2015	截至二零一五年 十二月三十一日止年度	+1%/-1%	(1,417)/1,417
Year ended 31 December 2014	截至二零一四年 十二月三十一日止年度	+1%/-1%	(2,647)/2,647

Foreign currency risk

The Group has transactional currency exposure. These exposures arise from sales or purchases by its significant subsidiary operating in Mainland China in US\$ other than the subsidiary's functional currency, which is RMB. During the year, approximately 49% (2014: 52%) of the Group's sales are denominated in currencies other than the functional currency of the subsidiary making the sale, whilst 64% (2014: 66%) of costs of sales are denominated in the subsidiary's functional currency.

36. 財務風險管理目標及政策

本集團的主要金融工具包括銀行貸款、現金及短期存款。該等金融工具的主要用途乃為本集團的營運籌措資金。本集團有多種直接自其運營產生的其他金融資產及負債，如貿易及其他應收款項以及貿易及其他應付款項。

本集團金融工具所產生的主要風險為利率風險、外幣風險、信貸風險及流動資金風險。董事會檢討及協定管理各類該等風險的政策，有關政策概述於下文。

利率風險

本集團面臨的市場利率變動風險主要與本集團按浮動利率計息的計息銀行借款有關。本集團的政策為，以定息及浮息債務組合的方式管理利息成本。

下表顯示在所有其他變量維持不變的情況下，本集團稅前溢利（受浮動利率借款的影響）對利率的合理可能變動的敏感度。

外幣風險

本集團面臨交易外匯風險。該等風險產生自其在中國內地經營的重要子公司以美元進行的買賣，而並非以其功能貨幣人民幣進行。於年內，本集團的銷售額中約49%（二零一四年：52%）乃以進行銷售的子公司的功能貨幣以外的貨幣計值，與此同時，銷售成本中約64%（二零一四年：66%）乃以子公司的功能貨幣計值。

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36. Financial Risk Management Objectives and Policies (continued)

Foreign currency risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in RMB exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities):

		Increase/ (decrease) in US\$ rate 美元利率 上升/(下降)	Increase/ (decrease) in profit before tax 稅前溢利 增加/(減少) US\$'000 千美元
Year ended 31 December 2015	截至二零一五年 十二月三十一日止年度		
If US\$ weakens against RMB	倘美元兌人民幣貶值	5%	(5,170)
If US\$ strengthens against RMB	倘美元兌人民幣升值	(5%)	5,170
Year ended 31 December 2014	截至二零一四年 十二月三十一日止年度		
If US\$ weakens against RMB	倘美元兌人民幣貶值	5%	2,508
If US\$ strengthens against RMB	倘美元兌人民幣升值	(5%)	(2,508)

Credit risk

The Group trades only with recognised and creditworthy third parties and related parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The carrying amounts of cash and cash equivalents, trade and notes receivables, financial assets included in prepayments, deposits and other receivables, amounts due from related parties and pledged and time deposits included in the consolidated statement of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets. The Group has no other financial assets which carry significant exposure to credit risk.

36. 財務風險管理目標及政策 (續)

外幣風險 (續)

下表顯示在所有其他變量維持不變的情況下，於報告期間末本集團稅前溢利（由於貨幣資產及負債公平值變動）對人民幣匯率的合理可能變動的敏感度：

信貸風險

本集團僅與獲認可及信譽良好的第三方及關聯方交易。本集團的政策規定，所有擬按信貸方式交易的客戶均須通過信用核實程序。此外，由於持續對應收款項結餘進行監控，故本集團的壞賬風險並不重大。

綜合財務狀況表內現金及現金等價物、貿易應收款項及應收票據及計入預付款項、按金及其他應收款項的金融資產、應收關聯方款項以及已抵押及定期存款的賬面值為本集團就其金融資產所面臨的最大信貸風險。本集團並無其他存在重大信貸風險的金融資產。

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36. Financial Risk Management Objectives and Policies (continued)

Liquidity risk

The Group's policy is to monitor regularly the current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

36. 財務風險管理目標及政策 (續)

流動資金風險

本集團的政策為定期監控現時及預期流動資金需要，以確保維持充裕的現金儲備及從主要金融機構獲得足夠的融資承擔額度，以應對其短期及長期流動資金需要。

於報告期間末，本集團金融負債根據合約未貼現付款的到期情況如下：

		On demand 按要求 US\$'000 千美元	Less than 3 months 少於三個月 US\$'000 千美元	3 to 12 months 三至十二個月 US\$'000 千美元	1 to 5 years 一至五年 US\$'000 千美元	Over 5 years 五年以上 US\$'000 千美元	Total 總計 US\$'000 千美元
31 December 2015	二零一五年 十二月三十一日						
Interest-bearing bank borrowings	計息銀行借款	-	839	45,170	124,287	18,979	189,275
Trade payables	貿易應付款項	6,859	59,421	-	-	-	66,280
Financial liabilities included in other payables, advances from customers and accruals	計入其他應付款項、預收賬款及暫估費用的金融負債	41,578	-	-	-	-	41,578
Amounts due to related parties	應付關聯方款項	8,965	-	-	-	-	8,965
		57,402	60,260	45,170	124,287	18,979	306,098
31 December 2014	二零一四年 十二月三十一日						
Interest-bearing bank borrowings	計息銀行借款	-	-	83,871	197,619	-	281,490
Trade payables	貿易應付款項	7,216	56,316	-	-	-	63,532
Financial liabilities included in other payables, advances from customers and accruals	計入其他應付款項、預收賬款及暫估費用的金融負債	35,999	-	-	-	-	35,999
Amounts due to related parties	應付關聯方款項	25,006	-	-	-	-	25,006
		68,221	56,316	83,871	197,619	-	406,027

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36. Financial Risk Management Objectives and Policies (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity attributable to owners of the parent plus net debt. The Group includes, within net debt, trade payables, other payables and accruals, interest-bearing bank borrowings and amounts due to related parties, less cash and cash equivalents. The gearing ratios as at the end of each of the reporting periods were as follows:

		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元
Trade payables	貿易應付款項	66,280	63,532
Other payables and accruals (note 24)	其他應付款項及暫估費用(附註24)	73,088	58,552
Interest-bearing bank borrowings	計息銀行借款	180,621	264,721
Amounts due to related parties	應付關聯方款項	8,965	25,006
Less: Cash and cash equivalents	減：現金及現金等價物	(510,441)	(646,773)
Net debt	淨負債	(181,487)	(234,962)
Equity attributable to owners of the parent	母公司擁有人應佔權益	1,490,690	1,465,479
Capital and net debt	資本及淨負債	1,309,203	1,230,517
Gearing ratio	資產負債比率	(13.86%)	(19.09%)

The negative gearing ratio as at 31 December 2015 was mainly due to the IPO proceeds received in October 2014, which had not been fully utilised as of 31 December 2015.

36. 財務風險管理目標及政策 (續)

資本管理

本集團資本管理的首要目標為，維護本集團的持續經營能力及維持良好的資本比率，以支持其業務及實現股東價值最大化。

本集團根據經濟狀況的變動管理及調整其資本架構。為維持或調整資本架構，本集團或會調整派付予股東的股息、向股東返還資本或發行新股。本集團不受任何外部施加的資本要求規限。於年內，本集團管理資本的目標、政策或程序概無任何變動。

本集團以資產負債比率監控資本，資產負債比率按淨負債除以母公司擁有人應佔權益總額加淨負債計算。本集團將貿易應付款項、其他應付款項及暫估費用、計息銀行借款、應付關聯方款項扣除現金及現金等價物計入淨負債。各報告期間末的資產負債比率如下：

於二零一五年十二月三十一日資產負債比率為負數主要是因為二零一四年十月獲得的首次公開發售所得款項，該等款項截至二零一五年十二月三十一日尚未完全動用。

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37. Event after the Reporting Period

On 22 March 2016, the directors proposed a final dividend of HK\$27 cents per ordinary share approximately US\$36,015,000 for the year ended 31 December 2015, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (note 11).

37. 報告期後事項

於二零一六年三月二十二日，董事建議派付截至二零一五年十二月三十一日止年度的末期股息每股普通股27港仙，總計為約36,015,000美元，惟須待本公司股東於應屆股東週年大會上批准方可作實（附註11）。

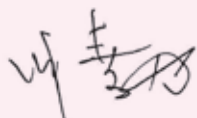
38. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

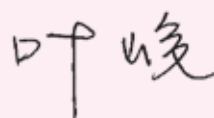
38. 本公司的財務狀況表

有關本公司報告期末的財務狀況表資料載列如下：

		31 December 2015 二零一五年 十二月三十一日 US\$'000 千美元	31 December 2014 二零一四年 十二月三十一日 US\$'000 千美元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	投資於子公司	1,551,379	1,229,996
Total non-current assets	非流動資產總額	1,551,379	1,229,996
CURRENT ASSETS	流動資產		
Trade and notes receivables	貿易應收款項及應收票據	2,510	-
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	-	1,577
Due from a subsidiary	應收子公司款項	998	7,140
Cash and cash equivalents	現金及現金等價物	6,237	327,811
Total current assets	流動資產總額	9,745	336,528
CURRENT LIABILITIES	流動負債		
Other payables, advances from customers and accruals	其他應付款項、預收賬款及暫估費用	134	82
Due to subsidiaries	應付子公司款項	84,563	89,535
Total current liabilities	流動負債總額	84,697	89,617
NET CURRENT (LIABILITIES)/ASSETS	流動(負債)/資產淨額	(74,952)	246,911
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債	1,476,427	1,476,907
Net assets	淨資產	1,476,427	1,476,907
EQUITY	權益		
Share capital	股本	1,550,164	1,550,164
Reserves (note)	儲備(附註)	(73,737)	(73,257)
Total equity	權益總額	1,476,427	1,476,907



Suxin Zhang
張素心
Director
董事



Jun Ye
葉峻
Director
董事

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38. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

		Share premium 股份溢價 US\$'000 千美元 (note 28 (a)(i))	Other reserve 其他儲備 US\$'000 千美元	Share option reserve 購股權儲備 US\$'000 千美元	Accumulated losses 累計虧損 US\$'000 千美元	Total 總計 US\$'000 千美元
As at 1 January 2014	於二零一四年一月一日	1,221,944	(68,260)	–	(2,109)	1,151,575
Transition to no-par value regime	過渡至無面值股份制度	(1,221,944)	–	–	–	(1,221,944)
Loss for the year	年內虧損	–	–	–	(2,888)	(2,888)
As at 31 December 2014 and 1 January 2015	於二零一四年十二月三十一日及二零一五年一月一日	–	(68,260)	–	(4,997)	(73,257)
Equity-settled share option arrangements	以權益結算的購股權安排	–	–	1,331	–	1,331
Loss for the year	年內虧損	–	–	–	(1,811)	(1,811)
As at 31 December 2015	於二零一五年十二月三十一日	–	(68,260)	1,331	(6,808)	(73,737)

38. 本公司的財務狀況表 (續)

附註：

本公司的儲備概述如下：

39. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 22 March 2016.

39. 財務報表的批准

財務報表已於二零一六年三月二十二日獲董事會批准及授權刊發。

Financial Summary

財務概覽

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements is set out below.

下文載列本集團於最近五個財政年度的業績以及資產、負債及非控股權益的概要，有關資料乃摘錄自己刊發經審核財務報表。

		Year ended 31 December 截至十二月三十一日止年度				
		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元	2012 二零一二年 US\$'000 千美元	2011 二零一一年 US\$'000 千美元
RESULTS	業績					
REVENUE	銷售收入	650,131	664,586	584,719	571,480	609,844
Cost of sales	銷售成本	(448,705)	(466,815)	(459,270)	(453,559)	(459,172)
Gross profit	毛利	201,426	197,771	125,449	117,921	150,672
Other income and gains	其他收入及收益	42,717	23,886	30,605	26,492	50,998
Fair value gain on an investment property	投資物業的公平值收益	58	1,127	2,095	944	1,322
Selling and distribution expenses	銷售及分銷費用	(7,292)	(7,206)	(8,052)	(8,831)	(10,290)
Administrative expenses	管理費用	(104,855)	(85,053)	(69,043)	(55,097)	(61,327)
Other expenses	其他費用	(9)	(2,433)	(199)	(448)	(5,618)
Finance costs	財務費用	(7,754)	(12,136)	(16,479)	(16,928)	(19,168)
Share of profits of an associate	分佔一家聯營公司溢利	961	4,856	6,437	3,619	–
PROFIT BEFORE TAX	稅前溢利	125,252	120,812	70,813	67,672	106,589
Income tax expense	所得稅開支	(12,703)	(27,722)	(8,964)	(7,993)	(10,966)
PROFIT FOR THE YEAR	年內溢利	112,549	93,090	61,849	59,679	95,623
Attributable to:	以下各項應佔：					
Owners of the parent	母公司擁有人	112,549	93,090	61,849	59,679	83,881
Non-controlling interests	非控股權益	–	–	–	–	11,742
		112,549	93,090	61,849	59,679	95,623
		As at 31 December 於十二月三十一日				
		2015 二零一五年 US\$'000 千美元	2014 二零一四年 US\$'000 千美元	2013 二零一三年 US\$'000 千美元	2012 二零一二年 US\$'000 千美元	2011 二零一一年 US\$'000 千美元
Total assets	資產總值	1,911,733	1,990,069	1,647,617	1,607,974	1,672,162
Total liabilities	負債總額	(421,043)	(524,590)	(591,398)	(644,217)	(769,889)
Non-controlling interests	非控股權益	–	–	–	–	–
		1,490,690	1,465,479	1,056,219	963,757	902,273

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