

**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)*

**2016**

**ANNUAL REPORT**

**年度報告**

**智造芯未來**  
Empowering the *Future*



# CONTENTS

Definitions	2
Key Financials	5
Letter to Shareholders	6
Corporate Information	9
Directors and Senior Management Team	11
Corporate Governance Report	17
Directors' Report	27
Corporate Social Responsibility	54
Independent Auditors' Report	155
Consolidated Statement of Profit or Loss	163
Consolidated Statement of Comprehensive Income	164
Consolidated Statement of Financial Position	165
Consolidated Statement of Changes in Equity	167
Consolidated Statement of Cash Flows	168
Notes to Financial Statements	170
Five Year Financial Summary	252

# 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 2017 at 2:00 p.m. at the Island Shangri-la Hong Kong, Pacific Place, Supreme Court, 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 otherwise 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 Secretary”	the company secretary 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 PRC;
“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 connected person of our Company, a company incorporated in the PRC on 10 May 2010, and a company 50% held by and consolidated with Huahong Group and 50% held by HHNEC;
“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, 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 the 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 of our Company;
“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;
“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;

## DEFINITIONS

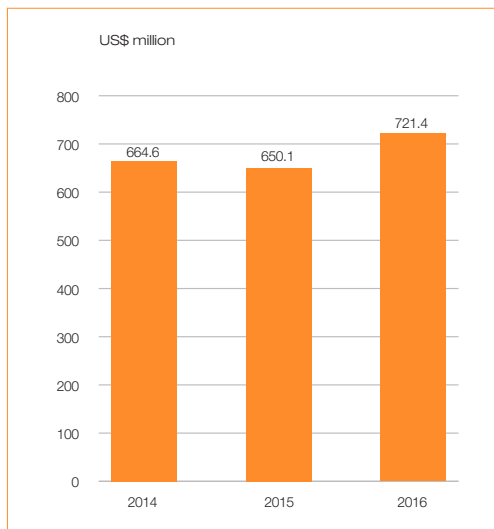
“Shanghai Huali”	Shanghai Huali Microelectronics Co., Ltd (上海華力微電子有限公司), a company incorporated in the PRC on 18 January 2010 and a connected person of our Company;
“Shareholders”	holders of ordinary shares in the capital of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

# KEY FINANCIALS

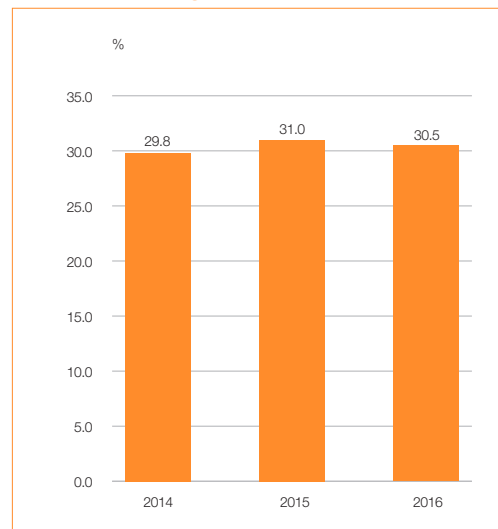
	<b>2016</b> US\$ million	2015 US\$ million	2014 US\$ million
Revenue	<b>721.4</b>	650.1	664.6
Gross profit	<b>220.3</b>	201.4	197.8
Gross profit margin	<b>30.5%</b>	31.0%	29.8%
Net profit	<b>128.8</b>	112.5	93.1
EPS (US\$)	<b>0.12</b>	0.11	0.11

	<b>31 December</b> <b>2016</b> US\$ million	31 December 2015 US\$ million	31 December 2014 US\$ million
Net current assets	<b>476.8</b>	519.9	571.5
Net assets	<b>1,488.7</b>	1,490.7	1,465.5

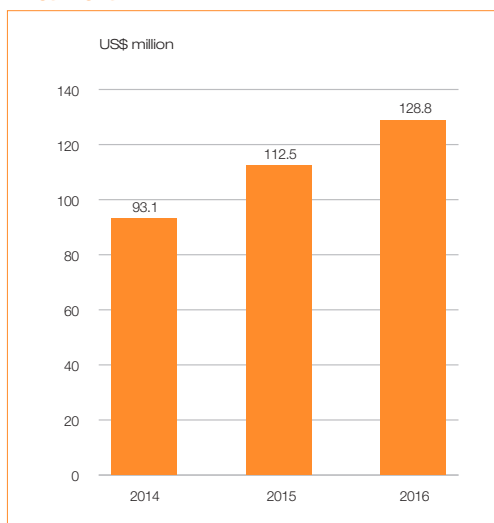
**Revenue**



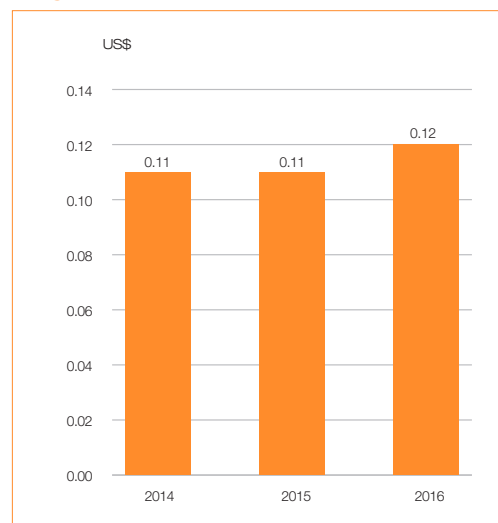
**Gross Profit Margin**



**Net Profit**



**EPS**



# LETTER TO SHAREHOLDERS



A group photo of members of the Board and the Secretary to the Board of the Company

(From left to right) Yuchuan Ma, Jianbo Chen, Kwai Huen Wong, Takayuki Morita, Suxin Zhang (Chairman & Executive Director), Long Fei Ye, Stephen Tso Tung Chang, Jun Ye, Yu Wang (President & Executive Director) and Daniel Yu-Cheng Wang (Secretary)

# LETTER TO SHAREHOLDERS

Dear Shareholders,

The growth of the global semiconductor market continued 2016. In particular, China's integrated circuit industry exhibited especially rapid expansion, driven by thriving markets, the availability of capital and favorable government policy. Hua Hong Semiconductor improved performance by successfully exploiting the resulting opportunities, and achieved record results with the support and relentless attention of all shareholders, as well as the achievements of all Group employees.

In terms of performance and accomplishments, our revenue and net profit reached record levels. Revenue grew to US\$721 million, an increase of 11% over 2015. Gross margin was 30.5% and net profit reached US\$129 million, an increase of 14.5% over 2015. The Group has been profitable for 24 consecutive quarters. Regarding capacity, we brought the output of the three fabs up to a record high, exceeding our annual expansion target, reaching a total capacity of 155,000 wafers per month.

With respect to breakthrough and innovation, we strengthened R&D in multiple fields such as embedded Non-Volatile Memory (eNVM), power discrete, RF, analog and mixed signal and power management integrated circuits (IC). The Company reaped double harvests in both technological achievements and patent grants. For example, our bank card security chip, which we jointly developed and produced together with our customers, earned the chip security authentication of EMVCo, certification of Common Criteria EAL5+, and the MasterCard Card Quality Management (CQM) certificate. And in creation of intellectual property, we've joined – as the only semiconductor company – the elite group of the top ten mainland Chinese enterprises with the highest number of invention patents granted.

Our strategy of cooperation and win-win, based on our rich process and technology offerings, powerful design capabilities and excellent customer service, earned us the accolade “Most Recognized Foundry” as a part of the 2016 Greater China IC Design Awards, organized by EETimes China. The fact that we are the only wafer foundry to win such an award significantly enhances our brand recognition and influence. We accelerated implementation of our strategic landscape and gave prominence to key sectors like financial IC cards, Micro Controller Units (MCU), LED lighting, new energy automobiles and the Internet of Things. Much of this was done in cooperation with and in response to customers, which has laid a solid foundation for the future success of the Group.

Looking ahead to 2017, based on the government initiatives “Made in China 2025” and “Internet+”, China's semiconductor industry will enter an era of golden development that will provide more space and more opportunities for the Group. Benefitting from the stimulus of the semiconductor industry by the Chinese government and “Mass Entrepreneurship and Innovation”, the number, size and revenue of IC design enterprises in China have grown very rapidly, and especially design houses that focus on the communication, consumer and multi-media electronics markets have achieved the highest sales figures. Additionally, as new-energy automobiles develop, the demand for semiconductors in the automobile industry will grow extensively, particularly for MCU and power discrete products. We will directly benefit from these trends and emerging opportunities as we have an excellent competitive advantage due to our long track record of success in these applications.

Opportunity belongs to a prepared pacesetter. As a leader in China's semiconductor industry, we'll maintain sustainable innovation of our differentiated process technologies, and expand our worldwide leading position in eNVM, power discrete and power management. We will focus on increased market share, lean management, cost control, efficiency, safety, energy conservation and low emissions. The Company will comprehensively strengthen product, service, quality, supply chain and manufacturing operations. We will continue to expand our share of the China market while maintaining a balanced global presence. We will remain a high-technology, high-growth and high-profit enterprise.



# LETTER TO SHAREHOLDERS

We hereby report our achievements in 2016 to our respected shareholders. We genuinely express our sincere gratitude and best wishes to all of you. We're counting on your continued exceptional support. We'll stay true to our mission and diligently strive to create more value for you.

As a Chinese proverb says, reaching extended goals requires overcoming resistance and persistent forward progress. We strongly believe the best times are still ahead of us.

**Mr. Suxin Zhang**

*Chairman and Executive Director*

**Mr. Yu Wang**

*President and Executive Director*

Hong Kong

28 March 2017

# 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*)  
Wenbiao Fu (*resigned 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

### Company Secretaries

Xiaojun Wang (*solicitor*)  
Rao Fu (*resigned as Joint Company Secretary on 20 June 2016*)

### Authorized Representatives

Yu Wang  
Xiaojun Wang (*solicitor*) (*appointed as Authorized Representative on 20 June 2016*)  
Rao Fu (*resigned as Authorized Representative on 20 June 2016*)

### Audit Committee

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

### Remuneration Committee

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

### Nomination Committee

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

## Website

[www.huahonggrace.com](http://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 Development Bank Shanghai Branch  
No. 68, Puming Road  
Shanghai, PRC

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

Bank of Communications Co., Ltd. Hong Kong Branch  
20 Pedder Street, 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 53, was appointed on 11 March 2016 as an Executive Director and chairman of our Company and a member of and chairman of the nomination committee of the Company. Mr. Zhang is currently chairman and secretary of the communist party of Huahong Group. He is also chairman of Shanghai Huali. Mr. Zhang has extensive experience in hi-tech strategic development, energy strategy research and the power equipment industry. Mr. Zhang held various positions, including president of Shanghai Turbine Co., Ltd., executive vice president of Shanghai Electric Power Generation Group, chairman of Siemens Gas Turbine Parts Co., Ltd., executive director of Shanghai Electric Group Company Limited, vice president of Shanghai Electric (Group) Corporation, secretary of the communist party and general manager of Shanghai Jinqiao (Holdings) Limited, chairman and secretary of the communist party of Shanghai Jinqiao Export Processing Zone Development Co., Ltd. and deputy director of both the Shanghai Municipal Development and Reform Commission and the Administration Commission of Shanghai Hi-Tech Industrial Parks. Mr. Zhang graduated from Tsinghua University with a bachelor's degree in engineering, and is a professor-level senior engineer.

**Mr. Wenbiao Fu**, aged 62, was an Executive Director and 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 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 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 44, has been an Executive Director and 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 vice president and chief financial officer of HHNEC, during which period he contributed to the setup 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.

**Mr. Jianbo Chen**, aged 52, 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.

## DIRECTORS AND SENIOR MANAGEMENT TEAM

**Mr. Yuchuan Ma**, aged 51, 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), Nanjing Weimeng Electronics Co., Ltd., CEC Huahong International Co., Ltd. and 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 57, 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 chief global officer at NEC and has held this position since April 2016. He had a board representation in NEC. He also served as an auditor at Japan Aviation Electronics Industry Ltd from 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 44, 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 68, is an Independent Non-Executive Director of our Company. Mr. Chang has extensive experience in accounting, auditing and financial management. He was a certified public accountant in Hong Kong and a member of the Hong Kong Society of Accountants from 1978 to the end of 2003 when he retired. Before his retirement, Mr. Chang was also a fellow member of the Institute of Chartered Accountants in England and Wales since January 1983, and 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. Additionally, he was a partner of Ernst and Young and the chairman of Ernst and Young China and Hong Kong. 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. Presently, 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). 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 65, 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, Competition Committee and the Hong Kong Mortgage Corporation Limited, 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), China Oilfield Services Limited (stock codes: 2883.HK and 601808.SZ), Vinda International Holdings Limited (stock codes: 3331.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 75, 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 53, 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 62, 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 44, 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".

## DIRECTORS AND SENIOR MANAGEMENT TEAM

**Mr. Wei Xu**, aged 59, 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 startup 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.

**Mr. Heng Fan**, aged 55, 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 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 54, 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 initial public offering 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 38, was an executive vice president of our Company and was in charge of legal and compliance until his resignation in May 2016. He joined Grace Shanghai in May 2006 and was 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 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 53, 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 13 U.S. patents, 34 PRC patents and co-authored over 20 technical papers.

**Dr. Qi Li**, aged 54, 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.

## DIRECTORS AND SENIOR MANAGEMENT TEAM

**Mr. Tony Chen**, aged 58, 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 55, 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 several leading semiconductor companies in the U.S. 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 48, 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 40, is a vice president of our Company and is currently responsible for the Company's sales operations, customer service and European sales. 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 44, 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.

**Mr. Guangping Hua**, aged 50, is a vice president of our Company and is currently responsible for our Fab 1 operations. He has over 20 years of working experience in the semiconductor industry and joined HHNEC in July 2007. Before joining HHNEC, Mr. Hua has worked for Chartered Semiconductor Manufacturing Limited (Singapore) and Advanced Semiconductor Manufacturing Corporation Limited. Mr. Hua graduated from Tsinghua University with a master's degree in microelectronics engineering.

**Mr. Liang Yao**, aged 52, is a vice president of our Company and is currently responsible for our Fab 2 operations. He has nearly 30 years of working experience in the semiconductor industry and joined HHNEC in August 1997. Before joining HHNEC, he worked for China Huajing Electronics Group Co., Ltd. from 1987 to October 1996. Mr. Yao received his bachelor's degree in metal materials studies from Nanjing Institute of Technology.



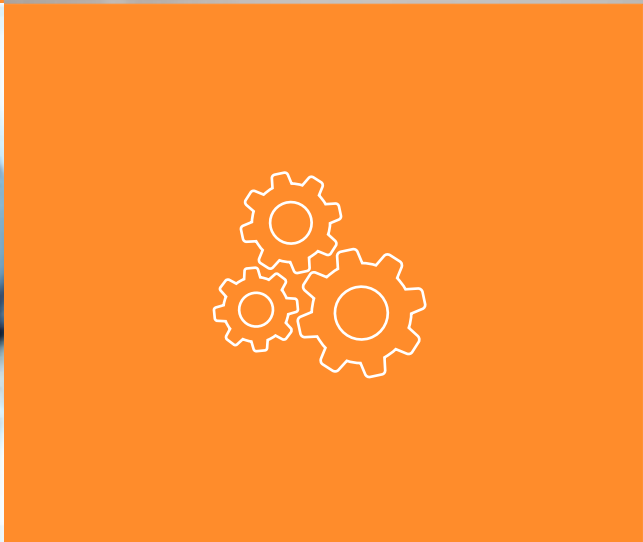
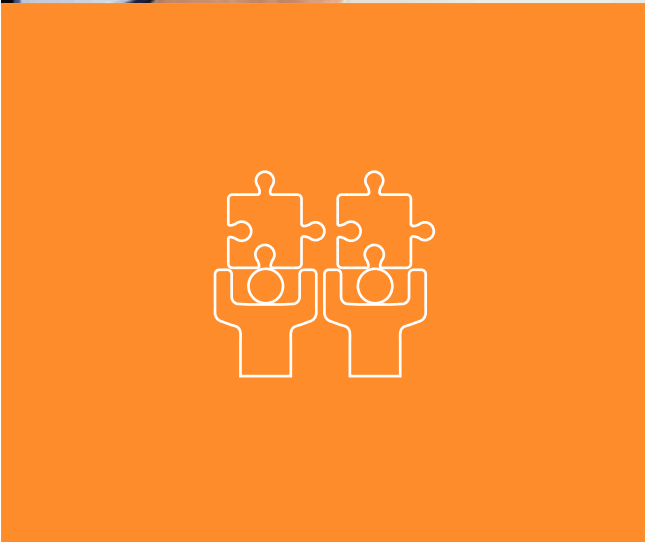
# DIRECTORS AND SENIOR MANAGEMENT TEAM

## Company Secretaries

**Mr. Xiaojun Wang**, aged 62, is our 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 39, was our joint Company Secretary from June 2014 until she resigned in June 2016. Prior to joining the Company in 2007, Ms. Fu worked at International Information Products (Shenzhen) Co., Ltd. This company was subsequently acquired by Lenovo 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

The Board is pleased to present this corporate governance report for the year ended 31 December 2016.

## 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 2016, the Company complied with the Code.

## Director’s 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 2016, 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, when he resigned. More details of the Directors are disclosed on pages 11 to 13 of this annual report. The Company publishes and maintains 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 Secretary to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary 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.

# CORPORATE GOVERNANCE REPORT

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 matters 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.

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 2016, 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.

# CORPORATE GOVERNANCE REPORT

## Board Operation

During the year ended 31 December 2016, the Board held five Board meetings. The attendance record of each member of the Board at the Board meetings, the audit committee, nomination committee, remuneration committee meetings and general meetings is set out below:

	Board meetings	Audit committee meetings	Nomination committee meetings	Remuneration committee meetings	General meetings
<b>Executive Directors</b>					
Suxin Zhang (Note 1)	4	N/A	0	N/A	1
Wenbiao Fu (Note 2)	1	N/A	N/A	N/A	N/A
Yu Wang	5	N/A	N/A	N/A	1
<b>Non-Executive Directors</b>					
Jianbo Chen	5	N/A	N/A	1	1
Yuchan Ma	5	N/A	N/A	N/A	1
Takayuki Morota	5	N/A	N/A	N/A	1
Jun Ye	5	5	N/A	N/A	1
<b>Independent Non-Executive Directors</b>					
Stephen Tso Tung Chang	5	5	N/A	N/A	1
Kwai Huen Wang, JP	5	N/A	1	1	1
Long Fei Ye	5	5	1	1	1

Note 1: Mr. Suxin Zhang was appointed as the chairman of the Board, an Executive Director and chairman of the nomination committee of the Company on 11 March 2016.

Note 2: Mr. Wenbiao Fu attended the Board meeting held on 2 February 2016. 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.

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.

# CORPORATE GOVERNANCE REPORT

## 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 2016, 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 2016, one meeting of the Remuneration Committee was held to review the share option scheme of the Company which was approved by an extraordinary general meeting of the Company held on 1 September 2015.

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

## 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.

# CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2016, 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 2016, 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\$0.07 million respectively. Details of significant non-audit related services include tax and risk management advisory services.

## 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.

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 came into effect on 1 January 2016.

During the year ended 31 December 2016, the Audit Committee held five meetings and all committee members were present at the meetings. In these meetings, the Audit Committee reviewed and approved the Company’s financial statements for each of the four quarters of 2016, the six months ended 30 June 2016 and for the year ended 31 December 2016.

# CORPORATE GOVERNANCE REPORT

## Summary of the Board Diversity Policy

The Board adopted a board diversity policy (the “Policy”) in compliance with Code provision A.5.6 on 22 September 2014.

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 several 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](http://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.

## Company Secretaries

The Company Secretary, Mr. Xiaojun Wang, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He is 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. Ms. Rao Fu resigned as the joint Company Secretary on 20 June 2016.

The Company Secretary reports to the chairman and the president of the Company, plays an essential role in the relationship between the Company and its Shareholders, and assists the Board in discharging its obligations to Shareholders pursuant to the Listing Rules.

During the year ended 31 December 2016, Mr. Xiaojun Wang attended relevant professional seminars to update his skills and knowledge and has complied with Rule 3.29 of the Listing Rules to take no less than 15 hours of relevant professional training.



# CORPORATE GOVERNANCE REPORT

## 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 Secretary 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.

## Risk Management and Internal Monitoring

### Risk Management and Internal Monitoring Objectives

#### *Risk Management Objective*

From a compliance perspective, the Stock Exchange revised the Corporate Governance Code (the "CG Code") with respect to risk management, effective from 1 January 2016. The Company made commensurate adjustments to relevant processes to ensure the compliance with the revised CG Code.

# CORPORATE GOVERNANCE REPORT

From the perspective of operations, the Company's management team well understands the potential for risks to be confronted by the Company as it undertakes future development. Therefore, the Company's risk management objective is to first constantly be on guard to identify and assess risks, and then take appropriate countermeasures to evade the risk entirely if possible, otherwise to manage these risks to reduce their impact and keep them under control. The Company has constructed a robust risk control system, built up a solid risk management framework, clarified risk management mechanisms and established a risk management system. We have developed a concise, scientific, practical and efficient risk management and control model in line with the Company's specific, evolving circumstances.

## *Internal Control System Objective*

The Company's internal control system has fully implemented the requirements for a risk management framework as set out by COSO (Committee of Sponsoring Organizations of the Treadway Commission) as well as the guidelines of Hong Kong Institute of Certified Public Accountants for risk management. We formulated our control framework by considering the Company's ongoing operational circumstances and business characteristics. The objective is to evaluate the effectiveness and applicability of our internal monitoring system, and provide reasonable guarantees for the effectiveness of the Company's operating activities, the reliability of financial reports, and compliance with laws and regulations.

## **Risk Management and Internal Monitoring System**

To ensure our risk management work develops efficiently and forms into a long-term mechanism, the Company has established a risk management monitoring system comprising "three lines of defense". It covers the roles and duties of many different aspects as follows:

<b>1<sup>st</sup> Line of Defense</b>	<b>Business Departments</b>
	<ul style="list-style-type: none"><li>• Establish and maintain various departmental risk management mechanisms;</li><li>• Ongoing collection of risk data while performing day-to-day department tasks;</li><li>• Assist Risk Management Level (see below) in carrying out risk management work, including providing necessary documents and samples, identify major risks related to the department, and determine major risk countermeasures;</li></ul>
<b>2<sup>nd</sup> Line of Defense</b>	<b>Risk Management Level</b>
	<ul style="list-style-type: none"><li>• Formulate/revise the Company's risk management systems and provisions, and submit them to the Company's business management team and the Audit Committee for deliberation;</li><li>• Set/update standardized risk management language terms to assure common understanding of the risk management process, with timely acceptance and implementation among relevant risk management departments;</li><li>• Based on annual risk assessment results, define the major risk factors and relevant response responsibilities, organize and guide each department in making and implementing response plans for major risks in its area, and follow up on the implementation.</li></ul>

# CORPORATE GOVERNANCE REPORT

---

3 <sup>rd</sup> Line of Defense	Internal Audit Level
	<ul style="list-style-type: none"><li data-bbox="528 433 1447 556">• Independently inspect and supervise risk management activities conducted by the Business Departments and the Risk Management Level, and evaluate whether the Company's risk management mechanism is implemented effectively and efficiently;</li><li data-bbox="528 592 1447 653">• Urge departments or agencies to rectify problems discovered during the auditing process, and monitor the ongoing status of the rectification work;</li><li data-bbox="528 685 1447 713">• Report the auditing results to the Company's Audit Committee.</li></ul>

## Risk Management and Internal Monitoring Statement

The Board designated the Internal Auditing Department to perform the internal auditing function, and granted it full independent responsibility and authority. The internal auditors audited the effectiveness of the Company's risk management and internal monitoring system according to the approved auditing scope and in accordance with the provisions in C.2 of the Corporate Governance Code, and no material deficiency was found.

Based on audits by the Internal Auditing Department, the Board believes that the Company's risk management and internal monitoring system is trustworthy and operates effectively. However, one must recognize that the Company's risk management and internal monitoring framework can perforce only manage rather than completely eliminate risks that may affect the Company's ability to accomplish its business objectives. Therefore, it provides a reasonable but not an absolute guarantee for the avoidance of serious risk-related impact.

## 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 2016, 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 155 to 162 of this annual report.

On behalf of the Board  
**Mr. Suxin Zhang**  
*Chairman*

# DIRECTORS' REPORT



# DIRECTORS' REPORT

The Directors present herewith the annual report and the audited financial statements of the Company for the year ended 31 December 2016 (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 2016 was US\$721.4 million, a historical high, an increase of 11.0% from 2015. The large, growing demand for products based on our differentiated technology platforms resulted in consistent quarterly growth of revenue throughout the year. 2016 was also the fifth consecutive year of increasing gross profit.

Revenue by Service						
	2016 US\$000	2016 %	2015 US\$000	2015 %	YoY Change US\$000	YoY Change %
Wafers	704,510	97.7%	631,736	97.2%	72,774	11.5
Others	16,918	2.3%	18,395	2.8%	(1,477)	(8.0)
Total revenue	721,428	100.0%	650,131	100.0%	71,297	11.0

- 97.7% of our revenue was from the sale of semiconductor wafers.

Revenue by Customer						
	2016 US\$000	2016 %	2015 US\$000	2015 %	YoY Change US\$000	YoY Change %
Systems and Fabless	551,614	76.5%	489,179	75.2%	62,435	12.8
IDMs	169,814	23.5%	160,952	24.8%	8,862	5.5
Total revenue	721,428	100.0%	650,131	100.0%	71,297	11.0

- Revenue from systems and fabless companies was US\$551.6 million in 2016, an increase of 12.8% compared to 2015.
- Revenue from IDMs was US\$169.8 million in 2016, an increase of 5.5% compared to 2015.

## DIRECTORS' REPORT

### Revenue by Geography

	2016 US\$000	2016 %	2015 US\$000	2015 %	YoY Change US\$000	YoY Change %
China	378,030	52.4%	358,896	55.2%	19,134	5.3
United States	141,186	19.6%	123,716	19.0%	17,470	14.1
Other Asia	91,175	12.6%	52,844	8.1%	38,331	72.5
Europe	68,468	9.5%	61,648	9.5%	6,820	11.1
Japan	42,569	5.9%	53,027	8.2%	(10,458)	(19.7)
Total revenue	721,428	100.0%	650,131	100.0%	71,297	11.0

- China remained our largest market in 2016, with revenue of US\$378.0 million contributing 52.4% of our total revenue, up by 5.3% from 2015, The growth was primarily due to increased demand for discrete, LED lighting, MCU and Logic & RF products.
- Revenue from the United States was US\$141.2 million, an increase of 14.1% compared to 2015, mainly due to a higher demand for MCU and discrete.
- Revenue from Other Asia was US\$91.2 million, up by 72.5%, mainly due to higher demand for MCU, Logic & RF and discrete products.
- Revenue from Europe was US\$68.5 million, an increase of 11.1% compared to 2015, mainly due to expanded demand for smart cards and discrete.
- Revenue from Japan was US\$42.6 million in 2016, a decrease of 19.7% compared to 2015, mainly due to lower demand for MCU.

### Revenue by Technology Platform

	2016 US\$000	2016 %	2015 US\$000	2015 %	YoY Change US\$000	YoY Change %
eNVM	265,425	36.8%	284,948	43.8%	(19,523)	(6.9)
Discrete	197,168	27.3%	146,802	22.6%	50,366	34.3
Analog & PM	139,969	19.4%	106,097	16.3%	33,872	31.9
Logic & RF	93,996	13.0%	77,541	11.9%	16,455	21.2
Standalone NVM	22,740	3.2%	31,102	4.8%	(8,362)	(26.9)
Others	2,130	0.3%	3,641	0.6%	(1,511)	(41.5)
Total revenue	721,428	100.0%	650,131	100.0%	71,297	11.0

- Revenue from eNVM was US\$265.4 million, a decrease of 6.9% compared to 2015, mainly due to decreased demand for smart cards, partially offset by increased demand for MCU.
- Revenue from discrete was US\$197.2 million, an increase of 34.3% compared to 2015, mainly due to strong demand for vertical trench super-junction MOSFET, IGBT and MOSFET.

## DIRECTORS' REPORT

- Revenue from Analog & PM was US\$140.0 million, an increase of 31.9% compared to 2015, mainly due to strong demand for analog and LED lighting products.
- Revenue from logic & RF products was US\$94.0 million, an increase of 21.2% compared to 2015, mainly due to increased demand for audio codecs and bluetooth technologies.

	Revenue by Technology Node					
	2016 US\$000	2016 %	2015 US\$000	2015 %	YoY Change US\$000	YoY Change %
≤0.13μm	242,690	33.6%	241,620	37.2%	1,070	0.4
0.15μm & 0.18μm	120,644	16.7%	111,299	17.1%	9,345	8.4
0.25μm	17,702	2.5%	15,933	2.5%	1,769	11.1
≥0.35μm	340,392	47.2%	281,279	43.2%	59,113	21.0
Total revenue	721,428	100.0%	650,131	100.0%	71,297	11.0

- Revenue from 0.13μm and below technology nodes was US\$242.7 million, slightly up from 2015, largely due to increased demand for MCU, bank IC and Logic & RF products, offset by lower demand for SIM cards.
- Revenue from 0.15μm & 0.18μm was US\$120.6 million, an increase of 8.4% compared to 2015, due to high demand for MCU.
- Revenue from 0.25μm was US\$17.7 million, an increase of 11.1% compared to 2015, largely driven by mobile phone and automotive products.
- Revenue from 0.35μm and above technology nodes was US\$340.4 million, an increase of 21.0% compared to 2015, primarily due to demand for discrete and LED lighting products.

## DIRECTORS' REPORT

Revenue by End Market						
	2016 US\$000	2016 %	2015 US\$000	2015 %	YoY Change US\$000	YoY Change %
Consumer Electronics	474,200	65.7%	364,773	56.1%	109,427	30.0
Communications	117,645	16.3%	149,926	23.1%	(32,281)	(21.5)
Industrial & Automotive	83,359	11.6%	86,677	13.3%	(3,318)	(3.8)
Computing	46,224	6.4%	48,755	7.5%	(2,531)	(5.2)
Total revenue	721,428	100.0%	650,131	100.0%	71,297	11.0

- Revenue from Consumer Electronics was US\$474.2 million, an increase of 30.0% compared to 2015, driven mainly by higher demand for discrete, MCU, LED lighting and Logic & RF products.
- Revenue from Communications was US\$117.6 million, a decrease of 21.5% compared to 2015, mainly due to lower demand for SIM cards.
- Revenue from Industrial & Automotive was US\$83.4 million, a decrease of 3.8% compared to 2015. The decline came from smart card and MCU.
- Revenue from Computing was US\$46.2 million, a decrease of 5.2% compared to 2015, primarily due to less demand for NOR flash and Logic & RF products.

Capacity and Capacity Utilization			
Fab (in thousands of wafers per month)	2016	2015	YoY Change
Fab1	56	56	–
Fab2	57	50	7
Fab3	42	40	2
Total monthly wafer fabrication capacity	155	146	9
Capacity utilization	97.6%	90.0%	7.6%

- The utilization rate increased from 90.0% in 2015 to 97.6% in 2016 because of increased demand over capacity expansion.



# DIRECTORS' REPORT

Wafer Shipments			
in thousands of wafers	2016	2015	YoY Percent Change
Wafer shipments	1,787.2	1,441.9	24.0%

- We shipped total 1,787.2K wafers in 2016, a significant increase of 24.0% compared to 2015, resulting from our expanded capacity and improved utilization rate.

## Research and Development:

In the 1st quarter of 2016, our 90nm embedded flash process platform achieved successful mass production of highly competitive chips featuring small die size, low power and high performance. It can deliver technical solutions with excellent price-performance ratio for smart cards and security IC products such as SIM cards, USB keys, bank cards, social security cards, and MCU.

Through years of dedicated efforts, MCU has become our biggest business segment. For high-end MCU, Hua Hong Semiconductor has its advanced eFlash/eEEPROM (embedded Electrically Erasable Programmable Read-Only Memory) process platform, while our cost-effective OTP/MTP (One-Time Programming/Multiple-Time Programming) process platform provides superior entry-level MCU. Echoing the growing market demand from emerging applications like IoT, cloud computing, big data, smart city and virtual reality (VR), we continue innovating our MCU platforms to provide customers with leading solutions, featuring lower power, higher performance, security and reliability at an excellent price-performance ratio. In addition, we have the ability to mix and match our leading embedded memory techniques with integrated CMOS RF and/or high voltage technologies, greatly expanding the number of available MCU solutions in response to the diverse requirements of our customers.

We will continue to enhance the competitive edge of our specialized technologies. The total shipment of financial IC card chips achieved 200 million in 2016. Bank card IC products from our customers obtained three significant certifications: (i) the EMVCo security certificate, (ii) the CC (Common Criteria) EAL5+Security Certificate, and (iii) the Card Quality Management (CQM) certification from MasterCard. These certificates prove that the Company's process for chips for financial IC cards and our security management system have reached an internationally advanced level and gained worldwide recognition. These achievements lay a solid foundation for the Company to tap the high potential in the local and international financial markets.

As the LED driver IC foundry with the largest shipments in China, Hua Hong Semiconductor is well-prepared for the strong momentum in the market due to our introduction of a full range of power management IC solutions. The company shipped approximately two billion chips built on the ultra-high voltage 700V BCD process platform in 2016, leading the LED lighting market. We also successfully developed an ultrahigh voltage junction field effect transistor (JFET) based on the 700V LDMOS for switching mode LED drivers, which also contributed to our success in the market. The 700V BCD process platform has an excellent performance-price ratio, tailored for LED IC AC-DC converters. We will continue R&D investment to expand this platform to cover more applications such as motor drives. For example, we have an enhanced 700V BCD technology under development to further expand its competitiveness.

## DIRECTORS' REPORT

We are proud to announce some very encouraging news, namely that the accumulated shipments of wafers from our discrete platform have crossed the 5 million mark. This is an amazing milestone. As a global leading pure-play 200mm foundry with more than 10-year's proven track record in stable volume production of power discrete, we are the first 200mm foundry in the industry with vertical trench SJNFET and field-stop IGBT process platforms. Working toward even more high-end discrete technology solutions for customers, our third-generation vertical trench SJNFET process platform has been launched, providing customers with a production solution featuring lower on-resistance, lower footprint and switching loss, and faster switching speed. The key device parameters have reached world-class standard. Of special note, Hua Hong Semiconductor is the only foundry in China possessing a complete set of IGBT backside processing technologies providing a full spectrum of solutions ranging from low to high voltage for green energy applications, and having the ability to tailor power devices according to customers' various requirements.

The Company is the only IC company appearing in the Top10 Invention Patent Grant List 2016, published by the State Intellectual Property Office (SIPO) of China. This is a new milestone for the Company's technical innovation and intellectual property expansion. This achievement would have been impossible without the Company's constant pursuit of excellence in technical innovation and intellectual property protection. In future, we will remain on track to deliver more stunning technical innovations.

### **Compliance with the Relevant Laws and Regulations**

For the year ended 31 December 2016, the Company is not aware of any non-compliance with any relevant laws and regulations having a significant impact on the Company.

### **Outlook for 2017**

Due to stimulation by China's semiconductor policies and the government's encouragement of startups to expand innovation, the number of semiconductor design houses in China has been expanding rapidly, resulting in a commensurate rapid growth of design house sales volume, especially in discrete, bank card, and MCU applications, where the Company has technology strength. We will continue to benefit from this trend.

We plan to expand our capacity in 2017 to be able to better serve the growing demand for our products, especially MCU.

Following the successful development of our 90nm embedded NVM technologies, exhibiting competitive memory size and superior reliability performance, an increasing number of smart card products will migrate to 90nm in 2017, which will further enhance our strength in smart card markets.

Due to the growing volume of smart phone shipments and the future development and adoption of 5G cellular communications, the demand for RF components in mobile devices will keep expanding. To target such applications and to keep pace with the demand, we will continue to develop RF related technologies, including RF SOI.

Looking forward, our roadmap focuses on the further reduction of the size of memory units and IP modules and optimization of our advanced differentiated technologies, all to deliver efficient and cost-effective value-added solutions to our diverse customers.

# DIRECTORS' REPORT

## Management Discussion and Analysis

### Financial Performance

	2016 US\$'000	2015 US\$'000	Change
Revenue	721,428	650,131	11.0%
Cost of sales	(501,080)	(448,705)	11.7%
<b>Gross profit</b>	<b>220,348</b>	201,426	9.4%
Other income and gains	34,761	42,717	(18.6)%
Fair value gains on an investment property	72	58	24.1%
Selling and distribution expenses	(6,814)	(7,292)	(6.6)%
Administrative expenses	(97,404)	(104,855)	(7.1)%
Other expenses	(666)	(9)	7,300.0%
Finance costs	(3,873)	(7,754)	(50.1)%
Share of profits of an associate	7,056	961	634.2%
<b>Profit before tax</b>	<b>153,480</b>	125,252	22.5%
Income tax expense	(24,648)	(12,703)	94.0%
<b>Profit for the year</b>	<b>128,832</b>	112,549	14.5%

#### Explanation of items with fluctuation over 5% in 2016

##### Revenue

Revenue reached US\$721.4 million, an increase of 11.0% over 2015, primarily due to strong demand for MCU, discrete, analog and power management IC, and logic and radio frequency products, partially offset by lower demand for smart card IC and standalone NVM products.

##### Cost of sales

Cost of sales was US\$501.1 million, 11.7% higher than 2015, primarily due to increased wafer shipments.

##### Gross profit

Gross profit was US\$220.3 million, an increase of 9.4% compared to 2015, primarily due to higher wafer shipments, partially offset by increased depreciation and amortization expenses.

##### Other income and gains

Other income and gains were US\$34.8 million, a decrease of 18.6% compared to 2015, primarily due to lower interest income, general subsidies and foreign exchange gains.

**Fair value gain on an investment property**

Fair value gain on an investment property reflects a gain in valuation on the investment property. As the appraised value in 2016 remained stable compared to 2015, the fair value gain was relatively small.

**Selling and distribution expenses**

Selling and distribution expenses were US\$6.8 million, a decrease of 6.6% over 2015, primarily due to currency translation differences arising from RMB depreciation in 2016.

**Administrative expenses**

Administrative expenses were US\$97.4 million, a decrease of 7.1% over 2015, primarily due to (i) a lower impairment provision, and (ii) increased R&D grants.

**Other expenses**

Other expenses increased to US\$0.7 million in 2016.

**Finance costs**

Finance costs were US\$3.9 million, down by 50.1% from 2015, mainly due to lower bank borrowings.

**Share of profits of an associate**

Share of profits of an associate increased from US\$1.0 million in 2015 to US\$7.1 million in 2016, mainly due to higher profit realized by said associate.

**Income tax expense**

Income tax expense was US\$24.6 million, an increase of 94.0% from 2015, primarily due to (i) increased taxable income, and (ii) a reversal of dividend withholding tax in 2015.

**Profit for the year**

As a result of the cumulative effect of the above factors, profit for the year increased to US\$128.8 million from US\$112.5 million in 2015. Net profit margin increased from 17.3% in 2015 to 17.9% in 2016.

# DIRECTORS' REPORT

## Financial Status

	<b>31 December 2016 US\$'000</b>	31 December 2015 US\$'000	Change
<b>Non-current assets</b>			
Property, plant and equipment	<b>656,517</b>	629,180	4.3%
Investment property	<b>169,074</b>	180,542	(6.4)%
Investment in an associate	<b>45,121</b>	40,833	10.5%
Available-for-sale investments	<b>203,330</b>	217,214	(6.4)%
Other non-current assets	<b>37,828</b>	46,134	(18.0)%
<b>Total non-current assets</b>	<b>1,111,870</b>	1,113,903	(0.2)%
<b>Current assets</b>			
Inventories	<b>95,199</b>	107,081	(11.1)%
Trade and notes receivables	<b>106,078</b>	103,822	2.2%
Other current assets	<b>46,715</b>	34,690	34.7%
Restricted and time deposits	<b>125,547</b>	41,796	200.4%
Cash and cash equivalents	<b>341,255</b>	510,441	(33.1)%
<b>Total current assets</b>	<b>714,794</b>	797,830	(10.4)%
<b>Current liabilities</b>			
Trade payables	<b>64,790</b>	66,280	(2.2)%
Other current liabilities	<b>171,281</b>	168,896	1.4%
Interest-bearing bank borrowings	<b>1,874</b>	42,750	(95.6)%
<b>Total current liabilities</b>	<b>237,945</b>	277,926	(14.4)%
<b>Net current assets</b>	<b>476,849</b>	519,904	(8.3)%
<b>Non-current liabilities</b>			
Interest-bearing bank borrowings	<b>90,757</b>	137,871	(34.2)%
Deferred tax liabilities	<b>9,276</b>	5,246	76.8%
<b>Total non-current liabilities</b>	<b>100,033</b>	143,117	(30.1)%
<b>Net assets</b>	<b>1,488,686</b>	1,490,690	(0.1)%

## Explanation of items with fluctuation over 5% from 31 December 2015 to 31 December 2016

### Investment property

Investment property decreased from US\$180.5 million to US\$169.1 million, primarily due to currency translation differences arising from RMB depreciation in 2016.

### Investment in an associate

Investment in an associate increased from US\$40.8 million to US\$45.1 million, primarily due to profit shared from the associate in 2016.

### Available-for-sale investments

Available-for-sale investments decreased from US\$217.2 million to US\$203.3 million, primarily due to the currency translation difference arising from RMB depreciation in 2016.

### Other non-current assets

Other non-current assets decreased from US\$46.1 million to US\$37.8 million, primarily due to decreased advanced payments for equipment, and amortization of intangible assets and prepaid land lease payments in 2016.

### Inventories

Inventories decreased from US\$107.1 million to US\$95.2 million, primarily due to faster inventory turnover.

### Other current assets

Other current assets increased from US\$34.7 million to US\$46.7 million, primarily due to increased trade receivables from related parties resulting from higher revenue from certain related parties in 2016.

### Restricted and time deposits

Restricted and time deposits increased from US\$41.8 million to US\$125.5 million, largely due to increased time deposits.

### Cash and cash equivalents

Cash and cash equivalents decreased from US\$510.4 million to US\$341.3 million, mainly due to (i) capital investments of US\$172.6 million, (ii) repayments of bank borrowings of US\$85.5 million, (iii) investments of US\$85.0 million for time deposits, (iv) dividend payments of US\$35.9 million, and (v) interest payments of US\$3.9 million. This was offset by (i) US\$211.9 million generated from operating activities, (ii) US\$20.7 million of government grants for fixed assets, and (iii) US\$3.5 million of interest income. Additionally, there was a negative adjustment of US\$22.4 million due to RMB depreciation.

# DIRECTORS' REPORT

## **Interest-bearing bank borrowings**

Total Interest-bearing bank borrowings decreased from US\$180.6 million to US\$92.6 million, mainly due to repayments of bank borrowings.

## **Deferred tax liabilities**

Deferred tax liabilities, largely comprising withholding tax accrued for dividend distribution, increased from US\$5.2 million to US\$9.3 million, primarily due to the accrual of dividend withholding tax in 2016, offset by the tax paid for 2015 dividends.

## Cash Flow

	2016 US\$'000	2015 US\$'000	Change
Net cash flows generated from operating activities	211,908	187,777	12.9%
Net cash flows used in investing activities	(233,398)	(207,658)	12.4%
Net cash flows used in financing activities	(125,341)	(88,693)	41.3%
<b>Net decrease in cash and cash equivalents</b>	<b>(146,831)</b>	<b>(108,574)</b>	<b>35.2%</b>
Cash and cash equivalents at beginning of the year	510,441	646,773	(21.1)%
Effect of foreign exchange rate changes, net	(22,355)	(27,758)	(19.5)%
<b>Cash and cash equivalents at end of the year</b>	<b>341,255</b>	<b>510,441</b>	<b>(33.1)%</b>

### Net cash flows generated from operating activities

Net cash flows generated from operating activities increased from US\$187.8 million to US\$211.9 million, mainly due to higher revenue.

### Net cash flows used in investing activities

Net cash flows used in investing activities were US\$233.4 million, primarily attributed to (i) US\$172.6 million for capital investments, and (ii) US\$85.0 million for time deposits, offset by (i) receipts of US\$20.7 million of government grants for fixed assets, and (ii) receipts of interest income of US\$3.5 million.

### Net cash flows used in financing activities

Net cash flows used in financing activities were US\$125.3 million, including (i) repayments of bank borrowings of US\$85.5 million, (ii) US\$35.9 million for dividend payment, and (iii) an interest payment of US\$3.9 million.

### Net decrease in cash and cash equivalents

As a result of the cumulative effect of the above factors, cash and cash equivalents decreased from US\$510.4 million as of 31 December 2015 to US\$341.3 million as of 31 December 2016.



# DIRECTORS' REPORT

## Financial Risks

### Foreign currency risk

We are exposed to foreign exchange risks. Such exposures arise primarily from sales or purchases by HHGrace in US\$ rather than in the subsidiary's functional currency, which is RMB. As of 31 December 2016, if the US dollar had strengthened/weakened against the RMB by five percent, with all other variables held constant, our profit before tax for the year would have been approximately US\$6.9 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 its interest cost using a mix of fixed and variable rate debts.

As of 31 December 2016, if interest rates on bank loans had been one percent higher/lower, with all other variables held constant, our profit before tax for the year would have been approximately US\$0.6 million lower/higher.

### Credit risk

We trade only with recognized and creditworthy third parties and related parties. It is our 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 our exposure to bad debts is not significant.

Our maximum exposure to credit risk in relation to our financial assets are: 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. We have no other financial assets which carry significant exposure to credit risk.

### Liquidity risk

To meet liquidity requirements in the short and long term, our policy is to monitor regularly the current and expected liquidity requirements to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions.

### Capital management

Our primary objectives of capital management are to safeguard our ability to continue as a going concern and to maintain healthy capital ratios to support our business and maximize shareholders' value.

We manage our capital structure and make adjustments in light of changes in economic conditions. To do this, 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 2016 and the state of affairs at that date are set out in the Financial Statements on pages 163 to 251 of this report.

## Final Dividends

The Directors recommend the payment of a final dividend of HK\$0.30 per share for the year ended 31 December 2016. Subject to shareholders' approval at the forthcoming AGM, the proposed final dividend will be payable on Friday, 16 June 2017 to the shareholders whose names appear on the register of members of the Company on Monday, 22 May 2017.

## Dividend Policy

Subject to the approval of the Shareholders and the requirements of 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 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

The particulars of bank loans and other borrowings of the Group as at 31 December 2016 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 252. 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 of 31 December 2016, the Group had used approximately US\$263.3 million for expansion of our manufacturing capacity, specifically in investments in equipment, tools and facilities, approximately US\$56.9 million for our working capital, technology and intellectual property, and other general corporate purposes. The remaining balance of the net proceeds from 2015 was applied fully in 2016 in the manner set out in the prospectus of the Company dated 3 October 2014.

# DIRECTORS' REPORT

## Property, Plant and Equipment

Details of additions and other movements during the year ended 31 December 2016 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 2016 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; or (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 a Participant in excess of the individual limit of 1% in any 12-month period only 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 rights on the Grant Date (as defined in the Share Option Scheme) unless such grant is approved by shareholders in general meeting.
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; or (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 2016 are as follows:

Name or category of participants	Number of share options					At 31.12.2016	Exercise period of share options	Exercise price of share options
	Granted at 04.09.2015	Cancelled during the year 2015	Exercised during the year 2016	Cancelled during the year 2016	Lapsed during the year 2016			
<b>Directors</b>								
Mr. Yu Wang	869,000	-	-	-	-	869,000	04.09.2017-03.09.2022	HK\$6.912
Mr. Takayuki Morita	119,000	-	-	-	-	119,000	04.09.2017-03.09.2022	HK\$6.912
<b>Other employees</b>								
In aggregate	29,262,000	(130,000)	-	(1,458,000)	-	27,674,000	04.09.2017-03.09.2022	HK\$6.912
	30,250,000	(130,000)	-	(1,458,000)	-	28,662,000		

The Company has not granted any additional share options or adopted any share option scheme during the year ended 31 December 2016.

## Reserves

Details of movements in the reserves of the Group during the year ended 31 December 2016 are set out in the consolidated statement of changes in equity on page 167 of this report.

## Continuing 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 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	Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2016	Proposed Annual Caps 2016
(1)	1 July 2014	Huahong Zealcore (as purchaser)  The Company (as seller)	Huahong Zealcore is 90.66% held by and a 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.	9,397	13,900

## DIRECTORS' REPORT

Transaction	Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2016	Proposed Annual Caps 2016
(2)	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. <sup>(1)</sup>	Sales agreement between the Company as seller and QST as purchaser in relation to the sales of IC and other semiconductor products to QST.	2,393	16,000
(3)	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. <sup>(1)</sup>	Service agreement between QST as receiver of services and the Company as provider of services in relation to the provision of services to QST.	417	500
(4)	1 July 2014	Huahong Zealcore (as seller)  The Company (as purchaser)	Huahong Zealcore is 90.66% held by and a 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.	433	900
(5)	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.	575	1,300
(6)	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.	305	1,400

## DIRECTORS' REPORT

Transaction	Transaction Date	Parties to the Transaction	Connected Relationship	Transaction	Actual Transaction Amount 2016	Proposed Annual Caps 2016
(7)	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 50.23% 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 HiTech 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.	12,518	14,893
(8)	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.	1,522	1,522
(9)	10 June 2014	Huajin Property Management (as property manager) The Company (as contractor)	Huajin Property Management is a whollyowned 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.	189	196

# DIRECTORS' REPORT

## Notes:

(1) This reflects the position as at 31 December 2016.

The agreement for Transaction (2) above expired on 1 November 2016, while the agreements for Transactions (1), (4), (6) and (9) above expired on 31 December 2016. On 1 January 2017, the Group entered into agreements with the relevant parties to renew such agreements. Accordingly, the Company has proposed new annual caps for Transactions (1), (2), (4) and (6) above for the three years ending 31 December 2019, and a new annual cap for Transaction (9) above for the year ending 31 December 2017. The agreement for Transaction (3) will expire on 31 March 2017 and the Company has proposed a new annual cap for such transaction for the year ending 31 December 2017. Details of the parties, key terms and proposed annual caps for the relevant continuing connected transactions stated above are disclosed in the Company's announcement dated 28 December 2016 and supplementary announcement dated 9 January 2017.

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 2016:

- (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 2016:

- (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.

## Related Party Transactions

During the year ended 31 December 2016, 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 2016 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 Thursday, 11 May 2017.

## Closure Of Register Of Members

### For determining eligibility of Shareholders to attend and vote at the 2017 AGM

Latest time to lodge transfer documents for registration	4:30 p.m. on 4 May 2017
Closure of Register of members	5 to 11 May 2017 (both dates inclusive)
Record date	11 May 2017

### For determining entitlement of Shareholders to the proposed final dividend

Latest time to lodge transfer documents for registration	4:30 p.m. on 17 May 2017
Closure of Register of members	18 to 22 May 2017 (both dates inclusive)
Record date	22 May 2017
Payable date	16 June 2017

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. Jianbo Chen, Mr. Yuchuan Ma and Mr. Kwai Huen Wong, JP will retire by rotation from office as Directors at the Annual General Meeting, and Mr. Jianbo Chen, Mr. Yuchuan Ma and Mr. Kwai Huen Wong, JP, 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 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.

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

As at 31 December 2016, 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.

## Interests of Directors 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.

## Interests of Directors 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 2016 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 2016.

## Indemnity and insurance

The Company provides director and officers liabilities (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 2016, or during the period from the end of the year 2016 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

## DIRECTORS' REPORT

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

As at 31 December 2016, 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	percentage of aggregate interests in issued share capital*
Shanghai Hua Hong International, Inc. (Hua Hong International) <sup>(2)</sup>	Legal and beneficial owner	350,401,100 <sup>(1)</sup>	33.89%
Huahong Group <sup>(2)</sup>	Interest in a controlled corporation	350,401,100 <sup>(1)</sup>	33.89%
CEC <sup>(2)</sup>	Interest in a controlled corporation	350,401,100 <sup>(1)</sup>	33.89%
INESA <sup>(2)</sup>	Interest in a controlled corporation	350,401,100 <sup>(1)</sup>	33.89%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Legal and beneficial owner	237,449,769 <sup>(1)(3)</sup>	22.97%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Interest in a controlled corporation	34,919,354 <sup>(1)</sup>	3.38%
SAIL	Interest in a controlled corporation	622,770,223 <sup>(1)(4)</sup>	60.24%
NEC Corporation	Legal and beneficial owner	99,038,800 <sup>(1)</sup>	9.58%
AllianceBernstein L.P.	Investment manager	24,860,826 <sup>(1)</sup>	2.40%
AllianceBernstein L.P.	Interest in a controlled corporation	27,796,174 <sup>(1)</sup>	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 2016, 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 3,084 shares held in escrow by Sino-Alliance International pursuant to an escrow arrangement. Sino-Alliance International transferred 892,647 shares to another shareholder on 22 February 2017.
  - (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 2016, 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 2016, 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 were 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 2016 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 2016, 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 2016, the Group had a total of 3,938 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 2016.

## Purchase, Sale or Redemption of Securities

For the year ended 31 December 2016, 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 noncompetition (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 2016. 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.

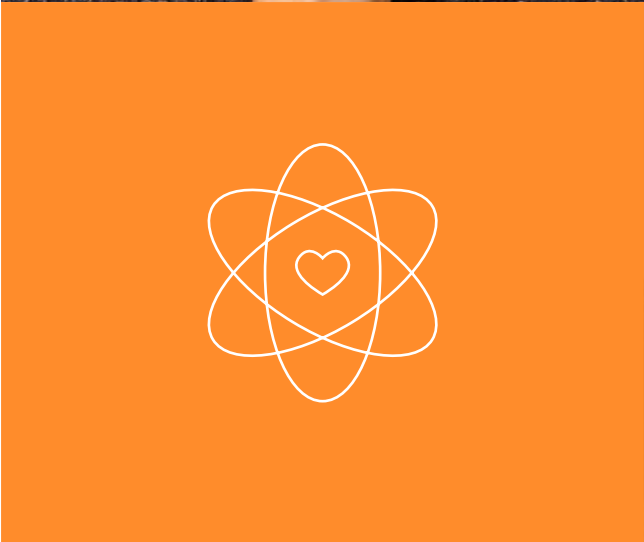
On behalf of the Board

**Mr. Suxin Zhang**

*Chairman*

28 March 2017

# CORPORATE SOCIAL RESPONSIBILITY



# CORPORATE SOCIAL RESPONSIBILITY

## Introduction

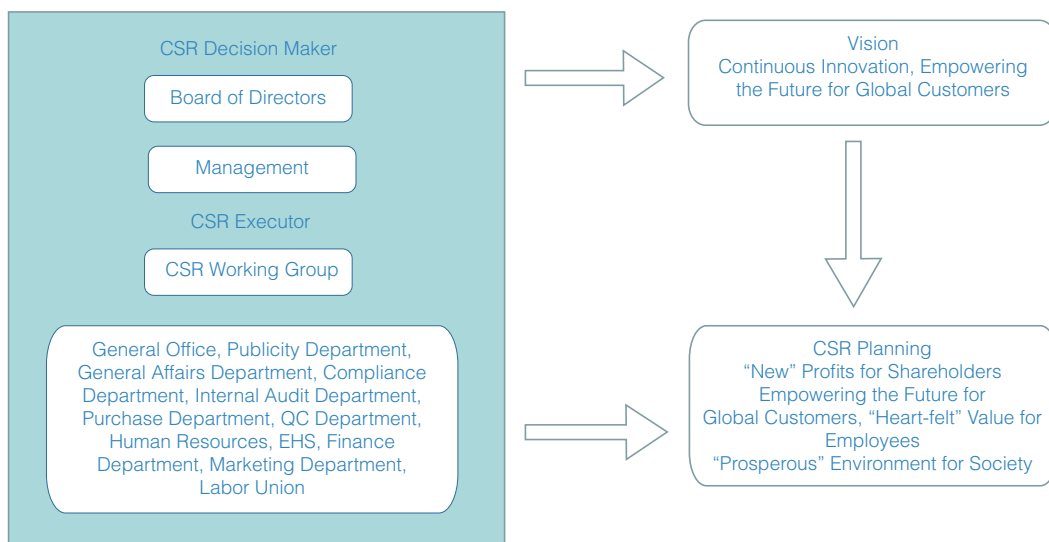
Our concept of sustainable development and the pursuit of long-term performance is to achieve these under consideration of economic, environmental and social aspects, as these aspects interact with and support each other, enabling long-term, sustainable performance. As a listed company operating internationally, we strictly comply with local applicable laws and meet social expectations in our operations, and we align our standards for environmental protection to those of the leaders in international industry. We devote ourselves to sustainable cities and communities. We have complied with the “comply or explain” provisions set out in the Environmental, Social and Governance Reporting Guide in Appendix 27 of the Listing Rules. In following our corporate vision of Continuous Innovation and Empowering the Future for Global Customers, we promptly respond to stakeholders, including customers, employees, investors, communities and countries where we operate, toward the goal of the sustainable development of enterprises and society.

## 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 perfecting our management system, improving supply chain performance and reducing resource consumption and environmental emissions. We encourage innovation-driven development and recruit and foster diverse talents, thereby promoting social harmony.

Effective social responsibility management also requires the ongoing attention of senior management and the involvement of all employees. 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.



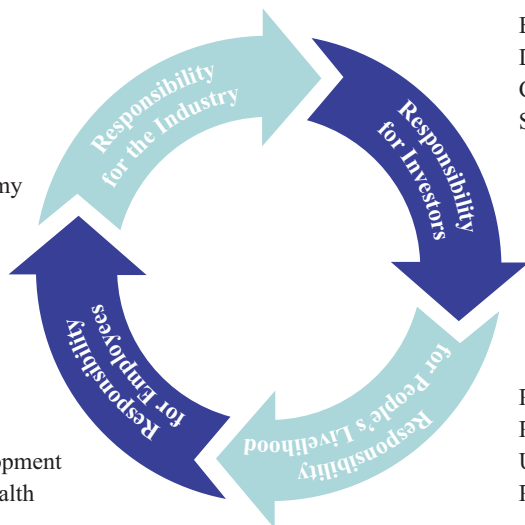
Structure for CSR Management



# CORPORATE SOCIAL RESPONSIBILITY

The following four aspects summarize the social responsibility of the corporate vision Continuous Innovation and Empowering the Future for Global Customers as provided by the Board of Directors as CSR Decision Maker:

Empowering the Future  
for Global Customers  
Providing Quality Products  
Guaranteeing Rights &  
Interests of Customers  
Booming Industrial Economy



Expanded Profits for Shareholders  
Development through Innovation  
Consolidate Operations with Integrity  
Sharing the Benefits of China's growth

Heart-felt Respect  
for the Value of Employees  
Caring about Career Development  
Protecting Occupational Health

Prosperous Environment for Society  
Promoting Green Development  
Utilizing Resources Jointly  
Promoting Social Harmony

## Implementation Focuses of CSR Planning of Hua Hong Semiconductor Limited

# CORPORATE SOCIAL RESPONSIBILITY

## 1.2 Involvement of Stakeholders

Based on the business and operational characteristics of our Company and leveraging the experience and practices in the industry at home and abroad, we have determined the following to be our stakeholders: our shareholders, customers, employees, government agencies and regulators, partners, communities and the 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 in our Company	Corporate governance system, business strategy and performance, stable profitability and return on investment	Shareholders' meetings, financial reports, performance reports, results 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 (such as E-tapeout systems, WIP report and WAT report, etc.), 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, Intranet, 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 system of risk management by upgrading relevant processes and policies, thereby effectively enhancing our capabilities in comprehensive risk management. In 2016, the Company established procedures for risk management through an internal audit department. It issued the guideline “Rules about Comprehensive Control of Risks” and launched related projects. The department compiled an index of risk information, designed a questionnaire about risks and carried out related interviews, recognizing and evaluating key areas of risk. As a result, the 2016 Risk Control Report was published and special risk control trainings were carried out to enhance awareness of risks and how to control them.

### 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
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, indicators and program management forms of our environmental and occupational health and safety programs in accordance with the Company’s established goals, indicators and program management procedures for health, safety and environment (“HSE”)
	Post-evaluation of projects	Post-evaluation and analysis of projects (their purpose, the process, benefits, roles and influence regarding risks) are conducted in a comprehensive manner to provide scientific data for improving the benefits of investments

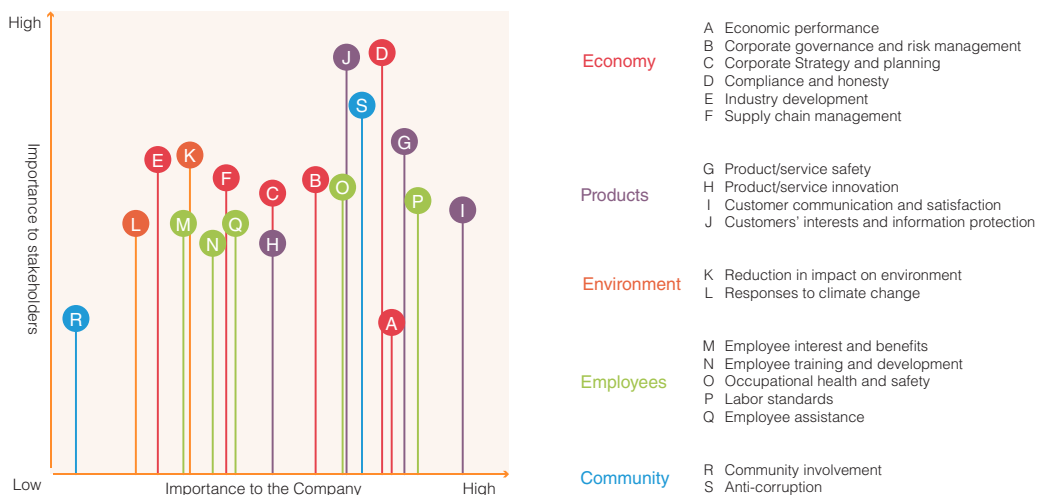
# CORPORATE SOCIAL RESPONSIBILITY

Risk Category	Content	Countermeasures
Production	Structure of customers	Strategy about optimizing structure of customers is provided by the Marketing Department and Sales Department, thus facilitating regular evaluation of customer structure and promoting smooth operations
Products	Information security	Based on our Management Rules about Information Security, the Company established a framework for information security, and management carries out an evaluation of information security every year to maintain the optimal interests of the Company, shareholders, customers, suppliers and employees
	Cash flow	Prepare cash flow statements monthly to record cash flows, and dispatch the same to relevant departments for follow-up actions

## 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 periodic identification, evaluation and screening. We consider 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 2016, we continued the Sustainable Development Report Guidelines GRI4 and updated the questionnaire concerning substantial topics with both internal and external stakeholders. Compared with the questionnaire last year, the stakeholders within the Company are more aware of product/service safety, communication with customers and satisfaction of customers, showing a tendency of giving more emphasis to products and customers. Regarding the stakeholders outside the Company, issues related to compliance with rules and integrity in operation are now being emphasized, representing social awareness and focus on integrity of enterprise.



# CORPORATE SOCIAL RESPONSIBILITY

## 2 Environmental Responsibilities

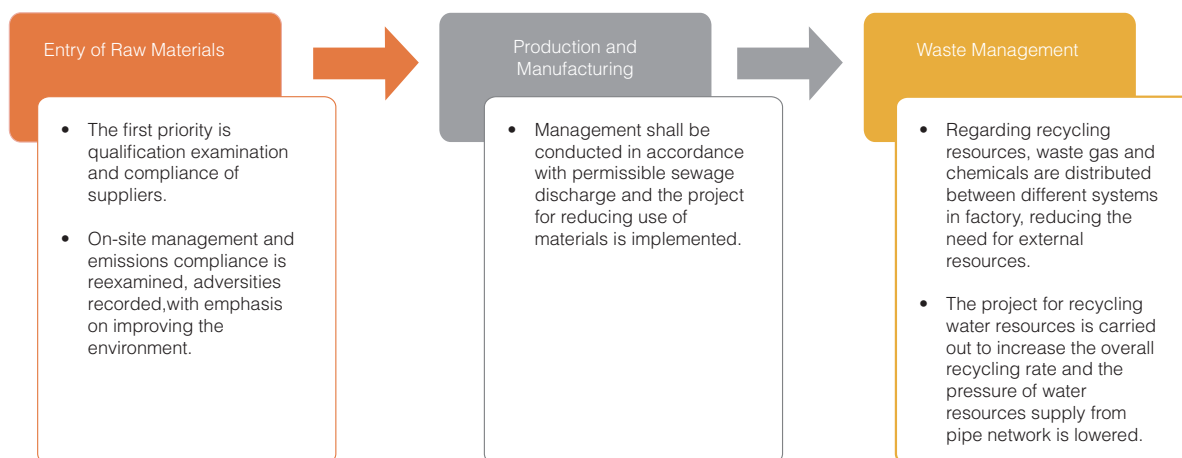
We take “Zero Accidents” and sustainable operation as our goal, and devote ourselves to clean production and continuous improvement. In 2016, we undertook seven projects related to environmental protection and technological reform, investing more than RMB2 million into these projects, and participated in work with respect to the “Carbon Emission Trading of Shanghai Environment and Energy Exchange”. We prioritize improving energy savings, reducing emissions and controlling waste. At the same time, we continue to focus on laws and regulations related to environmental protection. By the end of 2016, the Company had received no complaints or fines due to environment issues, and no environmental contamination had occurred.

### Review of environmental responsibilities-related laws and regulations

Areas	Names of main laws and regulations	Number of laws identified
Environmental protection	Environmental Protection Law of the People’s Republic of China, Law of the People’s Republic of China on Prevention and Control of Atmospheric Pollution, Law of the People’s Republic of China on Prevention and Control of Air Pollution Environmental Pollution by Solid Wastes, Law of the People’s Republic of China on Evaluation of Environmental Effects, Regulations of Shanghai Municipality of Environmental Protection, etc.	109 laws and regulations

### 2.1 Environmental Management System

With the upgraded ISO14001 Management System, our environmental management concept gradually shifted from a model advocating production and management to a mechanism focusing on control of product life cycles and risk control. Our Company is devoted to improving environmental performance every step of the process, including the entry of raw materials, production and waste management.



# CORPORATE SOCIAL RESPONSIBILITY

## 2.2 Action and Achievements in Environmental Management

### Energy Management

We always regard clean production, energy savings and emission reduction as important annual tasks. We worked out the "Procedure of Resource and Energy Management", specifying the principles of resource and energy management to enable continuous improvement. We increase production rates based on the principle of saving energy, reducing consumption and wastes. When lowering production costs, we avoid affecting the environment as much as possible by implementing sustainable and environmentally harmonious development.

In January 2016, we were awarded "Excellent Enterprise" of the Energy Saving and Emission Reduction Activity Team in Shanghai 2014-2015, jointly issued by the Instruction Committee of Energy Saving and Emission Reduction Activity Team in Shanghai, the Shanghai Federation of Industrial Economics, and the Shanghai Federation of Economic Organization. One hundred of our employees participated in and passed the training and tests held by the Energy Saving and Emission Reduction Activity Team. With the help of the Project of Environmental Protection, Energy Saving and Technology Reform in 2016, more than 10,000 tons of water were saved annually and electricity and gas with a value equaling to 1,200 tons of standard coal was saved every year.

Major Project and Measures for Saving Energy in 2016	Achievements
Cold pure water system based on water pump control and the reform of variable frequency operation	140kWh of electricity is saved every hour, and total energy saved is equal to 495.5 tons of standard coal
New-type drying machine is adopted on CDA system to reduce operation cost	697,000kWh of electricity is saved each year, equaling to 281.6 tons of standard coal
Reform of BTSPTA08 Pump by eliminating Roots Pump	8,000kWh of electricity is saved each year, equaling to 2.4 tons of standard coal
Chiller is eliminated from BIILMA03, the water cooling is reformed	About RMB400,000 of gas is saved, equaling to 111,000 square meters of gas or 147.6 tons of standard coal
Warm pure water of WPA/WSA rinse tank is reformed into cold pure water	222,000 square meters of cooling water was saved, equaling 295 tons of standard coal
Humidifier is reformed	RMB32,750 is saved each year, equaling to 65 tons of standard coal

Key performance indicators	2014	2015	2016
Total Energy Consumption (tons of standard coal)	65,253	67,746	73,771
Total Electricity Consumed (ten thousand kWh)	41,274	44,063	48,183
Electricity Consumed in Unit Production (kWh/8 inches wafer)	291	297	271
Volume of Gas Consumed (ten thousand m <sup>3</sup> )	707.65	604.38	658.00
Gas Consumed in Unit Production (m <sup>3</sup> /8 inches wafer)	5.00	4.07	3.70

# CORPORATE SOCIAL RESPONSIBILITY

## *Water Resource Management*

The Company mainly uses tap water supplied by Shanghai Municipal Administration. In addition, some of our water comes from recycled water from our production facilities and condensate water from air-conditioning. Through technological reform and recycling, we actively seek ways of improving efficiency in saving water and utilizing water resources. We also promote saving water in our industry. We sponsored the “Seminar about Technological Reform for Saving Water by Large Industrial Enterprises” held by the Shanghai Water Supplies Bureau in 2016. During the seminar, municipal leaders and approximately 40 representatives from key water users in Shanghai discussed strategies and measures for saving water.

<b>Measures of Improving Water Utilization Efficiency in 2016</b>	<b>Achievements</b>
RO Water Recycling Project	430,000m <sup>3</sup> of water saved/year
Saving Water by Local Scrubber	21,000m <sup>3</sup> of water saved/year
Project for Expanding High-power MOS Integrated Circuit Production Line	Increase of municipal water quota by 940,000 tons

<b>Key performance indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Water Consumed (ten thousand tons)	454.5	472.2	504.5
Water Consumed in Unit Production (ton/8 inches wafer)	3.2	3.2	2.8
Volume of Recycled water (ten thousand tons)	251.4	235.5	258.0
Total Volume of Waste Water Discharged (ten thousand tons)	409.1	415.2	454.0

## *Prevention and Control of Pollutants*

In prevention and control of pollutants, we follow the rules and regulations related to environmental protection and relevant matters, meeting all emission requirements. We organized workshops analyzing the newly revised Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution in order to carry out emissions control according to the new regulations. The waste discharged during production includes sulfuric acid mist, hydrogen chloride, nitric oxide, ammonia and volatile organic compounds. We established a system for processing waste gas that meets new requirements for controlling emissions. This system can eliminate over 90% of the VOCs generated.

<b>Key performance indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Total Volume of Waste Gas Emitted (ten thousand m <sup>3</sup> )	1,200,000	1,210,151	1,060,281
Volume of NO <sub>x</sub> Discharged (ton)	15.169	20.364	26.260
Volume of SO <sub>x</sub> Discharged (ton)	0.066	0.055	0.050

# CORPORATE SOCIAL RESPONSIBILITY

## *Greenhouse Gas Management*

The emission of large amounts of greenhouse gases such as CO<sub>2</sub> is the main contributor to global warming, therefore it is of great importance to us to reduce emission of such gases, as slowing down global warming is advantageous to the whole world. In 2016, with the start of the control over carbon emission by Shanghai Municipal Development & Reform Commission, we actively took part in relevant work to cut greenhouse gas emission to reduce the pace of global warming. At present, we have established Procedures for the Control Carbon Emission Credit Trading and completed work related to opening accounts for enterprises to safeguard and facilitate smooth trading of carbon credits in 2017.

Statistics related to emissions will be reported in “Examination Report of Annual Emission and Inspection Report” in accordance with requirements of Shanghai Municipal Development & Reform Commission. It is expected that the first inspection shall be carried out in the first half of 2017.

## *Waste Management*

Wafer production generates dangerous wastes, including acid, isopropanol and others. We authorized a qualified company for treatment of these wastes. At the same time, we strive to cut the volume of waste and worked out annual plans for eliminating dangerous wastes. In 2016, we planned to cut 84.10 tons of waste photoresist, waste stripping liquid, waste sulfuric acid, waste isopropanol and waste phosphoric acid. We exceeded our plan, and the actual amount of wastes cut was 85.02 tons.

<b>Key performance indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Volume of Dangerous Wastes Discharged (ton)	3,597.00	4,073.40	4,323.70
Volume of Dangerous Wastes in Unit Production (ton/8 inches wafer)	0.0025	0.0027	0.0024
Total Volume of General Wastes (ton) Note: General wastes are usually calcium fluoride	2,455.80	2,786.00	2,108.00
Volume of General Wastes in Unit Production (ton/8 inches wafer)	0.0017	0.0019	0.0012
Total Volume of Packaging Materials for Finished Products (ton)	48.92	51.18	71.33
Volume of Recycled Packaging Materials for Finished Products (ton)	8.01	9.78	12.91

## **2.3 Green Products**

### *Control of Hazardous Substances*

In accordance with the regulation Restriction of Hazardous Substances (RoHS) concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH) as formulated by the EU, as well as customer requirements, we worked out standards for control of hazardous substances, established a system to do so and carried out risk evaluation for raw materials in production, thus guaranteeing that products are in compliance with requirements of customers regarding control of hazardous substances. The Company entrusted Societe Generale de Surveillance S.A. (SGS) to conduct tests for hazardous substances, and realized 100% compliance in investigation of hazardous substances in 2015 and 2016. All manufacturing devices of the Company are verified to comply with the standards and requirements of QC 080000 reduction of reducing hazardous substances in electronic elements and apparatus and products.



# CORPORATE SOCIAL RESPONSIBILITY

## *Energy Saving of Electronic Products*

There is an increased awareness of the need for environmental protection, and the need to save energy and reduce emission becomes increasingly urgent. Reducing the high energy consumption of electronic products is one of the hot topics of today. The emerging markets and products under this spotlight, e.g. new energy automobiles, intelligent grids and LED drives, have all been focusing on manufacturing platforms for green chips with lower consumption, higher efficiency and smaller size. In response to the supply-side reform of China advocating products with higher quality, we implemented related craft solutions to provide mobile devices with longer stand-by times, faster battery charging and lower energy consumption. We also provide stable and diverse drive circuits for LED lighting, supply battery charging devices and adapters for next generation mobile devices with higher efficiency and smaller size, and supply motor-driven modules for new energy automobiles with higher intelligence, higher efficiency and stability.

## **2.4 Green Culture**

We persist in promoting environmentally friendly business concepts and undertake external and internal environmental protection measures. In terms of routine operation and administration, the Company implements a sustainable development concept using science and technology and by adopting good practices. For example, we adopt web-connected printing and use office automation equipment intensively to control paper consumption, and we also encourage the use of recycled paper to support recycling. The Office Application System for General Affairs and Food Management System was developed for online use which makes it convenient to handle relevant work, improves work efficiency and saves consumption of paper. At the same time, the Company strongly supports the use of electric vehicles, and uses them in its own vehicle fleet. In 2016, the Company was awarded the “Five-star of Sustainable Development in Jinqiao Industrial Park of Pudong New Area” and donated all the bonus to the Shanghai Non-profit Foundation for Environmental Protection.

---

### **Participation in Environmental Protection**

---

- We took part in recycling wastes activities organized by alahb.com to prevent second contamination of environment while recycling wastes

---

### **Awards**

---

- 2016 Five-star of Sustainable Development in Jinqiao Industrial Park of Pudong New Area
-

# CORPORATE SOCIAL RESPONSIBILITY

## 3 Employee-Related Responsibilities

We always strive to provide our employees with an environment that is equal, healthy, safe and comfortable. We strictly follow related laws and regulations and have established human resource systems to protect all legitimate rights and interests of employees. We established a safe working environment and stipulated a detailed index for safety inspections to facilitate our regular training and emergency exercises for employees. No infringement of the rights and interests of employees occurred in 2016, and we were not subject to any employee-related complaints or penalties.

### Sorting of employee-related responsibilities-related laws and regulations

Areas	Names of main laws and regulations	Number of laws identified
Employee interests and benefits	Labor Law of the People's Republic of China, Law of the People's Republic of China on Employment Contracts, Employment Promotion Law of the People's Republic of China, Special Rules on the Labor Protection of Female Employees, Regulations of Shanghai Municipality on the Trade Union, etc.	168 laws and regulations
Employee Health and Safety	Law of the People's Republic of China on Prevention and Control of Occupational Diseases, Production Safety Law of the People's Republic of China, Shanghai Regulation on the Safety Management of Hazardous Chemicals, etc.	

# CORPORATE SOCIAL RESPONSIBILITY

## 3.1 Rights and Benefits

### Employment

We insist on fair, equal and open recruitment and employment, 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 and follow the guidelines described in “Employment Procedures and the Management Procedures for Trainees”. We strictly check the identity information of our employees, and do not employ children or adolescents under the age of 16 years. Meanwhile, we resolutely prevent all compulsory labor practices.

Type	Key performance indicators Group	2014	2015	2016
Sex	Male	2,548	2,647	2,772
	Female	1,130	1,140	1,166
Type of employment	Labor contract employees	3,678	3,787	3,938
	Contract outsourcing employees <sup>1</sup>	167	160	225
Age	< 30 years	1,919	1,878	1,922
	30-50 years	1,686	1,827	1,936
	> 50 years	73	82	80
Region	Mainland China	3,669	3,777	3,928
	Overseas	9	10	10
Management	Female	9	9	11
	Male	66	63	61
Employee turnover	New recruits	815	606	885
	Turnover	508	509	681
	Mainland China/overseas employee turnover	507/1	507/2	681/0
	Turnover of employees under 30 years/30-50 years/over 50 years	380/128/0	385/110/14	518/148/15
Rate of Signing of Labor Contract (%)		100	100	100
Rate of Insurance Coverage of Employees (%)		100	100	100
Proportion of Employees Covered by Agreement of Collective Negotiation (%)		100	100	100
Number of Cases of Employees Complaints (case)		0	0	0
Number of Cases of Discrimination against Employees (case)		0	0	0

<sup>1</sup> Includes security personnel and logistical personnel

# CORPORATE SOCIAL RESPONSIBILITY

## *Remuneration and Benefits*

To attract and retain talent, we provide our employees with competitive remuneration and comprehensive benefit plans; we also pay full statutory social insurance, purchase 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 arranges 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 "Measures for Employees from Other Provinces or Cities on Application for Registration in the Census Register of Shanghai" to help solve related worries of employees. In 2016, the Company introduced a total of 62 professionals.

## *Mechanism of Democratic Communication*

A smooth communication channel and sincere concern are important to establishing harmonious labor-capital relationship. We worked out Rules on Management of Reasonable Suggestions of Employees, we established a trade union and convened regular seminars of employee representatives to invite employees into the daily management of the company and establishment of systems. At the same time, we listen to employees through various means, including round-table luncheons, and attend promptly to reasonable suggestions.

In August 2016, a platform for gathering suggestions was formally established. As of the end of 2016, altogether 169 reasonable suggestions had been submitted, covering areas such as administration, personnel, safety, trade union and IT. We implemented sixty of them. The platform has become a rapid and effective channel for communication with and suggestions from employees.

## *Care and Support for Employees*

We have established a supporting mechanism and a "home" for employees to provide long-term assistance to employees with difficulties. For example, we organize activities for the retired during Spring Festival and Double Ninth Festival, and we cover all our retired employees of the Shanghai municipality with a mutual-support supplemental medical insurance, and renew their insurance every year. For female employees, we assisted the Trade Union of Shanghai Municipality in organizing activities "Mom with Love" and equipped all nursing rooms of various factories with refrigerators, workbenches, electric power and deck chairs. The activity aims to provide space and lactation service for the female employees during their suckling period. The space is private, clean, comfortable and safe, thus settling any potential worries.

<b>Key performance indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Fund supporting impoverished and needy employees (in ten thousand yuan)	20	26	30.70
Number of benefited employees with difficulties	80	81	228
Wedding congratulation and funeral consolation (in ten thousand yuan)	12.10	13.30	19.11
Condolences for employees (in ten thousand yuan)	110	270	348.87
Amount donated by employees (in ten thousand yuan)	5.10	15.00	5.21

# CORPORATE SOCIAL RESPONSIBILITY

## 3.2 Health and Safety

### *Occupational Health and Safety Management*

To guarantee health and safety of our employees, we established mechanisms for occupational health and safety in compliance with requirements of OHSAS18001. We clearly stipulate the guidelines about professional health and safety, and strictly follow laws and regulations on safety, health and environmental protection, advocating clean production and continuous improvement. We create a safe, healthy and comfortable working environment, strenuously pursuing the highest goal of “zero accidents” and sustainable operation, and work hard to become a model citizen of the world.

In 2016, two major laws were amended: The Law of the People’s Republic of China on Prevention and Control of Occupational Diseases and the Shanghai Regulation on the Safety Management of Hazardous Chemicals. Thereafter, we conducted a thorough study of these amended laws and regulations and reevaluated and adapted positions with potential occupational harm, and promoted information management regarding entry and exit of dangerous chemicals.

### Measures for Protecting Health and Safety of Employees in 2016

Measures for Protecting Health and Safety of Employees	Main Content
Improving Safety and Responsibility System	<ul style="list-style-type: none"> <li>Internally, the Safety Responsibility Statement for the President, Executive Vice President, Vice President, Factory Director (Director), Department Chief and Section Chief and the Commitment Statement of Guaranteeing Safety shall be signed level by level, thus improving and perfecting the safety responsibility system that covers all departments and employees</li> <li>Externally, we signed Safety Management Agreement and Commitment Statement for Contractors on Safety Education with all units and contractors that handle field operation which provide on-site service in the Company</li> </ul>
Upgrading System for Identification of Hidden Dangers and Emergency Plan	<ul style="list-style-type: none"> <li>Identifying hidden dangers and 12,306 omissions of 5S</li> <li>132 projects for safety reform and investment of RMB24,667,000</li> <li>Contingency plan is improved based on the system “1+12+1782” (i.e. 1 comprehensive plan, 12 special plans and on-site treatment plans), and nearly 100 contingency treatment cards for equipment was added</li> <li>The CPR + AED (cardio-pulmonary resuscitation + automatic external defibrillation) team was expanded, and 172 employees participated the rescue team, and trainings of 2,176 person-time was organized. The golden 4-minute rescue standards and 3-minute rescue standards for initial disaster were realized within the factory</li> <li>171 activities for contingency were conducted</li> </ul>

# CORPORATE SOCIAL RESPONSIBILITY

Measures for Protecting Health and Safety of Employees	Main Content
Safety training is standardized and examination for performance is done	<ul style="list-style-type: none"> <li>Considering that the site is highly risky, the Department of Safety Control worked out a question database about engineering safety education in order to promote standardization of safety training and enhance training results.</li> <li>In 2016, we organized 55 safety trainings, with 4,770 attendances</li> </ul>
Safety Examination for Outsource Service Provider	<ul style="list-style-type: none"> <li>We conducted collective examination for TGCM and bulk gas suppliers for 5 companies and identified 24 items to be modified in order to promote their amending plans and reforming</li> </ul>
We organize competitions to activate awareness of safe production	<ul style="list-style-type: none"> <li>We activated awareness of safe production and capability of safety and protection of employees by awarding them “ANKANG” labor competitions and special contribution awards</li> </ul>

Key performance indicators	2014	2015	2016
Occupational Checkups for employees designated for special positions/completion rate (%)	100	99 <sup>2</sup>	99 <sup>3</sup>
Occupational disease occurrence rate (%)	0	0	0
Occupational Mortality	0	0	0
Number of days absent from work due to injury (days)	83.0	149.5	201.0

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

<sup>3</sup> people were subject to employment restrictions, who were re-designated.

## 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. Additionally, we offer employees designated for special positions that may have occupational hazards, occupational disease checkups before they start in said position, during performance of their duties in that position, and after leaving such positions. We arrange more specialized physical examinations for female and veteran employees. In 2016, we fully completed the development of standard healthcare service centers and health management systems, created employee health status profiles, and constantly improved the corresponding management capabilities.

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 a model for management of centralized food procurement and qualified supply chains, providing an assured and reliable system for safe sources of food. Employees and departmental representatives are invited to provide supervision. In addition, we strengthened the promotion of a “healthy diet” concept to help employees develop a proper diet and we began implementing the mindset of “green restaurant,” advocating food security, low carbon, environment protection and integrity.

## CORPORATE SOCIAL RESPONSIBILITY

Regarding lodging, the Company provides its employees with excellent lodging conditions, adding 105 beds in 2016. Our accommodation capacity fully satisfies current lodging requirements, and each room has its own bathroom facility. Within the lodging area, we also provide libraries, computer rooms, pool tables, laundry rooms, TV rooms, direct drinking water dispensers, and other supporting facilities with 24-hour water heating and WiFi services, ensuring that our employees feel comfortable and “at home”.

Regarding transportation, we provide a travel allowance for employees as part of their benefits. We also provide shuttle buses between Jinqiao or the factory and the subway, as well as regular buses between dorms, and shuttle buses for those living in areas where transportation is inconvenient. Also, we provide extra shuttle buses for those working overtime on weekends.

### 3.3 Training and Career Development

Employee development is the source of energy of an enterprise. Therefore, we care about employee career development and help our employees work out their career plan by designing their individual career development roadmap within the three categories of management, technology and functional positions. We provide training for employees based on our published Courses of Training, and offer training schemes specifically targeted to medium and senior level managers, grass-roots managers, tier-one managers, newly-employed university students and tier-one employees. In 2016, the training attendance was 87,706, with an investment of RMB1,294,000. At the same time, we support continuing education of our employees and provide education allowances. In 2016, four of our employees received allowances for masters and doctoral degrees in engineering.

Key performance indicators	2014	2015	2016
Per-capita Time Length of Training Attendance of Employees (h)	64.7	78.5	101.8
Including: Per-capita Time Length of Training Attendance of Junior Employees (h)	65.0	65.8	103.7
Per-capital Time Length of Training Attendance of Managers (h)	8.0	3.6	9.3
Per-capital Time Length of Training of Attendance of Female Employees (h)	65.1	77.6	126.2
Per-capital Time Length of Training of Attendance of Male Employees (h)	65.0	79.2	91.4
Rate of Employees Receiving Training (%)	100	100	100
Including: Rate of Junior Employees Receiving Training (%)	100	100	100
Rate of Managers Receiving Training (%)	100	100	100
Rate of Female Employees Receiving Training (%)	100	100	100
Rate of Male Employees Receiving Training (%)	100	100	100

<sup>4</sup> Average number of employees, apart from junior employees and managers, includes the number of interns and employees dispatched.

# CORPORATE SOCIAL RESPONSIBILITY

## 4 Products and Customers

We keep track of international treaties, local and foreign laws and regulations relevant to our products and customers in places where our business operates, strictly comply with laws and regulations related to our products and intellectual property, regularly update our management policies governing products and services in terms of health, safety, labels, privacy, and other areas, and establish quality assurance systems and customer service systems. As of the end of 2016, the Company had not been involved in any litigation regarding infringement of the interests of customers, nor did the Company receive any litigation from customers regarding product quality.

### Review of laws and regulations related to products and customer responsibility

Area	Names of main laws and regulations		Number of laws identified
Product Quality	Law of the People's Republic of China on Product Quality		
Information Security	Respect the property rights	Patent Law of the People's Republic of China, Copyright Law of the People's Republic of China, Trademark Law of the People's Republic of China	74 laws and regulations
	Security management	Archives Laws of the People's Republic of China, Cybersecurity Law of the People's Republic of China	

### 4.1 Product Liability

#### Quality Control

Based on the philosophy of "Quality is a Lifeline of an Enterprise", we formulated and implemented our Quality Management Policy. We promote a comprehensive quality management model, and we endeavor to guarantee product quality and reliability by means of quality assurance, failure analysis, reliability assurance, customer quality engineering and quality system, supplier management and raw materials analysis. To reduce human error, we established multiple management systems such as personnel management, equipment management, environment management, systems management, process management and customer quality control. With these reliable management systems, we are able to achieve real-time monitoring and testing over our entire production processes, forecast anomalies that may arise during production through failure analysis, and make corresponding adjustments on a timely basis. Pursuant to the recall system of the Company, 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 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.



# CORPORATE SOCIAL RESPONSIBILITY

## Product Quality Management System Certification

Certification	Date of passing the certification
ISO 9001 Quality Management System	June 5, 2014
ISO/TS 16949 Quality Management Systems for Automotive Industry	June 5, 2014
IECQ QC 080000 Hazardous Substance Process Management System	December 12, 2014

Key performance indicators	2014	2015	2016
Product return rate (%)	<0.1	<0.1	<0.1
Percentage of products recalled due to safety and health issues (%)	0	0	0

### Technological Innovation

“Innovation is the core, the source of energy and the only way towards development.” We advocate scientific innovation and continued research, and apply intensive efforts in R&D of eNVM, power discrete, radio frequency, simulation and mixed signal, and power management, thus achieving fruitful results both in scientific areas and patent fields. By the end of 2016, we have acquired 2,451 issued patents, including 103 issued US patents.

During the “2016 Summit Conference on China Information Technology Industry Development” jointly held in Beijing by the China Information Technology Industry Federation, the China Electronics Chamber of Commerce and the China Software Industry Association, we were named as one of the “Top 50 Innovative Enterprises of 2016 China Information Technology Industry”. In 2016 our workstation of academician experts received the “2016 Model Workstation of Academician Experts in China” award and was named one of the “Top 30 Excellent Workstation of Academician Experts in Shanghai”. In the past two years, three projects of our workstation produced hard benefits worth over RMB50 million. The Huahong Grace Enterprise Association for Science and Technology and the website for the Association and Training for Professionals promote our development as an innovation-driven enterprise, as well as the communication and exchange of scientific information and services to scientists. In addition, we applied the project “Key Technology and Application of Power High Voltage MOS Device” together with University of Electronic Science and Technology of China, and as a result were awarded the “First Prize of Scientific Progress of Sichuan Province 2016”.

Key performance indicators	2014	2015	2016
R&D investment (in US\$ million)	36.5	51.0	47.6
R&D investment as a percentage of revenue from principal operations (%)	5.5	7.8	6.6

# CORPORATE SOCIAL RESPONSIBILITY

## *Intellectual Property Protection*

As a science-oriented enterprise, we advocate independent innovation and respect intellectual property rights in our research and development of application-specific integrated circuits, including intelligent chips and information security chips. We stipulated a System for the Management of Intellectual Property, actively filed applications for patents and investigated responsibility of any potential breaches of intellectual property rights. At the same time, we promised that we will never infringe upon intellectual property rights of any enterprise or individuals, and will keep confidential all technological information of products of upstream and downstream partners.

To reduce the risk of claims of infringement of third-party intellectual property rights against our manufacturing of semiconductor devices or end products, we only accept orders from reputable customers with no known potential risk of infringement. We have entered into several technology licensing agreements with major technology companies.

## **4.2 Customer Service and Protection of Customers' Interests**

### *Customer Service System*

Adhering to the idea of "providing customers with more convenient and safer services", we established a sound customer service system and provide services to our customers through customer service hotlines, website systems, regular and ad-hoc conferences, technical seminars, trainings and other means. We established procedures and standards for contacting customers, setting out the basic requirements of our customers in respect of inquiries, transactions and complaints. We established the Customer Complaints Handling Procedures, which set out the processes for handling customer complaints, the responsible office and key techniques. They require 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. In 2016, we transformed E-tapeout customer service system. Engineering Notice and customer product demand delivery management system. In the same year, we also streamlined business flow, reduced probability of error, improved work efficiency and cut short business cycle.

<b>Key performance indicators</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Customer satisfaction score	8.39	8.49	8.38
Complaint cases (case)	16	11	11
Percentage of customer complaints addressed (%)	100	100	100

### *Protection of Customer Information*

We always pay great attention to maintaining the security of customer information. We established an information security control system, which is ISO27000 certified. The Information Security Committee within the Company clarified the responsibility of information security to control information security risks and guarantee information security from such areas as information asset management, human resources security, physical access management and logic access management. At the same time, we audited our photomask partners, ensuring the security of their data management and storage. In 2016, all our employees completed training and tests regarding online information security. In 2016, no incidents of infringement of laws or regulations concerning customers' privacy occurred.

# CORPORATE SOCIAL RESPONSIBILITY

## 5 Compliance in Business Operation

We keep track of international treaties and laws and regulations relevant to compliance 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, the Contract 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 2016, the Company had not been involved in any litigation with respect to any commercial bribery or corruption.

### 5.1 CSR Value Chain

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 to guarantee an equitable, open and fair procurement process. As a member of ECOVadis in France, we monitored the environmental and social risks of suppliers. By entering into the Undertakings against Commercial Bribery with suppliers, we eradicate all unfair competition activities. At the same time, we worked out rules about supply chains management including comprehensive evaluation of environment, security and health of suppliers while requiring that products from suppliers must satisfy the laws and regulations regarding Hazardous Substance Free (HSF) in order to guarantee all products supplied to customers meet requirements about hazardous substances in related international and domestic laws and regulations. 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. We continuously update our investigation report about the production of conflicted mines.

With the expansion of our production capacity, the Company has increased its purchases of raw materials, equipment, and utilities. Currently, we have more than 1,000 domestic and overseas suppliers. In addition to ensuring continued 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.

Key performance indicators	2014	2015	2016
Localization of raw materials procurement <sup>5</sup> (%)	19.6%	20.0%	22.0%

<sup>5</sup> Raw materials purchased include: silicon slice, quartz, target material, gas, chemicals and other raw materials for production.

# CORPORATE SOCIAL RESPONSIBILITY

## 5.2 Anti-corruption

The Company established a compliance department to supervise the overall compliance management. All major departments have compliance officers to implement 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. In 2016, we modified and launched the Rules about Management of Commercial Bribery (3rd Version).

The Company has long-term commitments to provide 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 the end of 2016, the Company entered into Undertakings against Commercial Bribery agreements with 126 manufacturers and Undertakings to Refuse Commercial Bribery with 61 management employees and employees in major positions.

The Company constantly promotes clean and honest practices and organized training programs with respect to anti-corruption and clean and honest initiatives. We staged twelve “clean and honest initiative” seminars with members of management with a total of 2,982 participants. The participation rate was 100%. Altogether, 428 section managers and above watched the TV Play “Always on Road” (literally translated name). We organized activities of Chinese calligraphy show themed as “Fight against Corruption and Display Chinese Calligraphy” and collected 32 pieces of art. The “Measures about Complaints and Management by Employees” was worked out, stipulating channels of reporting through emails, telephones and mailbox, to encourage employees to report suspicious breaches of law with our Company. In 2016, to the best knowledge of the Company, no breaches of law and regulations and no reporting took place.

# CORPORATE SOCIAL RESPONSIBILITY

## 6 Social Welfare Causes and Public Communities

We focus on the needs of the community and regard mutual development with the community as an important part of our social responsibility. With regard to investment in the community, we focus on jointly building of the sense of community and providing volunteer service.

We continually advocate joint efforts between government agencies and local populations to promote community well-being, and we provide neighborhood firefighters with beverages, towels, items for showering and other articles for daily use, to express our solicitude towards all first-line firefighters. We conducted pairing and supporting activities with Youqiao village of Chongming County to expand and enhance our service to more people with difficulties in Youqiao village. In 2016, all those living in poverty that met the requirements of serious illness medical insurance received allowances. In addition, we actively took part in the Employees Library project organized by Trade Union of Zhangjiang Park in 2016, and donated more than 170 books to the Library, supporting the goal of sharing and recycling books.

Regarding volunteer service in community, we encourage our employees to serve the local community and express their solicitude. To this end, we established a Volunteer Association consisting of 260 volunteers. Our voluntary activities in Meixin Nursing Home have lasted for 11 years.

Key performance indicators	2014	2015	2016
Accumulated Time Length of Volunteer Activities (h)	240	480	560

# CORPORATE SOCIAL RESPONSIBILITY

## 7 2016 Social Recognitions

---

No.	Awards
	<b>Awards of State and Industry Level</b>
1	2016 Golden Ant Award of National Golden Card Project
2	Five-star Site by National Evaluation for Site Management
3	National Model Academician Expert Workstation
4	Top 50 Innovative Enterprises in Chinese Electronics Information Industry
5	Five-star Enterprise of the Third Star Awards for Chinese Industrial Enterprises' Fulfillment of Duty in 2016
6	Most Recognized Foundry of Greater China IC Design Achievements in 2016
7	2016 China Top Ten Semiconductor Manufacturers
8	The 10 <sup>th</sup> China Semiconductor Innovative Products and Technology Award
9	2016 CITE Innovative Products and Application Award
10	TOP 10 Domestic Enterprises with Most Patents in 2016
11	One of Ten New Cases of Internet Plus in Industrial Application Field in 2016
	<b>Provincial Awards</b>
12	Shanghai Top 100 Industrial Taxpayers
13	Award of Shanghai "Quality Standard"
14	Shanghai Outstanding Intellectual Property Rights Holders
15	Shanghai Top Ten Performers of Economic Yield in the IC Industry
16	Top Five Enterprises with Best Sales Results in Integrated Circuit Industry in Shanghai
17	Shanghai Excellent Academician Expert Workstation
18	Shanghai "Five-star Enterprise with Integrity"
19	Excellent Team in National "ANKANG" Award Competition (Shanghai zone)
20	Technological Innovation Award for Outstanding Contribution
21	First Class Award for Scientific Technology in Sichuan Province (Joint Application of "Key Technology and Application of Power High Voltage MOS Device" with University of Electronic Science and Technology of China)

---

# CORPORATE SOCIAL RESPONSIBILITY

## 8 Preparation

### **Report Overview**

This 2016 CSR Report of Hua Hong Semiconductor Limited (hereinafter referred to as “this Report”) explains its principles in fulfilling CSR and the work carried out in 2016. It mainly addresses to our stakeholders the sustainable development regarding economic, environmental, and social issues concerned

### **Reference Basis**

This 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 2016 to 31 December 2016.

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.

# 目錄

釋義	80
主要財務指標	83
致股東的信	84
公司資料	87
董事及高級管理層	89
企業管治報告	95
董事會報告	104
企業社會責任	130
獨立核數師報告	155
綜合損益表	163
綜合全面收益表	164
綜合財務狀況表	165
綜合權益變動表	167
綜合現金流量表	168
財務報表附註	170
五年財務概覽	252



# 釋義

於本年報內，除非文義另有所指，否則下列詞彙具有下文所載涵義。

「股東週年大會」	本公司將於二零一七年五月十一日下午二時正在香港法院道太古廣場港島香格里拉大酒店舉行的股東週年大會；
「董事會」	本公司董事會；
「中國電子」	中國電子信息產業集團有限公司，一家於一九八九年五月在中國註冊成立的公司，為華虹集團的主要股東；
「中國」	中華人民共和國，但僅就本年報及作地理參考而言，除文義另有所指，否則，本年報（「中國」）的提述不包括台灣、澳門特別行政區及香港；
「本公司」	華虹半導體有限公司，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，除非文義另有所指，否則包括其所有子公司，或如文義指其成為其現有子公司的控股公司之前期間，則指其現有子公司；
「公司秘書」	本公司公司秘書；
「董事」	本公司董事；
「EPS」	每股盈利；
「執行董事」	本公司執行董事；
「Grace Cayman」	Grace Semiconductor Manufacturing Corporation，一家於一九九九年十月五日在開曼群島註冊成立的獲豁免有限公司，為本公司的全資子公司；
「上海宏力」	上海宏力半導體製造有限公司，一家於二零零零年十二月二十日在中國註冊成立的公司，為本公司的全資子公司；
「本集團」	本公司及我們的子公司，或如文義所指為本公司成為我們現有子公司的控股公司之前期間（或成為本公司的該等聯營公司），則指由該等子公司或其前身公司（視乎情況而定）所經營的業務；
「華虹宏力」	上海華虹宏力半導體製造有限公司，一家於二零一三年一月二十四日在中國註冊成立的公司，為本公司的全資子公司；
「華虹NEC」	上海華虹NEC電子有限公司，一家於一九九七年七月十七日在中國註冊成立的公司，為本公司的全資子公司；

## 釋義

「港元」	香港法定貨幣港元；
「香港」	中華人民共和國香港特別行政區；
「華虹集團」	上海華虹（集團）有限公司，一家於一九九六年四月九日在中國註冊成立為上海華虹微電子有限公司的公司，並於一九九八年更名為上海華虹（集團）有限公司，為本公司控股股東；
「華虹置業」	上海華虹置業有限公司，一家於二零一一年十月二十八日在中國註冊成立的公司，為華虹科技發展的全資子公司；
「華虹科技發展」	上海華虹科技發展有限公司，一家於二零一零年五月十日在中國註冊成立的公司，一家由華虹集團持有50%並與其合併報表及由華虹NEC持有50%的公司，為本公司關連人士；
「獨立非執行董事」	本公司獨立非執行董事；
「儀電集團」	上海儀電（集團）有限公司，前身為上海儀電控股（集團）有限公司，一家於一九九三年十二月在中國註冊成立的國有公司，為本公司控股股東；
「上市規則」	《香港聯合交易所有限公司證券上市規則》（經不時修訂或補充）；
「合併」	Grace Cayman與本公司在開曼群島組建的Hua Hong Semiconductor (Cayman) Inc.進行的合併；
「NEC」	NEC Corporation，一家於一八九九年在日本註冊成立及創立名為Nippon Electric Company, Limited的公司；
「非執行董事」	本公司非執行董事；
「矽睿科技」	上海矽睿科技有限公司，一家於二零一二年九月十三日在中國註冊成立的公司，為本公司關連人士；
「人民幣」	中國法定貨幣人民幣；
「上海聯和」	上海聯和投資有限公司，一家於一九九四年九月二十六日在中國註冊成立的公司，為本公司控股股東；
「證監會」	香港證券及期貨事務監察委員會；
「證券及期貨條例」	香港法例第571章《證券及期貨條例》（經不時修訂或補充）；

## 釋義

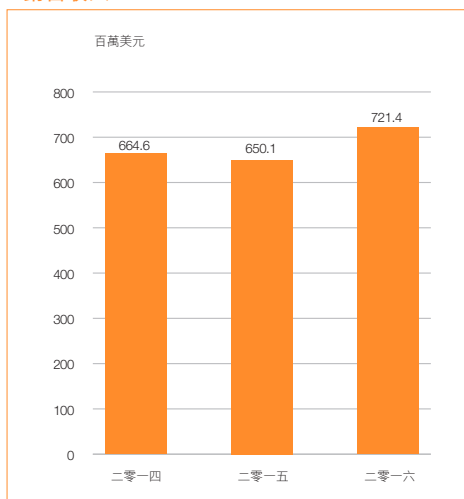
「上海華力」	上海華力微電子有限公司，一家於二零一零年一月十八日在中國註冊成立的公司，為本公司關連人士；
「股東」	本公司股本中普通股持有人；及
「聯交所」	香港聯合交易所有限公司。

# 主要財務指標

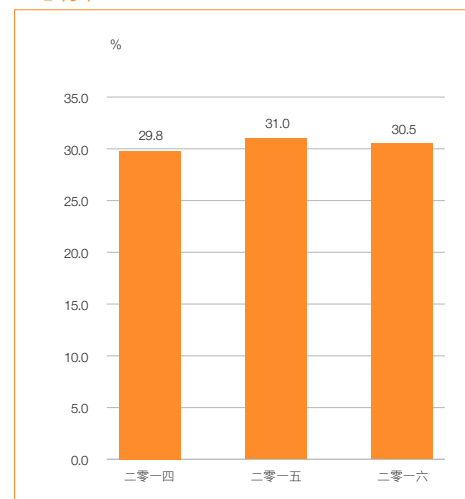
	二零一六年 百萬美元	二零一五年 百萬美元	二零一四年 百萬美元
銷售收入	721.4	650.1	664.6
毛利	220.3	201.4	197.8
毛利率	30.5%	31.0%	29.8%
年內溢利	128.8	112.5	93.1
每股盈利 (美元)	0.12	0.11	0.11

	二零一六年 十二月三十一日 百萬美元	二零一五年 十二月三十一日 百萬美元	二零一四年 十二月三十一日 百萬美元
流動資產淨額	476.8	519.9	571.5
淨資產	1,488.7	1,490.7	1,465.5

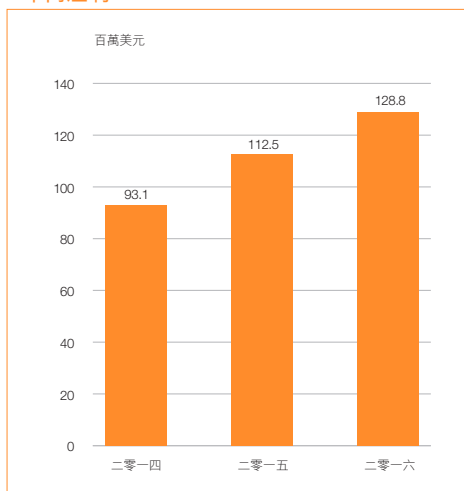
銷售收入



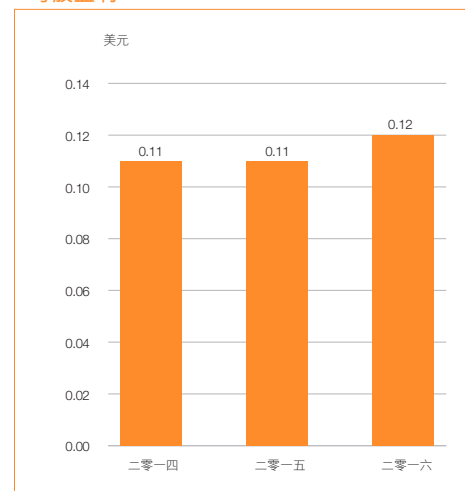
毛利率



年內溢利



每股盈利



# 致股東的信



華虹半導體董事會成員和董事會秘書集體合影

(從左至右) 馬玉川、陳劍波、王桂壖、森田隆之、張素心(董事會主席兼執行董事)、葉龍蜚、張祖同、葉峻、王煜(總裁兼執行董事)、王鼎(董事會秘書)

## 致股東的信

尊敬的各位股東：

2016年，全球半導體市場穩定上揚，持續升溫。中國集成電路行業在市場需求的強勁牽引、政策和資本的雙重支持下，整體增速加快。華虹半導體緊抓機遇，乘勢而上，在各位股東的鼎力支持和持續關注下，以及集團每一位員工的辛勤努力下取得了創紀錄的業績。

這一年，我們銳意進取，三座晶圓廠的產出均創歷史新高，順利完成年度擴產任務，月總產能達15.5萬片。銷售收入和淨利潤均創歷史新高，銷售收入達到了7.21億美元，比2015年增長了11%；毛利率達30.5%；淨利潤為1.29億美元，比2015年增長了14.5%；集團保持了連續24個季度盈利。

這一年，我們突破創新，在嵌入式非易失性存儲器(eNVM)、功率器件、射頻、模擬及混合信號、電源管理IC等多領域持續加大研發力度，取得了科技成果和專利授權的雙豐收。與客戶共同研發生產的銀行卡安全芯片先後斬獲國際EMVCo芯片安全認證、CC EAL5+認證和萬事達CQM認證。我們成為唯一躋身中國大陸企業發明專利授權量前十位的集成電路製造企業。

這一年，我們合作共贏，憑借豐富的工藝技術組合、強大的設計服務和出色的客戶服務能力，榮膺《電子工程專輯》「2016年度大中華IC設計成就獎之最受認可晶圓代工企業」，成為晶圓代工領域唯一獲獎企業，擴大了品牌影響力。我們加速佈局，在金融IC卡、微控制器(MCU)、LED照明、新能源汽車和物聯網等領域重點突進，與客戶攜手合作，為集團未來的成功奠定了堅實的基礎。

展望2017年，在「中國製造2025」和「互聯網+」時代的大背景下，中國半導體產業步入黃金發展期，為集團發展提供了更為廣闊的空間和機遇。得益於中國政府對集成電路行業的政策刺激以及「大眾創業，萬眾創新」的鼓勵，中國大陸設計企業的數量、規模、銷售收入均飛速增長，其中尤以通訊、消費、多媒體電子產品領域的設計企業佔得銷售額前三甲。同時，伴隨新能源汽車的快速發展，半導體元器件在汽車行業中的應用需求更為廣泛，尤其是MCU以及功率器件。這些新趨勢和新機遇對於在智能卡、MCU及功率器件等技術領域深耕多年而極具競爭優勢的我們而言，將從中獲益良多。

機會屬於有準備的領跑者。作為中國半導體產業的主力軍，我們將堅定信心，聚力創「芯」，堅持立足於差異化的先進工藝技術的持續創新，繼續保持在嵌入式非易失性存儲器技術、功率器件以及電源管理技術等領域的世界領先地位，並着力在市場開拓、精益管理、降本增效、安全生產及節能減排上下功夫，全面提升產品、服務、質量、供應鏈與生產運營的各個環節，鞏固並持續擴大中國市場的佔有率。同時，我們亦將在保持既有業務強勁增長的基礎上，着眼於全球化的市場佈局，以高技術、高成長、高利潤作為企業發展定位，深度探尋並積極實踐規模化、多元化的成長路徑，全面推動集團發展再上新的台階。

## 致股東的信

謹此向尊敬的各位股東報告集團2016年的業績，並致以衷心的感謝和美好的祝願，期待您一如既往的支持。我們亦將不忘初心，奮力向前，為各位股東創造更多價值。

行路方能致遠，砥礪更助前行。我們堅信更加精彩的時刻還在前方。

張素心先生  
主席兼執行董事

王煜先生  
總裁兼執行董事

香港  
二零一七年三月二十八日

## 企業文化

### 願景

持續創新，為全球客戶製造「芯」夢想



### 使命

通過協作、創新和優秀的企業公民性，為股東、客戶和員工創造價值



### 企業精神

革新，自信  
進取，團結





# 公司資料

## 董事會

### 執行董事

張素心 (主席) (於二零一六年三月十一日獲委任)

傅文彪 (於二零一六年三月十一日辭任)

王煜 (總裁)

### 非執行董事

陳劍波

馬玉川

森田隆之

葉峻

### 獨立非執行董事

張祖同

王桂壘, 太平紳士

葉龍蜚

### 公司秘書

王小軍 (律師)

付鏡 (於二零一六年六月二十日辭任聯席公司秘書)

### 授權代表

王煜

王小軍 (律師)

(於二零一六年六月二十日獲委任為授權代表)

付鏡 (於二零一六年六月二十日辭任授權代表)

### 審核委員會

張祖同 (主席)

葉龍蜚

葉峻

### 薪酬委員會

王桂壘, 太平紳士 (主席)

葉龍蜚

陳劍波

### 提名委員會

張素心 (主席) (於二零一六年三月十一日獲委任)

傅文彪 (於二零一六年三月十一日辭任)

王桂壘, 太平紳士

葉龍蜚

## 網址

[www.huahonggrace.com](http://www.huahonggrace.com)

## 核數師

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

## 法律顧問

史密夫•斐爾律師事務所

香港

皇后大道中15號

告羅士打大廈23樓

## 主要往來銀行

上海浦東發展銀行上海分行

中國上海市

中山東一路12號

中國工商銀行上海分行

中國上海市

浦東新區

浦東大道9號

中國建設銀行上海市分行

中國上海市

浦東新區

陸家嘴環路900號

交通銀行上海市分行

中國上海市

銀城中路188號

國家開發銀行上海分行

中國上海市

浦明路68號

中國建設銀行股份有限公司香港分行

香港中環

干諾道中3號中國建設銀行大廈28樓

交通銀行股份有限公司香港分行

香港中環

畢打街20號

## 股份過戶登記處

卓佳證券登記有限公司

香港

皇后大道東183號

合和中心22樓

## 註冊辦事處

香港中環

夏慤道12號

美國銀行中心2212室

## 主要營業地點及中國總部

中國上海

張江高科技園區

哈雷路288號

郵編: 201203

## 股份代號

1347

# 董事及高級管理層

## 董事會

截至本報告日期的董事會由九名董事組成，包括兩位執行董事、四位非執行董事及三位獨立非執行董事，列示如下：

**張素心先生**，53歲，於二零一六年三月十一日獲委任為本公司董事會主席兼執行董事及本公司提名委員會成員兼主席。現擔任華虹集團董事長及黨委書記、上海華力微電子有限公司董事長。張先生擁有豐富的高新技術產業戰略發展、能源戰略研究及發電設備製造業經驗，曾歷任上海汽輪機有限公司總裁、上海電氣電站集團執行副總裁、上海西門子燃氣輪機部件有限公司董事長、上海電氣集團股份有限公司執行董事、上海電氣（集團）總公司副總裁、上海金橋（集團）有限公司黨委書記、總經理、上海金橋出口加工區開發股份有限公司董事長及黨委書記、上海市發展改革委副主任、上海市張江高新技術產業開發區管委會副主任等職務。張先生畢業於清華大學，擁有工學學士學位，為教授級高級工程師。

**傅文彪先生**，62歲，自二零零九年七月至二零一六年三月為本公司董事會主席兼執行董事。傅先生於二零一六年三月十一日辭任本公司董事會主席兼執行董事且不再為本公司提名委員會成員兼主席。傅先生曾長期擔任多個製造業企業領導，歷任上海電器塑料廠、上海電工機械廠、上海壓縮機廠、上海電纜廠的廠長和上海電線電纜集團公司總經理，一九九七年出任上海華虹NEC電子有限公司中方副總經理，參與領導了中國大陸第一條200mm晶圓半導體生產線的建設及運營。二零零一年至二零零八年期間，傅先生擔任上海市信息化委員會副主任、主任，並兼任上海市無線電管理局局長。二零零九年至二零一六年三月期間，傅先生擔任華虹集團主席。傅先生畢業於上海理工大學（前稱上海機械學院輕工分院），獲工學學士學位，後於復旦大學獲經濟學碩士學位。傅先生於一九九三年獲得工業自動化高級工程師職稱。

**王煜先生**，44歲，自二零一二年二月起為本公司總裁兼執行董事。王先生一九九七年在上海華虹微電子有限公司開始職業生涯；一九九八年一月至二零零三年十月擔任上海華虹NEC電子有限公司財務部部長及總監；二零零三年十月至二零一零年三月擔任上海華虹NEC電子有限公司副總裁兼財務長，並於任職期間參與中國大陸第一條200mm晶圓半導體生產線從建設到投產的全過程。二零一零年三月，王先生加入上海宏力半導體製造有限公司擔任第一副總裁，其後於二零一零年九月獲委任為總裁。王先生作為總裁對華虹NEC與上海宏力的合併及重組的圓滿完成發揮了重要作用。王先生畢業於上海財經大學，獲國際貿易學士及國際金融碩士學位。

**陳劍波先生**，52歲，自二零一二年二月起為本公司非執行董事，現擔任華虹集團副總裁並兼任上海華虹科技發展有限公司副董事長。陳先生在電子工程領域擁有逾十五年經驗，曾歷任上海科技投資公司副總經理、上海張江（集團）有限公司總經理、上海張江園區領導小組辦公室主任、上海集成電路研發中心有限公司總裁、上海華虹計通智能系統股份有限公司（股票代碼：300330.SZ）董事長等職務。陳先生畢業於上海交通大學，獲電子工程學學士、電磁學與微波技術碩士及通訊與電子系統博士學位，後於中歐國際工商學院獲工商管理碩士學位。

## 董事及高級管理層

**馬玉川先生**，51歲，自二零一四年五月起為本公司非執行董事。馬先生於電子信息行業擁有逾二十年經驗，現任華大半導體有限公司副總經理，並在以下公司擔任董事職務：上海貝嶺股份有限公司（股票代碼：600171.SH）、中國電子集團控股有限公司（股票代碼：00085.HK）、南京微盟電子有限公司、中電華虹國際有限公司及成都華微電子科技有限公司。曾任中國電子信息產業集團有限公司集成電路事業本部副主任、規劃科技部副主任。馬先生畢業於浙江大學，獲半導體物理及器件學士學位。

**森田隆之先生**，57歲，自二零零九年七月起為本公司非執行董事。森田先生於一九八三年四月加入NEC。一九八三年至二零一一年，森田先生在NEC擔任多項職務，包括國際規劃部經理、企業業務發展部高級副總裁兼執行總經理。現任NEC執行副總裁，並於二零一六年四月起兼任全球業務官(Chief Global Officer)。森田先生在NEC擁有一席董事席位。二零零八年六月二十四日至二零一二年六月二十六日，森田先生出任日本航空電子工業株式會社的核數師。森田先生畢業於東京大學，獲法律學士學位。

**葉峻先生**，44歲，自二零一二年二月起為本公司非執行董事。葉先生於金融投資領域擁有二十年經驗。自一九九六年起，葉先生在上海聯和投資有限公司業務發展部及投資銀行部擔任多個職位，並於二零零九年十二月起獲任副總經理。葉先生亦為華虹集團、上海華力、上海銀行及中美聯泰大都會人壽保險有限公司的董事。葉先生亦任上海兆芯集成電路有限公司及上海宣泰醫藥科技有限公司的主席。葉先生畢業於上海交通大學，獲工業外貿學士及工商管理碩士學位。

**張祖同先生**，68歲，為本公司獨立非執行董事。張先生曾為香港執業會計師，並自一九七八年至二零零三年底退休時為香港會計師公會會員，於退休前，自一九八三年一月起為英格蘭及威爾士特許會計師公會資深會員，在會計、核數及財務管理方面具有豐富經驗。張先生自一九七六年起於安永會計師事務所擔任多個職位，並於一九八九年成為安永會計師事務所管理委員會成員。他積極參與制定和監督公司內部控制和風險管理政策和程序。他亦曾擔任安永審計和諮詢業務服務的主席四年。之後，他被晉升為專業服務部門的管理合夥人。此外，張先生為安永會計師事務所合夥人暨中國及香港區主席。張先生曾任中國太平洋保險（集團）股份有限公司（股票代碼：601601.SH及2601.HK）的獨立非執行董事。張先生現為上海復旦大學教育發展基金會及復旦大學教育發展基金會（海外）投資委員會成員。張先生亦為中國信達資產管理股份有限公司（股票代碼：1359.HK）及嘉里建設有限公司（股票代碼：683.HK）、中國人壽保險股份有限公司（股票代碼：2628.HK）的獨立非執行董事。張先生畢業於倫敦大學，獲食品科學及化學理學學士學位。

## 董事及高級管理層

**王桂壠先生**，65歲，銅紫荊勳章獲得者，太平紳士，為本公司獨立非執行董事。王先生於一九八五年十月及一九八九年七月分別獲准在香港以及英格蘭及威爾士執業律師；於一九九九年六月獲英國特許仲裁員協會接納為資深會員並擔任香港國際仲裁中心主席，目前為香港仲裁司學會高級會員；二零零零年起為香港律師會理事會成員；二零一一年十二月至二零一三年十一月，擔任版權審裁處主席；二零一一年起擔任香港董事學會理事會成員及稅務上訴委員會副主席；他曾為香港機場管理局及現為香港醫院管理局，競爭事務委員會以及香港證卷按揭有限公司等的成員；二零一五年起擔任環太平洋律師協會會長及競爭事務委員會成員。王先生自二零零六年十一月至二零一一年二月擔任美國法郎克律師事務所的中國主理合夥人，並自二零一一年三月起任該事務所主理人一職。王先生亦為中國國際海運集裝箱（集團）股份有限公司（股票代碼：000039.SZ及2039.HK）中國油田服務股份有限公司（股票代碼：2883 HK及601808 SZ），維達國際控股有限公司（股票代碼：3331 HK）及中國人保資產管理股份有限公司的獨立非執行董事。自二零一五年十二月起，王先生被聘為財務匯報局名譽顧問。王先生畢業於香港中文大學，獲文學學士學位；後於倫敦大學、英國法律學院及中國法學會分別取得法律學士學位、事務律師資格證書及中國法律證書。

**葉龍蜚先生**，75歲，為本公司獨立非執行董事。葉先生曾於上海市政府擔任多個職位；於一九九一年獲調派往香港，擔任「Shanghai Desk」（上海市政府與安達信公司為推廣上海而達成的一項合作安排）行政總裁至一九九五年；於一九九五年加入嘉里控股有限公司，並分別於二零零零年十月至二零零三年八月及二零零三年八月至二零零七年三月出任香格里拉（亞洲）有限公司的董事會主席及副主席；自二零零七年三月起，擔任香格里拉（亞洲）有限公司顧問一職。葉先生畢業於上海復旦大學，獲物理學學士及碩士學位。

### 高級管理層

截至本報告日期的高級管理層成員列示如下：

**張素心先生**，53歲，於二零一六年三月十一日獲委任為本公司董事會主席兼執行董事。有關張先生履歷及學術背景的更多資料，請參閱「董事及高級管理層－董事會」一節。

**傅文彪先生**，62歲，自二零零九年七月至二零一六年三月為本公司董事會主席兼執行董事。傅先生於二零一六年三月十一日辭任本公司董事會主席兼執行董事。有關傅先生履歷及學術背景的更多資料，請參閱「董事及高級管理層－董事會」一節。

**王煜先生**，44歲，為本公司總裁兼執行董事。有關王先生履歷及學術背景的更多資料，請參閱「董事及高級管理層－董事會」一節。

## 董事及高級管理層

**徐偉先生**，59歲，為本公司製造工程、人事、行政及安全管理執行副總裁。徐先生於一九九七年七月加入華虹NEC，為中國大陸第一條200mm晶圓半導體生產線的建立作出了巨大貢獻，歷任製造、技術及質量控制方面的多個職位。二零一二年六月至二零一三年十月，徐先生擔任華虹NEC的代理總裁。加入華虹NEC之前，徐先生任職於無錫（中國）華晶電子集團公司。徐先生畢業於西安交通大學半導體物理與器件專業，並曾於清華大學研究生班深造。

**范恒先生**，55歲，為本公司銷售與市場執行副總裁。范先生於二零一四年底加入本公司，此前，范先生於二零零三年至二零一四年擔任上海華虹計通智能系統股份有限公司董事及總經理。在加入華虹計通之前，范先生歷任中科院上海微系統與信息技術研究所研究員／副室主任、上海華虹集成電路有限責任公司副總經理等多項職務。范先生畢業於上海復旦大學，獲電子工程系微電子專業學士學位；後於中科院上海微系統與信息技術研究所獲半導體物理與半導體器件物理專業碩士學位。

**王鼎先生**，54歲，為本公司財務、信息科技、上市公司工作與外籍人事執行副總裁。王先生於二零零一年四月加入上海宏力，在公司的各個發展階段、合併的籌備與實施及本公司成功上市中起到核心領導作用，並自二零一二年二月起擔任公司董事會秘書。加入上海宏力之前，王先生於一九九五年八月至二零零一年三月在美國硅谷的LSI Logic Corporation擔任寬帶娛樂部部門主管。於加入LSI Logic Corporation之前，王先生任職於美國Franklin Templeton Investments。王先生畢業於美國加州大學伯克利分校工程學院，獲工業工程及營運研究學士學位；後於舊金山大學獲財務及銀行專業工商管理碩士學位。

**傅城博士**，38歲，為本公司法律與合規執行副總裁，直至二零一六年五月辭任。傅博士於二零零六年五月加入上海宏力，在確立本公司戰略方向上起到重要作用。自二零零五年九月起，傅博士亦在上海聯和投資有限公司擔任科技產業投資部副經理等多項職務，主要職責包括科技產業投資部門的投資。傅博士畢業於上海交通大學，獲計算器科學技術專業工學學士學位及計算器軟件與理論專業工學博士學位。

**孔蔚然博士**，53歲，為本公司技術研發與設計服務執行副總裁。孔博士於半導體領域擁有逾20年經驗，於二零零三年三月加入上海宏力，在推動NOR閃存、邏輯及嵌入式閃存領域的創新方面有良好往績。在加入上海宏力之前，孔博士在美國工作，先後任職於Sun Microsystems, Inc., LSI Logic Corporation及ISSI。孔博士畢業於天津南開大學，獲物理學士學位；後於美國俄勒岡科學理工研究學院獲電機工程學碩士及應用物理博士學位。孔博士擁有13項美國專利、34項中國專利，共同發表逾20篇技術論文。

**李琦博士**，54歲，為本公司採購物流、測試、質量、計劃副總裁。李博士擁有逾20年專業工作經驗，於二零零三年一月加入上海宏力。此前，李博士自一九九五年至二零零二年於美國應用材料公司擔任高級工程經理。李博士畢業於北京大學，獲物理學學士學位；後於美國馬里蘭大學獲物理學碩士學位及博士學位。

## 董事及高級管理層

**陳衛先生**，58歲，為本公司銷售與客戶支持副總裁。陳先生於半導體行業擁有逾20年經驗，於二零零六年三月加入上海宏力。此前，陳先生自一九九四年一月至二零零六年二月任職於特許半導體製造有限公司（後被GlobalFoundries收購），並於二零零二年八月至二零零六年二月擔任特許半導體製造有限公司中國代表處的總代表。陳先生畢業於中山大學，獲半導體物理學學士學位；後於英國格拉斯哥大學獲理學碩士學位及大學行政管理碩士學位。

**林宏哲博士**，55歲，為本公司北美及日本銷售副總裁。林博士曾於美國幾家領先的半導體公司擔任多個非易失性內存技術開發職務，於二零零六年八月加入上海宏力。林博士畢業於麻省理工學院，獲電機工程學理學學士及理學碩士學位；後於加州理工學院獲電機工程學博士學位。

**林俊毅先生**，48歲，為本公司三廠運營副總裁。林先生於半導體行業擁有逾20年工作經驗，於二零零零年八月加入上海宏力。此前，林先生自一九九五年至二零零零年八月效力於台灣德基半導體製造有限公司（後與台灣集成電路製造股份有限公司合併）。林先生畢業於國立台灣科技大學（前稱國立台灣工業技術學院），獲化學工程學碩士學位。

**Mirko Sonntag先生**，40歲，為本公司銷售營運與服務及歐洲銷售副總裁。Sonntag先生擁有需求及供應鏈規劃及業務營運等方面的專業知識，在業務發展方面具備紮實基礎，於二零零八年十月加入上海宏力。此前，Sonntag先生任職於德國英飛凌科技公司。Sonntag先生畢業於德國柏林應用技術大學和柏林經濟學院，獲程序工程及經濟學文憑。

**陳瑛女士**，44歲，為本公司行政副總裁，負責綜合行政事務、科技項目、市場宣傳和上市公司工作。陳女士於二零零一年四月加入上海宏力，擁有20年行政管理經驗。此前，陳女士任職於上海復華實業股份有限公司。陳女士畢業於復旦大學，獲法學士學位；後於中國人民大學獲管理學碩士學位。

**華光平先生**，50歲，為本公司一廠運營副總裁。華先生於半導體行業擁有逾20年工作經驗，於二零零七年七月加入華虹NEC。此前，華先生先後效力於新加坡特許半導體製造有限公司和上海先進半導體製造股份有限公司。華先生畢業於清華大學，獲微電子工學碩士學位。

**姚亮先生**，52歲，為本公司二廠運營副總裁。姚先生於半導體行業擁有近30年工作經驗，於一九九七年八月加入華虹NEC。此前，姚先生自一九八七年至一九九六年十月效力於中國華晶電子集團公司。姚先生畢業於南京工學院，獲金屬材料工學學士學位。

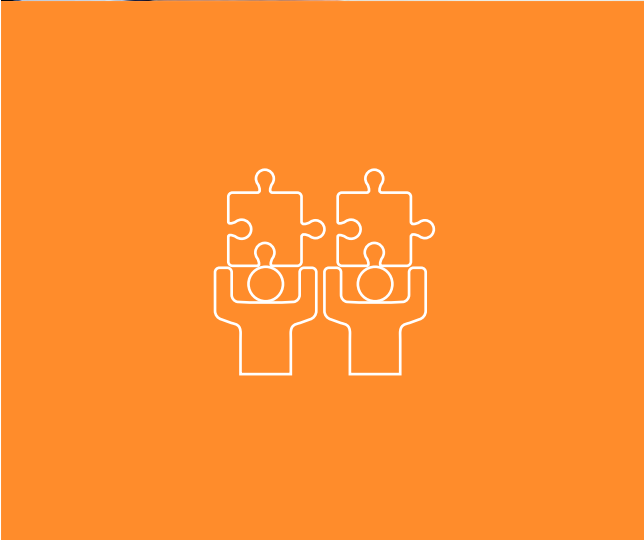
## 董事及高級管理層

### 公司秘書

**王小軍先生**，62歲，自二零一四年六月起擔任本公司公司秘書。王先生為中國、香港及英格蘭和威爾士執業律師。王先生於一九九二年加入香港聯合交易所有限公司，之後歷任於齊伯禮律師行、百富勤融資有限公司、霸菱證券（香港）有限公司；二零零一年，成立王小軍律師行，並於二零零九年與君合律師事務所合併，目前為君合律師事務所合夥人。二零一一年至二零一二年，王先生擔任建銀國際（控股）有限公司董事總經理。二零零五年至二零一一年，曾任廣州廣船國際股份有限公司（股票代碼：317.HK及600685.SH）獨立非執行董事。二零零八年至二零一四年，曾任北方國際合作股份有限公司（股票代碼：000065.SZ）獨立非執行董事。目前，王先生亦為以下公司的獨立非執行董事：東英金融投資有限公司（股票代碼：1140.HK）、兗州煤業股份有限公司（股票代碼：1171.HK及600188.SH及YZC）、中國航天國際控股有限公司（股票代碼：31.HK）及麗珠醫藥集團股份有限公司（股票代碼：1513.HK及000513.SZ）。王先生畢業於中國人民大學，獲法學學士學位；後於中國社會科學院獲法律碩士學位。

**付饒女士**，39歲，於二零一四年六月起擔任本公司聯席公司秘書，至二零一六年六月辭任。於二零零七年加入本公司前，付女士曾任職於長城國際信息產品（深圳）有限公司，該公司後被聯想收購、更名為聯想國際信息產品（深圳）有限公司。付女士畢業於吉林財經大學（前稱長春稅務學院），獲經濟學學士學位；後分別於上海復旦大學法學院及美國哥倫比亞大學法學院獲法律碩士學位及法學碩士學位。

# 企業管治報告





# 企業管治報告

董事會欣然匯報截至二零一六年十二月三十一日止年度的企業管治報告。

## 企業管治常規

本公司致力於提倡良好企業管治，並已就企業管治制定程序，該等程序符合上市規則附錄十四所載的企業管治守則（「該守則」）。

## 遵守守則條文

截至二零一六年十二月三十一日止年度，本公司一直遵守該守則。

## 董事的證券交易

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則（「標準守則」）作為本公司關於董事進行證券交易的守則。本公司已向所有董事作特定查詢，每位董事均已確認其於截至二零一六年十二月三十一日止年度全年遵守當中所載的必守標準。

## 董事會

董事會總體上負責本公司的業務及事務管理，並對轉授予主席及管理層負責的本公司日常管理承擔最終責任。

董事會現時共有九名董事，當中包括兩名執行董事張素心先生（主席）（於二零一六年三月十一日獲委任）及王煜先生（總裁），四名非執行董事陳劍波先生、馬玉川先生、森田隆之先生及葉峻先生，以及三名獨立非執行董事張祖同先生、王桂壩先生、太平紳士及葉龍蜚先生。傅文彪先生自二零零九年七月至二零一六年三月為本公司執行董事兼主席。有關各董事的更多詳情在本年度報告第89至91頁披露。本公司已於本公司網頁及香港聯交所網頁刊載經更新的董事名單，列明其角色和職能。

本公司各非執行董事皆以三年的特定任期委任，除非根據相關委任書或董事服務合約上的條款及條件被終止委任，彼等須於股東大會上接受本公司重新提名及重選。

於本年度，董事會定期舉行會議。全體董事皆有機會提出商討事項列入董事會定期會議議程。全體董事皆可直接接觸公司秘書，確保董事會議事程序及規則及規例均獲得遵守。董事會會議的完整會議紀錄由公司秘書保管，並應在獲得合理通知時，公開有關會議紀錄以供查閱。如有需要，各董事可尋求獨立專業意見以履行其責任，費用由本公司支付。

董事會負責制定本集團的策略性方向及政策，並監督管理層。董事會保留的部份職能包括（但不限於）監察及批准重大交易、涉及本公司主要股東或董事利益衝突的事宜、批准季度、中期及全年業績、向公眾或監管機構進行其他披露及內部監控系統，另與前述事項相關的決定亦須由董事會決定。董事會並無具體保留、本公司日常運作所需的事宜則轉授予管理層，管理層由相應董事監督並由主席領導。

主席負責制定商業策略，領導董事會，確保董事會有效地運作，包括董事會及時就所有適当事項進行討論。主席確保董事會會議所審議的事項均已向所有董事妥善簡報，而全體董事所收到的資訊亦充分、完備及可靠。

主席與總裁的角色已予區分。主席負責本公司整體管理及運營，並建議及檢討本公司的企業方向及策略。總裁負責本公司的業務與營運的日常管理並實施本公司的業務策略。

截至二零一六年十二月三十一日止年度，董事會無論何時均遵守上市規則第3.10(1)、(2)條及第3.10A條的規定，委任最少三名獨立非執行董事，獨立非執行董事佔董事會成員人數至少三分之一；其中至少一名獨立非執行董事必須具備適當的專業資格，或具備適當的會計或相關的財務管理專長。各獨立非執行董事已根據上市規則第3.13條作出年度獨立性確認書。本公司認為，全體獨立非執行董事符合上市規則第3.13條所載的獨立性指引，根據指引條款均屬於獨立人士。

## 董事和高級人員的責任保險

本公司已為本公司及其子公司的全體董事和高級人員安排適當的保險，以就因本公司的企業行動而可能面對的法律訴訟給予保障。

## 董事會的運作

截至二零一六年十二月三十一日止年度，董事會曾舉行五次董事會會議。董事會各成員出席董事會會議、審核委員會會議、提名委員會會議、薪酬委員會會議及股東大會的記錄如下：

	董事會會議	審核委員會會議	提名委員會會議	薪酬委員會會議	股東大會
<b>執行董事</b>					
張素心(附註1)	4	不適用	0	不適用	1
傅文彪(附註2)	1	不適用	不適用	不適用	不適用
王煜	5	不適用	不適用	不適用	1
<b>非執行董事</b>					
陳劍波	5	不適用	不適用	1	1
馬玉川	5	不適用	不適用	不適用	1
森田隆之	5	不適用	不適用	不適用	1
葉峻	5	5	不適用	不適用	1
<b>獨立非執行董事</b>					
張祖同	5	5	不適用	不適用	1
王桂壘，太平紳士	5	不適用	1	1	1
葉龍蜚	5	5	1	1	1

附註1：張素心先生於二零一六年三月十一日獲委任為本公司董事會主席兼執行董事及提名委員會主席。

附註2：傅文彪先生出席了二零一六年二月二日召開的董事會會議。傅文彪先生於二零一六年三月十一日辭任本公司執行董事兼主席且不再為本公司提名委員會成員及主席。

## 企業管治報告

董事會亦傳閱書面決議案，取得董事會相關成員批准，以代替有形的會議。惟若有主要股東或董事在事項中存有董事會認為重大的利益衝突，有關事項則以舉行董事會會議（而非書面決議案）方式處理，以遵守該守則第A.1.7條。

董事會認為各董事的出席紀錄令人滿意，每位董事皆付出足夠時間來履行其董事職責。

### 持續專業發展

董事應跟進其作為本公司董事的責任，並跟進本公司的行為、業務活動及發展。

根據守則條文第A.6.5條，董事應參與適當的持續專業發展計劃，以建立並更新其知識及技能，確保其對董事會的貢獻是有根據及相關。截至二零一六年十二月三十一日止年度，全體董事獲及時提供有關本公司表現、財務狀況、前景的最新資料以及適用於本集團的法律及法規新的或顯著變化的材料，以便董事會整體及各董事履行職責。各董事將於下一個財政年度獲安排參與內部舉辦的簡報會，以及在適當時間獲發放相關議題的閱讀資料。本公司鼓勵所有董事參與相關培訓課程，課程費用由本公司負責。

### 薪酬委員會

本公司的薪酬委員會（「薪酬委員會」）現時成員包括一名非執行董事陳劍波先生及兩名獨立非執行董事王桂壘先生，太平紳士及葉龍蜚先生。薪酬委員會主席為王桂壘先生，太平紳士。薪酬委員會的角色及功能包括為所有執行董事及高級人員制定特定薪酬待遇，包括非金錢利益、退休金權利及報酬，並就非執行董事的薪酬待遇，向董事會提出建議。薪酬委員會應考慮同類公司支付的薪酬及集團內其他職位的僱用條件等因素，以及與工作表現掛鈎的薪酬安排的可取性。薪酬委員會已在本公司網站及聯交所網站上公開其職權範圍。薪酬委員會每年最少須舉行一次會議。

截至二零一六年十二月三十一日止年度，薪酬委員會舉行一次會議以檢討及建議本公司購股權計劃，該計劃由本公司於二零一五年九月一日舉行的股東特別大會批准。

各董事的薪酬詳情已列於財務報表附註8。

## 提名委員會

本公司的提名委員會（「提名委員會」）現時成員包括一名執行董事張素心先生（於二零一六年三月十一日獲委任）及兩名獨立非執行董事王桂壠先生，太平紳士及葉龍蜚先生。提名委員會主席為張素心先生（於二零一六年三月十一日獲委任）。傅文彪先生於二零一四年九月二十二日獲委任為提名委員會成員兼主席。於二零一六年三月十一日，傅文彪先生不再為提名委員會成員兼主席。提名委員會的角色及功能包括檢討董事會的架構、人數及組成，並就任何為補足本公司的公司策略而擬對董事會作出的任何建議變動提出建議；並遵從董事會成員多元化政策，物色具備合適資格可擔任董事的人士，並挑選提名董事人選或就此向董事會提供意見；評估獨立非執行董事的獨立性；就董事委任或重新委任以及董事（尤其是主席及總裁）繼任計劃向董事會提出建議，並監察落實董事會成員多元化政策的情況及適當檢討有關政策，以確保政策有效。提名委員會已書面訂明提名委員會的具體職權範圍，清楚說明其職權和責任。提名委員會已在本公司網站及聯交所網站上公開其職權範圍。提名委員會每年最少須舉行一次會議。

截至二零一六年十二月三十一日止年度，提名委員會舉行一次會議。

根據本公司的組織章程細則（「細則」），任何獲委任為董事以填補董事會臨時空缺的人士應留任至本公司下次股東週年大會為止，屆時將符合資格於相關股東大會上膺選連任，而任何獲委任為現有董事會新增成員的董事則應留任至本公司下屆股東週年大會為止，屆時將符合資格於相關股東大會上膺選連任。各董事最少每三年輪席退任一次，屆時應按細則規定膺選連任。細則亦允許以普通決議案罷免董事。

## 核數師的薪酬

截至二零一六年十二月三十一日止年度，就向本公司提供的核數服務及與核數無關的服務已付或應付本公司核數師安永會計師事務所的薪酬分別為50萬美元及7萬美元。與核數無關的服務主要包括稅務諮詢服務和風險管理諮詢服務。

## 審核委員會

本公司的審核委員會（「審核委員會」）中，最少一名成員具備上市規則所要求的適當專業資格，或具備適當的會計或相關的財務管理專長。審核委員會並無成員於緊接各自委任日期前一年內擔任本公司現任外聘核數師的前任合夥人。所有成員皆具備適當的能力和經驗去審閱財務報表，以及解決本公司的重大監控及財務問題。董事會期望審核委員會成員能作出獨立判斷，並將企業管治功能的責任轉授予審核委員會，以遵守該守則的要求。

## 企業管治報告

本公司審核委員會現時成員包括一名非執行董事葉峻先生及兩名獨立非執行董事張祖同先生及葉龍蜚先生。審核委員會主席為張祖同先生。審核委員會的主要職責包括檢討本公司的財務報告系統、審計的性質及範疇，以及內部監控與風險管理系統是否有效。審核委員會同時負責就外聘核數師的委任、重新委任及罷免提供建議，以及檢討及監察外聘核數師是否獨立客觀。另外，審核委員會會就任何因外聘核數師及監管機構所引起的事宜進行討論，以確保適當的建議已予落實。審核委員會已在本公司網站及聯交所網站上公開其職權範圍。審核委員會每年最少須舉行兩次會議。亦請參閱審核委員會日期為二零一五年十二月二十九日的經修訂職權範圍（於二零一六年一月一日生效）。

截至二零一六年十二月三十一日止年度，審核委員會曾舉行五次會議，所有成員出席。在該等會議中，審核委員會已檢討及批准本公司二零一六年四個季度各季度、截至二零一六年六月三十日止六個月及截至二零一六年十二月三十一日止年度的財務報表。

### 董事會成員多元化政策概要

於二零一四年九月二十二日，董事會採納董事會成員多元化政策（該「政策」），以遵守守則條文第A.5.6條。

該政策旨在列載本公司董事會為達致成員多元化而採取的方針，並不適用於本公司僱員，或本公司的子公司的董事會或僱員的多元化。本公司視董事會層面日益多元化為維持其競爭優勢的關鍵元素。本公司在設定董事會成員組合時，將從多個方面考慮董事會成員多元化，包括但不限於天賦、技能、地區及行業經驗、背景、性別、年齡及董事會成員的其他素質，令董事會上各種天賦、技能、經驗及背景維持適當的範疇及平衡。向董事會建議選董事候選人時，提名委員會將按照客觀標準考慮候選人的功績，並充分顧及董事會成員在多元化方面的益處。提名委員會將就達致董事會成員多元化的可計量目標，作出討論及達成一致，並向董事會作出建議，由董事會採用。在任何特定時間，董事會可在一個或多個方面改善其多元化，並相應檢討其進展。本公司致力在與業務增長有關的董事會多元化範疇，維持適當平衡。

### 企業管治職能

董事會負責執行該守則內第D.3.1條所列明的職能。

董事會已檢討本公司的企業管治政策及常規、董事及高級管理人員的培訓及持續專業發展、本公司在遵守法律和監管規定方面的政策及常規、遵守標準守則、以及本公司遵守該守則的情況及在企業管治報告內的披露。

### 投資者關係

本公司提供網站[www.huahonggrace.com](http://www.huahonggrace.com)，以刊登本公司業務發展及營運的最新資訊、董事名單及其角色與職能、組織章程文件、董事會及其轄下委員會的職權範圍、提名董事候選人的程序、股東權益及通訊政策、企業管治常規、向香港聯交所發放的公告、通函及報告，以及其他資訊。本公司網站上的資訊將不時更新。

## 公司秘書

公司秘書王小軍先生向董事會負責，以確保董事會程序獲得遵守，董事會活動亦獲有效率地高效進行。他亦負責確保董事會已全面評估與本公司有關的相應法律、法規及企業管治發展，協助董事的入職及專業發展。付饒女士，已經於二零一六年六月二十日辭任聯席公司秘書一職。

公司秘書向本公司董事會主席及總裁匯報，在本公司與其股東的關係中擔當重要角色，協助董事會向股東履行其責任，以遵守上市規則。

截至二零一六年十二月三十一日止年度期間，王小軍先生已出席相關專業講座以更新彼等的技能及知識，並遵守上市規則第3.29條的規定，接受不少於15小時的相關專業培訓。

## 股東的權利

本公司以多種正式渠道，確保其業績及活動獲公平披露及全面而透明的披露。該等渠道包括季度報告、中期報告、年度報告、公告及通函。

本公司的股東大會為董事會與股東之間的主要溝通論壇。本公司鼓勵其股東出席及參與股東大會，以確保高問責水平，以及使股東保持對本公司的政策及目標的了解。董事會主席、其他董事會成員及各董事會委員會主席（若主席未能出席，則由委員會其他成員出席）將在場為股東解答任何問題。

## 股東召開股東特別大會的程序

一名或多名持有本公司繳足股本不少於二十分之一的股東可請求董事，或根據香港法例第622章公司條例（「公司條例」）第566至568條提出請求的股東（「請求方」）（視情況而定）可提出召開股東特別大會的請求。請求書須列明召開大會的目的，由請求方簽署，並送至本公司的註冊辦事處。股東召開股東特別大會時須遵守公司條例第580至583條所列明的要求及程序。

## 於股東大會上提出要求及將股東查詢轉達董事會的程序

股東可於任何時間以書面形式向本公司提出其要求、計劃、查詢及想法，信件抬頭請註明董事會主席或公司秘書，其聯絡地址為：

中國上海張江高科技園區哈雷路288號，郵編：201203

電話：(86) 21 38829909

傳真：(86) 21 50809999

電子郵件：IR@hhgrace.com

## 以投票方式表決

根據上市規則第13.39(4)條，股東於股東大會上的任何表決均須以投票方式進行。

# 企業管治報告

## 風險管理和內部監控

### 風險管理及內部監控目標

#### 風險管理目標

在合規層面，聯交所已修訂其有關風險管理的《企業管治守則》，並於2016年1月1日生效。本公司已進一步調整有關流程，確保符合相關規定。

在營運層面，本公司管理層深知公司未來發展過程中所面臨的風險。因此，本公司的風險管理目標是要識別、評估這些風險，並採取降低、轉移、規避或接受等風險應對策略管理這些風險。本公司已經開展風控體系建設，搭建風險管理框架，明確風險管理機制，建立風險管理制度，形成滿足該守則監管要求的，符合公司實際情況的簡潔、科學、務實、高效的風險管控模式。

#### 內部控制體系目標

本公司內部控制體系充分吸收COSO（反虛假財務報告委員會的發起人組織委員會）的風險管理框架要求和香港會計師公會關於風險管理的指南，兼顧本公司實際情況和業務特點，制定控制框架，目標是評價內部監控系統的有效性和適用性，為確保本公司經營活動的有效性、其財務報告的可靠性和法律法規的遵循性提供合理保證。

### 風險管理及內部監控體系

為保障風險管理工作有效開展並形成長效機制，本公司已建立風險管理「三道防線」的監控體系。它包含下列多個不同層面的角色和責任：

---

#### 第一道防線

#### 業務部門

- 建立與維護本部門風險管理的各項機制；
- 於日常工作中持續收集風險原始信息；
- 協助風險管理條線開展風險管理工作，包括提供必要的資料與樣本，確定與本部門相關的重大風險，並確定重大風險應對措施；

---

#### 第二道防線

#### 風險管理條線

- 制定／修訂公司風險管理各項制度和規定，提交公司經營管理層與審核委員會審議；
- 設定／更新通用的風險管理語言，包括風險管理過程中的各項名詞、術語，並向風險管理相關部門及時宣導和貫徹；
- 每年基於風險評估結果，界定重大風險應對責任主體，組織並指導相關部門制定重大風險應對方案，並對方案的實施進行跟蹤；

## 第三道防線

### 內部審計條線

- 對各業務部門和風險管理條線的風險管理工作開展情況進行獨立的監督檢查，評價公司風險管理機制是否有效落實；
- 對於審計過程中的發現點，督促相關部門或機構進行整改，並持續跟踪整改情況；
- 向公司審核委員會匯報各項審計結果。

### 風險管理及內部監控聲明

董事會已指派內部審計部門執行內部審計職能，並充分保證其權威性及獨立性。內部審計師已根據經批准的檢查範圍及按企業管治守則內守則條文C.2條款規定，對本公司風險管理及內部監控制度的有效程度進行檢查，並無出現重大缺失。

根據內部審計部門的工作結果，本公司董事會認為，本公司的風險管理及內部監控系統令人信任且有效地運作。但我們也必須承認，公司的風險管理和內部監控架構旨在管理、而非完全消除影響本公司達致業務目標能力的風險，僅可對重大錯誤的陳述或損失提供合理而非絕對的保證。

## 一般資料

董事負責編製本公司每個財政期間的財務報表，使這些財務報表能真實和公平地反映本公司的業務狀況，並符合法定要求及適用會計準則。在編製截至二零一六年十二月三十一日止年度的財務報表時，董事已挑選並貫徹地應用適當的會計政策、作出審慎、公平及合理的判斷及估計，並按持續經營基準編製財務報表。

核數師的財政申報責任聲明載於本年度報告中第155至162頁的獨立核數師報告內。

代表董事會

張素心先生

主席



# 董事會報告



董事會謹提呈本集團截至二零一六年十二月三十一日止年度的年報及經審核財務報表（「財務報表」）。

## 主要業務

本公司為200mm純晶圓代工廠。我們主要專注製造特種應用的半導體。其主要子公司的業務載於財務報表附註1。

## 業務回顧

### 銷售收入分析

本公司二零一六年的銷售收入為7.214億美元，創記錄新高，較二零一五年增長11.0%。在二零一六年，儘管我們的產能及付運晶圓創下記錄高點，但基於本公司不同技術平台的產品需求大幅增長，造就了公司自第一季度起四個季度的銷售額持續成長。本年度亦為毛利保持連續成長的第五年。

	按類別劃分的銷售收入					
	二零一六年 千美元	二零一六年 %	二零一五年 千美元	二零一五年 %	同比變化 千美元	同比變化 %
晶圓	704,510	97.7%	631,736	97.2%	72,774	11.5
其他	16,918	2.3%	18,395	2.8%	(1,477)	(8.0)
總銷售收入	721,428	100.0%	650,131	100.0%	71,297	11.0

- 我們97.7%的銷售收入來源於半導體晶圓的銷售。

	按客戶劃分的銷售收入					
	二零一六年 千美元	二零一六年 %	二零一五年 千美元	二零一五年 %	同比變化 千美元	同比變化 %
系統及無廠半導體公司	551,614	76.5%	489,179	75.2%	62,435	12.8
集成器件製造商	169,814	23.5%	160,952	24.8%	8,862	5.5
總銷售收入	721,428	100.0%	650,131	100.0%	71,297	11.0

- 於二零一六年，來源於系統及無廠半導體公司的銷售收入為5.516億美元，同比增長12.8%。
- 於二零一六年，來源於集成器件製造商的銷售收入為1.698億美元，同比增長5.5%。

## 董事會報告

### 按地域劃分的銷售收入

	二零一六年 千美元	二零一六年 %	二零一五年 千美元	二零一五年 %	同比變化 千美元	同比變化 %
中國	<b>378,030</b>	<b>52.4%</b>	358,896	55.2%	19,134	5.3
美國	<b>141,186</b>	<b>19.6%</b>	123,716	19.0%	17,470	14.1
亞洲其他地區	<b>91,175</b>	<b>12.6%</b>	52,844	8.1%	38,331	72.5
歐洲	<b>68,468</b>	<b>9.5%</b>	61,648	9.5%	6,820	11.1
日本	<b>42,569</b>	<b>5.9%</b>	53,027	8.2%	(10,458)	(19.7)
總銷售收入	<b>721,428</b>	<b>100.0%</b>	650,131	100.0%	71,297	11.0

- 二零一六年，中國仍然是對我們銷售收入貢獻最大的市場，來自中國的銷售收入為3.780億美元，佔總銷售收入的52.4%，同比增長5.3%，主要由於分立器件、LED照明產品、微控制器以及邏輯及射頻產品的需求增加。
- 來自美國的銷售收入為1.412億美元，同比增長14.1%，主要由於微控制器及分立器件的需求增加。
- 來自亞洲其他地區的銷售收入為9,120萬美元，同比增長72.5%，主要由於微控制器、邏輯及射頻產品及分立器件的需求增長。
- 來自歐洲的銷售收入為6,850萬美元，同比增長11.1%，主要由於智能卡及分立器件需求增加。
- 來自日本的銷售收入為4,260萬美元，同比減少19.7%，主要由於微控制器的需求減少。

### 按技術平台劃分的銷售收入

	二零一六年 千美元	二零一六年 %	二零一五年 千美元	二零一五年 %	同比變化 千美元	同比變化 %
嵌入式非易失性存儲器	<b>265,425</b>	<b>36.8%</b>	284,948	43.8%	(19,523)	(6.9)
分立器件	<b>197,168</b>	<b>27.3%</b>	146,802	22.6%	50,366	34.3
模擬與電源管理	<b>139,969</b>	<b>19.4%</b>	106,097	16.3%	33,872	31.9
邏輯及射頻	<b>93,996</b>	<b>13.0%</b>	77,541	11.9%	16,455	21.2
獨立非易失性存儲器	<b>22,740</b>	<b>3.2%</b>	31,102	4.8%	(8,362)	(26.9)
其他	<b>2,130</b>	<b>0.3%</b>	3,641	0.6%	(1,511)	(41.5)
總銷售收入	<b>721,428</b>	<b>100.0%</b>	650,131	100.0%	71,297	11.0

- 嵌入式非易失性存儲器的銷售收入為2.654億美元，同比減少6.9%，主要由於智能卡的需求下降，部分被微控制器的需求增加抵銷。
- 分立器件的銷售收入為1.972億美元，同比增長34.3%，主要由於垂直溝槽型超級結MOSFET、IGBT及MOSFET需求強勁。

- 模擬與電源管理的銷售收入為1.400億美元，同比增長31.9%，主要由於模擬及LED照明產品需求強勁。
- 邏輯及射頻產品的銷售收入為9,400萬美元，同比增長21.2%，主要由於邏輯及射頻（具體包括藍牙技術及音訊轉碼器）的需求增加。

### 按工藝技術節點劃分的銷售收入

	二零一六年 千美元	二零一六年 %	二零一五年 千美元	二零一五年 %	同比變化 千美元	同比變化 %
≤0.13μm	242,690	33.6%	241,620	37.2%	1,070	0.4
0.15μm及0.18μm	120,644	16.7%	111,299	17.1%	9,345	8.4
0.25μm	17,702	2.5%	15,933	2.5%	1,769	11.1
≥0.35μm	340,392	47.2%	281,279	43.2%	59,113	21.0
總銷售收入	721,428	100.0%	650,131	100.0%	71,297	11.0

- 0.13μm及以下技術節點的銷售收入為2.427億美元，同比小幅增長，主要由於微控制器、銀行IC卡及邏輯及射頻產品的需求增加，同時被SIM卡需求減少所抵銷。
- 0.15μm及0.18μm技術節點的銷售收入為1.206億美元，同比增長8.4%，乃由於微控制器的需求較大。
- 0.25μm技術節點的銷售收入為1,770萬美元，同比增長11.1%，主要由於手機及汽車產品的驅動所致。
- 0.35μm及以上技術節點的銷售收入為3.404億美元，同比增長21.0%，主要是由於分立器件及LED照明產品的需求增加。

### 按終端市場劃分的銷售收入

	二零一六年 千美元	二零一六年 %	二零一五年 千美元	二零一五年 %	同比變化 千美元	同比變化 %
電子消費品	474,200	65.7%	364,773	56.1%	109,427	30.0
通訊	117,645	16.3%	149,926	23.1%	(32,281)	(21.5)
工業及汽車	83,359	11.6%	86,677	13.3%	(3,318)	(3.8)
計算機	46,224	6.4%	48,755	7.5%	(2,531)	(5.2)
總銷售收入	721,428	100.0%	650,131	100.0%	71,297	11.0

- 電子消費品的銷售收入為4.742億美元，同比增長30.0%，主要由於分立器件、微控制器、LED照明以及邏輯及射頻產品需求增加。
- 通訊產品銷售收入為1.176億美元，同比減少21.5%，主要由於SIM卡需求減少。

## 董事會報告

- 工業及汽車產品的銷售收入為8,340萬美元，同比減少3.8%，主要由於智能卡及微控制器需求減少。
- 計算機銷售收入為4,620萬美元，同比減少5.2%，主要由於NOR閃存及邏輯及射頻產品需求減少。

產能及產能利用率			
晶圓廠 (千片晶圓每月)	二零一六年	二零一五年	同比變化
1號晶圓廠	56	56	-
2號晶圓廠	57	50	7
3號晶圓廠	42	40	2
晶圓製造月產能總計	155	146	9
產能利用率	97.6%	90.0%	7.6%

- 由於客戶需求增加大於產能增加，產能利用率由二零一五年的90.0%增至二零一六年的97.6%。

付運晶圓			
千片晶圓	二零一六年	二零一五年	同比變化 百分比
付運晶圓	1,787.2	1,441.9	24.0%

- 二零一六年，我們付運晶圓178.72萬片，同比大幅增加24.0%，乃由於產能及利用率均有提升。

### 研發：

自二零一六年第一季度以來，我們的90nm嵌入式閃存工藝平臺成功實現量產，基於該平臺製造的芯片以其尺寸小、功耗低、性能高的特點，可為智能卡、安全芯片產品（例如SIM卡、USB密匙、銀行卡及社保卡）及MCU提供高性價比的技術解決方案。

經過多年的不懈努力，MCU已成為我們最大的業務分支。華虹半導體擁有高端MCU所用的先進eFlash/eEEPROM（嵌入式電可擦除可編程只讀記憶體）處理平臺，以及入門級MCU所用的高性價比OTP/MTP（一次編程／多次編程）處理平臺。為響應物聯網、雲計算、大數據、智慧城市及虛擬現實(VR)等新興應用不斷增長的市場需求，我們繼續在MCU平臺上進行創新，旨在為客戶提供更低功耗、更高性能、安全、可靠及高性價比的領先解決方案。此外，我們可將我們領先的嵌入式存儲技術與CMOS射頻集成及／或高壓技術結合及匹配，極大增加了可用MCU解決方案的數量，以滿足客戶的不同要求。

我們將繼續鞏固在專有技術方面的優勢。於二零一六年，金融IC卡芯片的總付運量達到2億顆。我們客戶的銀行卡IC產品獲得三項重大認證：(i)EMVCo安全認證(ii)CC(通用標準)EAL5+安全認證，及(iii)MasterCard的卡片質量管理(CQM)認證。該等認證證明本公司的金融IC卡芯片工藝及安全管理系統已達到國際先進水平，並獲得全球認可。該等成就為本公司挖掘本地及國際金融市場的巨大潛力奠定了堅實的基礎。

作為中國付運量最大的LED驅動IC代工廠，華虹半導體已引入全面的電源管理IC解決方案，為其市場發展注入強勁動力。於二零一六年，本公司的超高壓700V BCD技術平臺的付運量約20億顆，在LED照明市場佔領先地位。本公司亦成功開發出基於700V LDMOS工藝的開關型LED驅動所用的超高壓結型場效應晶體管(JFET)，亦為我們於市場的成功作出貢獻。700V BCD技術平臺可為LED IC、交流直流轉換IC提供最高性價比。我們將繼續加大研發投入，以擴大700V BCD技術平臺，使其適合更多的應用程序(如電機驅動)。例如，我們正在開發一種增強型700V BCD技術，以進一步提高其競爭力。

我們自豪地宣佈一些令人鼓舞的消息，即我們分立器件平臺的累計付運量已超過500萬片晶圓。這是一個了不起的里程碑。作為全球領先的200mm純晶圓代工廠，我們在穩定生產功率分立器件方面擁有10多年的良好往績，並為業內首個擁有垂直溝槽SJNFET及電場阻斷IGBT工藝平臺的200mm代工廠。我們致力於為客戶提供更高端的分立器件技術解決方案，並已推出第三代垂直溝槽SJNFET工藝平臺，為客戶提供導通電阻更低、佔位面積及開關損耗更小以及開關速度更快的生產解決方案。關鍵器件參數已達到世界級標準。特別是，華虹半導體為中國唯一一家擁有一整套IGBT背面處理技術的代工廠，為綠色能源應用提供從低電壓到高電壓的全系列解決方案，並可根據客戶要求定制各種功率器件。

根據中國國家知識產權局(SIPO)公佈的二零一六年十大發明專利授權表，本公司為授權表上唯一一家集成電路企業，代表著公司的技術創新及知識產權擴張創下新的里程碑。這一成就歸功於本公司不斷追求卓越技術創新及知識產權保護。未來，本公司將繼續實現更加驚人的技術創新。

### 遵守相關法律及法規

截至二零一六年十二月三十一日止年度，本公司並不知悉違反任何相關法律及法規而對其本身有重大影響的任何情況。

## 董事會報告

### 展望二零一七年

受中國半導體政策推動及政府鼓勵創業開拓創新影響，中國半導體設計公司的數量一直在迅速增長，因此，設計公司的銷售額相應錄得快速增長，尤其在分立器件、銀行卡及MCU應用等公司具有技術實力的領域。我們將繼續受益於這一趨勢。

我們將繼續擴大產能，來滿足日益增長的產品需求，尤其是微控制器。

隨著我們90nm嵌入式NVM技術的成功開發，我們可提供具競爭力的存儲尺寸及卓越的可靠性能，越來越多的智能卡產品於二零一七年將持續導入至90nm，這將進一步增強我們在智能卡市場的實力。

由於智能手機的付運量持續增長以及未來5G蜂窩通信的發展及採用，移動設備中射頻元件的需求將持續增長。本公司將繼續開發射頻相關技術，包括射頻SOI器件，以專注於相關應用及因應此發展趨勢。

展望未來，我們將致力於進一步減小存儲單元及IP模塊尺寸，優化我們具有優勢的差異化技術，為不同客戶提供高效及高性價比的增值解決方案。

## 管理層討論及分析

### 財務表現

	二零一六年 千美元	二零一五年 千美元	變動
銷售收入	<b>721,428</b>	650,131	11.0%
銷售成本	<b>(501,080)</b>	(448,705)	11.7%
<b>毛利</b>	<b>220,348</b>	201,426	9.4%
其他收入及收益	<b>34,761</b>	42,717	(18.6)%
投資物業的公平值收益	<b>72</b>	58	24.1%
銷售及分銷費用	<b>(6,814)</b>	(7,292)	(6.6)%
管理費用	<b>(97,404)</b>	(104,855)	(7.1)%
其他費用	<b>(666)</b>	(9)	7,300.0%
財務費用	<b>(3,873)</b>	(7,754)	(50.1)%
分佔一家聯營公司溢利	<b>7,056</b>	961	634.2%
<b>稅前溢利</b>	<b>153,480</b>	125,252	22.5%
所得稅開支	<b>(24,648)</b>	(12,703)	94.0%
<b>年內溢利</b>	<b>128,832</b>	112,549	14.5%

#### 就同比變動超過5%的項目的闡釋

##### 銷售收入

銷售收入達7.214億美元，較二零一五年上升11.0%，主要由於客戶對微控制器、分立器、模擬與電源管理芯片及邏輯及射頻產品需求上升所致，部分被智能卡IC及獨立非易失性存儲器需求下降所抵銷。

##### 銷售成本

銷售成本為5.011億美元，較二零一五年上升11.7%，主要由於晶圓銷售量上升所致。

##### 毛利

毛利為2.203億美元，較二零一五年上升9.4%，主要由於晶圓銷售量上升所致，部分被折舊及攤銷費用增加所抵銷。



## 董事會報告

### 其他收入及收益

其他收入及收益為3,480萬美元，較二零一五年減少18.6%，主要由於利息收入、獲得的補助及外匯匯兌收益減少所致。

### 投資物業的公平值收益

投資物業的公平值收益指投資物業估值的收益。與二零一五年相比，我們的投資物業在二零一六年的評估價值較為穩定，其公平值收益相對較小。

### 銷售及分銷費用

銷售及分銷費用為680萬美元，較二零一五年減少6.6%，主要由於二零一六年人民幣貶值產生貨幣換算差額所致。

### 管理費用

管理費用為9,740萬美元，較二零一五年減少7.1%，主要由於(i)計提設備減值準備減少，及(ii)研發補助增加所致。

### 其他費用

其他費用二零一六年增加至70萬美元。

### 財務費用

財務費用為390萬美元，較二零一五年減少50.1%，主要由於銀行借款減少所致。

### 分佔一家聯營公司溢利

分佔一家聯營公司溢利由二零一五年100萬美元增加至二零一六年710萬美元，主要由於該聯營公司所實現溢利增加所致。

### 所得稅開支

所得稅開支為2,460萬美元，較二零一五年增加94.0%，主要由於(i)應課稅收入增加，及(ii)在二零一五年時曾轉回代扣代繳稅金。

### 年內溢利

在上述因素的累計影響下，年內溢利由二零一五年1.125億美元上升至1.288億美元。淨利率由二零一五年17.3%上升至二零一六年17.9%。

## 財務狀況

	二零一六年 十二月三十一日 千美元	二零一五年 十二月三十一日 千美元	變動
<b>非流動資產</b>			
物業、廠房及設備	656,517	629,180	4.3%
投資物業	169,074	180,542	(6.4)%
於聯營公司的投資	45,121	40,833	10.5%
可供出售投資	203,330	217,214	(6.4)%
其他非流動資產	37,828	46,134	(18.0)%
<b>非流動資產總額</b>	<b>1,111,870</b>	<b>1,113,903</b>	<b>(0.2)%</b>
<b>流動資產</b>			
存貨	95,199	107,081	(11.1)%
貿易應收款項及應收票據	106,078	103,822	2.2%
其他流動資產	46,715	34,690	34.7%
已凍結及定期存款	125,547	41,796	200.4%
現金及現金等價物	341,255	510,441	(33.1)%
<b>流動資產總額</b>	<b>714,794</b>	<b>797,830</b>	<b>(10.4)%</b>
<b>流動負債</b>			
貿易應付款項	64,790	66,280	(2.2)%
其他流動負債	171,281	168,896	1.4%
計息銀行借款	1,874	42,750	(95.6)%
<b>流動負債總額</b>	<b>237,945</b>	<b>277,926</b>	<b>(14.4)%</b>
<b>流動資產淨額</b>	<b>476,849</b>	<b>519,904</b>	<b>(8.3)%</b>
<b>非流動負債</b>			
計息銀行借款	90,757	137,871	(34.2)%
遞延稅項負債	9,276	5,246	76.8%
<b>非流動負債總額</b>	<b>100,033</b>	<b>143,117</b>	<b>(30.1)%</b>
<b>淨資產</b>	<b>1,488,686</b>	<b>1,490,690</b>	<b>(0.1)%</b>

# 董事會報告

## 就同比變動超過5%的項目的闡釋

### 投資物業

投資物業由1.805億美元減少至1.691億美元，主要由於二零一六年人民幣貶值而產生貨幣換算差額所致。

### 於聯營公司的投資

於聯營公司的投資由4,080萬美元上升至4,510萬美元，主要由於分佔該聯營公司於二零一六年的溢利所致。

### 可供出售投資

可供出售投資由2.172億美元減少至2.033億美元，主要由於二零一六年人民幣貶值而產生貨幣換算差額所致。

### 其他非流動資產

其他非流動資產由4,610萬美元減少至3,780萬美元，主要由於設備預付款減少及無形資產及預付土地租賃款在二零一六年的攤銷所致。

### 存貨

存貨由1.071億美元減少至9,520萬美元，主要由於存貨週轉加快所致。

### 其他流動資產

其他流動資產由3,470萬美元上升至4,670萬美元，主要由於二零一六年一些應收關聯方的貿易應收款項因其銷售收入的上升而增加所致。

### 已凍結及定期存款

已凍結及定期存款由4,180萬美元上升至1.255億美元，主要由於新增定期存款所致。

### 現金及現金等價物

現金及現金等價物由5.104億美元減少至3.413億美元，主要由於(i)設備投資1.726億美元；(ii)償還銀行借款8,550萬美元；(iii)投資定期存款8,500萬美元；(iv)支付股息3,590萬美元；及(v)利息開支390萬美元支出的現金，部分被(i)經營活動所得2.119億美元；(ii)用於購買固定資產的政府補助2,070萬美元；及(iii)利息收入350萬美元收到的現金所抵銷所致。此外，由於人民幣貶值所致的調減為2,240萬美元。

### 計息銀行借款

計息銀行借款總額由1.806億美元減少至9,260萬美元，主要由於償還銀行借款所致。

### 遞延稅項負債

遞延稅項負債主要包含預估分派股息之代扣代繳稅金，其金額由520萬美元上升至930萬美元，主要由於二零一六年計提代扣代繳稅金所致，被派付二零一五年股息所繳納之稅項抵銷。

## 現金流量

	二零一六年 千美元	二零一五年 千美元	變動
經營活動所得現金流量淨額	<b>211,908</b>	187,777	12.9%
投資活動所用現金流量淨額	<b>(233,398)</b>	(207,658)	12.4%
融資活動所用現金流量淨額	<b>(125,341)</b>	(88,693)	41.3%
<b>現金及現金等價物減少淨額</b>	<b>(146,831)</b>	(108,574)	35.2%
年初現金及現金等價物	<b>510,441</b>	646,773	(21.1)%
外匯匯率變動影響，淨額	<b>(22,355)</b>	(27,758)	(19.5)%
<b>年末現金及現金等價物</b>	<b>341,255</b>	510,441	(33.1)%

### 經營活動所得現金流量淨額

經營活動所得現金流量淨額由1.878億美元上升至2.119億美元，主要由於銷售收入增加所致。

### 投資活動所用現金流量淨額

投資活動所用現金流量淨額為2.334億美元，主要用於(i)設備投資1.726億美元及(ii)投資定期存款8,500萬美元，被收到(i)用於購買固定資產的政府補助2,070萬美元及(ii)利息收入350萬美元所抵銷。

### 融資活動所用現金流量淨額

融資活動所用現金流量淨額為1.253億美元，包括(i)償還銀行借款8,550萬美元，(ii)支付股息3,590萬美元，及(iii)利息開支390萬美元。

### 現金及現金等價物減少淨額

在上述因素的累計影響下，現金及現金等價物由二零一五年十二月三十一日5.104億美元減少至二零一六年十二月三十一日3.413億美元。

# 董事會報告

## 財務風險

### 外幣風險

我們面臨外匯風險。該等風險主要產生自華虹宏力以美元而非以其功能貨幣－人民幣進行的買賣。截至二零一六年十二月三十一日，倘美元對人民幣升值／貶值5%，而其他變量維持不變，我們的年內稅前溢利將分別增加／減少約690萬美元。

### 利率風險

我們面臨的市場利率變動風險主要與我們按浮動利率計息的計息銀行借款有關。我們的政策為使用固定及可變利率債務混合的方式來控制利息成本。

截至二零一六年十二月三十一日，倘銀行貸款利率上升／下降1%，而所有其他變量維持不變，我們的年內稅前溢利將分別減少／增加約60萬美元。

### 信用風險

我們僅與獲認可及信譽良好的第三方及關聯方交易。根據我們的政策，所有擬按信用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，故我們的壞賬風險並不重大。

我們的金融資產中面臨最大信用風險的項目為：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、應收關聯方款項以及已凍結及定期存款等金融資產的賬面值。我們並無其他存在重大信用風險的金融資產。

### 流動資金風險

我們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，以應對短期及長期流動資金需要。

### 資本管理

我們資本管理的首要目標為維護持續經營能力及維持良好的資本比率，以支持我們的業務及實現股東價值最大化。

我們根據經濟狀況的變動管理及調整資本架構。為此，我們或會調整派付予股東的股息、向股東返還資本或發行新股。我們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。

## 資本負債比率

資本負債比率的詳情見財務報表附註36。

## 業績

本集團截至二零一六年十二月三十一日止年度的業績及於該日的事務狀況載於本報告第163至251頁的財務報表。

## 末期股息

董事建議派付截至二零一六年十二月三十一日止年度的末期股息每股0.30港元。待股東於應屆股東週年大會上批准後，擬派末期股息將於二零一七年六月十六日（星期五）派付予於二零一七年五月二十二日（星期一）名列本公司股東名冊的股東。

## 股息政策

本公司決定自二零一五年度起，在本集團實現利潤、經營環境趨勢穩定且無重大投資行為的情況下，於本公司股東同意及合乎法例要求下，將對股東派發股息。計劃連續三年所派股息的平均額將不低於該三年平均可分配淨利潤的30%；其餘部份將用於本集團發展與經營。

有關股息政策仍會不時檢討，不保證會在任何指定期間派付任何金額的股息。如董事會建議派付股息，股息形式及金額將視乎董事評估不時影響本集團的因素而定。

## 銀行貸款及其他借貸

本集團的銀行貸款及其他借貸於二零一六年十二月三十一日的詳情載於財務報告附註25。

## 財務摘要

本集團於過往五個財政年度的已公佈業績及資產以及負債摘要載於第252頁。本摘要並不構成經審核財務報表之一部份。

## 首次公開發售的所得款項用途

經扣除股份發行開支後，本公司股份於二零一四年十月的首次公開發售所得款項淨額達約3.202億美元。截至到二零一六年十二月三十一日，本集團已動用約2.633億美元，用於擴充我們的產能，具體為於設備、工具及設施的投資，約5,690萬美元用於我們的營運資金、技術及知識產權及其他一般公司用途。二零一五年末所餘資金已按本公司日期為二零一四年十月三日之招股章程（「招股章程」）所載的方式悉數使用。

# 董事會報告

## 物業、廠房及設備

本集團旗下物業、廠房及設備和投資物業於截至二零一六年十二月三十一日止年度的添置及其他變動詳情載於財務報表附註13及14。

此外，投資物業詳情如下：

位置	用途類別	租期	本集團權益	建築樓面面積 (平方米)
中國 上海 浦東新區 張江高科技園區 郭守敬路818號 9幢樓宇的一部份	工業用途	按於二零一五年三月八日 屆滿的土地使用權持有	100%	91,563.11

## 股本及購股權計劃

本公司截至二零一六年十二月三十一日止年度的股本變動詳情載於財務報表附註28。由二零一四年三月三日起按新公司條例（第622章）附表11第37條，這些變動包括自動將股份溢價之金額列入股本中，為過渡至無面值股份制度的一部份。

購股權計劃（「購股權計劃」）已經於二零一五年九月一日舉行的本公司股東特別大會批准。購股權計劃的概要如下：

購股權計劃的目的

購股權計劃的目的是吸引、挽留參與者（定義見下文）及對其提供獎勵，以讓其有機會獲得本公司股份及將其利益與本公司的經營業績及股價表現密切相連，旨在提升本公司價值。

參與者：

購股權計劃參與者（「參與者」）包括(1)本集團任何成員公司的現時執行及非執行董事；或(2)對本集團任何成員公司的經營業績及可持續發展有直接影響的高級管理層以及主要管理及技術人員之人士（視乎購股權計劃列明的任何限制及約束而定），惟不包括任何獨立非執行董事。

各參與者的最高配額：	倘在任何12個月期間內所配發及因授出及將予授出的全部購股權（「購股權」，包括已行權、已註銷及尚未行權的購股權）獲行使而向參與者配發的股份總數超過本公司當時已發行股本的1%，則不得向該參與者進一步授出購股權。經股東於股東大會上批准，可在任何12個月期間內向任何參與者授予超出1%個人限額的期權。在股票授予日（定義見購股權計劃），任何持有本公司5%以上附有表決權股份的人員，未經股東於股東大會上批准，不得被授予購股權。
購股權可予行使前須持有的最短期間（如有）：	2年（除非購股權授予通知另有規定）。
申請或接納購股權所應付的款項及須予付款或催繳或就此須支付貸款的期間：	1.00港元乃由各被授予人自建議授出日期起計28日內支付，作為購股權授出的代價。
購股權計劃的餘下期限：	購股權計劃有效期間為採納日期起至二零二二年九月一日止的七(7)年。
所授出購股權的詳情如下：	
授出日期：	二零一五年九月四日
所授出購股權的行使價：	6.912港元
所授出購股權的數目：	30,250,000份（佔本公司於本報告日期已發行股份的2.93%）。
購股權的有效期間：	自二零一五年九月四日起至二零二二年九月三日（七(7)年）止（包括首尾兩日）。
購股權的歸屬期間：	期權的三分之一應分別於二零一七年九月四日、二零一八年九月四日及二零一九年九月四日歸屬。
每股行使價6.912港元較以下較高者溢價0%：(i)於購股權授予日期聯交所每日報價表所報每股收市價6.87港元；或(ii)於緊接授予日期前五個交易日聯交所每日報價表所報本公司普通股的平均每股收市價6.912港元。	



## 董事會報告

購股權於截至二零一六年十二月三十一日止年度的變動詳情如下：

參與者姓名或類別	購股權數目					購股權之行使期	購股權的行使價	
	於二零一五年九月四日	於二零一五年註銷	於二零一六年行使	於二零一六年註銷	於二零一六年失效			
<b>董事</b>								
王煜先生	869,000	-	-	-	-	869,000	二零一七年九月四日至二零二二年九月三日	6.912港元
森田隆之先生	119,000	-	-	-	-	119,000	二零一七年九月四日至二零二二年九月三日	6.912港元
<b>其他僱員</b>								
合共	29,262,000	(130,000)	-	(1,458,000)	-	27,674,000	二零一七年九月四日至二零二二年九月三日	6.912港元
	30,250,000	(130,000)	-	(1,458,000)	-	28,662,000		

本公司於截至二零一六年十二月三十一日止年度並未授出股本結算購股權，亦未採納任何其他購股權計劃。

## 儲備

本集團截至二零一六年十二月三十一日止年度的儲備變動詳情載於本報告第167頁之綜合權益變動表。

## 持續關連交易

### 持續關連交易

本集團已於二零一四年十月三日發佈的招股書中披露有關與華虹摯芯、矽睿科技、NEC Management Partner, Ltd. (NEC Management)、儀電集團、上海華力、華虹置業及上海華錦物業管理有限公司(華錦物業管理)之間的持續關連交易。具體交易詳情概要載於下表。本公司已申請並獲聯交所豁免(其中包括)就有關持續關連交易嚴格遵守公告及獨立股東批准之規定(視情況而定)。本集團持續關連交易詳情如下：

單位：千美元

交易	交易日期	交易雙方	關連關係	交易	二零一六年實際交易金額	二零一六年建議年度上限
(1)	二零一四年七月一日	華虹摯芯(買方) 本公司(賣方)	華虹摯芯為本公司控股股東華虹集團持有90.66%權益的子公司。	本公司(賣方)與華虹摯芯(買方)簽署的銷售協議，有關向華虹摯芯銷售集成電路及其他半導體產品。	9,397	13,900

## 董事會報告

交易	交易日期	交易雙方	關連關係	交易	二零一六年 實際交易金額	二零一六年 建議年度上限
(2)	二零一三年 十一月一日	矽睿科技(買方) 本公司(賣方)	矽睿科技由本公司控股股東上海聯和持有36.36%權益，其中27.27%權益由上海聯和直接持有，9.09%權益則由本公司直接持有。(1)	本公司(賣方)與矽睿科技(買方)簽署的銷售協議，有關向矽睿科技銷售集成電路及其他半導體產品。	2,393	16,000
(3)	二零一四年 五月十八日	矽睿科技 (接受服務方) 本公司 (提供服務方)	矽睿科技由本公司控股股東上海聯和持有36.36%權益，其中27.27%權益由上海聯和直接持有，9.09%權益則由本公司直接持有。(1)	矽睿科技(接受服務方)與本公司(提供服務方)簽署的服務協議，有關向矽睿科技提供服務。	417	500
(4)	二零一四年 七月一日	華虹摯芯(賣方) 本公司(買方)	華虹摯芯為本公司控股股東華虹集團持有90.66%權益的子公司。	華虹摯芯(賣方)與本公司(買方)簽署的採購協議，有關採購用於生產本集團半導體產品的原料。	433	900
(5)	二零一四年 七月一日	NEC Management (前稱為NEC Purchasing Service, Ltd.) (賣方) 本公司(買方)	NEC Management為本公司主要股東NEC Corporation的全資子公司。	NEC Management(賣方)與本公司(買方)簽署的採購協議，有關採購用於生產本集團半導體產品的原料。	575	1,300
(6)	二零一四年 九月二十三日	儀電集團 (代表其本身及 其子公司)(賣方) 本公司(買方)	儀電集團為本公司控股股東。	儀電集團(賣方)(代表其本身及其子公司)與本公司(買方)簽署的採購協議，有關採購物品和服務。	305	1,400

## 董事會報告

交易	交易日期	交易雙方	關連關係	交易	二零一六年 實際交易金額	二零一六年 建議年度上限
(7)	二零一零年 二月二十五日 (連同日期為 二零一一年 六月十日及 二零一四年 七月二十五日 的補充協議)	上海華力(承租方) 本公司(出租方)	上海華力50.23%權益為本公司控 股股東上海聯和持有。	上海華力(承租方)與本公司(出 租方)簽署的租賃協議,有關本 公司將位於中國上海浦東新區張 江高科技園區13街坊2丘晶圓廠的 物業出租予上海華力,供其設置 300mm晶圓生產線。總出租建築 面積為96,099.2平方米。	12,518	14,893
(8)	二零一三年 一月十日	華虹置業 (作為出租方) 本公司 (作為承租方)	華虹置業為華虹科技發展的全資子 公司,華虹科技發展由我們控股股 東華虹集團持有50%並與其合併報 表及由華虹NEC持有50%的公司。	華虹置業(作為出租人)與本公司 (作為承租人)訂立的租賃協議, 內容有關本公司向華虹置業租賃位 於中國上海浦東新區錦綉路2777 弄華虹創新園的宿舍物業(宿舍 物業)以用作本公司僱員的員工宿 舍。租賃總建築面積為17,412.87 平方米。	1,522	1,522
(9)	二零一四年 六月十日	華錦物業管理 (作為物業 管理公司) 本公司 (作為承包商)	華錦物業管理為華虹科技發展的全 資子公司,華虹科技發展由我們控 股股東華虹集團持有50%並與其合 併報表及由華虹NEC持有50%的公 司。	華錦物業管理(作為物業管理公 司)與本公司(作為承包商)訂立 的物業管理協議,內容有關本集團 委聘華錦物業管理就宿舍物業提供 物業管理服務。	189	196

附註：

(1) 此反映於二零一六年十二月三十一日的狀況。

上文有關第(2)項交易的協議於二零一六年十一月一日屆滿，而上文有關第(1)、(4)、(6)及(9)項交易的協議於二零一六年十二月三十一日屆滿。於二零一七年一月一日，本集團與有關訂約方訂立協議重續有關協議。因此，本公司上文第(1)、(2)、(4)及(6)項交易的建議新年度上限為截至二零一九年十二月三十一日止三個年度，而上文第(9)項交易的建議新年度上限為截至二零一七年十二月三十一日止年度。上文有關第(3)項交易的協議於二零一七年三月三十一日屆滿，且本公司有關該交易的建議新年度上限為截至二零一七年十二月三十一日止年度。上文所載有關持續關連交易的訂約方、主要條款及建議年度上限的詳情，於本公司日期為二零一六年十二月二十八日的公告及日期為二零一七年一月九日的補充公告披露。

董事會（包括獨立非執行董事）已審閱以上持續關連交易，並確認所訂立之該等交易實則上於二零一六年持續進行：

- (i) 於本公司日常業務過程中進行；
- (ii) 按照一般商務條款進行，或如可供比較的交易不足以判斷該等交易的條款是否為一般商務條款，對本公司而言，該等交易的條款不遜於獨立第三方可取得或提供（視屬何情況而定）的條款；及
- (iii) 根據有關的協議條款進行，而交易條款公平合理，並且符合本公司股東的整體利益。

本公司核數師已致函董事會，認為就上文所述於二零一六年訂立之持續關連交易：

- (i) 核數師並不知悉任何事項使核數師相信，已披露的持續關連交易尚未得到本公司董事會的批准；
- (ii) 就涉及本集團提供商品或服務的交易而言，核數師並不知悉任何事項使核數師相信，這些交易未能在所有重大方面符合本公司的定價政策；
- (iii) 核數師並不知悉任何事項使核數師相信，這些交易的訂立未能在所有重大方面符合關於這些交易的相關協議的規定；及
- (iv) 就各持續關連交易之總額而言，核數師並不知悉任何事項使核數師相信，對於已披露的持續關連交易，其交易金額已超過招股章程所披露的相應年度交易總額上限。

## 關聯方交易

於截至二零一六年十二月三十一日止年度，本集團根據適用會計準則與被視為「關聯方」的人士進行若干交易。本集團於截至二零一六年十二月三十一日止年度訂立的關聯方交易的詳情於財務報表附註33披露。除本年報「關連交易」一段所披露者外，於附註33披露的其他關聯方交易並不被視為關連交易，或根據上市規則獲豁免申報、公佈及獲股東批准之規定。

# 董事會報告

## 股東週年大會

股東週年大會將於二零一七年五月十一日（星期四）舉行。

## 暫停辦理股份過戶登記手續

### 為確保股東出席二零一七年股東週年大會並於會上投票的資格

交回股份過戶文件以作登記的最後時限

暫停辦理股份過戶登記手續

記錄日期

二零一七年五月四日下午四時三十分

二零一七年五月五日至十一日（包括首尾兩日）

二零一七年五月十一日

### 釐定股東獲派末期股息資格

遞交過戶文件以供登記的截止時間

暫停股份過戶登記

記錄日期

派付日期

二零一七年五月十七日下午四時三十分

二零一七年五月十八日至二十二日（包括首尾兩日）

二零一七年五月二十二日

二零一七年六月十六日

為確保符合資格出席股東週年大會並於會上投票以及獲得上述建議末期股息，尚未登記的股份持有人要確保將全部股份過戶文件連同有關股票於上述最後時限前送達本公司的股份過戶登記分處卓佳證券登記有限公司辦理股份過戶登記手續，地址為香港皇后大道東183號合和中心22樓。

## 董事及董事服務合約

年內及截至本報告日期，本公司的董事如下：

### 執行董事：

張素心先生（主席）（於二零一六年三月十一日獲委任）

傅文彪先生（主席）（於二零一六年三月十一日辭任）

王煜先生（總裁）

### 非執行董事：

陳劍波先生

馬玉川先生

森田隆之先生

葉峻先生

### 獨立非執行董事：

張祖同先生

王桂壘先生，太平紳士

葉龍蜚先生

本公司各董事以三年特定任期獲委任，並須於股東大會上由本公司再次提名及重選，除非按照相關委任函或董事服務合約的條款及條件提早終止。

## 董事會報告

陳劍波先生、馬玉川先生、王桂壘先生，太平紳士將於股東週年大會上輪席退任董事職務，陳劍波先生、馬玉川先生、王桂壘先生，太平紳士符合資格並願按照本公司的組織章程膺選連任。

概無擬於股東大會上膺選連任的董事已訂立本集團可於一年內終止而無須補償（法定補償除外）的服務合約。

本公司已接獲現任各獨立非執行董事按照上市規則第3.13條發出的年度獨立性確認書。本公司認為根據上市規則，所有獨立非執行董事均為獨立人士。

### 董事及高級管理層履歷

本公司董事及高級管理層的履歷載於本報告第89至94頁。

### 最高薪人士及董事及高級管理層的薪酬

董事及5名最高薪人士的薪酬詳情分別載於本年報綜合財務報表附註8及9。

### 董事及最高行政人員於本公司股份及相關股份的權益

於二零一六年十二月三十一日，除下文披露者外，概無本公司董事及最高行政人員於本公司或任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中擁有載入根據證券及期貨條例第352條須予存置的登記冊內的任何權益及淡倉，或須按照上市規則所載上市發行人董事進行證券交易的標準守則須就上市公司董事進行的證券交易須知會本公司及聯交所的任何權益及淡倉。

董事姓名	身份	以好倉持有的 相關股份數目 (附註1)	概約權益百分比
王煜先生	實益擁有人	869,000	0.08%
森田隆之先生	實益擁有人	119,000	0.01%

附註：

(1) 按購股權計劃授出的購股權項下於本公司相關股份的好倉

### 董事於競爭業務的權益

於本年度，概無本集團董事於與本公司或本集團業務直接或間接競爭的業務中擁有任何權益。

### 董事於重大交易、安排或合約的權益

本公司或其任何子公司或聯營公司並無訂立於截至二零一六年十二月三十一日止年度完結時或年內任何時間仍然生效，且有董事直接或間接擁有重大權益的重大交易、安排或合約。

# 董事會報告

## 董事的證券交易

本公司已自行頒佈董事買賣本公司證券的行為守則（公司守則），條款不比標準守則寬鬆。經向全體董事進行具體查詢，董事確認他們於二零一六年整個年度一直遵守公司守則及標準守則。

## 彌償保證及保險

本公司為董事及高級職員提供D&O保險。D&O保險承保日常管理責任及每年續保。

## 子公司的董事

於截至二零一六年十二月三十一日止年度或於二零一六年末起至本報告日期期間，在本公司子公司董事會任職的董事姓名如下：

子公司名稱	註冊成立地點	董事姓名
Grace Semiconductor Manufacturing Corporation (「Grace Cayman」)	開曼群島	張素心先生 傅文彪先生 (已辭任) 葉峻先生
上海華虹宏力半導體製造有限公司 (「華虹宏力」)	中國上海	張素心先生 傅文彪先生 (已辭任) 王煜先生 陳劍波先生 馬玉川先生 森田隆之先生 葉峻先生 張祖同先生 王桂壘先生，太平紳士 葉龍蜚先生
力鴻科技有限公司 (「力鴻科技」)	中國香港	王鼎先生 傅城先生
HHGrace Semiconductor USA, Inc. (「HHGrace USA」)	美國加州	王鼎先生 傅城先生
HHGrace Semiconductor Japan Co., Ltd. (「HHGrace Japan」)	日本東京	中村真紀女士 王鼎先生 傅城先生
上海華傑芯片技術服務有限公司 (「上海華傑」)	中國上海	范恒先生

## 主要股東及其他人士於本公司股份和相關股份的權益

於二零一六年十二月三十一日，除本公司董事或最高行政人員外，於本集團股份及相關股份中擁有5%或以上權益或淡倉的人士如下：

主要股東	身份及權益性質	持有股份數目	佔已發行股本權益 總額的概約 百分比*
上海華虹國際有限公司(華虹國際) <sup>(2)</sup>	法定及實益擁有人	350,401,100 <sup>(1)</sup>	33.89%
華虹集團 <sup>(2)</sup>	受控制法團權益	350,401,100 <sup>(1)</sup>	33.89%
中國電子 <sup>(2)</sup>	受控制法團權益	350,401,100 <sup>(1)</sup>	33.89%
儀電集團 <sup>(2)</sup>	受控制法團權益	350,401,100 <sup>(1)</sup>	33.89%
Sino-Alliance International, Ltd. (Sino-Alliance International)	法定及實益擁有人	237,449,769 <sup>(1)(3)</sup>	22.97%
Sino-Alliance International, Ltd. (Sino-Alliance International)	受控制法團權益	34,919,354 <sup>(1)</sup>	3.38%
上海聯和	受控制法團權益	622,770,223 <sup>(1)(4)</sup>	60.24%
NEC Corporation	法定及實益擁有人	99,038,800 <sup>(1)</sup>	9.58%
AllianceBernstein L.P.	投資經理人	24,860,826 <sup>(1)</sup>	2.40%
AllianceBernstein L.P.	受控制法團權益	27,796,174 <sup>(1)</sup>	2.69%

附註：

- (1) 於本公司股份中的好倉。
  - (2) 華虹國際為華虹集團的全資子公司。於二零一六年十二月三十一日，華虹集團由中國電子及上海聯和各擁有47.08%股權。此外，上海聯和因其擁有華虹集團的47.08%股權及根據儀電集團與上海聯和的投票集團取得4.75%投票權而控制華虹集團51.83%的投票權。根據證券及期貨條例第XV部，中國電子、上海聯和及儀電集團被視為於有關股份中擁有權益。
  - (3) Sino-Alliance International股數包含因託管安排而代為持有3,084股股份。Sino-Alliance International於二零一七年二月二十二日轉讓892,647股予另一股東。
  - (4) 除透過華虹國際間接持有350,401,100股股份(33.89%)外，上海聯和透過四家全資子公司包括Sino-Alliance International間接持有本公司權益。
- \* 百分比乃按本公司於二零一六年十二月三十一日已發行的股份總數(即1,033,871,656股股份)計算。

除上文披露者外，就本公司董事及最高行政人員所知，於二零一六年十二月三十一日，概無本公司董事或最高行政人員以外的其他人士或法團於本公司任何股份或相關股份中有任何權益或淡倉並已記入根據證券及期貨條例第336條本公司須予存置的記錄冊內。



# 董事會報告

## 購買股份或債權證的安排

於截至二零一六年十二月三十一日止年度任何時間，概無向任何董事或彼等各自之配偶或未成年子女授出任何權利以收購本公司股份或債權證方式得到利益，亦無上述人士曾行使上述權益；再者，本公司或其任何控股公司、子公司或同系子公司亦無訂立任何安排，使董事或彼等各自之配偶或未成年子女可購買任何其他法人團體之上述權利。

## 主要客戶及供應商

於截至二零一六年十二月三十一日止年度，本集團五大供應商所應佔的總採購額低於30%，本集團五大客戶所應佔的總營業額低於30%。

## 薪酬政策

截至二零一六年十二月三十一日，本集團僱用合共3,938名員工。本集團按其優點及發展潛能招聘及擢升人員。本集團僱員的薪酬政策由薪酬委員會按其優點、資質及勝任程度設立。

董事薪酬由薪酬委員會決定，並會考慮到本集團的經營業績及個人表現。董事薪酬按姓名載列於截至二零一六年十二月三十一日止年度的財務報表附註8。

## 買賣、銷售或贖回證券

截至二零一六年十二月三十一日止年度，本公司或其任何子公司概無買賣或贖回本公司任何上市證券。

## 優先購買權

本公司的組織章程或香港法律概無優先購買權條文，規定本公司須按比例向現有股東提呈新股份發售。

## 企業管治

本公司致力保持企業管治在高水平，以保障股東權益及提升企業價值及問責性。

本公司所採納的企業管治常規資料載於本年報企業管治報告內。

## 遵守不競爭契據及優先購買權契據

本公司的控股股東華虹集團、上海聯和及儀電集團訂立日期為二零一四年九月二十三日的非競爭契據（「非競爭契據」），詳情載於日期為二零一四年十月三日的本公司招股章程（「招股章程」）「與控股股東的關係」一節中「非競爭承諾」一段。另外，華虹集團和上海聯和亦訂立日期為二零一四年六月十日的優先購買權契據（「優先購買權契據」），詳情載於招股章程「與控股股東的關係」一節中「優先購買權」一段。本公司於截至二零一六年十二月三十一日止年度已覆核上述各控股股東有關他們遵守非競爭契據及優先購買權契據（視情況而定）內承諾的書面聲明。獨立非執行董事已覆核遵守情況，並確認非競爭契據及優先購買權契據（視情況而定）下的全部承諾均獲有關訂約方遵守。

## 足夠公眾持股量

按本公司可公開取閱的資料，就董事於本報告日期所知，董事信納本公司已維持上市規則下的指定最低公眾持股量。

## 核數師

股東週年大會上將提呈一項決議案，續聘安永會計師事務所為本公司的核數師。

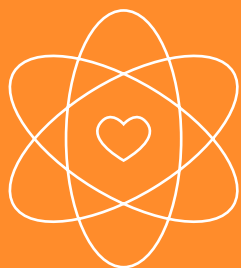
代表董事會

張素心先生

主席

二零一七年三月二十八日

# 企業社會責任



## 緒論

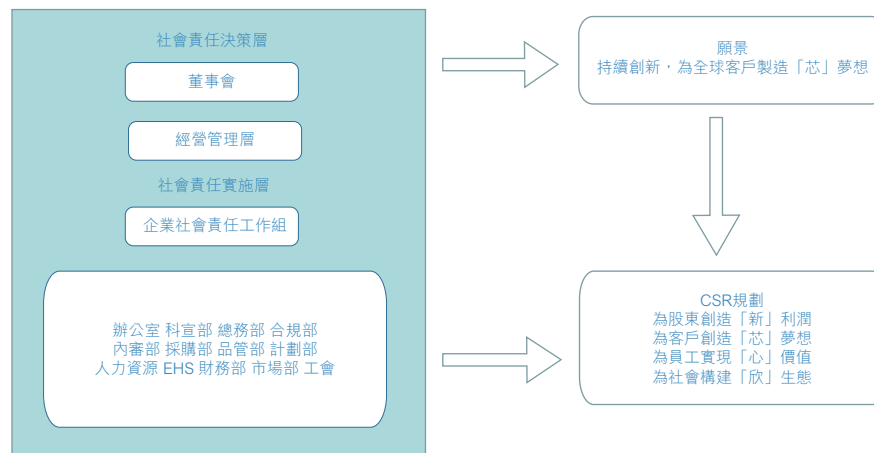
我們的可持續發展理念是在經濟、環境及社會三個方面同時取得成績，它們彼此互相影響、互相支持，以發揮永續而長遠的績效。作為一家國際化經營的上市公司，我們在公司運營中嚴格遵守當地的所有適用法律及社會期望，在環境準則上與國際領先行業標準一致，並致力於推動可持續城市與社區建設。我們已遵守上市規則附錄二十七《環境、社會及管治報告指引》載列的「不遵守就解釋」條文。我們秉承公司願景：持續創新，為全球客戶製造「芯」夢想，及時呼應客戶、員工、投資人、所處國家和社區之人群等利益相關方，實現企業與社會的共同可持續發展。

## 1 社會責任管理體系

### 1.1 責任理念與管理

我們認為企業履行社會責任的重點在於堅持高標準的國際商業及社會道德準則，為所有的利益相關方創造和分享價值。為此，公司將環境與社會責任融入企業的戰略經營活動中，審慎地管理我們的環境和社會風險，完善管理體系，改善供應鏈表現，降低資源消耗及環境排放，創新驅動發展，選育人才，共促社會和諧。

有效的社會責任管理離不開高層重視與全員參與。我們成立企業社會責任工作組，形成管理層參與，橫向協調各職能部門，縱向覆蓋各下屬公司的企業社會責任組織體系，工作組人員來自各職能部門的負責人。



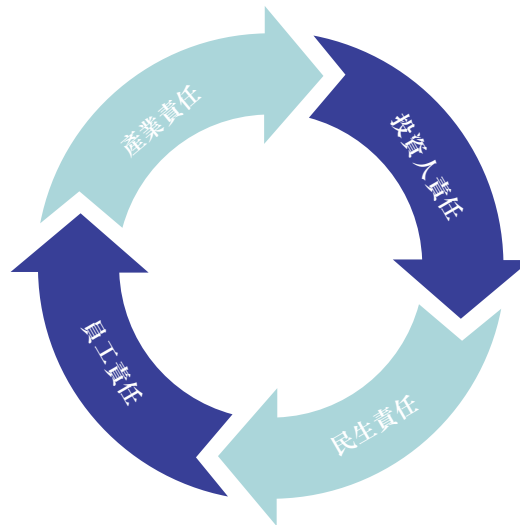
責任管理架構

# 企業社會責任

在社會責任決策層董事會制定的公司願景－持續創新，為全球客戶製造「芯」夢想的規劃下，我們將社會責任劃分為以下四個方面：

為客戶創造「芯」夢想  
品質產品服務  
客戶權益保障  
繁榮產業經濟

為股東創造「新」利潤  
創新驅動發展  
夯實誠信經營  
共享中國發展



為員工實現「心」價值  
尊重員工價值  
關愛員工成長  
保障職業健康

為社會構建「欣」生態  
推動綠色發展  
資源高效利用  
共促社會和諧

華虹半導體社會責任規劃實施重點

## 1.2 利益相關方參與

根據公司自身業務和運營特點，借鑑國內外同行業的經驗和實踐，我們將主要利益相關方確定為股東、客戶、員工、政府及監管機構、合作夥伴、社區及公眾，並通過網站、媒體、會議、報告、活動等渠道和方式積極與之溝通。

### 利益相關方的期望與回應

關鍵利益相關方	相關方說明	關注的議題	溝通與回應
股東	對公司進行股權、債權投資的國內外投資人	公司治理機制，經營策略與經營績效，穩定盈利與投資回報	股東會、財務報告、業績報告、路演等
客戶	集成器件製造商、系統及無廠半導體公司	產品質量，服務價值，客戶信息保護	產品展覽、客戶調研、技術研討會，B2B（例如E-tapeout系統、WIP報告、WAT報告等），客服熱線、客戶滿意度調查等
員工	公司員工，以及常年服務於公司業務的人員	員工權益和福利，薪酬制度，培訓與發展，工作環境，身心健康及家庭關愛	員工活動、職代會活動、企業內網、員工培訓、員工自助系統、員工手冊、企業內部刊物等
政府及監管機構	工業、稅務、環保、安全等部門、地方政府、證監會等政府或監管機構	合規經營，管制透明，足額納稅，低碳減排，資源節約	機構考察、公文往來、政策執行、信息披露等
合作夥伴	供應商、研究院校、行業協會等	商業道德和信用，公平競爭，合規經營，互利共贏的戰略聯盟	公開招投標會議、戰略合作談判、交流互訪等
社區及公眾	運營所在地社區，社會公眾、媒體與非營利組織	社區發展，社會公益，環境保護，商業道德	社區活動、員工志願者活動、公益活動、社會事業支持項目等

# 企業社會責任

## 1.3 風險管理及實質性議題識別與分析

### 風險管理

我們不斷完善風險管理的組織體系，改進流程與制度，切實提升全面風險管理能力。2016年，公司增設內部審計部風險管理條線，發佈公司《全面風險管理制度》並啟動全面風險管理項目：搭建公司風險信息地圖，設計風險調查問卷，開展風險訪談，評估及界定公司重大風險領域，形成《2016年度風險管理報告》，同時穿插專項風險管理培訓，強化公司風險管理意識。

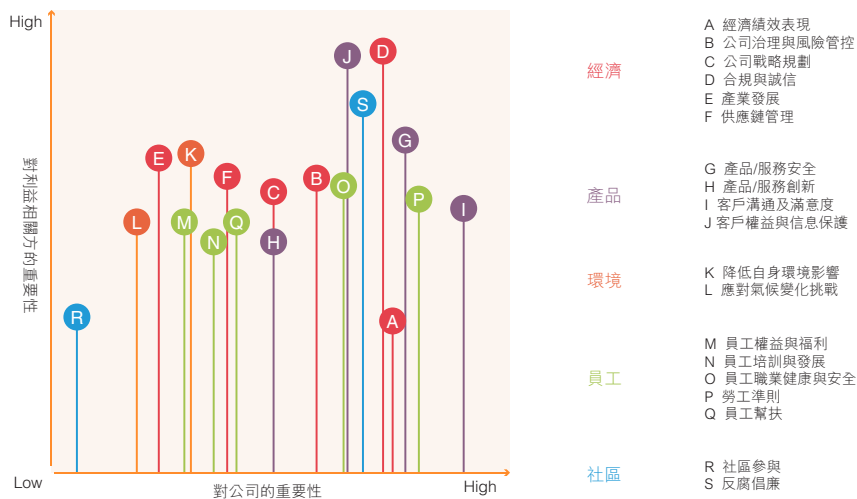
### 公司的主要ESG風險及管理方法

風險類別	風險內容	策略
財務	資金流動	每月現金流動表，記錄現金流動，並發送相關部門跟進
	匯率波動	涉及外幣的交易盡量使用現有外幣結算，減少兌換外幣的需要，減少匯率波動風險
環境及安全	環境	公司根據環境因素識別、評價和控制策劃管理程序，列出重大環境因素清單
	工程評估	公司所有項目在投入之前，會對各項目在環境及職業健康安全方面所帶來的影響，做一個全面綜合的評估
	安全檢查	持續並定期開展以隱患排查和設備故障診斷為主的安全檢查
	職業健康	公司根據安全健康環境管理體系目標指標及方案管理程序，制定環境職業健康安全目標、指標及方案管理表
	項目後評估	公司對重點研發項目的目的、執行過程、效益、作用和影響進行全面系統的後評估分析，為提高改善投資效益提供科學依據
生產	客戶結構	市場及銷售部制定客戶結構優化策略，定期對公司客戶結構進行評估，促進經營
產品	信息安全	公司根據信息安全管理規則，建立信息安全框架和管理方針，每年度執行信息安全風險評估程序，確保公司、股東、客戶、供貨商及公司員工的最佳利益得以保存
	資金流動	每月現金流動表，記錄現金流動，並發送相關部門跟進

## 實質性議題識別與分析

我們定期進行社會責任議題檢查工作，通過定期分析，綜合考慮公司戰略和運營方向，利益相關方關注的重點和期望，以及應當遵循的國內、國際標準和政策等內外部因素，按照識別、評估和篩選的程序，界定具有較強實質性的社會責任議題作為我們的行動及報告披露重點。

2016年，我們持續對標可持續發展報告指南GRI4，與內外部利益相關方進行實質性議題問卷調查。與去年的問卷調查結果相比較，產品／服務安全、客戶溝通及滿意度議題在公司內部利益相關方的重要性有所上升，說明公司內部對產品和客戶的重視程度越來越高；外部利益相關方對合規與誠信議題的重要性上升，則反映了社會對企業誠信為本的關注。





# 企業社會責任

## 2 環境責任

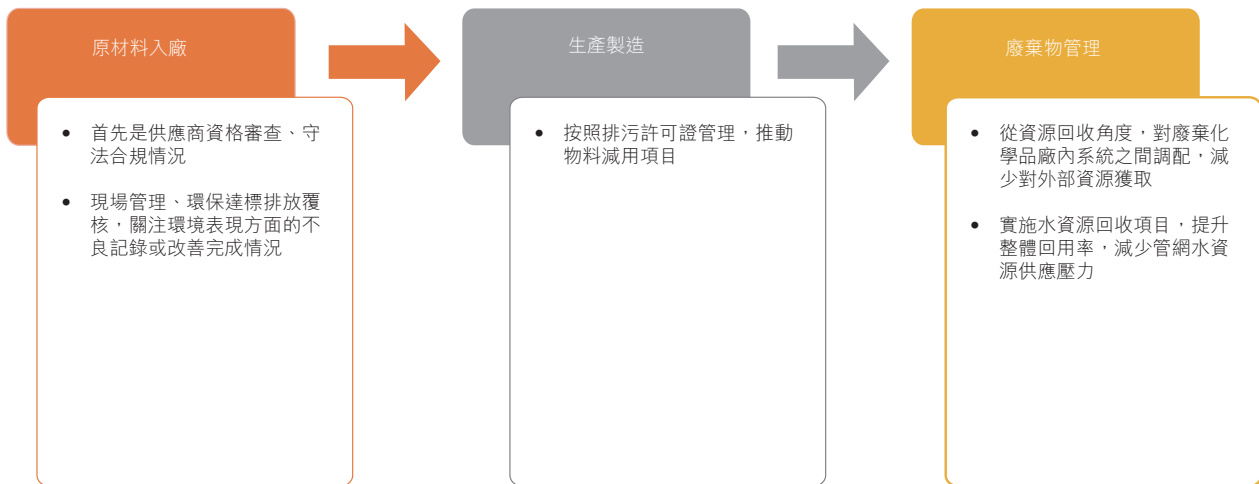
我們將「零災害」和永續經營作為企業追求的目標，致力於清潔生產、持續改善。2016年，我們開展了7個環保技改項目並參與了「上海環境能源交易所碳排放交易」的相關工作，投入資金200多萬元，努力在節能減排、廢棄物管理等方面追求更好的表現。同時，我們持續關注並遵守環境保護相關法律法規，截至2016年末，公司未受到有關環境方面的投訴或處罰，未發生任何環境污染事件。

### 環境責任相關法律法規梳理

領域	主要法律法規名稱	全部識別數量
環境保護	《中華人民共和國環境保護法》、《中華人民共和國大氣污染防治法》、《中華人民共和國固體廢物污染環境防治法》、《中華人民共和國環境影響評價法》、《上海市環境保護條例》等	109部

### 2.1 環境管理體系

結合ISO14001管理體系的升級，我們的環境管理理念從以生產管理為主逐漸向產品全生命周期管控、風險管控過渡，致力於從原材料入廠、生產製造到廢棄物管理全過程中每一環節的環境表現。



## 2.2 環境管理行動與績效

### 能源管理

我們始終把清潔生產、節能減排作為年度重要工作，制定了《資源、能源管理程序》，明確了資源、能源管理的原則，即本着節能降耗減廢的原則，在滿足和提高生產率的同時，進行源頭控制，持續改善，在降低生產成本的同時，減少對環境的影響，以達到與環境相和諧的持續發展。

2016年1月，我們榮獲了由上海市節能減排小組活動指導委員會、上海市工業經濟聯合會和上海市經濟團體聯合會聯合頒發的2014-2015年度上海市節能減排小組活動「優秀企業」。100名員工參加並通過了節能減排小組活動培訓考核。通過2016年的環保節能技改項目，節約用水1萬余噸／年，節約用電、燃氣等折合標煤1,200噸／年。

2016年主要節能項目和措施	成果
冷純水系統水泵控制方式及變頻運行改造	每小時節約用電140kWh，每年減少能耗合495.5噸標煤。
CDA系統增設選用新乾燥機機型降低運行費	每年節約用電69.7萬kWh，折合281.6噸標煤。
BTSPTA08 Pump去除Roots Pump改造	每年節約用電8000kWh，折合2.4噸標煤。
BIILMA03去除chiller，廠務水冷卻改造	節約燃氣費約40萬人民幣，折算燃氣為11.1萬立方米，折合147.6噸標煤。
WPA/WSA清洗槽溫純水改為冷純水	節約使用冷卻水22.2萬立方米，折合295噸標煤。
加濕器改造	每年節約32,750元人民幣，折合65噸標煤。

關鍵績效指標	2014年	2015年	2016年
能耗總量（噸標準煤）	65,253	67,746	73,771
用電總量（萬kWh）	41,274	44,063	48,183
單位產量用電（kWh/8英寸晶圓）	291	297	271
燃氣用量（萬m <sup>3</sup> ）	707.65	604.38	658.00
單位產量用氣（m <sup>3</sup> /8英寸晶圓）	5.00	4.07	3.70

## 企業社會責任

### 水資源管理

公司的用水主要來源是上海市政供應自來水，此外還有少部份來源於純水製造過程中的回收用水和空調冷凝水。我們通過技術改進、循環利用等方式，積極尋求企業自身節水和水資源利用效率的提高。此外，我們也致力於推動行業節水，在2016年由上海市水務局主辦公司協辦的「特大型工業企業節水技改措施研討會」上，政府機構領導與上海市重點用水企業40餘位代表共同探討了特大型工業企業的節水方向和措施。

2016年提升用水效益措施	成果
RO水回用項目	節水43萬m <sup>3</sup> ／年
Local Scrubber節水	節水2.1萬m <sup>3</sup> ／年
大功率MOS集成電路生產線擴產項目	獲得94萬噸用水額度

關鍵績效指標	2014年	2015年	2016年
用水總量（萬噸）	454.5	472.2	504.5
單位產量用水（噸／8英寸晶圓）	3.2	3.2	2.8
循環／再利用水量（萬噸）	251.4	235.5	258.0
廢水排放總量（萬噸）	409.1	415.2	454.0

### 污染防治

在污染防治方面，我們貫徹落實環保法規及相關要求，實現了100%達標排放。值得一提的是，2016年我們重點推進了對新修訂的《中華人民共和國大氣污染防治法》的學習，以便按照新法規要求執行排污管控。針對生產過程中包括硫酸霧、氯化氫(HCl)、氮氧化物(NOx)、氨(NH3)、揮發性有機物(VOCs)等廢氣排放，我們建立了廢氣處理系統，全部滿足達標排放的管理要求，其中VOCs的設計去除效率達到90%以上。

關鍵績效指標	2014年	2015年	2016年
廢氣排放總量(萬m <sup>3</sup> )	1,200,000	1,210,151	1,060,281
氮氧化物(NOx)排放量(噸)	15.169	20.364	26.260
硫氧化物(SOx)排放量(噸)	0.066	0.055	0.050

### 溫室氣體管理

CO<sub>2</sub>等溫室氣體的大量排放是造成全球氣候變化的重要原因。我們認識到減緩氣候變化對於企業自身和全球都具有重要意義。2016年隨着上海市發改委碳排放管理工作的規劃和實施，我們也積極參與到碳排放交易相關工作中，以促進溫室氣體減排、減緩氣候變化。目前我們編製了《碳排放交易管理程序》，完成了企業賬戶開戶等工作，以保障2017年公司碳排放交易有序進行。

排放數據將按照上海市發改委(上海市信息中心)的要求，在「審查年度排放報告和核查報告」內上報，並預計2017年上半年開展首次核查工作。

## 企業社會責任

### 廢棄物管理

晶圓的生產過程會產生危險廢棄物，主要包括廢酸、廢異丙醇等，我們委託有處理資質的第三方公司進行處理。同時，我們自身也尋求廢棄物減量，制定了針對各類危險廢棄物的年度消減計劃，2016年制定計劃削減廢光刻膠、廢剝離液、廢硫酸、廢異丙醇、廢磷酸共84.10噸，實際完成削減85.02噸。

關鍵績效指標	2014年	2015年	2016年
危險廢棄物處置量(噸)	3,597.00	4,073.40	4,323.70
單位產量危險廢棄物產生量 (噸/8英寸晶圓)	0.0025	0.0027	0.0024
一般廢棄物總量(噸) 注：一般廢棄物主要是氟化鈣	2,455.80	2,786.00	2,108.00
單位產量一般廢棄物產生量 (噸/8英寸晶圓)	0.0017	0.0019	0.0012
成品出貨所用包裝材料的總量(噸)	48.92	51.18	71.33
成品出貨所用包裝材料的回收量(噸)	8.01	9.78	12.91

### 2.3 綠色產品

#### 有害物質管控

我們根據歐盟制定的《關於限制在電子電器設備中使用某些有害成分的指令》(RoHS)、《化學品的註冊、評估、授權和限制》(REACH)以及客戶要求等，建立了有害物質管理體系，制定了有害物質管理標準，對生產過程中使用的原輔材料進行風險評估，確保產品符合法規和客戶對有害物質管理的要求，公司每年委託認證服務機構SGS (Societe Generale de Surveillance S.A.)對生產的產品進行有害物質的檢測，2015、2016年客戶有害物質調查符合率達100%。公司的所有製造設施均被認定為符合QC 080000電子電器元件和產品危害物質減免標準和要求。

### 電子產品節能

隨着人們環境意識的不斷提高，節能減排需求越來越迫切，降低電子電器產品的高能耗成為眼下的熱點話題之一。新能源汽車、智能電網、LED驅動等當前頗受關注的新興市場與產品，無不在追求更低的能耗、更優的成本，在這些產品中扮演着核心器件作用的功率半導體器件是降低功耗、提高效率的關鍵。因此，我們也將提供更低功耗、更高效、更小尺寸的綠色“芯”製造平台。為響應國家供給側改革提倡更加高品質的產品，我們提供相應的工藝解決方案，為移動設備帶來更長待機時間，更快充電速度，更低功耗；為LED照明提供穩定，多樣化的驅動電路；為新一代移動設備帶來更高效，更小型的充電設備和適配器；為新能源汽車提供更智能，更高效，更穩定的馬達驅動模塊。

### 2.4 綠色文化

我們持續在公司內外推廣環保觀念，實行環保措施。在日常營運及行政方面，公司善用科技來踐行可持續發展的理念，例如使用聯網打印，集中使用辦公自動化設備，以管理紙張耗用量，公司鼓勵使用再生紙張以支持使用循環再造。我們還開發上線了總務辦公應用系統、食材管理系統，極大地便利了相關工作的開展，提升了工作效率並節省了紙張的消耗。公司同時也非常支持使用新能源汽車，公司班車均使用新能源汽車。2016年榮獲浦東新區金橋工業園區可持續發展五星獎，並將獲得的獎金全部捐贈給上海市公益基金用於環保活動的開展。

---

#### 環保活動參與

- 參加阿拉環保的電子廢棄物回收活動，對廢棄物再生利用的同時杜絕對環境造成二次污染。

---

#### 獲獎情況

- 2016年榮獲浦東新區金橋工業園區可持續發展五星獎
-

# 企業社會責任

## 3 員工責任

為員工提供平等、健康、安全、舒適的工作環境是我們持續關注的重點。我們嚴格遵守相關法律法規，建立了完善的人力資源體系，保障員工的一切合法權益；構建安全的工作環境，設立嚴格的安全考核指標，定期進行員工安全培訓和應急演練。截至2016年末，公司未發生任何侵犯員工權益行為，也未受到有關員工方面的投訴或處罰。

### 員工責任相關法律法規梳理

領域	主要法律法規名稱	全部識別數量
員工權益與福利	《中華人民共和國勞動法》、《中國人民共和國勞動合同法》、《中華人民共和國就業促進法》、《女職工勞動保護特別規定》、《上海市工會條例》等	168部
員工健康與安全	《中華人民共和國職業病防治法》、《中華人民共和國安全生產法》、《上海市危險化學品安全管理辦法》等	

## 3.1 權益與福利

### 員工僱用

我們在員工招聘和僱用中堅持公平、公正、公開的原則，承諾在招聘、錄用、晉升、調動、薪資等方面提供平等機會，不因國籍、地域、膚色、民族、宗教、年齡、家庭狀況或其他因素而存在歧視政策或行為；我們制定《僱用規程》和《實習生管理規程》，嚴格核查員工身份信息，不招聘未滿16周歲的員工，同時堅決杜絕一切強制勞動行為的發生。

類別	關鍵績效指標組別	2014年	2015年	2016年
按性別劃分員工人數	男性	2,548	2,647	2,772
	女性	1,130	1,140	1,166
按僱用形式劃分員工人數	勞動合同制員工	3,678	3,787	3,938
	勞務派遣制員工 <sup>1</sup>	167	160	225
按年齡構成劃分員工人數	小於30歲員工	1,919	1,878	1,922
	30-50歲員工	1,686	1,827	1,936
	大於50歲員工	73	82	80
按地區劃分員工人數	大陸	3,669	3,777	3,928
	海外	9	10	10
管理層員工人數	女性	9	9	11
	男性	66	63	61
員工流動人數	新進員工	815	606	885
	離職員工	508	509	681
	大陸／海外離職員工	507/1	507/2	681/0
	30歲以下／30至50歲／50歲以上離職員工	380/128/0	385/110/14	518/148/15
勞動合同簽訂率(%)		100	100	100
員工保險覆蓋率(%)		100	100	100
受集體協商協議保障的員工覆蓋比例(%)		100	100	100
員工申訴案件(件)		0	0	0
員工歧視案件(件)		0	0	0

<sup>1</sup> 包含保安、食堂等務工人員



## 企業社會責任

### 薪資福利政策

為吸引與留任公司的人才，我們為員工提供有競爭力的薪酬和全面的福利保障計劃；依法足額繳納法定社會保險項目，並為員工購買意外險、重大疾病險等商業補充保險，為員工子女及困難家庭配偶提供補充醫療保險；在提供國家規定節假日的基礎上，為員工提供補充年休假；逢中秋、元旦等傳統節日，工會為員工準備節日慰問禮品；為幫助外地員工落戶，公司制定《外省市員工申辦上海市戶籍辦法》，解決員工後顧之憂，2016年共引進專業人才62人。

### 民主溝通機制

通暢的溝通渠道和真誠的關懷對打造和諧的勞資關係至關重要。我們制定了《員工合理化建議管理規程》，成立了工會，定期召開職工代表座談會，讓員工參與公司的日常管理和制度建設，並通過圓桌午餐會、合理化建議等多種形式多方聽取員工意見。

2016年8月，公司的合理化建議平台正式上線，至2016年年底，平台共收到員工合理化建議169條，涉及了行政、人事、安全、工會、IT等各大部門，採納建議並完成改善60條。合理化建議平台已成為員工認可的快捷且有效的溝通、建議渠道。

### 員工關懷

我們已建立員工幫扶機制，成立職工之家，為困難職工提供長期的扶持。對退休工人公司工會每年組織春節、重陽節慰問活動，為保障員工的退休生活，公司為所有退休員工辦理上海市退休職工住院補充醫療互助保障險，每年為其續保。對女職工，我們配合上海市總工會建設「愛心媽咪小屋」的行動，為各廠哺乳室增加配置了冰箱、工作台、電源、躺椅等設施，建成了為孕期、哺乳期女員工提供休息及哺乳支持等服務的「媽咪小屋」。「小屋」的設立為孕期、哺乳期女員工提供了一個私密、乾淨、舒適、安全的場所，解除了她們的後顧之憂。

關鍵績效指標	2014年	2015年	2016年
員工扶貧幫困資金（萬元）	20	26	30.70
員工幫扶受益人數	80	81	228
婚喪慰問金額（萬元）	12.10	13.30	19.11
員工慰問金額（萬元）	110	270	348.87
員工捐贈現金總額（萬元）	5.10	15.00	5.21

## 3.2 健康與安全

### 職業健康與安全管理

為保障員工的健康和安全，我們建立了符合OHSAS18001要求的職業健康安全體系，明確了職業健康安全方針，即嚴格遵循安全健康環保法規，致力於清潔生產，持續改善，為員工營造出安全健康舒適的工作環境，不懈追求「零災害」和永續經營的最高目標，成為模範世界公民。

2016年，隨着《中華人民共和國職業病防治法》和《上海市危險化學品安全管理辦法》的修訂和實施，我們重點推進了對新法律法規的學習。按照新《中華人民共和國職業病防治法》我們重新評估和調整了公司職業危害崗位和職業危害因素；按照《上海市危險化學品安全管理辦法》，着重推行危險化學品出入庫信息化管理。

### 2016年員工健康與安全保障措施

員工健康與安全保障措施	主要內容
健全安全責任體系	<ul style="list-style-type: none"> <li>對內，逐級簽署從總裁、執行副總裁、副總裁、廠長（總監）、部長、科長的《安全責任書》和全體員工的《安全承諾書》，健全按職能覆蓋至所有部門、員工的安全責任體系；</li> <li>對外，與在公司有駐廠服務作業的單位、施工作業承包商100%簽訂《安全管理協議》和《承包商安全教育承諾書》。</li> </ul>
隱患排查，應急預案體系升級	<ul style="list-style-type: none"> <li>排查安全隱患和5S缺失12,306項；</li> <li>安全技改項目132項，投入2,466.7萬元；</li> <li>應急預案體系在「1+12+1782」體系（即綜合預案1份+專項預案12份+現場處置方案）基礎上，增加完善了近100份設備應急處置卡；</li> <li>擴充CPR+AED（心肺復蘇+體外心臟除顫）隊伍，172名員工參加急救隊伍，組織訓練累計達2,176人次，初步達到三個廠區人員急救黃金4分鐘標準與初期災情3分鐘的標準；</li> <li>開展171次應急演練活動。</li> </ul>
安全培訓標準化，強化效果考核	<ul style="list-style-type: none"> <li>考慮到施工現場風險較高的實際情況，安全部門建立了工事項目安全教育計算機考核題庫，從制度上、系統上推動安全培訓的標準化，提高培訓效果；</li> <li>2016年開展安全培訓55次，參加安全培訓4,770人次。</li> </ul>
外包服務商安全審核	<ul style="list-style-type: none"> <li>對公司各廠駐廠氣化支持外包服務廠商(TGCM)與大宗氣體供應公司集中安全審核，涉及5家公司，審核發現24個待改進項，促進各公司制訂改進計劃並予整改</li> </ul>
競賽活動，激發安全意識	<ul style="list-style-type: none"> <li>以「安康杯」勞動競賽系列活動和評選安全特別貢獻獎為載體，提高員工安全意識和安全防護能力</li> </ul>

關鍵績效指標	2014年	2015年	2016年
特殊崗位人員職業健康體檢次／完成(%)	100	99 <sup>2</sup>	99 <sup>3</sup>
員工職業病發病率(%)	0	0	0
因工作關係而死亡的人數	0	0	0
因工傷損失工作天數(天)	83.0	149.5	201.0

<sup>2</sup> 1人崗前職業禁忌，1人崗中職業禁忌，均調離崗位

<sup>3</sup> 2人崗中職業禁忌，均調離崗位

## 企業社會責任

### 「醫」食住行，全面保障

員工健康是公司持續關注的重要議題。醫療方面：我們為全體員工提供一年一次的健康體檢；為特殊崗位員工提供崗前、崗中、崗後職業病體檢；為女性員工、高齡員工增加更有針對性的體檢項目；2016年我們全面完成了標準保健站和員工健康管理系統的建設，建立員工健康電子檔案，實現員工健康的系統化管理，持續提升相應管理水平。

飲食方面：公司在各個廠區設立自己的員工餐廳、咖啡廳，為全體員工提供安全、營養、健康的飲食。我們已建立食材集中採購及合格供應鏈管理模式，從制度和源頭上保證食材的安全可靠；並邀請員工、部門代表等進行監督；加強「健康飲食」理念宣傳，引導員工樹立合理飲食的意識。2016年，以食品安全、低碳環保、誠信經營為重點內容的「綠色餐廳」創建工作已按計劃啟動。

住宿方面：公司為員工提供良好的住宿條件，2016年新增105個床位，目前房間數量可完全滿足現有員工住宿需求，每間房間均配有獨立衛生設施。住宿區內設有圖書室、電腦室、桌球室、洗衣房、電視房、純淨直飲水機等配套措施，並提供24小時熱水和WIFI網絡，讓員工體驗到家一般的舒適。

出行方面：為員工發放交通補貼，為方便員工上下班及住宿員工出行提供免費的金橋一廠與地鐵接駁班車、宿舍班車，為交通不便區域的員工開行通勤班線，並為有周末用車需求的部門安排加班車。

### 3.3 培訓與職業發展

員工的發展是企業發展的動力源泉，我們關注並幫助員工進行自我職業生涯規劃，根據崗位性質設置管理、技術、職能三個職稱序列，為員工制定個性化的職業發展通道。在培訓方面，公司按照《培訓教育規程》為員工提供培訓，針對中高層管理人員、基層管理者、一線主管、新入職大學生、一線員工分別提供具有針對性的培訓方案。2016年參加培訓總人次87,706人次，投入129.4萬元。同時，我們支持員工接受教育和繼續深造，提供在職學歷教育補貼，2016年工程碩士、博士學歷教育補貼4人。

關鍵績效指標	2014年	2015年	2016年
全體員工人均接受培訓時長 <sup>4</sup> (h)	64.7	78.5	101.8
其中：普通員工人均培訓時長(h)	65.0	65.8	103.7
管理層員工人均培訓時長(h)	8.0	3.6	9.3
女性員工人均培訓時長(h)	65.1	77.6	126.2
男性員工人均培訓時長(h)	65.0	79.2	91.4
全體員工受訓覆蓋率(%)	100	100	100
其中：普通員工受訓覆蓋率(%)	100	100	100
管理層員工受訓覆蓋率(%)	100	100	100
女性員工受訓覆蓋率(%)	100	100	100
男性員工受訓覆蓋率(%)	100	100	100

<sup>4</sup> 員工人均數除普通員工及管理層員工外，還涉及實習生，勞務派遣。

## 4 產品與客戶

我們持續追蹤產品與客戶相關的國際公約及經營地法律法規，嚴格遵守與產品、知識產權等相關的法律法規，定期對產品和服務的健康與安全、標籤及隱私等方面的管理制度進行更新，建立質量保證體系和客戶服務體系。截至2016年末，公司未發生過侵犯客戶權益的訴訟，也未發生因客戶對產品質量問題而引發的訴訟。

### 產品與客戶責任相關法律法規梳理

領域	主要法律法規名稱	全部識別數量
產品質量	《中華人民共和國產品質量法》	
信息安全	尊重產權	《中華人民共和國專利法》、《中華人民共和國著作權法》、《中華人民共和國商標法》
	安全管理	《中華人民共和國檔案法》、《中華人民共和國網絡安全法》

### 4.1 產品責任

#### 質量控制

秉承「質量是企業生命」的理念，我們制定《質量管理方針》，推行全面的質量管理模式，由質量保證、失效分析、可靠性保證、客戶質量工程和質量體系、供應商管理及原材料分析全方位保障產品的質量和可靠性。同時建立人員管理、設備管理、環境管理、體系管理、過程管理、客戶質量管理等多重管理制度，減少人為失誤；借助可靠性管理系統，對產品生產流程進行實時監控測試，並結合失效分析對整個生產過程中可能出現的異常情況進行及時預警和調整。根據公司的召回制度，如產品因我方原因不符合適用質保政策的規定，客戶可於質保期內退還不合格產品，免費維修或更換相關產品。完善的體系化管理進一步保證我們在材料及工藝方面製造無瑕疵且符合客戶需求的產品。

### 產品質量體系認證情況

認證名稱	最近通過認證時間
ISO 9001質量管理體系	2014/6/5
ISO/TS 16949汽車行業質量管理體系	2014/6/5
IECQ QC 080000有害物質管理體系	2014/12/12

關鍵績效指標	2014年	2015年	2016年
產品退貨率(%)	<0.1	<0.1	<0.1
已售產品因安全與健康問題回收的比例(%)	0	0	0

## 企業社會責任

### 科技創新

「創新是核，創新是企業發展的源動力、必經之路。」公司始終堅持科技創新，持續加大研發力度，在嵌入式非易失性存儲器(eNVM)、功率器件、射頻、模擬及混合信號、電源管理IC等多領域持續加大研發力度，取得了科技成果和專利授權的雙豐收。截止2016年底，公司共擁有有效發明專利授權2,451件，其中美國有效專利授權103件。

中國電子信息行業聯合會、中國電子商會與中國軟件行業協會在北京聯合舉辦的「2016年中國電子信息行業發展大會暨高峰論壇」上，公司榮獲了「2016年中國電子信息行業創新能力五十強企業」稱號。我們擁有的院士專家工作站成功獲評「2016年全國示範院士專家工作站」、「上海市30家優秀院士專家工作站」。近兩年間，我們的院士工作站3個項目成果應用轉化實現了超過5,000萬元的經濟效益。以促進創新型企業建設為使命的公司科學技術協會開設了科協網站，舉辦了職稱培訓等系列講座，促進了科技信息的傳遞與交流，進一步服務科技人員。此外，公司與電子科技大學聯合申報的「功率高壓MOS器件關鍵技術與應用」項目榮獲「2016年度四川省科技進步一等獎」。

關鍵績效指標	2014年	2015年	2016年
研發投入(百萬美元)	36.5	51.0	47.6
研發投入佔主營業務收入比例(%)	5.5	7.8	6.6

### 知識產權保護

作為科技型企業，公司在從事智能卡芯片、信息安全芯片等專用集成電路的研究和開發中重視自主創新，尊重知識產權。我們建立了《知識產權管理制度》，積極進行專利申報，對侵犯知識產權行為進行責任追究，同時我們也承諾不侵犯任何單位或個人的知識產權，對上下游合作夥伴的產品技術信息進行嚴格保密。

為避免因製造涉及侵犯他人知識產權的半導體器件或終端產品而遭到申訴的風險，我們接受來自聲譽良好的客戶及未發現潛在風險的產品訂單，並與主要技術公司訂立多項技術授權協議。

## 4.2 客戶服務與權益保護

### 客戶服務體系

秉承「為客戶提供更便捷安全的服務」的思想，公司建立了完善的客戶體系，通過客服電話、網站系統、定期及不定期會議、技術研討會、培訓等多種交流方式為客戶提供服務，我們制定客戶接觸的工作流程和操作標準，明確顧客對查詢、交易和投訴接觸方式的基本要求；制定《顧客投訴處理規程》，規定顧客投訴的處理流程、責任部門和處理要領，要求在正常投訴發生48小時內給出初步調查結果反饋；定期對顧客投訴反饋的相關信息進行整理和分析，要求相關部門制定改進計劃，並對整改效果進行監督、評價；建立《顧客滿意度測評規程》，每半年抽樣實施一次滿意度調查，針對顧客的評分和不滿項目制訂改善計劃。2016年我們改進了E-tapeout客戶服務系統與Engineering Notice等客戶產品需求傳遞管理系統，簡化了業務流程，減低了出錯概率，提高了工作效率，縮短了業務周期。

關鍵績效指標	2014年	2015年	2016年
客戶滿意度分數	8.39	8.49	8.38
客戶投訴事件(件)	16	11	11
客戶投訴辦結率(%)	100	100	100

### 客戶信息保護

公司非常重視維護客戶信息安全，我們建立了信息安全管理體系，並通過了ISO27000認證。公司內部信息安全委員會明確信息安全責任，從信息資產管理、人力資源安全、物理訪問管理、邏輯訪問管理等方面層層把控信息安全風險，保障信息安全；同時對合作光罩廠進行審核，確保光罩廠數據管理和存儲的安全性。2016年，公司全部員工完成了在線信息安全培訓和測試。2016年未發生侵犯客戶隱私的違反法律法規事件。

# 企業社會責任

## 5 合規運營

我們持續追蹤合規運營相關的國際公約及經營地法律法規，定期更新供應鏈管理、風險管控、防止貪污賄賂與商業欺詐等方面的管理制度，嚴格遵守《中華人民共和國刑法》、《中華人民共和國合同法》、《中華人民共和國反不正當競爭法》等合規運營相關法律法規，深入落實供應商審核，積極進行廉潔從業宣傳和反腐治理。截至2016年末，公司未發生商業賄賂或貪污訴訟相關案件。

### 5.1 責任價值鏈

打造責任價值鏈，推動整個供應鏈企業的共同進步，是公司長遠發展的重要戰略。為此，我們成立CSC採購審查委員會，主要採購均採取公開招標的形式進行，保證採購過程公正、公開、公平；作為法國ECOVadis組織的成員以監察供應商的環境社會風險；並與供應商簽訂《反商業賄賂書》，嚴格杜絕不正當競爭行為。同時制定供應鏈管理規程，明確規定對供應商的環境、安全、健康等方面進行綜合評價，要求供應商提供的產品必須滿足有害物質管控(HSF)的法律法規要求，確保提供給客戶的產品能夠符合國際、國內法律法規及客戶對有害物質管理的要求。公司持續鼓勵供應商成為電子產業行為準則(EICC)的成員及獲取ISO14001認證，進一步推動綠色價值鏈。同時我們承諾：拒絕採購衝突礦產，積極推進消除供應鏈中使用非法礦區生產的、有關衝突礦產的、低劣工作環境採礦而來的金屬，持續更新衝突礦產調查相關報告。

公司生產能力的不斷提升，公司原料、設備、能源採購也隨之增加，目前我們擁有千餘家國內外供應商。在保證質量，降低成本的同時，我們積極支持國內供應商的成長和發展，持續幫助供應商提升管理能力，積極推動中小企業參與包括氣體、化學品、硅片促進關鍵原材料本土化。

關鍵績效指標	2014年	2015年	2016年
原材料採購本土化 <sup>5</sup> (%)	19.6%	20.0%	22.0%

<sup>5</sup> 原材料採購包括：硅片、石英、靶材、氣體、化學品等生產原材料。

### 5.2 反貪污

公司設立合規部負責監督合規管理的整體情況，同時各主要部門設有代表負責合規事務，包括落實內控管理制度、政策及措施。我們每年按照資本市場的要求完善合規管理體系，對包括合規管理在內的體系進行持續的梳理工作。2016年，公司改版並發行了《關於治理商業賄賂的管理規定》(第三版)。

公司長期致力於對外客戶廠商、對內管理幹部與重要崗位人員在廉潔從業方面的培訓與教育；持續推進《反商業賄賂承諾書》、《拒絕商業賄賂承諾書》簽署工作，截止2016年底，公司與126家廠商簽訂了《反商業賄賂承諾書》，與管理人員和重要崗位人員61人簽訂了《拒絕商業賄賂承諾書》。

堅持廉潔從業宣傳，組織開展反腐倡廉培訓，開展管理人員的廉潔從業宣導會12場，共有2,982人參加，參與率達100%；連續播放警示片《永遠在路上》，公司主任級及以上管理人員428人觀看。公司開展了主題為「倡廉潔之風尚，展書畫之藝術」書畫作品徵集活動，共計收到32幅書畫作品。公司的《員工投訴與舉報管理辦法》，提供郵件、電話、信箱等清晰的舉報渠道，鼓勵員工舉報可疑的內部違規行為。2016年在公司知悉的範圍內，公司無違規、違紀情況，發生員工舉報次數為零。



# 企業社會責任

## 6 公益與社區

我們將關注社區需求、尋求與社區的共同發展作為企業社會責任的重要方面。在社區投資上，我們主要專注於社區共建和志願服務。

我們繼續堅持軍民共建，為周圍社區消防官兵送上了飲料、毛巾、洗浴用品等生活用品，表達我們對堅持一線執勤消防官兵的深情厚誼。我們與崇明縣油橋村開展了結對幫扶活動，促進了油橋村委的困難幫扶範圍不斷擴大，幫扶力度不斷增強。通過結對幫扶活動的開展，2016年，凡是符合條件村域內大病住院的困難家庭均可取得一定的補助。此外，2016年我們積極參與張江園區總工會組織的職工書屋建設活動，將公司閱覽室圖書170餘冊捐贈到職工書屋，實現了舊圖書的分享再流通利用。

在社區志願服務方面，我們鼓勵員工服務當地社區、傳遞關懷，成立了志願者協會，目前志願者達260。作為歷年來的願者服務項目之一的美馨養老院慰問活動已持續11年。

關鍵績效指標	2014年	2015年	2016年
志願者活動累計時長(小時)	240	480	560

## 7 2016年所獲社會認可

序號	獲獎名稱
	<b>全國及行業獎項</b>
1	國家金卡工程2016年度金螞蟻獎
2	全國現場管理星級評價五星級現場
3	全國示範院士專家工作站
4	中國電子信息行業創新能力五十強企業
5	2016年第三屆中國工業企業履責星級榜五星級企業
6	2016年大中華IC設計成就獎之最受認可晶圓代工企業
7	2016年中國十大半導體製造企業
8	第十屆中國半導體創新產品和技術獎
9	2016年CITE創新產品和應用獎
10	2016年國內企業發明專利授權量TOP10
11	2016年中國「互聯網+」在工業應用領域十大新銳案例
	<b>省部級獎項</b>
12	上海市納稅百強企業
13	上海市「質量標桿」稱號
14	上海市知識產權優勢企業
15	上海市集成電路行業最佳經濟效益前十名
16	上海市集成電路製造業銷售前五名
17	上海市優秀院士專家工作站
18	上海市「五星級誠信創建企業」
19	全國「安康杯」競賽（上海賽區）優秀班組
20	科技創新突出貢獻獎
21	四川省科學技術一等獎 (與電子科技大學聯合申報的「功率高壓MOS器件關鍵技術與應用」項目)

# 企業社會責任

## 8 編製說明

### 報告簡介

《華虹半導體有限公司2016年度社會責任報告》(以下簡稱「本報告」) 闡述了公司2016年履行企業社會責任所秉持的原則及推行的工作績效，包括重要利益相關方所關注的有關經濟、環境及社會的可持續發展議題。

### 編寫依據

本報告依據香港聯合交易所有限公司刊發的《環境、社會及管治報告指引》，並參考全球報告倡議組織(GRI)的《可持續發展報告指南》(G4)編製。

### 報告範圍

組織範圍：本報告以華虹半導體有限公司為主體，涵蓋旗下各子公司。

時間範圍：2016年1月1日至2016年12月31日。

發佈周期：本報告為年度報告。

### 數據說明

報告中數據和案例來自公司實際運行的原始記錄或財務報告。

# 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)

### Opinion

We have audited the consolidated financial statements of Hua Hong Semiconductor Limited (the "Company") and its subsidiaries (the "Group") set out on pages 163 to 251, which comprise the consolidated statement of financial position as at 31 December 2016, 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 notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

**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)

### 意見

吾等已審核華虹半導體有限公司(「貴公司」)及其子公司(「貴集團」)載於第163至251頁的綜合財務報表，當中包括於二零一六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，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，該等綜合財務報表已根據香港會計師公會(「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」)真實而公平地反映 貴集團於二零一六年十二月三十一日的綜合財務狀況，及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例妥為編製。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor’s responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

### 意見的基礎

吾等已根據香港會計師公會頒佈的香港審計準則（「香港審計準則」）進行審計。根據該等準則，吾等的責任於本報告核數師就審計綜合財務報表承擔的責任一節進一步闡述。根據香港會計師公會專業會計師道德守則（「守則」），吾等獨立於貴集團，並已遵循守則履行其他道德責任。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意見提供基礎。

### 關鍵審計事項

關鍵審計事項是根據吾等的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在對綜合財務報表整體進行審計並形成意見的背景下進行處理的，吾等不對這些事項提供單獨的意見。吾等對下述每一事項在審計中是如何應對的描述也以此為背景。

吾等已經履行本報告核數師就審計綜合財務報表承擔的責任一節所述的責任，包括有關該等事項的責任。因此，吾等的審計包括執行為應對綜合財務報表重大錯誤陳述風險的評估而設計的程序。吾等執行審計程序的結果，包括應對以下事項所執行的程序，為吾等就隨附的綜合財務報表的審計意見提供基礎。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
------------------	--

*Impairment of available-for-sale investment carried at cost*

The Group recorded an unlisted equity investment carried at cost less impairment amounting to US\$203 million as at 31 December 2016, which was treated as available-for-sale investment. The management performed an impairment assessment on this investment using equity value model of the investee, taking into account assumptions on the perpetual growth rate, minority interest discount and liquidity discount rate. This matter was significant to our audit because the carrying amount of the available-for-sale investment was material to the consolidated financial statements and the impairment test process was complex and involved significant judgements.

The Group's disclosures about impairment of available-for-sale investment are included in note 3 to the financial statements, which explains the major judgements and estimations the management exercised in the assessment.

Our audit procedures included amongst others, evaluating the assumptions and methodologies used by the Group in assessing impairment of the investment by focusing on perpetual growth rate, the minority interest discount rate and liquidity discount rate. We also met the auditors of the investee, discussed and evaluated the impairment assessment of long term assets performed by the investee's management using the value in use calculation based on discounted cash flow method and considered the adequacy of their audit procedures.

### 關鍵審計事項 (續)

關鍵審計事項	關鍵審計事項在審計中是如何應對的
--------	------------------

*按成本列賬的可供出售投資減值*

於二零一六年十二月三十一日，貴集團錄得按成本值扣除減值列賬的非上市股權投資2.03億美元，被視為可供出售投資。管理層經計及有關永續增長率、少數股東權益貼現率及流動性貼現率的假設，採用被投資人股權價值模式對該投資進行減值評估。該事項對吾等的審計而言屬重大，乃由於可供出售投資的賬面值對綜合財務報表而言屬重要，且減值測試過程複雜，並涉及重大判斷。

貴集團關於可供出售投資減值的披露載於財務報表附註3，其中說明管理層於評估時作出的重要判斷及估計。

吾等的審計程序包括(其中包括)評估貴集團透過於評估投資減值時所用的假設及方法，並重點關注永續增長率、少數股東權益貼現率及流動性貼現率。吾等亦與被投資人核數師會面，討論及評估被投資人管理層採用根據貼現現金流量法計算的使用價值對長期資產進行的減值評估及考慮彼等審計程序的充足度。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Key audit matters (continued)

Key audit matter	How our audit addressed the key audit matter
------------------	--

#### *Fair value of investment property*

The Group recorded an investment property amounting to US\$169 million as at 31 December 2016. The Group measured its investment property at fair value at the end of each reporting period and engaged external experts to assess the fair value. This matter was significant to our audit because the carrying amount of investment property was material to the consolidated financial statements and the valuation process was complex and involved significant judgements.

The Group's disclosures about valuation of investment property are included in note 3 and note 14 to the financial statements, which specifically explain the key assumptions the management used in the valuation.

#### *Impairment of non-financial assets*

As at 31 December 2016, the management performed an impairment test on non-financial assets with a carrying amount of US\$685 million using the value in use calculation based on discounted cash flow method. This matter was significant to our audit because the balance of non-financial assets was material to the consolidated financial statements. Further, the impairment test process was complex and involved significant judgement.

The Group's disclosures about impairment of non-financial assets are included in note 3 to the financial statements, which explains the major judgements and estimations the management exercised in the assessment.

Our audit procedures included amongst others, evaluating the assumptions and methodologies used by the Group's external experts. We also involved our internal specialists to assist in our work. We focused on the reasonableness and appropriateness in the estimated rental value, term yield, reversionary and long term vacancy rate.

Our audit procedures included amongst others, evaluating the assumptions and methodologies used by the Group. We also involved our internal specialists to assist in our work focusing on the reasonableness and appropriateness of the forecasted revenue growth, profit margins, discount rate, projection period, estimation of disposal values at the end of the projection period and methodologies applied in estimating working capital movement and capital expenditure.

### 關鍵審計事項 (續)

關鍵審計事項	關鍵審計事項在審計中是如何應對的
--------	------------------

#### *投資物業公平值*

於二零一六年十二月三十一日，貴集團錄得投資物業1.69億美元。貴集團於各報告期末按公平值計量投資物業，並委聘外部專家對公平值進行評估。該事項對吾等的審計而言屬重大，乃由於投資物業的賬面值對綜合財務報表而言屬重要，且估值過程複雜，並涉及重大判斷。

貴集團關於投資物業估值的披露載於財務報表附註3及附註14，其中特別說明管理層於估值中所用的主要假設。

#### *非金融資產減值*

於二零一六年十二月三十一日，管理層採用根據貼現現金流量法計算的使用價值對賬面值為6.85億美元的非金融資產進行減值測試。該事項對吾等的審計而言屬重大，乃由於非金融資產的結餘對綜合財務報表而言屬重要。此外，減值測試過程複雜，並涉及重大判斷。

貴集團關於非金融資產減值的披露載於財務報表附註3，其中說明管理層於評估時作出的重要判斷及估計。

吾等的審計程序包括(其中包括)評估貴集團外部專家所用的假設及方法。吾等亦聘請內部專家協助吾等的工作。吾等重點關注估計租賃價值、年期回報率、復歸及長期空置率是否恰當合理。

吾等的審計程序包括(其中包括)評估貴集團所用的假設及方法。吾等亦聘請內部專家協助吾等的工作，並重點關注預測銷售收入增長、利潤率、貼現率、預測期、於預測期末估計出售價值及於評估營運資金變動及資本開支時所應用的方法是否恰當合理。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA 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.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### 年報所載的其他資料

貴公司董事須對其他資料負責。其他資料包括年報所載資料（綜合財務報表及吾等就此發出的核數師報告除外）。

吾等對綜合財務報表的意見並不涵蓋其他資料，吾等亦不會就其發表任何形式的鑒證結論。

就審計綜合財務報表而言，吾等的責任是閱讀其他資料，及在此過程中，考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況有重大不符，或者似乎有重大錯誤陳述。基於吾等已執行的工作，如果吾等認為其他資料有重大錯誤陳述，吾等需要報告有關事實。就此而言，吾等無需報告任何事項。

### 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。

在編製綜合財務報表時，貴公司董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非貴公司董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助貴公司董事履行監督貴集團財務報告過程的責任。



# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

### 核數師就審計綜合財務報表承擔的責任

吾等的目標，是對綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等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。

合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

我們根據香港審計準則進行審計的工作之一，是運用專業判斷，在整個審計過程中保持專業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應該等風險設計及執行審計程序，以及獲得充足及適當的審計憑證為我們的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕於內部控制之上，因此未能發現由此造成的重大錯誤陳述風險比未能發現由於錯誤而導致的重大錯誤陳述風險更高。
- 了解與審計有關的內部控制，以設計恰當的審計程序，但並非旨在對貴集團內部控制的有效性發表意見。
- 評估所用會計政策的恰當性，以及董事所作出的會計估算和相關披露的合理性。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### 核數師就審計綜合財務報表承擔的責任(續)

- 總結董事採用以持續經營為基礎的會計法的恰當性，並根據已獲取的審計憑證，總結是否有可能對貴集團持續經營能力構成重大疑問的事件或情況等重大不確定因素。倘若我們總結認為有重大不確定因素，我們需要在核數師報告中提請注意綜合財務報表內的相關披露，或如果相關披露不足，則修訂我們的意見。我們的結論是基於截至核數師報告日期所獲得的審計憑證。然而，未來事件或情況可能導致貴集團不再具有持續經營的能力。
- 評估綜合財務報表(包括披露)的整體列報、架構和內容，以及綜合財務報表是否中肯反映相關交易及事項。
- 就貴集團內各實體或業務活動的財務資料獲得充足適當的審計憑證，以便就綜合財務報表發表意見。我們須負責指導、監督和執行貴集團的審計工作。我們須為我們的審計意見承擔全部責任。

我們就(其中包括)審計工作的計劃範圍和時間以及重大審計發現(包括我們在審計過程中發現的任何內部控制的重大缺失)與審核委員會進行溝通。

我們亦向審核委員會提交聲明，確認我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響我們獨立性的關係和其他事宜以及相關保障措施(如適用)，與審核委員會進行溝通。

我們通過與審核委員會溝通，確定哪些是本期綜合財務報表審計工作的最重要事項，即關鍵審計事項。除非法律或法規不容許公開披露此等事項或在極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超過公眾知悉此等事項的利益而不應在報告中予以披露，否則我們會在核數師報告中描述此等事項。

# INDEPENDENT AUDITORS' REPORT

## 獨立核數師報告

### Auditor's responsibilities for the audit of the consolidated financial statements (continued)

The engagement partner on the audit resulting in this independent auditor's report is LEUNG, WAI LAP, PHILIP.

**Ernst & Young**  
*Certified Public Accountants*

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

28 March 2017

### 核數師就審計綜合財務報表承擔的責任(續)

出具本獨立核數師報告的審計項目合夥人為梁偉立。

**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

二零一七年三月二十八日

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2016  
截至二零一六年十二月三十一日止年度

## 綜合損益表

			2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Revenue	銷售收入	5	721,428	650,131
Cost of sales	銷售成本		(501,080)	(448,705)
Gross profit	毛利		220,348	201,426
Other income and gains	其他收入及收益	5	34,761	42,717
Fair value gain on an investment property	投資物業的公平值收益		72	58
Selling and distribution expenses	銷售及分銷費用		(6,814)	(7,292)
Administrative expenses	管理費用		(97,404)	(104,855)
Other expenses	其他費用		(666)	(9)
Finance costs	財務費用	7	(3,873)	(7,754)
Share of profits of an associate	分佔一家聯營公司溢利		7,056	961
<b>PROFIT BEFORE TAX</b>	<b>稅前溢利</b>	6	<b>153,480</b>	125,252
Income tax expense	所得稅開支	10	(24,648)	(12,703)
<b>PROFIT FOR THE YEAR</b>	<b>年內溢利</b>		<b>128,832</b>	112,549
Attributable to owners of the parent	母公司擁有人應佔		128,832	112,549
<b>EARNINGS PER SHARE</b>	<b>母公司普通股權持有人</b>	12		
<b>ATTRIBUTABLE TO ORDINARY</b>	<b>應佔每股盈利：</b>			
<b>EQUITY HOLDERS OF THE PARENT:</b>				
Basic	基本			
– For profit for the year	– 年內溢利		US\$0.12 0.12美元	US\$0.11 0.11美元
Diluted	攤薄			
– For profit for the year	– 年內溢利		US\$0.12 0.12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 2016  
截至二零一六年十二月三十一日止年度

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
<b>PROFIT FOR THE YEAR</b>	年內溢利	<b>128,832</b>	112,549
<b>OTHER COMPREHENSIVE LOSS</b>	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	<b>(98,778)</b>	(88,669)
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	<b>(98,778)</b>	(88,669)
<b>OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX</b>	年內其他全面虧損，扣除稅項	<b>(98,778)</b>	(88,669)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	年內全面收益總額	<b>30,054</b>	23,880
Attributable to owners of the parent	母公司擁有人應佔	<b>30,054</b>	23,880

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

## 31 December 2016 二零一六年十二月三十一日

# 綜合財務狀況表

			<b>31 December 2016 二零一六年 十二月三十一日 (US\$'000) (千美元)</b>	31 December 2015 二零一五年 十二月三十一日 (US\$'000) (千美元)
	<i>Notes 附註</i>			
<b>NON-CURRENT ASSETS</b>		<b>非流動資產</b>		
Property, plant and equipment	13	物業、廠房及設備	<b>656,517</b>	629,180
Investment property	14	投資物業	<b>169,074</b>	180,542
Prepaid land lease payments	15	預付土地租賃款項	<b>20,071</b>	22,120
Intangible assets	16	無形資產	<b>8,176</b>	8,516
Investment in an associate	17	於聯營公司的投資	<b>45,121</b>	40,833
Available-for-sale investments	18	可供出售投資	<b>203,330</b>	217,214
Long term prepayments		長期預付款項	<b>3,861</b>	10,806
Deferred tax assets	27	遞延稅項資產	<b>5,720</b>	4,692
Total non-current assets		非流動資產總額	<b>1,111,870</b>	1,113,903
<b>CURRENT ASSETS</b>		<b>流動資產</b>		
Inventories	19	存貨	<b>95,199</b>	107,081
Trade and notes receivables	20	貿易應收款項及應收票據	<b>106,078</b>	103,822
Prepayments, deposits and other receivables	21	預付款項、按金及其他應收款項	<b>8,963</b>	9,408
Due from related parties	33(c)	應收關聯方款項	<b>37,752</b>	25,282
Restricted and time deposits	22	已凍結及定期存款	<b>125,547</b>	41,796
Cash and cash equivalents	22	現金及現金等價物	<b>341,255</b>	510,441
Total current assets		流動資產總額	<b>714,794</b>	797,830
<b>CURRENT LIABILITIES</b>		<b>流動負債</b>		
Trade payables	23	貿易應付款項	<b>64,790</b>	66,280
Other payables, advances from customers and accruals	24	其他應付款項、預收賬款及暫估費用	<b>101,507</b>	84,474
Interest-bearing bank borrowings	25	計息銀行借款	<b>1,874</b>	42,750
Government grants	26	政府補助	<b>35,863</b>	53,881
Due to related parties	33(c)	應付關聯方款項	<b>9,689</b>	8,965
Income tax payable		應付所得稅	<b>24,222</b>	21,576
Total current liabilities		流動負債總額	<b>237,945</b>	277,926
<b>NET CURRENT ASSETS</b>		<b>流動資產淨額</b>	<b>476,849</b>	519,904
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>資產總值減流動負債</b>	<b>1,588,719</b>	1,633,807

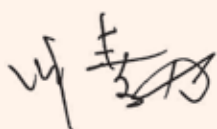
Continued 續/...

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

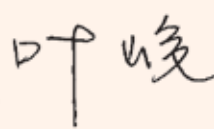
## 綜合財務狀況表

31 December 2016  
二零一六年十二月三十一日

			<b>31 December 2016</b> 二零一六年 十二月三十一日	31 December 2015 二零一五年 十二月三十一日
		Notes 附註	<b>(US\$'000)</b> (千美元)	(US\$'000) (千美元)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>資產總值減流動負債</b>		<b>1,588,719</b>	1,633,807
<b>NON-CURRENT LIABILITIES</b>	<b>非流動負債</b>			
Interest-bearing bank borrowings	計息銀行借款	25	<b>90,757</b>	137,871
Deferred tax liabilities	遞延稅項負債	27	<b>9,276</b>	5,246
Total non-current liabilities	非流動負債總額		<b>100,033</b>	143,117
<b>Net assets</b>	<b>淨資產</b>		<b>1,488,686</b>	1,490,690
<b>EQUITY</b>	<b>權益</b>			
<b>Equity attributable to owners of the parent</b>	<b>母公司擁有人應佔權益</b>			
Share capital	股本	28	<b>1,550,164</b>	1,550,164
Reserves	儲備	30	<b>(61,478)</b>	(59,474)
<b>Total equity</b>	<b>權益總額</b>		<b>1,488,686</b>	1,490,690



**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 2016  
截至二零一六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							Total equity 權益總額 US\$'000 千美元	
		Share capital 股本 US\$'000 千美元 (note 28) (附註28)	Merger reserve 合併儲備 US\$'000 千美元	Share option reserve 購股權儲備 US\$'000 千美元 (note 29) (附註29)	Other reserve and contributed surplus 其他儲備及供款盈餘 US\$'000 千美元	Revaluation surplus* 重估盈餘 US\$'000 千美元	Statutory reserve funds 法定儲備基金 US\$'000 千美元 (note 30) (附註30)	Exchange fluctuation reserve 外匯波動儲備 US\$'000 千美元		Accumulated losses 累計虧損 US\$'000 千美元
At 1 January 2015	於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 losses for the year:	年內其他全面虧損：									
Exchange differences related to foreign operations	有關等外業務的外匯差額	-	-	-	-	-	-	(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	-	-	-	-	-	10,762	-	(10,762)	-
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	1,550,164	645,494*	1,331*	45,097*	99,257*	23,531*	117,819*	(992,003)*	1,490,690
Profit for the year	年內溢利	-	-	-	-	-	-	-	128,832	128,832
Other comprehensive losses for the year:	年內其他全面虧損：									
Exchange differences related to foreign operations	有關等外業務的外匯差額	-	-	-	-	-	-	(98,778)	-	(98,778)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	(98,778)	128,832	30,054
Final 2015 dividend declared	最終宣派二零一五年股息	-	-	-	-	-	-	-	(35,930)	(35,930)
Equity-settled share option arrangements	以權益結算的購股權安排	-	-	3,872	-	-	-	-	-	3,872
Transfer from retained profits generated by a subsidiary	轉撥自一間子公司產生的留存溢利	-	-	-	-	-	13,479	-	(13,479)	-
At 31 December 2016	於二零一六年十二月三十一日	1,550,164	645,494*	5,203*	45,097*	99,257*	37,010*	19,041*	(912,580)*	1,488,686

# Revaluation surplus arose from a change in use from an owner-occupied property to an investment property carried at fair value. # 重估盈餘源於按公平值列賬之一項自用物業的用途更改為投資物業。

\* These reserve accounts comprise the consolidated negative reserves of US\$61,478,000 (2015: US\$59,474,000) in the consolidated statement of financial position. \* 該等儲備賬合計為綜合財務狀況表中的綜合負債儲備61,478,000美元(二零一五年: 59,474,000美元)。



# CONSOLIDATED STATEMENT OF CASH FLOWS

## 綜合現金流量表

Year ended 31 December 2016  
截至二零一六年十二月三十一日止年度

	Notes 附註	2016 二零一六年 (US\$'000) 千美元	2015 二零一五年 (US\$'000) 千美元
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>經營活動所得現金流量</b>		
Profit before tax	稅前溢利	153,480	125,252
Adjustments for:	就以下各項作出的調整：		
Finance costs	財務費用	7	7,754
Share of profits of an associate	分佔一家聯營公司溢利	(7,056)	(961)
Interest income	利息收入	(5,093)	(7,856)
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得收益	5	(401)
Depreciation	折舊	13	73,879
Changes in fair value of an investment property	投資物業公平值變動	14	(72)
(Reversal)/write-down of inventories to net realisable value	(撥回)/撇減存貨至可變現淨值	6	(1,810)
Reversal 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	6	(14)
Impairment of items of property, plant and equipment	物業、廠房及設備項目減值	13	4,012
Amortisation of intangible assets	無形資產攤銷	16	3,819
Recognition of prepaid land lease payments	預付土地租賃款項確認	15	664
Equity-settled share option expense	以權益結算的購股權開支	29	3,872
		<b>236,254</b>	<b>211,527</b>
Decrease/(increase) in inventories	存貨減少/(增加)	12,220	(14,563)
(Increase)/decrease in trade and notes receivables	貿易應收款項及應收票據(增加)/減少	(4,428)	3,991
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少/(增加)	1,929	(2,414)
(Increase)/decrease in amounts due from related parties	應收關聯方款項(增加)/減少	(13,261)	17,896
Decrease in restricted and time deposits	已凍結及定期存款減少	1,257	787
(Decrease)/increase in trade payables	貿易應付款項(減少)/增加	(2,848)	2,748
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	13,629	6,556
Decrease in government grants	政府補助減少	(15,083)	(6,799)
Increase/(decrease) in amounts due to related parties	應付關聯方款項增加/(減少)	521	(16,041)
<b>Cash generated from operations</b>	<b>經營活動產生的現金</b>	<b>230,190</b>	<b>203,688</b>
Income tax paid	已付所得稅	(18,282)	(15,911)
<b>Net cash flows generated from operating activities</b>	<b>經營活動所得現金流量淨額</b>	<b>211,908</b>	<b>187,777</b>

Continued 續/...

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2016  
截至二零一六年十二月三十一日止年度

## 綜合現金流量表

	Notes 附註	2016 二零一六年 (US\$'000) 千美元	2015 二零一五年 (US\$'000) 千美元
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>投資活動所得現金流量</b>		
Interest received	已收利息	3,469	7,809
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	(168,692)	(181,916)
Purchases of items of intangible assets	購買無形資產項目	(3,944)	(1,167)
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項	58	70
Receipt of government grants	收到政府補助	20,711	7,546
Increase in restricted and time deposits	已凍結及定期存款增加	(85,000)	(40,000)
<b>Net cash flows used in investing activities</b>	<b>投資活動所用現金流量淨額</b>	<b>(233,398)</b>	<b>(207,658)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>融資活動所得現金流量</b>		
Dividends paid to shareholders	向股東支付股息	(35,922)	–
Interest paid	已付利息	(3,911)	(7,800)
Increase in restricted and time deposits	已凍結及定期存款增加	(8)	–
New bank loans	新增銀行貸款	–	38,961
Repayment of bank loans	償還銀行貸款	(85,500)	(119,854)
<b>Net cash flows used in financing activities</b>	<b>融資活動所用現金流量淨額</b>	<b>(125,341)</b>	<b>(88,693)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等價物減少淨額</b>	<b>(146,831)</b>	<b>(108,574)</b>
Cash and cash equivalents at beginning of year	年初現金及現金等價物	510,441	646,773
Effect of foreign exchange rate changes, net	外匯匯率變動影響，淨額	(22,355)	(27,758)
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>年末現金及現金等價物</b>	<b>341,255</b>	<b>510,441</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>	<b>現金及現金等價物結餘分析</b>		
Cash and bank balances	現金及銀行結餘	22	178,080
Unrestricted 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之無凍結定期存款	163,175	308,191
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	22	341,255

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016

二零一六年十二月三十一日

### 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 (Group) Co., Ltd. (“INESA”), formerly known as INESA Holding Group, 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(集團)有限公司(「儀電集團」，前稱上海儀電控股(集團)有限公司)，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%	–	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」)**	PRC/Mainland China 中國/中國大陸	RMB5,865,538 人民幣5,865,538元	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」)**	PRC/Mainland China 中國/中國大陸	RMB41,385 人民幣41,385元	–	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%	–	Trading 貿易
HHGrace Semiconductor USA, Inc.*	USA 美國	–	100%	–	Sales office 銷售辦事處
HHGrace Semiconductor Japan Co., Ltd.*	Japan 日本	JPY10,000 10,000日圓	100%	–	Sales office 銷售辦事處

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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 2016, 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. However certain administrative formalities of HHNEC and Grace Shanghai has not been fulfilled.
- \*\*\* 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 2016. 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)

- \* 於截至二零一六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，但華虹NEC及上海宏力的若干行政手續尚未完成。
- \*\*\* 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」)截至二零一六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)。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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 above. 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。

倘事實及情況顯示上述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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 2.2 Changes in Accounting Policies and Disclosures

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	<i>Investment Entities: Applying the Consolidation Exception</i>
Amendments to HKFRS 11 HKFRS 14 Amendments to HKAS 1	<i>Accounting for Acquisitions of Interests in Joint Operations Regulatory Deferral Accounts Disclosure Initiative</i>
Amendments to HKAS 16 and HKAS 38	<i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to HKAS 16 and HKAS 41	<i>Agriculture: Bearer Plants</i>
Amendments to HKAS 27 (2011) <i>Annual Improvements 2012-2014 Cycle</i>	<i>Equity Method in Separate Financial Statements</i> Amendments to a number of HKFRSs

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

### 2.2 會計政策的變動及披露

本集團於本年度財務報表內首次採納下列新訂及經修訂香港財務報告準則。

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
香港財務報告準則第11號(修訂本) 香港財務報告準則第14號 香港會計準則第1號(修訂本)	收購合營業務權益的會計處理 監管遞延賬戶披露計劃
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
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
香港會計準則第27號(修訂本)(二零一一年) 二零一二年至二零一四年週期的年度改進	獨立財務報表的權益法 多項香港財務報告準則的修訂

採納上述經修訂準則對該等財務報表概無重大財務影響。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註 31 December 2016 二零一六年十二月三十一日

### 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.

Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions<sup>2</sup></i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts<sup>2</sup></i>
HKFRS 9	<i>Financial Instruments<sup>2</sup></i>
Amendments to HKFRS 10 and HKAS 28 (2011)	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture<sup>4</sup></i>
HKFRS 15	<i>Revenue from Contracts with Customers<sup>2</sup></i>
Amendments to HKFRS 15	<i>Clarifications to HKFRS 15 Revenue from Contracts with Customers<sup>2</sup></i>
HKFRS 16	<i>Leases<sup>3</sup></i>
Amendments to HKAS 7	<i>Disclosure Initiative<sup>1</sup></i>
Amendments to HKAS 12	<i>Recognition of Deferred Tax Assets for Unrealised Losses<sup>1</sup></i>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2017

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2019

<sup>4</sup> No mandatory effective date yet determined but available for adoption

### 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2號(修訂本)	以股份付款的交易的分類及計量 <sup>2</sup>
香港財務報告準則第4號(修訂本)	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號金融工具 <sup>2</sup>
香港財務報告準則第9號	金融工具 <sup>2</sup>
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 <sup>4</sup>
香港財務報告準則第15號	客戶合約收益 <sup>2</sup>
香港財務報告準則第15號(修訂本)	客戶合約收益(香港財務報告準則第15號澄清) <sup>2</sup>
香港財務報告準則第16號	租賃 <sup>3</sup>
香港會計準則第7號(修訂本)	披露計劃 <sup>1</sup>
香港會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產 <sup>1</sup>

<sup>1</sup> 於二零一七年一月一日或之後開始的年度期間生效

<sup>2</sup> 於二零一八年一月一日或之後開始的年度期間生效

<sup>3</sup> 於二零一九年一月一日或之後開始的年度期間生效

<sup>4</sup> 尚未釐定強制生效日期，惟可供採納

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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 HKFRSs 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. In June 2016, the HKICPA issued amendments to HKFRS 15 to address the implementation issues on identifying performance obligations, application guidance on principal versus agent and licences of intellectual property, and transition. The amendments are also intended to help ensure a more consistent application when entities adopt HKFRS 15 and decrease the cost and complexity of applying the standard. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

### 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，惟該等香港財務報告準則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。於二零一六年六月，香港會計師公會頒佈香港財務報告準則第15號（修訂本），以引入識別履約責任、委託人與代理及知識產權許可的應用指引及過渡的落實問題。該等修訂亦旨在幫助確保於實體採納香港財務報告準則第15號時更一致的應用並降低應用準則的成本及複雜性。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。



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

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

HKFRS 16 replaces HKAS 17 Leases, HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease*, HK(SIC)-Int 15 *Operating Leases – Incentives* and HK(SIC)-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in HKAS 40. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. The Group expects to adopt HKFRS 16 on 1 January 2019 and is currently assessing the impact of HKFRS 16 upon adoption.

Amendments to HKAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The amendments will result in additional disclosure to be provided in the financial statements. The Group expects to adopt the amendments from 1 January 2017.

### 2.3 已頒佈但尚未生效的香港財務報告準則 (續)

香港財務報告準則第16號取代香港會計準則第7號租賃、香港(國際財務報告詮釋委員會)–詮釋第4號釐定安排是否包括租賃、香港(常務詮釋委員會)–詮釋第15號經營租賃–優惠及香港(常務詮釋委員會)–詮釋第27號評估涉及租賃法律形式交易的內容。該準則載列確認、計量、呈列及披露租賃的原則，並要求承租人就大多數租賃確認資產及負債。該準則包括給予承租人兩項租賃確認豁免–低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租賃期作出租賃付款為負債(即租賃負債)及代表可使用相關資產的權利為資產(即有使用權資產)。除非有使用權資產符合香港會計準則第40號投資物業的定義，否則有使用權資產其後按成本減累計折舊及任何減值虧損計量。租賃負債其後會就反映租賃負債利息而增加及因租賃付款而減少。承租人將須分別確認租賃負債的利息開支及有使用權資產的折舊開支。承租人將亦須於若干事件發生時重新計量租賃負債，例如由於租賃期變更或用於釐定該等付款的一項指數或比率變更而引致未來租賃付款變更。承租人一般將重新計量租賃負債的數額確認為有使用權資產的調整。香港財務報告準則第16號大致沿用香港會計準則第17號內出租人的會計處理方式。出租人將繼續使用與香港會計準則第17號相同的分類原則對所有租賃進行分類，並將之分為經營租賃及融資租賃。本集團預期自二零一九年一月一日採納香港財務報告準則第16號，目前正評估採納香港財務報告準則第16號的影響。

香港會計準則第7號(修訂本)要求實體作出披露，以使財務報表使用者可評估融資活動所產生的負債變動，包括現金流量及非現金流量產生的變動。該等修訂將導致須於財務報表作出額外披露。本集團預期自二零一七年一月一日起採納該等修訂。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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.

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

#### 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。

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。

# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 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

## 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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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。

## 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。



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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：

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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 and gains, 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 and gains 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。擬將無限期持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入及收益）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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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。

## 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*

對於按攤銷成本入賬的金融資產，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，會計入一組信用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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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 administrative 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撤銷。

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。倘撤賬於日後收回，則轉回的減值虧損計入損益表的管理費用。

##### *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鉤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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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。

### 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



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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.

### 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。

## 2.4 Summary of Significant Accounting Policies (continued)

### 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.

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

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。

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。

# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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. Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

#### Foreign currencies

These financial statements are presented in US\$, 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作負債。由於本公司的組織章程大綱及細則授權董事宣派中期股息,故中期股息乃同時予以擬派及宣派。因此,中期股息於擬派及宣派後隨即確認為負債。

#### 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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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\$. As at the end of the reporting period, the assets and liabilities of these entities are translated into US\$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into US\$ 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\$ 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\$ 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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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:

#### *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

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：

#### *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。

### 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*

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.

#### *Impairment of available-for-sale investments carried at cost*

The Group assesses whether there are any indicators of impairment for available-for-sale investments carried at cost at the end of each reporting period. Available-for-sale investments carried at cost are tested for impairment when there are indicators that the carrying amounts may not be recoverable. Management must estimate the expected future cash flows from the asset and choose appropriate assumptions to be applied in preparing cash flow projections including 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*

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。

#### *按成本列賬的可供出售投資減值*

本集團於各報告期末評估按成本列賬的可供出售投資是否出現任何減值跡象。按成本列賬的可供出售投資於有跡象顯示賬面值可能無法收回時測試減值。管理層必須估計來自資產的預期未來現金流量，並於編製現金流量預測時選擇所應用的合適假設（包括適當的貼現率），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。



# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 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 2016 was US\$169,074,000 (2015: US\$180,542,000). 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。

於二零一六年十二月三十一日，投資物業的賬面值為169,074,000美元(二零一五年：180,542,000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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
China (including Hong Kong)	中國(包括香港)	378,030	358,896
United States of America	美利堅合眾國	141,186	123,716
Asia (excluding China and Japan)	亞洲(不包括中國及日本)	91,175	52,844
Europe	歐洲	68,468	61,648
Japan	日本	42,569	53,027
		721,428	650,131

#### 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 2016 (2015: 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分資料。

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

截至二零一六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(二零一五年：無)。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 5. Revenue, Other Income and Gains

Revenue represents the net invoiced value of goods sold, after allowances for returns and trade discounts 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售出貨品發票淨值。

對收入、其他收入及收益的分析如下：

		<b>2016</b>	2015
		<b>二零一六年</b>	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		<b>(千美元)</b>	(千美元)
<b>Revenue</b>	<b>收入</b>		
Sale of goods	銷售貨品	<b>721,428</b>	650,131
<b>Other income</b>	<b>其他收入</b>		
Rental income	租金收入	<b>12,876</b>	13,167
Interest income	利息收入	<b>5,093</b>	7,856
Government subsidies	政府補貼	<b>8,228</b>	9,966
Sale of scrap materials	銷售廢料	<b>370</b>	442
Rendering of services	提供服務	<b>417</b>	444
Others	其他	<b>664</b>	2,406
		<b>27,648</b>	34,281
<b>Gains</b>	<b>收益</b>		
Gain on disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得收益	<b>16</b>	401
Foreign exchange gain, net	外匯匯兌收益淨額	<b>7,097</b>	8,035
		<b>7,113</b>	8,436
		<b>34,761</b>	42,717

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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：

			2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
	Notes 附註			
Cost of inventories sold	已售存貨成本		501,080	448,705
Depreciation	折舊	13	80,595	73,879
Recognition of prepaid land lease payments	確認預付土地租賃款項	15	664	708
Amortisation of intangible assets	無形資產攤銷	16	3,819	4,461
Research and development costs	研發成本		41,336	47,512
Minimum lease payments under operating leases	經營租賃最低租賃款項		2,978	3,408
Auditor's remuneration	核數師薪酬		467	498
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):	僱員福利開支(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		137,962	140,061
Equity-settled share option expense	以權益結算的購股權開支	29	3,872	1,331
Pension scheme contributions	退休金計劃供款		12,086	11,125
			<b>153,920</b>	152,517
Rental income on an investment property, net	投資物業的租金收入淨額	5	(12,876)	(13,167)
Government subsidies	政府補貼	5	(8,228)	(9,966)
Foreign exchange gain, net	外匯匯兌收益淨額	5	(7,097)	(8,035)
Impairment on items of property, plant and equipment	物業、廠房及設備項目減值	13	4,012	5,162
Reversal 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		(14)	(154)
(Reversal)/write-down of inventories to net realisable value	(撥回)/撤減存貨至可變現淨值		(1,810)	2,410
Fair value gain on an investment property	投資物業公平值收益	14	(72)	(58)

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 7. Finance Costs

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Interest on bank loans	銀行貸款利息	3,873	7,754

### 7. 財務費用

### 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:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Fees	袍金	225	240
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	157	161
Performance related bonuses	與表現掛鉤的花紅	168	155
Equity-settled share option expense	以權益結算的購股權開支	117	42
Pension scheme contributions	退休金計劃供款	6	6
		448	364
		673	604

### 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：

In prior 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.

於過往年度，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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Stephen Tso Tung Chang	張祖同	75	80
Kwai Huen Wong, JP	王桂壘，太平紳士	75	80
Long Fei Ye	葉龍蜚	75	80
		<b>225</b>	<b>240</b>

There were no other emoluments payable to the independent non-executive directors during the year (2015: Nil).

年內並無應付予獨立非執行董事的其他酬金（二零一五年：無）。

#### (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

		Fees 袍金 US\$'000 千美元	Salaries, allowances and benefits in kind 薪酬、津貼 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
2016	二零一六年						
Non-executive director	非執行董事：						
Mr. Takayuki Morita	森田隆之先生	-	-	-	14	-	14
Chief executive:	最高行政人員：						
Mr. Yu Wang	王煜先生	-	157	168	103	6	434
		-	157	168	117	6	448
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	-	161	155	37	6	359
		-	161	155	42	6	364

Save as disclosed above, none of the directors received any emoluments during 2016 and 2015.

除前述披露者外，概無董事於二零一六年及二零一五年收取任何薪酬。

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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 9. Five Highest Paid Employees

The five highest paid employees during the year included one director, who is also the chief executive, (2015: one director being also the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2015: four) highest paid employees who are not directors of the Company are as follows:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Salaries, allowances and benefits in kind	薪酬、津貼及實物利益	1,120	1,153
Performance related bonuses	與表現掛鉤的花紅	357	192
Equity-settled share option expense	以權益結算的購股權開支	256	101
Pension scheme contributions	退休金計劃供款	14	15
		1,747	1,461

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	
		2016 二零一六年	2015 二零一五年
HK\$2,000,001 to HK\$2,500,000	2,000,001港元至2,500,000港元	3	3
HK\$3,500,001 to HK\$4,000,000	3,500,001港元至4,000,000港元	1	1
		4	4

In prior 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董事（亦為最高行政人員）（二零一五年：一名董事（亦為最高行政人員）），其薪酬詳情載於上文附註8。年內，其餘四名（二零一五年：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：

上年度，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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 10. Income Tax

Hong Kong profits were subject to profits tax at the rate of 16.5% during the year (2015:16.5%). 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 (2015: 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 0.25µm below 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% (2015: 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 (2015: 34%), as well as state tax at 8.84% (2015: 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% (二零一五年：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 (二零一五年：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% (二零一五年：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% (二零一五年：34%) 的聯邦企業所得稅率及8.84% (二零一五年：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：

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Current income tax – PRC	當期所得稅 – 中國	19,617	14,965
Current income tax – elsewhere	當期所得稅 – 其他地區	349	353
Withholding tax on the distribution dividend from PRC subsidiary	中國子公司分派股息的 預扣稅	2,017	–
Deferred tax (note 27)	遞延稅項 (附註27)	2,665	(2,615)
		<b>24,648</b>	<b>12,703</b>



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註 31 December 2016 二零一六年十二月三十一日

### 10. Income Tax (continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rates of 25% for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

		<b>2016</b> 二零一六年 <b>(US\$'000)</b> (千美元)	2015 二零一五年 (US\$'000) (千美元)
Profit before tax	稅前溢利	<b>153,480</b>	125,252
Tax at the statutory tax rate of 25%	按法定稅率25%計算的稅項	<b>38,370</b>	31,313
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	<b>(15,180)</b>	(12,500)
Adjustments in respect of current tax of previous periods	就上一期間當期稅項的調整	<b>(2,200)</b>	(5)
Profits attributable to an associate	一家聯營公司應佔溢利	<b>(1,058)</b>	(144)
Income not subject to tax	免繳稅收入	<b>(111)</b>	(160)
Expenses not deductible for tax	不可扣稅開支	<b>298</b>	495
Tax losses not recognised	未確認稅項虧損	<b>224</b>	299
Temporary differences not recognised	未確認暫時差額	<b>607</b>	127
Additional deduction of research and development costs	研發成本其他扣減	<b>(2,368)</b>	-
Adjustments in respect of deferred tax of previous years	以前年度遞延稅項的調整	-	(11,560)
Effect of withholding tax at 5% (2015: 5%) 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% (二零一五年: 5%) 稅率	<b>6,066</b>	4,838
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項開支	<b>24,648</b>	12,703

The share of tax attributable to an associate amounting to US\$3,408,000 for the year (2015: US\$259,000) is included in "Share of profits of an associate" in the consolidated statement of profit or loss.

### 10. 所得稅 (續)

按本公司及其大部分子公司經營所在司法權區的法定稅率25%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3,408,000美元 (二零一五年: 259,000美元)，載於綜合損益表「分佔一家聯營公司溢利」。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 11. Dividend

### 11. 股息

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Proposed final-HK30 cents (2015: HK27 cents) per ordinary share	建議末期股息－每股普通股 30港仙(二零一五年：27港仙)	<b>39,963</b>	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.

The board recommended a final 2016 dividend of HK30 cents per share (2015: HK\$27 cents), amounting to HK\$310,161,497 (2015: HK\$279,145,347), which was equivalent to US\$39,963,000 (2015: US\$36,015,000).

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。

董事會建議派付二零一六年末期股息每股30港仙(二零一五年：27港仙)，合計為310,161,497港元(二零一五年：279,145,347港元)相當於39,963,000美元(二零一五年：36,015,000美元)。

# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 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 (2015: 1,033,871,656) 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 calculations of basic and diluted earnings per share are 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(二零一五年: 1,033,871,656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:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (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	128,832	112,549
<b>Number of shares</b> 股份數目			
		2016 二零一六年	2015 二零一五年
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	1,033,871,656
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	3,417,000	945,000
		<b>1,037,288,656</b>	<b>1,034,816,656</b>

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 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)
<b>31 December 2016</b>	<b>二零一六年十二月三十一日</b>							
At 31 December 2015 and at 1 January 2016:	於二零一五年十二月三十一日及二零一六年一月一日:							
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
At 1 January 2016, net of accumulated depreciation and impairment	於二零一六年一月一日，扣除累計折舊及減值	164,625	379,980	6,244	344	2,501	75,486	629,180
Additions	添置	-	-	-	-	-	156,606	156,606
Transfers	轉撥	2,918	196,935	3,384	-	-	(203,237)	-
Disposals	處置	-	(8)	(34)	-	-	-	(42)
Depreciation provided during the year	年內計提折舊	(12,400)	(65,543)	(1,752)	(94)	(806)	-	(80,595)
Impairment	減值	(691)	-	-	-	-	(3,321)	(4,012)
Exchange realignment	匯兌調整	(10,229)	(29,893)	(585)	(17)	(134)	(3,762)	(44,620)
At 31 December 2016, net of accumulated depreciation and impairment	於二零一六年十二月三十一日，扣除累計折舊及減值	144,223	481,471	7,257	233	1,561	21,772	656,517
At 31 December 2016:	於二零一六年十二月三十一日:							
Cost	成本	296,301	3,565,396	33,510	1,913	3,903	39,821	3,940,844
Accumulated depreciation and impairment	累計折舊及減值	(152,078)	(3,083,925)	(26,253)	(1,680)	(2,342)	(18,049)	(3,284,327)
Net carrying amount	賬面淨值	144,223	481,471	7,257	233	1,561	21,772	656,517

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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	物業裝修租賃	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)
<b>31 December 2015</b>	<b>二零一五年十二月三十一日</b>							
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

As at 31 December 2016, certain of the Group's property, plant and equipment with a net carrying value of US\$557,772,000 (2015: US\$507,224,000) were pledged to banks to secure the Group's banking facilities (note 25).

於二零一六年十二月三十一日，本集團賬面淨值為557,772,000美元（二零一五年：507,224,000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）。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 14. Investment Property

### 14. 投資物業

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Carrying amount at 1 January	於一月一日的賬面值	180,542	191,533
Net gain from a fair value adjustment	公平值調整的收益淨額	72	58
Exchange realignment	匯兌調整	(11,540)	(11,049)
Carrying amount at 31 December	於十二月三十一日的賬面值	169,074	180,542

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.

The Group's investment property was revalued on 31 December 2016 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 referring to comparable market transactions.

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.

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

As at 31 December 2016 and 2015, the Group's investment property was pledged to banks to secure the Group's banking facilities (note 25).

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。

於二零一六年十二月三十一日，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。

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。

投資物業根據經營租約出租予關聯方(附註31(a)和33(b))。

於二零一六年及二零一五年十二月三十一日，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)。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 14. Investment Property (continued)

#### Fair value hierarchy

The recurring fair value measurement for the Group's investment property, which is an industrial property, was made using significant unobservable inputs (Level 3) as at 31 December 2016 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 (2015: 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 2016 於二零一六年十二月 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)	<b>US\$11.6</b> <b>11.6美元</b>
		Term yield 年期回報率	<b>7.0%</b>
		Reversionary yield 復歸回報率	<b>7.5%</b>
		Long term vacancy rate 長期空置率	<b>5.0%</b>
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 yield 復歸回報率	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)於二零一六年十二月三十一日及二零一五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(二零一五年: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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 14. Investment Property (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)

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

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Carrying amount at 1 January	於一月一日的賬面值	22,798	24,914
Recognised during the year	年內確認	(664)	(708)
Exchange realignment	匯兌調整	(1,431)	(1,408)
Carrying amount at 31 December	於十二月三十一日的賬面值	20,703	22,798
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	(632)	(678)
Non-current portion	非即期部份	20,071	22,120

The Group's prepaid land lease payments with a carrying value of US\$20,703,000 as at 31 December 2016 (2015: US\$22,798,000) were pledged to banks to secure the Group's banking facilities (note 25).

於二零一六年十二月三十一日，賬面值為20,703,000美元(二零一五年：22,798,000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)。



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 16. Intangible Assets

### 16. 無形資產

		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)
<b>31 December 2016</b>	<b>二零一六年十二月三十一日</b>			
At 31 December 2015 and at 1 January 2016:	於二零一五年十二月 三十一日及二零一六年 一月一日：			
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
At 1 January 2016, net of accumulated amortisation and impairment	於二零一六年一月一日， 扣除累計攤銷及減值	—	8,516	8,516
Addition	添置	—	3,944	3,944
Amortisation provided during the year	年內作出攤銷	—	(3,819)	(3,819)
Exchange realignment	匯兌調整	—	(465)	(465)
At 31 December 2016, net of accumulated amortisation and impairment	於二零一六年十二月 三十一日，扣除累計 攤銷及減值	—	8,176	8,176
At 31 December 2016:	於二零一六年十二月 三十一日：			
Cost	成本	282,999	81,312	364,311
Accumulated amortisation and impairment	累計攤銷及減值	(282,999)	(73,136)	(356,135)
Net carrying amount	賬面淨值	—	8,176	8,176

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 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)
<b>31 December 2015</b>	<b>二零一五年十二月三十一日</b>			
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

Certain of the Group's intangible assets with a carrying value of US\$6,757,000 at 31 December 2016 (2015: US\$6,806,000) were pledged to banks to secure the Group's banking facilities (note 25).

於二零一六年十二月三十一日，賬面值為6,757,000美元(二零一五年：6,806,000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)。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 17. Investment in an Associate

### 17. 於聯營公司的投資

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Share of net assets	分佔資產淨值	45,121	40,833

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 registration and place of business 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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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：

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Current assets	流動資產	<b>165,813</b>	155,597
Non-current assets	非流動資產	<b>88,545</b>	49,675
Current liabilities	流動負債	<b>(69,978)</b>	(43,096)
Non-current liabilities	非流動負債	<b>(94,139)</b>	(80,510)
Net assets	資產淨值	<b>90,241</b>	81,666
Net assets, excluding goodwill	資產淨值，不包括商譽	<b>90,241</b>	81,666
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	<b>50%</b>	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	<b>45,121</b>	40,833

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Revenue	收入	<b>5,302</b>	22,051
Profit for the year	年內溢利	<b>14,112</b>	1,922
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總額	<b>14,112</b>	1,922
Dividend received	已收股息	-	-

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 18. Available-for-sale Investments

### 18. 可供出售投資

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Unlisted equity investments, at cost	非上市股權投資，按成本值	203,330	217,214

As at 31 December 2016, the unlisted equity investments with a carrying amount of US\$203,330,000 (2015: US\$217,214,000) 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，故於二零一六年十二月三十一日非上市股權投資賬面值203,330,000美元（二零一五年：217,214,000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

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Raw materials	原材料	49,571	46,109
Work in progress	在製品	40,117	40,391
Finished goods	製成品	15,470	33,082
		105,158	119,582
Provision for inventories	存貨撥備	(9,959)	(12,501)
		95,199	107,081

### 20. Trade and Notes Receivables

### 20. 貿易應收款項及應收票據

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Trade receivables	貿易應收款項	83,173	59,746
Notes receivable	應收票據	24,372	45,630
		107,545	105,376
Impairment of trade receivables	貿易應收款項減值	(1,467)	(1,554)
		106,078	103,822

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用風險。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用措施。貿易應收款項為免息。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 20. Trade and Notes Receivables (continued)

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

		<b>2016</b>	2015
		二零一六年	二零一五年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
Within 3 months	3個月以內	<b>80,165</b>	55,978
3 to 6 months	3至6個月	<b>213</b>	1,523
Over 6 months	6個月以上	<b>1,328</b>	691
		<b>81,706</b>	58,192

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

		<b>2016</b>	2015
		二零一六年	二零一五年
		(US\$'000)	(US\$'000)
		(千美元)	(千美元)
At 1 January	於一月一日	<b>1,554</b>	1,858
Reversal of impairment	減值撥回	-	(210)
Exchange realignment	匯兌調整	<b>(87)</b>	(94)
As at 31 December	於十二月三十一日	<b>1,467</b>	1,554

Included in the above provision for impairment of trade receivables was a provision for individually impaired trade receivables of US\$1,467,000 as at 31 December 2016 (2015: US\$1,554,000), with a carrying amount before provision of US\$1,467,000 (2015: US\$1,554,000).

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：

	<b>2016</b>	2015
	二零一六年	二零一五年
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
Within 3 months	<b>80,165</b>	55,978
3 to 6 months	<b>213</b>	1,523
Over 6 months	<b>1,328</b>	691
	<b>81,706</b>	58,192

貿易應收款項減值撥備的變動如下：

	<b>2016</b>	2015
	二零一六年	二零一五年
	(US\$'000)	(US\$'000)
	(千美元)	(千美元)
At 1 January	<b>1,554</b>	1,858
Reversal of impairment	-	(210)
Exchange realignment	<b>(87)</b>	(94)
As at 31 December	<b>1,467</b>	1,554

上述貿易應收款項減值撥備包括於二零一六年十二月三十一日就個別出現減值的貿易應收款項1,467,000美元（二零一五年：1,554,000美元）作出的撥備，於撥備前的賬面值為1,467,000美元（二零一五年：1,554,000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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 20. Trade and Notes Receivables (continued)

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

		<b>2016</b>	2015
		<b>二零一六年</b>	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		<b>(千美元)</b>	(千美元)
Neither past due nor impaired	既未逾期亦未減值	<b>73,767</b>	53,303
Less than 1 month past due	逾期少於1個月	<b>7,320</b>	2,658
1 to 3 months past due	逾期1至3個月	<b>508</b>	1,590
3 to 6 months past due	逾期3至6個月	<b>55</b>	113
6 to 12 months past due	逾期6至12個月	<b>—</b>	464
Over 1 year past due	逾期1年以上	<b>56</b>	64
		<b>81,706</b>	58,192

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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 21. Prepayments, Deposits and Other Receivables

### 21. 預付款項、按金及其他應收款項

		<b>31 December 2016</b>	31 December 2015
		二零一六年 十二月三十一日	二零一五年 十二月三十一日
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Other receivables	其他應收款項	<b>5,170</b>	5,128
Prepayments	預付款項	<b>4,063</b>	4,561
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)	<b>632</b>	678
		<b>9,865</b>	10,367
Impairment of other receivables	其他應收款項減值	<b>(902)</b>	(959)
		<b>8,963</b>	9,408

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：

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
At 1 January	於一月一日	<b>959</b>	941
Impairment losses recognised	確認減值虧損	<b>(14)</b>	56
Exchange realignment	匯兌調整	<b>(43)</b>	(38)
As at 31 December	於十二月三十一日	<b>902</b>	959

Included in the above provision for impairment of other receivables was a provision for individually impaired other receivables of US\$902,000 as at 31 December 2016 (2015: US\$959,000), with a carrying amount before provision of US\$902,000 (2015: US\$959,000).

上述其他應收款項減值撥備包括於二零一六年十二月三十一日就個別出現減值的其他應收款項902,000美元(二零一五年：959,000美元)作出的撥備，於撥備前的賬面值為902,000美元(二零一五年：959,000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。



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註 31 December 2016 二零一六年十二月三十一日

### 22. Cash and Cash Equivalents and Restricted and Time Deposits

### 22. 現金及現金等價物以及已凍結及定期存款

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Cash and bank balances	現金及銀行結餘	178,080	202,250
Time deposits	定期存款	288,722	349,987
		<b>466,802</b>	552,237
Restricted and time deposits:	已凍結及定期存款：		
Pledged deposits for letters of credit	就信用證抵押存款	(539)	(1,796)
Other pledged deposits for payment of dividends	就支付股息其他已抵押存款	(8)	-
Time deposits with original maturity of more than three months	原有到期日為三個月以上的定期存款	(125,000)	(40,000)
Cash and cash equivalents	現金及現金等價物	<b>341,255</b>	510,441

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\$239,916,000 (2015: US\$278,840,000). 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\$539,000 as at 31 December 2016 (2015: US\$1,796,000) were pledged to secure the issuance of letters of credit.

Other pledged deposits with a carrying value of US\$8,000 as at 31 December 2016 (31 December 2015: Nil) were pledged to secure the payment of dividends to shareholders.

Time deposits with original maturity of more than three months with a carrying value of US\$125,000,000 as at 31 December 2016 (2015: US\$40,000,000) will mature within six months.

於報告期末，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239,916,000美元（二零一五年：278,840,000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。

於二零一六年十二月三十一日，已抵押賬面值為539,000美元（二零一五年：1,796,000美元）的已抵押存款以獲發行信用證。

於二零一六年十二月三十一日的賬面值為8,000美元（二零一五年十二月三十一日：無）的其他已抵押存款，以向股東支付股息。

於二零一六年十二月三十一日原到期日3個月以上的賬面值125,000,000美元（二零一五年：40,000,000美元）定期存款將於六個月內到期。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 23. Trade Payables

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

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Within 1 month	1個月以內	38,999	48,588
1 to 3 months	1至3個月	13,284	10,833
3 to 6 months	3至6個月	4,093	1,154
6 to 12 months	6至12個月	506	810
Over 12 months	12個月以上	7,908	4,895
		<b>64,790</b>	<b>66,280</b>

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

於各報告期末按發票日期計，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

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Other payables and accruals	其他應付款項及暫估費用	52,245	43,084
Advances from customers	預收賬款	18,329	11,386
Payroll and bonus payables	應付薪金及花紅	30,925	30,004
Dividend payable	應付股利	8	–
		<b>101,507</b>	<b>84,474</b>

Other payables 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

其他應付款項無抵押、免息及須於要求時償還。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 25. Interest-Bearing Bank Borrowings

### 25. 計息銀行借款

		31 December 2016 二零一六年十二月三十一日			31 December 2015 二零一五年十二月三十一日		
		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
<b>Current</b>	<b>流動</b>						
Current portion of long term bank loans – secured	長期銀行貸款的 即期部份 — 有抵押	1.20	2017 二零一七年	1,874	2.05	2016 二零一六年	42,750
<b>Non-current</b>	<b>非流動</b>						
Secured bank loans	有抵押銀行貸款	1.20-2.79	2018-2025 二零一八年 至二零二五年	90,757	1.20-2.05	2017-2025 二零一七年 至二零二五年	137,871
				<b>92,631</b>			<b>180,621</b>
					<b>2016</b> 二零一六年 <b>(US\$'000)</b> (千美元)	<b>2015</b> 二零一五年 <b>(US\$'000)</b> (千美元)	
Analysed into:	分析為：						
Bank loans repayable:	應償還銀行貸款：						
Within one year	一年內			1,874			42,750
In the second year	第二年			60,485			44,752
Beyond third year, inclusive	超過第三年 (包括首尾兩年)			30,272			93,119
				<b>92,631</b>			<b>180,621</b>

Secured bank loans of US\$36,471,097 as at 31 December 2016 (2015: US\$38,961,439) were denominated in RMB, all other loans were denominated in US\$.

於二零一六年十二月三十一日，有抵押銀行貸款為以人民幣計值的36,471,097美元（二零一五年：38,961,439美元）。所有其他貸款均以美元計值。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 25. Interest-Bearing Bank Borrowings (continued)

As at 31 December 2016 and 2015, the Group's bank loans were secured by the pledges of the Group's assets with carrying values as follows:

			<b>2016</b>	2015
		Notes	<b>二零一六年</b>	二零一五年
		附註	<b>(US\$'000)</b>	(US\$'000)
			(千美元)	(千美元)
Property, plant and equipment	物業、廠房及設備	13	<b>557,772</b>	507,224
Investment property	投資物業	14	<b>169,074</b>	180,542
Prepaid land lease payments	預付土地租賃款項	15	<b>20,703</b>	22,798
Intangible assets	無形資產	16	<b>6,757</b>	6,806
			<b>754,306</b>	717,370

於二零一六年及二零一五年十二月三十一日，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：

In addition to the assets pledged above, the Group's secured bank loans as at 31 December 2016 and 2015 were secured by the Company's 36.23% of equity interest in its subsidiary, HHGrace.

除以上已抵押資產外，本集團於二零一六年及二零一五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

### 26. 政府補助

			<b>2016</b>	2015
			<b>二零一六年</b>	二零一五年
			<b>(US\$'000)</b>	(US\$'000)
			(千美元)	(千美元)
At 1 January	於一月一日		<b>53,881</b>	63,885
Received during the year	年內收到		<b>13,351</b>	9,707
Paid to subcontractors during the year	年內支付予分包商		-	(49)
Released to offset cost of sales	撥入以抵銷銷售成本		<b>(1,449)</b>	(2,922)
Released to offset research and development costs	撥入以抵銷研發成本		<b>(6,274)</b>	(3,479)
Offset with long term assets	抵銷長期資產		<b>(20,711)</b>	(10,056)
Exchange realignment	匯兌調整		<b>(2,935)</b>	(3,205)
As at 31 December	於十二月三十一日		<b>35,863</b>	53,881

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。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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 2015	於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 and 1 January 2016	於二零一五年十二月三十一日 及二零一六年一月一日	467	4,779	5,246
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)	11	4,049	4,060
Exchange realignment	匯兌調整	(30)	—	(30)
As at 31 December 2016	於二零一六年十二月三十一日	<b>448</b>	<b>8,828</b>	<b>9,276</b>

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 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. The applicable withholding tax rate of the Group is 5% in accordance with the approval from the local tax authority on a lower rate effective from 2015 to 2017.

### 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。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。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，本集團的預扣稅適用稅率為5%。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 27. Deferred Tax (continued)

During the year ended 31 December 2015, the directors resolved 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 in 2015.

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)

截至二零一五年十二月三十一日止年度，董事議決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，本集團於二零一五年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。

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)	Share option 購股權 (US\$'000) (千美元)	Total 總計 (US\$'000) (千美元)
As at 1 January 2015	於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 and 1 January 2016	於二零一五年十二月 三十一日及二零一六年 一月一日	2,155	2,537	-	4,692
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)	(274)	889	780	1,395
Exchange realignment	匯兌調整	(128)	(198)	(41)	(367)
As at 31 December 2016	於二零一六年十二月 三十一日	1,753	3,228	739	5,720

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 27. Deferred Tax (continued)

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

		<b>31 December 2016 二零一六年 十二月三十一日 (US\$'000) (千美元)</b>	31 December 2015 二零一五年 十二月三十一日 (US\$'000) (千美元)
Unused tax losses	未動用稅項虧損	<b>6,062</b>	4,704
Deductible temporary differences	可扣稅暫時差額	<b>404,619</b>	428,109
		<b>410,681</b>	432,813

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.

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)

以下項目並無確認遞延稅項資產：

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。

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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 28. Share Capital

### 28. 股本

		<b>31 December 2016</b>	31 December 2015
		二零一六年 十二月三十一日	二零一五年 十二月三十一日
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Issued and fully paid: 1,033,871,656 (2015: 1,033,871,656) ordinary shares	已發行及繳足： 1,033,871,656股 (二零一五年： 1,033,871,656股) 普通股	<b>1,550,164</b>	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：

		<b>Number of shares in issue</b>	<b>Amount of share capital</b>
		已發行股份數目	股本金額
		('000)	(US\$'000)
		(千股)	(千美元)
At 31 December 2015 and 2016	於二零一五年及二零一六年 十二月三十一日	<b>1,033,872</b>	<b>1,550,164</b>



# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 29. Share Option Scheme (continued)

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The scheme includes the share options granted to directors and key management personnel ("Tranche A") and the share options granted to other employees ("Tranche B").

The following share options were outstanding under the Scheme during the year:

## 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。

計劃包括授予董事及主要管理人員的購股權(「A部份」)及授予其他僱員的購股權(「B部份」)。

於本年度以下購股權尚未根據該計劃行使：

		2016 二零一六年		2015 二零一五年	
		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)	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	於一月一日	6.912	30,120	6.912	30,250
Forfeited during the year	年內沒收	6.912	(1,458)	6.912	(130)
At 31 December	於十二月三十一日	6.912	28,662	6.912	30,120

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

於報告期末尚未行使購股權的行使價及行使期如下：

### 2016

### 二零一六年

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
9,554	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
9,554	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
9,554	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
28,662		

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註 31 December 2016 二零一六年十二月三十一日

### 29. Share Option Scheme (continued)

### 29. 購股權計劃 (續)

2015

二零一五年

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.

\* 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。

No share options were granted during the year (2015: fair values of the share options granted of US\$2,316,000 (US\$0.40 each) and US\$9,868,000 (US\$0.41 each) for Tranche A and Tranche B respectively), of which the Group recognised a share option expense of US\$3,872,000 (2015: US\$1,331,000) during the year ended 31 December 2016.

年內概無授出購股權(二零一五年：所授出購股權的公平值分別為A部份2,316,000美元(每股0.40美元)以及B部份9,868,000美元(每股0.41美元))，當中本集團於截至二零一六年十二月三十一日止年度確認購股權開支3,872,000美元(二零一五年：1,331,000美元)。

The fair value of equity-settled share options granted 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 for the scheme:

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。下表列出計算計劃所用模式的輸入資料：

		Tranche A A部份	Tranche B B部份
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.

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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 29. Share Option Scheme (continued)

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 28,662,000 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 28,662,000 additional ordinary shares of the Company and additional share capital of US\$25,546,000 (before issue expenses).

At the date of approval of these financial statements, the Company had 28,450,000 share options outstanding under the Scheme, which represented approximately 2.8% of the Company's shares in issue as at that date.

### 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 167 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.

### 29. 購股權計劃 (續)

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28,662,000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28,662,000股本公司普通股及增加股本25,546,000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28,450,000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2.8%。

### 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167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%。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenant falling due as follows:

		<b>2016</b>	2015
		<b>二零一六年</b>	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		<b>(千美元)</b>	(千美元)
Within one year	一年內	<b>12,113</b>	12,293
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	<b>46,877</b>	49,173
More than five years	超過五年	<b>95,004</b>	113,784
		<b>153,994</b>	175,250

The Group was advanced the future rentals from Shanghai Huali of US\$4,773,000 as at 31 December 2016 (2015: US\$5,456,000).

### 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。

於二零一六年十二月三十一日，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：

於二零一六年十二月三十一日，本集團收到上海華力預付日後租金4,773,000美元(二零一五年：5,456,000美元)。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 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 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Within one year	一年內	1,789	1,912
In the second to fifth years, inclusive	第二至第五年 (包括首尾兩年)	5,949	6,586
More than five years	超過五年	17,463	20,210
		<b>25,201</b>	<b>28,708</b>

The Group did not advance any future rentals to Huahong Real Estate Co., Ltd. ("Huahong Real Estate"), a subsidiary of Huahong Technology Development, as at 31 December 2016. The Group advanced the future rentals to Huahong Real Estate of US\$1,537,000 as at 31 December 2015.

## 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。

於二零一六年十二月三十一日，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：

於二零一六年十二月三十一日，本集團並未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）預付任何未來租金。於二零一五年十二月三十一日，本集團向華虹置業預付1,537,000美元的未來租金。

## 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 reporting period:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (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	44,693	26,511

## 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：

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 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
<b>Huahong Group and its subsidiaries</b> 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」)	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
<b>NEC Corporation (“NEC”)</b>	
– NEC Management Partner, Ltd. (“NEC Management”)	Shareholder of the Company 本公司股東 Subsidiary of NEC NEC子公司
<b>SAIL and its subsidiaries</b> 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

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 33. Related Party Transactions and Balances (continued)

## 33. 關聯方交易及結餘 (續)

### (a) Name and relationship (continued)

### (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
<b>INESA and its subsidiaries</b> 儀電集團及其子公司	
– Shanghai INESA Intelligent Electronics Co., Ltd. (“Shanghai INESA”) – 上海儀電智能電子有限公司 (「上海儀電」)	Subsidiary of INESA 儀電集團子公司
– Shanghai Nanyang Software System Integration Co., Ltd. (“Nanyang Software”) – 上海南洋軟件系統集成有限公司 (「南洋軟件」)	Subsidiary of INESA 儀電集團子公司
– Shanghai Nanyang Wanbang Information Technology Service Co., Ltd. (“Wanbang IT”) – 上海南洋萬邦軟件技術有限公司 (「萬邦軟件技術」)	Subsidiary of INESA 儀電集團子公司
<b>Huahong Technology Development</b> 華虹科技發展	Associate of the Group 本集團聯營公司
<b>Huahong Real Estate</b> 華虹置業	Subsidiary of Huahong Technology Development 華虹科技發展子公司
<b>Shanghai Huajin Property Management Co., Ltd. (“Huajin”)</b> 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
<b>CEC and its subsidiaries</b> 中國電子及其子公司	
– China Electronics Corporation (“CEC”) – 中國電子信息產業集團有限公司 (「中國電子」)	Shareholder of Huahong Group 華虹集團股東
– CEC Huada Electronic Design Co., Ltd. (“Huada”) – 北京中電華大電子設計有限責任公司 (「華大」)	Subsidiary of CEC 中國電子子公司
– Shanghai Huahong Integrated Circuit Co., Ltd. (“Shanghai Huahong IC”) – 上海華虹集成電路有限責任公司 (「上海華虹集成電路」)	Subsidiary of CEC 中國電子子公司
– Beijing Huahong IC Design Co., Ltd. (“Beijing Huahong IC”) – 北京華虹集成電路設計有限責任公司 (「北京華虹集成電路」)	Subsidiary of CEC 中國電子子公司
– Shanghai Belling Co., Ltd. (“Shanghai Belling”) – 上海貝嶺股份有限公司 (「上海貝嶺」)	Subsidiary of CEC 中國電子子公司
– Hylintek Limited (“Hylintek”) – 香港海華有限公司 (「香港海華」)	Subsidiary of CEC 中國電子子公司



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 33. Related Party Transactions and Balances (continued)

#### (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:

### 33. 關聯方交易及結餘 (續)

#### (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：

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (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	24,115	25,495
Shanghai Huahong IC	上海華虹集成電路	9,739	10,953
Huahong Zealcore <sup>#</sup>	華虹摯芯 <sup>#</sup>	9,397	9,929
ICRD	集成電路研發	8,468	8,140
Shanghai Belling	上海貝嶺	6,200	7,951
QST <sup>#</sup>	矽睿科技 <sup>#</sup>	2,393	911
Hongri	虹日	378	526
Purchases of goods from related parties (note (ii))	自關聯方購買貨品 (附註(ii))		
Hylintek	香港海華	10,410	5,837
Hongri	虹日	5,969	4,859
NEC Management <sup>#</sup>	NEC Management <sup>#</sup>	575	726
Huahong Zealcore <sup>#</sup>	華虹摯芯 <sup>#</sup>	433	495
Jitong	計通	4	4
Service fee income from a related party (note (iii))	來自關聯方的服務費收入 (附註(iii))		
QST <sup>#</sup>	矽睿科技 <sup>#</sup>	417	445
Service fee charged by related parties (note (iv))	關聯方收取的服務費 (附註(iv))		
Nanyang Software <sup>#</sup>	南洋軟件 <sup>#</sup>	196	25
Huajin <sup>#</sup>	華錦 <sup>#</sup>	189	201
Huahong Real Estate	華虹置業	132	2,176
Shanghai INESA <sup>#</sup>	上海儀電 <sup>#</sup>	109	357

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 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)

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Rental income from a related party (note (iii)) Shanghai Huali#	來自關聯方的租金收入 (附註(iii)) 上海華力#	12,518	12,793
Rental expense charged by a related party (note (iv)) Huahong Real Estate#	關聯方收取的租金開支 (附註(iv)) 華虹置業#	1,522	1,622
Expense paid on behalf of a related party (note (v)) Shanghai Huali	代關聯方支付的開支 (附註(v)) 上海華力	25,407	26,327

# The related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

# 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。

# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 33. Related Party Transactions and Balances (continued)

## 33. 關聯方交易及結餘 (續)

### (c) Outstanding balances with related parties

### (c) 與關聯方之間的未結清餘額

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Amounts due from related parties	應收關聯方款項		
Huada	華大	16,107	7,470
Shanghai Huali	上海華力	13,735	8,726
Shanghai Huahong IC	上海華虹集成電路	4,430	3,171
Huahong Zealcore	華虹摯芯	1,820	2,724
Shanghai Belling	上海貝嶺	1,099	1,265
QST	矽睿科技	482	289
Hongri	虹日	41	90
ICRD	集成電路研發	33	9
Huahong Real Estate	華虹置業	4	1,537
Shanghai INESA	上海儀電	1	1
		<b>37,752</b>	<b>25,282</b>
Amounts due to related parties	應付關聯方款項		
Shanghai Huali	上海華力	4,773	5,456
Hylintek	香港海華	2,239	960
ICRD	集成電路研發	1,315	748
Hongri	虹日	904	630
NEC Management	NEC Management	108	222
QST	矽睿科技	106	519
Huahong Zealcore	華虹摯芯	106	153
Huahong Real Estate	華虹置業	90	246
Huajin	華錦	20	8
Shanghai INESA	上海儀電	18	19
Jitong	計通	10	4
		<b>9,689</b>	<b>8,965</b>

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。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

財務報表附註

## 33. Related Party Transactions and Balances (continued)

### (d) Compensation of key management personnel of the Group

		<b>2016</b>	2015
		二零一六年	二零一五年
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Short term employee benefits	短期僱員福利	<b>3,205</b>	2,704
Pension scheme contributions	退休金計劃供款	<b>42</b>	36
Equity-settled share option expense	以權益結算的購股權開支	<b>660</b>	212
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	<b>3,907</b>	2,952

Further details of directors' remuneration are included in note 8 to the financial statements.

### (d) 本集團主要管理人員的酬金

董事薪酬之進一步詳情載於財務報表附註8。

## 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*

		<b>31 December 2016</b>	31 December 2015
		二零一六年十二月三十一日	二零一五年十二月三十一日
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Trade and notes receivables	貿易應收款項及應收票據	<b>106,078</b>	103,822
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)	<b>4,268</b>	4,169
Due from related parties	應收關聯方款項	<b>37,752</b>	25,282
Restricted and time deposits	已凍結及定期存款	<b>125,547</b>	41,796
Cash and cash equivalents	現金及現金等價物	<b>341,255</b>	510,441
		<b>614,900</b>	685,510

## 34. 按類別劃分的金融工具

各類金融工具於報告期末的賬面值如下：

*金融資產 – 貸款及應收款項*

# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 34. Financial Instruments by Category (continued)

Financial assets – available-for-sale financial assets

		<b>31 December 2016</b>	31 December 2015
		二零一六年 十二月三十一日	二零一五年 十二月三十一日
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Available-for-sale investments	可供出售投資	<b>203,330</b>	217,214

Financial liabilities – at amortised cost

		<b>31 December 2016</b>	31 December 2015
		二零一六年 十二月三十一日	二零一五年 十二月三十一日
		<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)
Trade payables	貿易應付款項	<b>64,790</b>	66,280
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)	<b>50,491</b>	41,578
Interest-bearing bank borrowings	計息銀行借款	<b>92,631</b>	180,621
Due to related parties	應付關聯方款項	<b>9,689</b>	8,965
		<b>217,601</b>	297,444

## 34. 按類別劃分的金融工具 (續)

金融資產 – 可供出售金融資產

	<b>31 December 2016</b>	31 December 2015
	二零一六年 十二月三十一日	二零一五年 十二月三十一日
	<b>(US\$'000)</b>	(US\$'000)
	(千美元)	(千美元)
Available-for-sale investments	<b>203,330</b>	217,214

金融負債 – 按攤銷成本

	<b>31 December 2016</b>	31 December 2015
	二零一六年 十二月三十一日	二零一五年 十二月三十一日
	<b>(US\$'000)</b>	(US\$'000)
	(千美元)	(千美元)
Trade payables	<b>64,790</b>	66,280
Financial liabilities included in other payables, advances from customers and accruals (note 24)	<b>50,491</b>	41,578
Interest-bearing bank borrowings	<b>92,631</b>	180,621
Due to related parties	<b>9,689</b>	8,965
	<b>217,601</b>	297,444

## 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
		<b>2016</b>	2015	<b>2016</b>	2015
		二零一六年	二零一五年	二零一六年	二零一五年
		<b>(US\$'000)</b>	(US\$'000)	<b>(US\$'000)</b>	(US\$'000)
		(千美元)	(千美元)	(千美元)	(千美元)
<b>Financial liability</b>	<b>金融負債</b>				
Interest-bearing bank borrowing	計息銀行借款	<b>36,471</b>	38,961	<b>30,637</b>	31,627

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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, financial assets included in prepayments, deposits and other receivables, financial liabilities, trade payables 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 2016 and 2015 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、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、貿易應付款項、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、信用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，於二零一六年及二零一五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。

# NOTES TO FINANCIAL STATEMENTS

財務報表附註 31 December 2016  
二零一六年十二月三十一日

## 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, of 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 2016	截至二零一六年 十二月三十一日止年度	+1%/-1%	(562)/562
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

### 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 51% (2015: 49%) of the Group's sales are denominated in currencies other than the functional currency of the subsidiary making the sale, whilst 60% (2015: 64%) 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、信用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51%（二零一五年：49%）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60%（二零一五年：64%）乃以子公司的功能貨幣計值。

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 36. Financial Risk Management Objectives and Policies (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 2016	截至二零一六年 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%	(6,936)
If US\$ strengthens against RMB	倘美元兌人民幣升值	(5%)	6,936
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

#### 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.

#### 信用風險

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，所有擬按信用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用風險。本集團並無其他存在重大信用風險的金融資產。



# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註 31 December 2016 二零一六年十二月三十一日

### 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:

31 December 2016 二零一六年十二月三十一日		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)
Interest-bearing bank borrowings	計息銀行借款	-	396	3,061	75,777	17,766	97,000
Trade payables	貿易應付款項	12,642	52,148	-	-	-	64,790
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	50,491	-	-	-	-	50,491
Amounts due to related parties	應付關聯方款項	9,689	-	-	-	-	9,689
		<b>72,822</b>	<b>52,544</b>	<b>3,061</b>	<b>75,777</b>	<b>17,766</b>	<b>221,970</b>

31 December 2015 二零一五年十二月三十一日		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)
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
		<b>57,402</b>	<b>60,260</b>	<b>45,170</b>	<b>124,287</b>	<b>18,979</b>	<b>306,098</b>

### 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。

於報告期末，本集團金融負債根據合約未貼現付款的到期情況如下：

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 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:

		2016 二零一六年 (US\$'000) (千美元)	2015 二零一五年 (US\$'000) (千美元)
Trade payables	貿易應付款項	64,790	66,280
Other payables and accruals (note 24)	其他應付款項及暫估費用(附註24)	83,178	73,088
Interest-bearing bank borrowings	計息銀行借款	92,631	180,621
Amounts due to related parties	應付關聯方款項	9,689	8,965
Less: Cash and cash equivalents	減：現金及現金等價物	(341,255)	(510,441)
Net debt	淨負債	(90,967)	(181,487)
Equity attributable to owners of the parent	母公司擁有人應佔權益	1,488,686	1,490,690
Capital and net debt	資本及淨負債	1,397,719	1,309,203
Gearing ratio	資產負債比率	(6.51%)	(13.86%)

The negative gearing ratio as at 31 December 2016 was mainly due to the IPO proceeds received in October 2014, which had not been fully utilised as of 31 December 2016.

### 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。各報告期末的資產負債比率如下：

於二零一六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，該等款項截至二零一六年十二月三十一日尚未完全動用。

# NOTES TO FINANCIAL STATEMENTS

## 財務報表附註

31 December 2016  
二零一六年十二月三十一日

### 37. Event After the Reporting Period

On 28 March 2017, the directors proposed a final dividend of HK\$30 cents per ordinary share totalling approximately US\$39,963,000 for the year ended 31 December 2016, which is subject to the approval of the Company's shareholders at the forthcoming annual general meeting (note 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:

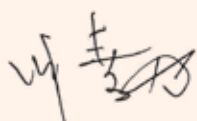
### 37. 報告期後事項

於二零一七年三月二十八日，董事建議派付截至二零一六年十二月三十一日止年度的末期股息每股普通股30港仙，總計為約39,963,000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）。

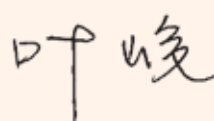
### 38. 本公司的財務狀況表

有關本公司報告期末的財務狀況表資料載列如下：

		31 December 2016 二零一六年 十二月三十一日 (US\$'000) (千美元)	31 December 2015 二零一五年 十二月三十一日 (US\$'000) (千美元)
<b>NON-CURRENT ASSETS</b>	<b>非流動資產</b>		
Investments in subsidiaries	投資於子公司	1,555,251	1,551,379
Total non-current assets	非流動資產總額	1,555,251	1,551,379
<b>CURRENT ASSETS</b>	<b>流動資產</b>		
Trade and notes receivables	貿易應收款項及應收票據	5,077	2,510
Prepayments, deposits and other receivables	預付款項、按金 及其他應收款項	28	—
Due from a subsidiary	應收子公司款項	998	998
Restricted and time deposits	已凍結及定期存款	8	—
Cash and cash equivalents	現金及現金等價物	6,994	6,237
Total current assets	流動資產總額	13,105	9,745
<b>CURRENT LIABILITIES</b>	<b>流動負債</b>		
Other payables, advances from customers and accruals	其他應付款項、預收賬款及 暫估費用	131	134
Due to subsidiaries	應付子公司款項	86,890	84,563
Total current liabilities	流動負債總額	87,021	84,697
<b>NET CURRENT LIABILITIES</b>	<b>流動負債淨額</b>	<b>(73,916)</b>	<b>(74,952)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>資產總值減流動負債</b>	<b>1,481,335</b>	<b>1,476,427</b>
<b>Net assets</b>	<b>淨資產</b>	<b>1,481,335</b>	<b>1,476,427</b>
<b>EQUITY</b>	<b>權益</b>		
Share capital	股本	1,550,164	1,550,164
Reserves (note)	儲備（附註）	(68,829)	(73,737)
<b>Total equity</b>	<b>權益總額</b>	<b>1,481,335</b>	<b>1,476,427</b>



Suxin Zhang  
張素心  
Director  
董事



Jun Ye  
葉峻  
Director  
董事

# NOTES TO FINANCIAL STATEMENTS

31 December 2016  
二零一六年十二月三十一日

## 財務報表附註

### 38. Statement of Financial Position of the Company (continued)

Note:

A summary of the Company's reserves is as follows:

		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 2015	於二零一五年一月一日	(68,260)	-	(4,997)	(73,257)
Loss for the year	年內虧損	-	-	(1,811)	(1,811)
Equity-settled share option arrangements	以權益結算的購股權安排	-	1,331	-	1,331
As at 31 December 2015 and 1 January 2016	於二零一五年十二月 三十一日及二零一六年 一月一日	(68,260)	1,331	(6,808)	(73,737)
Profit for the year	年內溢利	-	-	36,966	36,966
Final 2015 dividend declared	最終宣派二零一五年股息	-	-	(35,930)	(35,930)
Equity-settled share option arrangements	以權益結算的購股權安排	-	3,872	-	3,872
As at 31 December 2016	於二零一六年十二月 三十一日	(68,260)	5,203	(5,772)	(68,829)

### 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 28 March 2017.

### 39. 財務報表的批准

財務報表已於二零一七年三月二十八日獲董事會批准及授權刊發。

# FIVE YEAR FINANCIAL SUMMARY

## 五年財務概覽

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				
		2016 二零一六年 (US\$'000) (千美元)	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)
<b>RESULTS</b>	<b>業績</b>					
<b>REVENUE</b>	<b>銷售收入</b>	<b>721,428</b>	650,131	664,586	584,719	571,480
Cost of sales	銷售成本	<b>(501,080)</b>	(448,705)	(466,815)	(459,270)	(453,559)
Gross profit	<b>毛利</b>	<b>220,348</b>	201,426	197,771	125,449	117,921
Other income and gains	其他收入及收益	<b>34,761</b>	42,717	23,886	30,605	26,492
Fair value gain on an investment property	投資物業的公平值收益	<b>72</b>	58	1,127	2,095	944
Selling and distribution expenses	銷售及分銷費用	<b>(6,814)</b>	(7,292)	(7,206)	(8,052)	(8,831)
Administrative expenses	管理費用	<b>(97,404)</b>	(104,855)	(85,053)	(69,043)	(55,097)
Other expenses	其他費用	<b>(666)</b>	(9)	(2,433)	(199)	(448)
Finance costs	財務費用	<b>(3,873)</b>	(7,754)	(12,136)	(16,479)	(16,928)
Share of profits of an associate	分佔一家聯營公司溢利	<b>7,056</b>	961	4,856	6,437	3,619
<b>PROFIT BEFORE TAX</b>	<b>稅前溢利</b>	<b>153,480</b>	125,252	120,812	70,813	67,672
Income tax expense	所得稅開支	<b>(24,648)</b>	(12,703)	(27,722)	(8,964)	(7,993)
<b>PROFIT FOR THE YEAR</b>	<b>年內溢利</b>	<b>128,832</b>	112,549	93,090	61,849	59,679
Attributable to:	以下各項應佔：					
Owners of the parent	母公司擁有人	<b>128,832</b>	112,549	93,090	61,849	59,679
Non-controlling interests	非控股權益	<b>-</b>	-	-	-	-
		<b>128,832</b>	112,549	93,090	61,849	59,679

		As at 31 December 於十二月三十一日				
		2016 二零一六年 (US\$'000) (千美元)	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)
Total assets	資產總值	<b>1,826,664</b>	1,911,733	1,990,069	1,647,617	1,607,974
Total liabilities	負債總額	<b>(337,978)</b>	(421,043)	(524,590)	(591,398)	(644,217)
Non-controlling interests	非控股權益	<b>-</b>	-	-	-	-
		<b>1,488,686</b>	1,490,690	1,465,479	1,056,219	963,757

H-Grace | 華弘宏力

[www.huahonggrace.com](http://www.huahonggrace.com)