



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 股份代號 : 1347



DEFINITIONS

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

| | |
|---|--|
| “Board” | the board of Directors of the Company; |
| “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; |
| “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); |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |
| “HH-Wuxi” | Hua Hong Semiconductor (Wuxi) Limited, a company incorporated in the PRC on 10 October 2017. Upon such incorporation, HH-Wuxi was held as to 100% by HHGrace, a wholly-owned subsidiary of the Company, and will continue to be held as to 51.0% by the Group following the completion of the transactions under the JV Agreement and the Capital Increase Agreement, of which 22.2% will be held directly by the Company and 28.8% will be held indirectly by the Company through HHGrace; China Integrated Circuit and Wuxi Xi Hong Lian Xin will hold 29.0% and 20.0% of HH-Wuxi, respectively; |
| “Independent Non-Executive Director(s)” | the independent non-executive director(s) of our Company; |

DEFINITIONS

| | |
|-----------------------------|---|
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time; |
| “Non-Executive Director(s)” | the non-executive director(s) of our Company; |
| “RMB” | Renminbi, the lawful currency of the PRC; |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time; |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited; |
| “US\$” | US dollars, the lawful currency of USA. |

CORPORATE INFORMATION

Board of Directors

Executive Directors

Suxin Zhang (*Chairman*)
Junjun Tang (*President*) (*appointed on 1 May 2019*)
Yu Wang (*resigned on 1 May 2019*)

Non-Executive Directors

Yang Du
Takayuki Morita
Jing Wang (*appointed on 28 June 2019*)
Jun Ye
Jianbo Chen (*resigned on 28 June 2019*)

Independent Non-Executive Directors

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

Company Secretary

Xiaojun Wang (*Solicitor*)

Authorized Representatives

Junjun Tang (*appointed on 1 May 2019*)
Xiaojun Wang (*Solicitor*)
Yu Wang (*resigned on 1 May 2019*)

Audit Committee

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

Remuneration Committee

Kwai Huen Wong, JP (*Chairman*)
Long Fei Ye
Jing Wang (*appointed on 28 June 2019*)
Jianbo Chen (*resigned on 28 June 2019*)

Nomination Committee

Suxin Zhang (*Chairman*)
Kwai Huen Wong, JP
Long Fei Ye

Website

www.huahonggrace.com

Auditor

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

Legal Advisor

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

Principal Banks

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

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

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

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

China 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

China Development Bank Jiangsu Branch
No. 232, Middle Jiangdong Road
Nanjing, Jiangsu, PRC

Agricultural Bank of China Wuxi Xinwu Subbranch
No. 26, Hefeng Road
Xinwu District
Wuxi, Jiangsu, PRC

CORPORATE INFORMATION

Share Registrar

Tricor Investor Services Limited
Level 54, 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

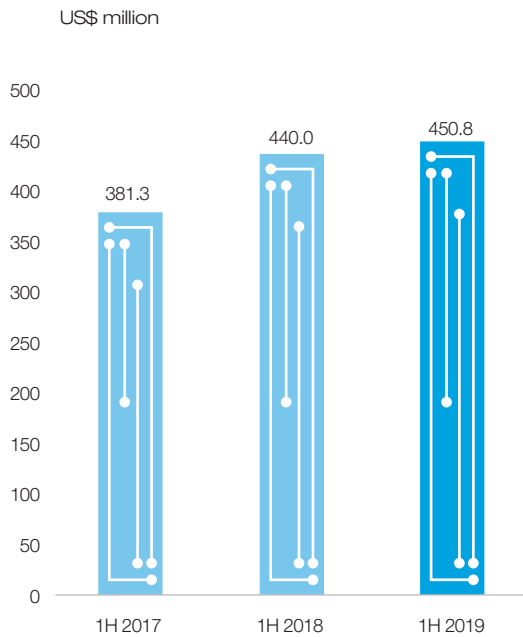
288 Halei Road
Zhangjiang Hi-Tech Park
Shanghai 201203, PRC

Stock Code

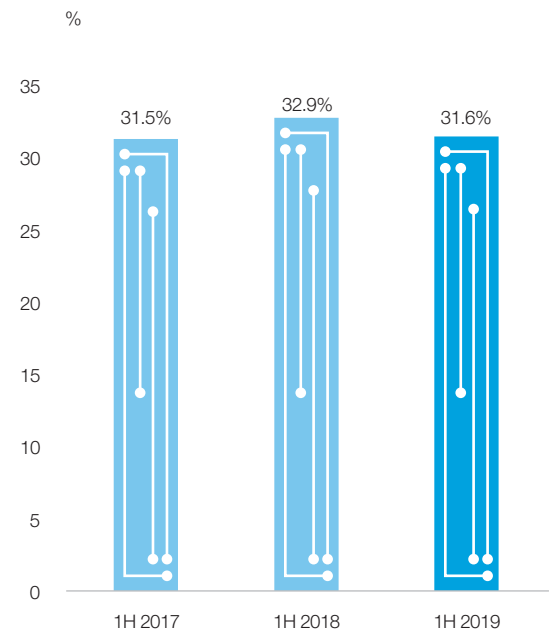
1347

KEY FINANCIALS

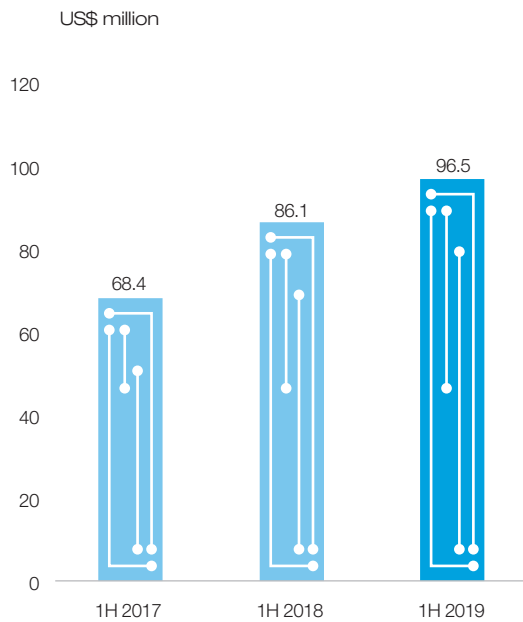
Revenue



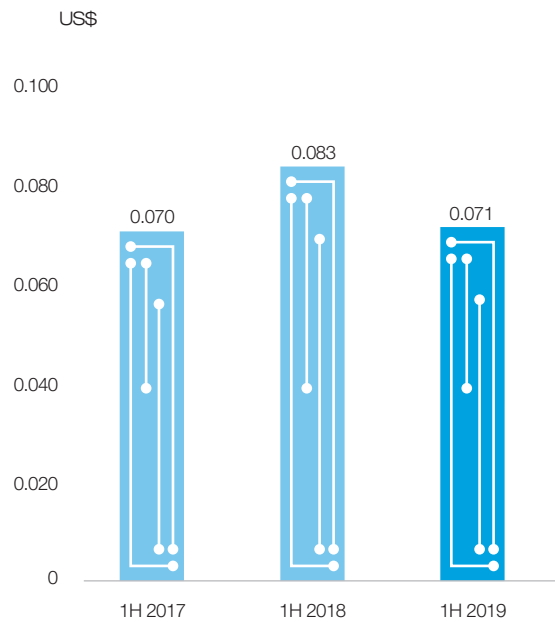
Gross Profit Margin



Net Profit



EPS



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

| | 1H 2019 US\$' 000 Unaudited | 1H 2018 US\$' 000 Unaudited | Change |
|-----------------------------------|-----------------------------------|-----------------------------------|-----------|
| Revenue | 450,790 | 439,961 | 2.5 % |
| Cost of sales | (308,370) | (295,330) | 4.4 % |
| Gross profit | 142,420 | 144,631 | (1.5)% |
| Other income and gains | 31,807 | 17,064 | 86.4 % |
| Selling and distribution expenses | (4,004) | (3,712) | 7.9 % |
| Administrative expenses | (63,075) | (55,765) | 13.1 % |
| Other expenses | (2,119) | (6,884) | (69.2)% |
| Finance costs | (625) | (1,284) | (51.3)% |
| Share of profits of an associate | 1,010 | 5,161 | (80.4)% |
| Profit before tax | 105,414 | 99,211 | 6.3 % |
| Income tax expense | (8,879) | (13,083) | (32.1)% |
| Profit for the period | 96,535 | 86,128 | 12.1 % |
| Attributable to: | | | |
| Owners of the parent | 90,826 | 85,888 | 5.7 % |
| Non-controlling interests | 5,709 | 240 | 2,278.8 % |

Revenue

Revenue was US\$450.8 million, an increase of 2.5% compared to 1H 2018, primarily due to increased average selling prices.

Cost of sales

Cost of sales was US\$308.4 million, an increase of 4.4% compared to 1H 2018, primarily due to increased unit cost of raw materials and depreciation expenses.

Gross profit

Gross profit was US\$142.4 million, a decrease of 1.5% compared to 1H 2018, primarily due to lower utilization, increased unit cost of raw materials and depreciation expenses, partially offset by increased average selling prices.

Other income and gains

Other income and gains were US\$31.8 million, an increase of 86.4% compared to 1H 2018, primarily due to increased fair value gains on financial assets at fair value through profit or loss and interest income.

Selling and distribution expenses

Selling and distribution expenses were US\$4.0 million, an increase of 7.9% compared to 1H 2018, primarily due to increased labor expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Administrative expenses were US\$63.1 million, an increase of 13.1% compared to 1H 2018, primarily due to increased labor expenses and R&D expenses, partially offset by an impairment provision in 1H 2018.

Other expenses

Other expenses were US\$2.1 million, a decrease of 69.2% compared to 1H 2018, mainly due to decreased foreign exchange losses.

Finance costs

Finance costs were US\$0.6 million, a decrease of 51.3% compared to 1H 2018, primarily due to decreased bank borrowings.

Share of profits of an associate

Share of profit of an associate was US\$1.0 million, a decrease of 80.4% compared to 1H 2018, due to decreased profit realized by the associate.

Income tax expense

Income tax expense was US\$8.9 million, a decrease of 32.1% compared to 1H 2018, primarily due to increased reversal of dividend withholding tax and decreased taxable profit.

Profit for the period

As a result of the cumulative effect of the above factors, profit for the period was US\$96.5 million, an increase of 12.1% compared to 1H 2018. Net profit margin was 21.4%, an increase of 1.8 percentage points compared to 19.6% in 1H 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Status

| | 30 June 2019 US\$' 000 Unaudited | 31 December 2018 US\$' 000 Audited | Change |
|---|---|---|-----------|
| Non-current assets | | | |
| Property, plant and equipment | 1,037,724 | 773,180 | 34.2 % |
| Right-of-use assets | 16,914 | – | 100.0 % |
| Investment property | 170,939 | 171,225 | (0.2)% |
| Investment in an associate | 64,900 | 64,005 | 1.4 % |
| Equity instruments designated at fair value through other comprehensive income | 208,008 | 208,357 | (0.2)% |
| Other non-current assets | 175,375 | 87,432 | 100.6 % |
| Total non-current assets | 1,673,860 | 1,304,199 | 28.3 % |
| Current assets | | | |
| Inventories | 139,128 | 129,629 | 7.3 % |
| Trade and notes receivables | 147,771 | 176,797 | (16.4)% |
| Due from related parties | 4,366 | 10,800 | (59.6)% |
| Other current assets | 72,067 | 12,479 | 477.5 % |
| Financial assets at fair value through profit or loss | 658,306 | 667,033 | (1.3)% |
| Restricted and time deposits | 14,724 | 337 | 4,269.1 % |
| Cash and cash equivalents | 834,678 | 777,000 | 7.4 % |
| Total current assets | 1,871,040 | 1,774,075 | 5.5 % |
| Current liabilities | | | |
| Trade payables | 76,966 | 79,470 | (3.2)% |
| Due to related parties | 12,688 | 5,838 | 117.3 % |
| Other current liabilities | 341,290 | 239,890 | 42.3 % |
| Lease liabilities | 1,381 | – | 100.0 % |
| Interest-bearing bank borrowings | 4,364 | 4,371 | (0.2)% |
| Total current liabilities | 436,689 | 329,569 | 32.5 % |
| Net current assets | 1,434,351 | 1,444,506 | (0.7)% |
| Non-current liabilities | | | |
| Interest-bearing bank borrowings | 24,001 | 26,227 | (8.5)% |
| Lease liabilities | 16,653 | – | 100.0 % |
| Deferred tax liabilities | 8,203 | 18,146 | (54.8)% |
| Total non-current liabilities | 48,857 | 44,373 | 10.1 % |
| Net assets | 3,059,354 | 2,704,332 | 13.1 % |

Explanation of items with fluctuation over 5% from 31 December 2018 to 30 June 2019

Property, plant and equipment

Property, plant and equipment increased from US\$773.2 million to US\$1,037.7 million, mainly as a result of the construction of the HH-Wuxi project.

Right-of-use assets/Lease liabilities

Right-of-use assets and lease liabilities were recognized under HKFRS 16 after 1 January 2019. According to HKFRS 16, a lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.

MANAGEMENT DISCUSSION AND ANALYSIS

Other non-current assets

Other non-current assets increased from US\$87.4 million to US\$175.4 million, primarily due to increased prepayments for capital expenditures.

Inventories

Inventories increased from US\$129.6 million to US\$139.1 million, primarily due to increased raw materials.

Trade and notes receivables

Trade and notes receivables decreased from US\$176.8 million to US\$147.8 million, primarily due to lower revenue compared to 2H 2018.

Due from related parties

Due from related parties decreased from US\$10.8 million to US\$4.4 million, primarily due to decreased account receivables from certain of our related parties.

Other current assets

Other current assets increased from US\$12.5 million to US\$72.1 million, primarily due to increased prepayments to suppliers and VAT deductible tax.

Restricted and time deposits

Restricted and time deposits increased from US\$0.3 million to US\$14.7 million, due to US\$13.9 million of restricted deposits for the portion of dividend not paid yet on 30 June 2019.

Cash and cash equivalents

Cash and cash equivalents increased from US\$777.0 million to US\$834.7 million, mainly due to (i) payout of US\$1,535.4 million from investment in financial assets at fair value through profit or loss, (ii) US\$317.0 million of equity injection to HH-Wuxi, (iii) US\$99.5 million generated from operating activities, (iv) US\$11.9 million of interest income, and (v) US\$1.3 million proceeds from share option exercise. This was offset by (i) investment in financial assets at fair value through profit or loss of US\$1,518.9 million, (ii) capital investments of US\$333.3 million, (iii) dividend payments of US\$51.0 million, (iv) a repayment of bank borrowing of US\$2.2 million, (v) lease liabilities payments of US\$0.2 million, and (vi) interest payments of US\$0.2 million. Additionally, there was a negative adjustment of US\$1.6 million due to RMB depreciation.

Due to related parties

Due to related parties increased from US\$5.8 million to US\$12.7 million, primarily due to a receipt of rental prepayment from one of our related parties.

Other current liabilities

Other current liabilities increased from US\$239.9 million to US\$341.3 million, primarily due to (i) increased payables for capital expenditures, (ii) increased dividend payables, and (iii) a receipt of government funding, partially offset by payments of taxations and year-end bonus for 2018.

Interest-bearing bank borrowings

Total interest-bearing bank borrowings decreased from US\$30.6 million to US\$28.4 million, due to a repayment of bank borrowing.

Deferred tax liabilities

Deferred tax liabilities decreased from US\$18.1 million to US\$8.2 million, primarily due to a reversal of dividend withholding tax accrued for 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow

| | 1H 2019 US\$' 000 Unaudited | 1H 2018 US\$' 000 Unaudited | Change |
|---|--|-----------------------------------|---------|
| Net cash flows generated from operating activities | 99,518 | 109,495 | (9.1)% |
| Net cash flows used in investing activities | (304,919) | (167,369) | 82.2 % |
| Net cash flows generated from financing activities | 264,710 | 523,168 | (49.4)% |
| Net increase in cash and cash equivalents | 59,309 | 465,294 | (87.3)% |
| Cash and cash equivalents at beginning of the period | 777,000 | 374,890 | 107.3 % |
| Effect of foreign exchange rate changes, net | (1,631) | (3,462) | (52.9)% |
| Cash and cash equivalents at end of the period | 834,678 | 836,722 | (0.2)% |

Net cash flows generated from operating activities

Net cash flows generated from operating activities decreased from US\$109.5 million to US\$99.5 million, primarily due to increased payments of VAT deductible tax, partially offset by enhanced account receivable collection.

Net cash flows used in investing activities

Net cash flows used in investing activities were US\$304.9 million, primarily attributed to (i) US\$1,518.9 million for investment in financial assets at fair value through profit or loss, and (ii) US\$333.3 million for capital investments, offset by (i) payout of US\$1,535.4 million from investment in financial assets at fair value through profit or loss, and (ii) US\$11.9 million of interest income.

Net cash flows generated from financing activities

Net cash flows generated from financing activities were US\$264.7 million, including (i) US\$317.0 million of equity injection to HH-Wuxi and (ii) US\$1.3 million proceeds from share option exercise, partially offset by (i) dividend payments of US\$51.0 million, (ii) a repayment of bank borrowing of US\$2.2 million, (iii) interest payments of US\$0.2 million, and (iv) lease liabilities payments of US\$0.2 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The conditions of the global semiconductor market were affected by high inventories in the first half of the year, with poor performance in the wafer foundry industry for the first half of 2019. Using flexible sales strategies and the advantages of certain differentiated technologies, the Company has achieved year-on-year growth in sales for the second quarter and the first half of 2019.

Overall demand for discrete devices has remained stable, with a record high production of DT (Deep Trench)-SJNFET. The Company's average selling prices increased from the second half of last year and the same period last year, mainly due to product mix optimization, in particular by increasing capacity ratios for high voltage power discrete devices, such as DT (Deep Trench)-SJNFET and IGBT.

In response to the increasing demand for MCU required for future intelligent control applications, the Company has continuously worked on the optimization and business expansion of eNVM technologies. In the first half of 2019, the wafer shipment volume and average selling price of embedded flash technology for MCU increased year-on-year. In addition, there was a strong increase in the number of new products using 0.11 μ m embedded flash technology.

Construction of the 300mm wafer factory. HH-Wuxi, which commenced in March 2018, has progressed smoothly. In the second quarter of 2019, the clean room passed certification, and most of the equipment and tools were installed. Early stage technology development has progressed smoothly, including: 55nm logic and radio-frequency CMOS technology; 90nm embedded flash memory technology; and 90nm BCD technology. Based on market research and technology evaluation result, a 12-inch power discrete technology was adopted, which led to a 12-inch IC + Power project plan at HH-Wuxi. Larger production capacity & upgrade of technology of 12-inch power discrete technology at HH-Wuxi will allow the Company to better serve domestic and overseas customers, and expand our industry-leading advantages in the power discrete field, especially for medium and high voltages power discrete technologies.

Implementation of the corporate development strategy for embedded flash MCU, radio-frequency IC and power discrete using 200mm wafer technology and the start of 300mm wafer volume production in the fourth quarter initially for 55nm logic and radio-frequency CMOS technology will enable the Company to provide higher quality service of differentiated technologies for our customers.

釋義

於本中期報告內，除非文義另有所指，否則下列詞彙具有下文所載涵義。

| | |
|-----------|--|
| 「董事會」 | 本公司董事會； |
| 「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； |
| 「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； |
| 「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； |
| 「華虹無錫」 | 華虹半導體（無錫）有限公司，一家於二零一七年十月十日在中國註冊成立的公司。華虹無錫於註冊成立時由本公司的全資子公司華虹宏力擁有100%的權益。於合營協議及增資協議項下進行的交易完成後將繼續由本集團持有51.0%的權益，其中22.2%將由本公司直接持有及28.8%將由本公司透過華虹宏力間接持有，而國家集成電路及無錫錫虹聯芯將分別持有華虹無錫29.0%權益和20.0%權益； |
| 「獨立非執行董事」 | 本公司獨立非執行董事； |

釋義

| | |
|-----------|--------------------------------|
| 「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)； |
| 「非執行董事」 | 本公司非執行董事； |
| 「人民幣」 | 中國法定貨幣人民幣； |
| 「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)； |
| 「聯交所」 | 香港聯合交易所有限公司； |
| 「美元」 | 美國法定貨幣美元。 |

公司資料

董事會

執行董事

張素心(主席)
唐均君(總裁)(於二零一九年五月一日獲委任)
王煜(於二零一九年五月一日辭任)

非執行董事

杜洋
森田隆之
王靖(於二零一九年六月二十八日獲委任)
葉峻
陳劍波(於二零一九年六月二十八日辭任)

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)

授權代表

唐均君(於二零一九年五月一日獲委任)
王小軍(律師)
王煜(於二零一九年五月一日辭任)

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
王靖(於二零一九年六月二十八日獲委任)
陳劍波(於二零一九年六月二十八日辭任)

提名委員會

張素心(主席)
王桂壘·太平紳士
葉龍蜚

網址

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

國家開發銀行江蘇分行
中國江蘇省南京市
江東中路232號

中國農業銀行股份有限公司無錫新吳支行
中國江蘇省無錫市
新吳區和風路26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54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

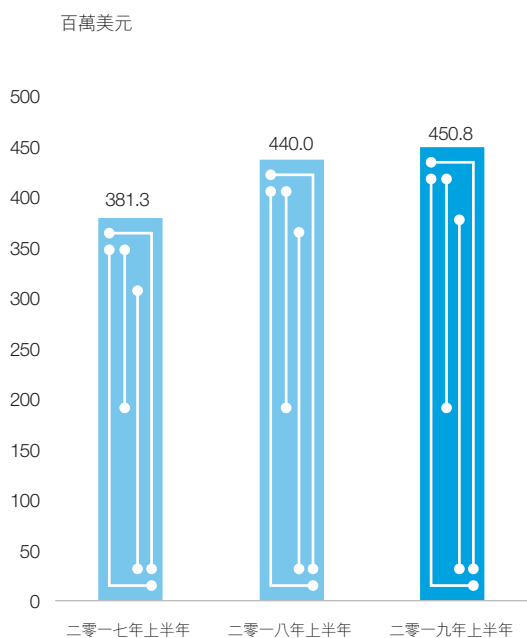
中國上海
張江高科技園區
哈雷路288號
郵編：201203

股份代號

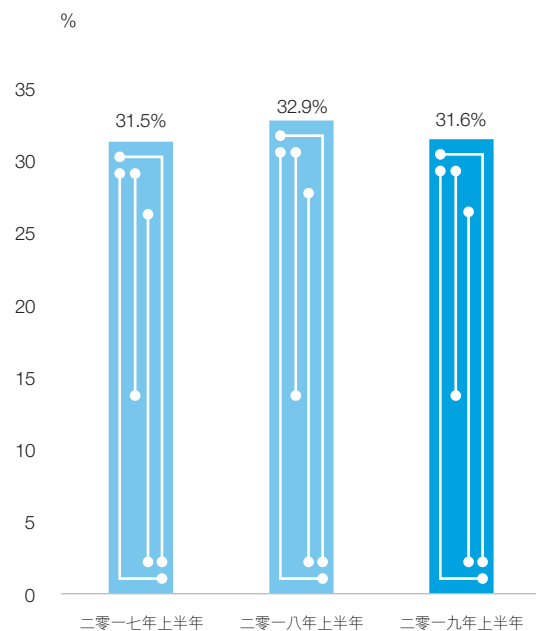
1347

主要財務指標

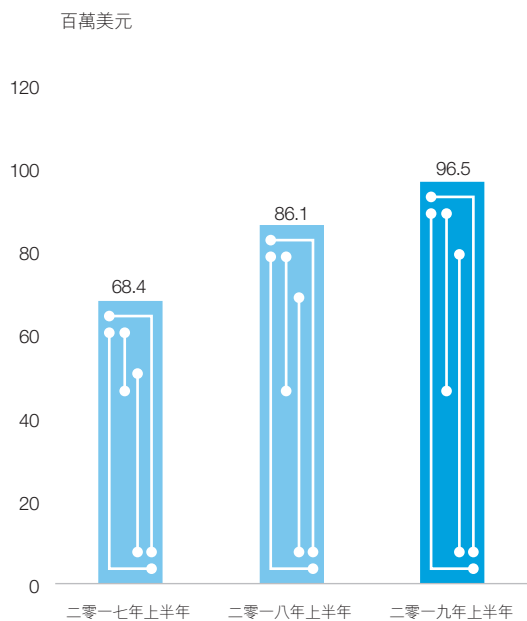
銷售收入



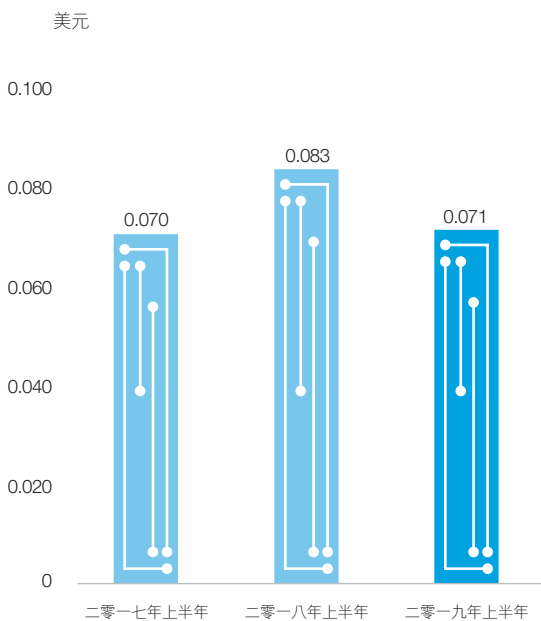
毛利率



淨利潤



每股盈利



管理層討論及分析

財務表現

| | 二零一九年 上半年 千美元 未經審核 | 二零一八年 上半年 千美元 未經審核 | 變動 |
|-------------|-----------------------------|-----------------------------|----------|
| 銷售收入 | 450,790 | 439,961 | 2.5% |
| 銷售成本 | (308,370) | (295,330) | 4.4% |
| 毛利 | 142,420 | 144,631 | (1.5)% |
| 其他收入及收益 | 31,807 | 17,064 | 86.4% |
| 銷售及分銷費用 | (4,004) | (3,712) | 7.9% |
| 管理費用 | (63,075) | (55,765) | 13.1% |
| 其他費用 | (2,119) | (6,884) | (69.2)% |
| 財務費用 | (625) | (1,284) | (51.3)% |
| 分佔一間聯營公司溢利 | 1,010 | 5,161 | (80.4)% |
| 稅前溢利 | 105,414 | 99,211 | 6.3% |
| 所得稅開支 | (8,879) | (13,083) | (32.1)% |
| 期內溢利 | 96,535 | 86,128 | 12.1% |
| 以下各項應佔： | | | |
| 母公司擁有人 | 90,826 | 85,888 | 5.7% |
| 非控股權益 | 5,709 | 240 | 2,278.8% |

銷售收入

銷售收入4.508億美元，較二零一八年上半年增加2.5%，主要得益於平均銷售單價上升。

銷售成本

銷售成本為3.084億美元，較二零一八年上半年增加4.4%，主要由於原材料單位成本及折舊成本增加所致。

毛利

毛利為1.424億美元，較二零一八年上半年減少1.5%，主要由於產能利用率較低，且原材料單位成本及折舊成本增加，部分被平均銷售單價上升所抵銷。

其他收入及收益

其他收入及收益為3,180萬美元，較二零一八年上半年增加86.4%，主要得益於按公允價值計入損益的金融資產取得公允價值變動收益及利息收入增加。

銷售及分銷費用

銷售及分銷費用為400萬美元，較二零一八年上半年增加7.9%，主要由於人工費用增加所致。

管理層討論及分析

管理費用

管理費用為6,310萬美元，較2018年上半年增加13.1%，主要由於人工費用及研發開支增加，部分被二零一八年上半年的設備減值準備所抵銷。

其他費用

其他費用為210萬美元，較二零一八年上半年減少69.2%，主要由於外匯匯兌虧損減少所致。

財務費用

財務費用為60萬美元，較二零一八年上半年減少51.3%，主要由於銀行借款本金減少所致。

分佔一間聯營公司溢利

分佔一間聯營公司溢利為100萬美元，較二零一八年上半年減少80.4%，乃由於該聯營公司實現溢利減少所致。

所得稅開支

所得稅開支為890萬美元，較二零一八年上半年減少32.1%，主要由於轉回代扣代繳稅金增加及應課稅溢利減少所致。

期內溢利

綜合考慮上述因素，期內溢利為9,650萬美元，較二零一八年上半年上升12.1%。淨利潤率由二零一八年上半年的19.6%上升1.8個百分點至21.4%。

管理層討論及分析

財務狀況

| | 二零一九年 六月三十日 千美元 未經審核 | 二零一八年 十二月三十一日 千美元 經審核 | 變動 |
|----------------------|-------------------------------|--------------------------------|---------------|
| 非流動資產 | | | |
| 物業、廠房及設備 | 1,037,724 | 773,180 | 34.2% |
| 使用權資產 | 16,914 | – | 100.0% |
| 投資物業 | 170,939 | 171,225 | (0.2)% |
| 於一間聯營公司的投資 | 64,900 | 64,005 | 1.4% |
| 指定按公允價值計入其他全面收益的權益工具 | 208,008 | 208,357 | (0.2)% |
| 其他非流動資產 | 175,375 | 87,432 | 100.6% |
| 非流動資產總額 | 1,673,860 | 1,304,199 | 28.3% |
| 流動資產 | | | |
| 存貨 | 139,128 | 129,629 | 7.3% |
| 貿易應收款項及應收票據 | 147,771 | 176,797 | (16.4)% |
| 應收關聯方款項 | 4,366 | 10,800 | (59.6)% |
| 其他流動資產 | 72,067 | 12,479 | 477.5% |
| 按公允價值計入損益的金融資產 | 658,306 | 667,033 | (1.3)% |
| 已凍結及定期存款 | 14,724 | 337 | 4,269.1% |
| 現金及現金等價物 | 834,678 | 777,000 | 7.4% |
| 流動資產總額 | 1,871,040 | 1,774,075 | 5.5% |
| 流動負債 | | | |
| 貿易應付款項 | 76,966 | 79,470 | (3.2)% |
| 應付關聯方款項 | 12,688 | 5,838 | 117.3% |
| 其他流動負債 | 341,290 | 239,890 | 42.3% |
| 租賃負債 | 1,381 | – | 100.0% |
| 計息銀行借款 | 4,364 | 4,371 | (0.2)% |
| 流動負債總額 | 436,689 | 329,569 | 32.5% |
| 流動資產淨額 | 1,434,351 | 1,444,506 | (0.7)% |
| 非流動負債 | | | |
| 計息銀行借款 | 24,001 | 26,227 | (8.5)% |
| 租賃負債 | 16,653 | – | 100.0% |
| 遞延稅項負債 | 8,203 | 18,146 | (54.8)% |
| 非流動負債總額 | 48,857 | 44,373 | 10.1% |
| 資產淨額 | 3,059,354 | 2,704,332 | 13.1% |

就二零一八年十二月三十一日至二零一九年六月三十日同比變動超過5%的項目的闡釋

物業、廠房及設備

物業、廠房及設備由7.732億美元增至10.377億美元，主要由於建設華虹無錫項目所致。

使用權資產／租賃負債

使用權資產及租賃負債乃根據於二零一九年一月一日起生效的香港財務報告準則第16號的要求予以確認。根據香港財務報告準則第16號，承租人應當確認使用權資產。使用權資產是指承租人在租賃期內使用相關租賃資產的權利，而租賃負債是指承租人支付租金的義務。

管理層討論及分析

其他非流動資產

其他非流動資產由8,740萬美元增加至1.754億美元，主要由於資本開支預付款項增加所致。

存貨

存貨由1.296億美元增加至1.391億美元，主要由於原材料增加所致。

貿易應收款項及應收票據

貿易應收款項及應收票據由1.768億美元減少至1.478億美元，主要由於銷售收入環比下降所致。

應收關聯方款項

應收關聯方款項由1,080萬美元減少至440萬美元，主要由於應收部分關聯方的賬款減少所致。

其他流動資產

其他流動資產由1,250萬美元上升至7,210萬美元，主要由於向供應商支付的預付款項及待抵扣進項稅增加所致。

已凍結及定期存款

已凍結及定期存款由30萬美元增加至1,470萬美元，主要由於於二零一九年六月三十日部分未兌付股息的已凍結存款為1,390萬美元。

現金及現金等價物

現金及現金等價物由7.770億美元增加至8.347億美元，主要由於(i)收回按公允價值計入損益之金融資產投資15.354億美元；(ii)華虹無錫收到資本金3.170億美元；(iii)經營活動所得9,950萬美元；(iv)利息收入1,190萬美元；及(v)因股票期權行權而增發股份收到股本130萬美元。該款項被(i)按公允價值計入損益的金融資產投資支出15.189億美元；(ii)資本投資3.333億美元；(iii)支付股息5,100萬美元；(iv)償還銀行借款220萬美元；(v)租賃負債開支20萬美元；及(vi)利息開支20萬美元所抵銷。此外，由於人民幣貶值所致的調減為160萬美元。

應付關聯方款項

應付關聯方款項由580萬美元增加至1,270萬美元，主要由於收到關聯方的預付租金款。

其他流動負債

其他流動負債由2.399億美元增加至3.413億美元，主要由於(i)資本開支應付款項增加；(ii)未兌付股息增加；及(iii)收到政府補助，部分被支付二零一八年度所得稅及年終獎金所抵銷。

計息銀行借款

計息銀行借款總額由3,060萬美元減少至2,840萬美元，乃由於償還銀行借款所致。

遞延稅項負債

遞延稅項負債由1,810萬美元減少至820萬美元，主要由於轉回二零一八年計提的代扣代繳稅金所致。

管理層討論及分析

現金流量

| | 二零一九年 上半年 千美元 (未經審核) | 二零一八年 上半年 千美元 (未經審核) | 變動 |
|--------------|-------------------------------|-------------------------------|---------|
| 經營活動所得現金流量淨額 | 99,518 | 109,495 | (9.1)% |
| 投資活動所用現金流量淨額 | (304,919) | (167,369) | 82.2% |
| 融資活動所得現金流量淨額 | 264,710 | 523,168 | (49.4)% |
| 現金及現金等價物增加淨額 | 59,309 | 465,294 | (87.3)% |
| 期初現金及現金等價物 | 777,000 | 374,890 | 107.3% |
| 外匯匯率變動影響，淨額 | (1,631) | (3,462) | (52.9)% |
| 期末現金及現金等價物 | 834,678 | 836,722 | (0.2)% |

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1.095億美元減少至9,950萬美元，主要由於待抵扣增值稅進項稅的支付增加，部分被應收賬款的回收增加所抵銷。

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3.049億美元，主要用於(i)按公允價值計入損益之金融資產投資15.189億美元；及(ii)資本投資3.333億美元，部分被(i)收回按公允價值計入損益之金融資產投資15.354億美元；及(ii)利息收入1,190萬美元所抵銷。

融資活動所得現金流量淨額

融資活動所得現金流量淨額為2.647億美元，包括(i)華虹無錫收到資本金3.170億美元及(ii)因股票期權行權而增發股份收到的股本130萬美元，部分被(i)支付股息5,100萬美元；(ii)償還銀行借款220萬美元；(iii)利息開支20萬美元；及(iv)租賃負債開支20萬美元所抵銷。

管理層討論及分析

業務回顧

全球半導體市場形勢受到上半年較高庫存的影響，二零一九年上半年晶圓代工行業普遍表現不佳；通過採用靈活的銷售策略，以及部分特色工藝的優勢，公司二零一九年第二季度及上半年銷售額同比均有所成長。

分立器件整體需求保持穩定，公司DT(深槽)-SJNFET產能創新高；主要源自產品結構的優化，尤其是高壓功率分立器件，如DT(深槽)-SJNFET及IGBT產能配比的增加，本公司的平均售價較去年下半年以及去年同期有所增加。

因應未來智能控制應用造成MCU需求的增加，公司持續致力於對嵌入式非易失性存儲器技術的優化與業務拓展。公司二零一九年上半年嵌入式閃存技術MCU晶圓出貨量及平均售價同比均增長；此外，使用0.11微米嵌入式閃存技術的新產品數量也持續強勁增長。

於二零一八年三月動工的華虹無錫300mm晶圓製造工廠進展順利，二零一九年第二季度潔淨室已經通過認證，大部分的設備及工具已於第二季移入裝機。先導工藝研發順利，包括：55納米邏輯與射頻CMOS技術、90納米嵌入式閃存技術與90納米BCD技術；根據市場調研與技術評估情況，通過了開發12寸功率分立器件技術，明確了華虹無錫12寸IC + Power項目的規劃。12寸功率分立器件工藝產能與技術的提升將使公司更好的服務國內與海外客戶，擴大我們在分立器件領域，特別是中高壓分立器件技術的行業領先優勢。

展望未來，公司200mm晶圓的嵌入式閃存MCU、射頻IC、功率分立器件的業務持續發展，以及300mm晶圓製造工廠的55納米邏輯與射頻CMOS技術將率先在第四季度進入量產。我們將繼續實施200mm及300mm晶圓差異化技術的企業發展策略，能夠為客戶提供更優質的差異化技術服務。

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

中期簡明綜合財務資料的審閱報告

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

致華虹半導體有限公司的董事會
(於香港註冊成立的有限公司)

Introduction

We have reviewed the interim financial information set out on pages 24 to 58 which comprises the condensed consolidated statement of financial position of Hua Hong Semiconductor Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2019 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and other explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on *interim financial information* to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 Interim Financial Reporting (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
Hong Kong
6 August 2019

引言

吾等已審閱載於第24頁至第58頁的中期財務資料，其中包括華虹半導體有限公司（「貴公司」）及其子公司（統稱「貴集團」）於二零一九年六月三十日的簡明綜合財務狀況表及截至該日止六個月期間的相關簡明綜合損益表、全面收益表、權益變動表及現金流量表以及其他解釋附註。香港聯合交易所有限公司證券上市規則規定，須按照當中訂明的相關規定及香港會計師公會（「香港會計師公會」）頒佈的香港會計準則第34號中期財務報告（「香港會計準則第34號」）的規定就中期財務資料編製報告。貴公司的董事須負責根據香港會計準則第34號編製及列報本中期財務資料。吾等的責任是根據吾等的審閱對本中期財務資料作出結論，並按照吾等雙方協定的委聘條款，僅向全體董事會報告。除此以外，吾等的報告不可用作其他用途。吾等概不會就本報告的內容向任何其他人士負責或承擔責任。

審閱範圍

吾等已根據香港會計師公會頒佈的香港審閱委聘準則第2410號*由實體的獨立核數師執行中期財務資料審閱*進行審閱。審閱中期財務資料包括主要向負責財務和會計事務的人員作出查詢，及應用分析性和其他審閱程序。審閱的範圍遠較根據香港審計準則進行審核的範圍為小，故不能令吾等保證吾等將知悉在審核中可能發現的所有重大事項。因此，吾等不會發表審核意見。

結論

按照吾等的審閱，吾等並無發現任何事項，令吾等相信中期財務資料在各重大方面未有根據香港會計準則第34號編製。

安永會計師事務所
執業會計師
香港
二零一九年八月六日

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

中期簡明綜合損益表

FOR THE SIX MONTHS ENDED 30 JUNE 2019
截至二零一九年六月三十日止六個月

| | | FOR THE SIX MONTHS ENDED 30 JUNE 截至六月三十日止六個月 | |
|--|-------------------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| | | Notes 附註 | |
| Revenue | 銷售收入 | 4 | 450,790 |
| Cost of sales | 銷售成本 | | (308,370) |
| Gross profit | 毛利 | | 142,420 |
| Other income and gains | 其他收入及收益 | 4 | 31,807 |
| Selling and distribution expenses | 銷售及分銷費用 | | (4,004) |
| Administrative expenses | 管理費用 | | (63,075) |
| Other expenses | 其他費用 | | (2,119) |
| Finance costs | 財務費用 | | (625) |
| Share of profit of an associate | 分佔一間聯營公司溢利 | | 1,010 |
| PROFIT BEFORE TAX | 稅前溢利 | 5 | 105,414 |
| Income tax expense | 所得稅開支 | 6 | (8,879) |
| PROFIT FOR THE PERIOD | 期內溢利 | | 96,535 |
| Attributable to: | 以下各項應佔： | | |
| Owners of the parent | 母公司擁有人 | | 90,826 |
| Non-controlling interests | 非控股權益 | | 5,709 |
| | | | 96,535 |
| EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT: | 母公司普通股權持有人 應佔每股盈利： | 7 | |
| Basic | 基本 | | |
| – For profit for the period | 一期內溢利 | | US\$0.071 0.071美元 |
| Diluted | 攤薄 | | |
| – For profit for the period | 一期內溢利 | | US\$0.070 0.070美元 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

中期簡明綜合全面收益表

FOR THE SIX MONTHS ENDED 30 JUNE 2019
截至二零一九年六月三十日止六個月

FOR THE SIX MONTHS ENDED
30 JUNE
截至六月三十日止六個月

| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
|---|----------------------------|---|---|
| PROFIT FOR THE PERIOD | 期內溢利 | 96,535 | 86,128 |
| OTHER COMPREHENSIVE LOSS | 其他全面虧損 | | |
| Other comprehensive income not to be reclassified to profit or loss in subsequent periods: | 於其後期間不會重新分類至損益的其他全面收益： | | |
| Net gain on equity instruments at fair value through other comprehensive income, net of tax | 按公允價值計入其他全面收益的權益工具淨收益，扣除稅項 | - | 1,545 |
| Other comprehensive income 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收益： | | |
| Exchange differences on translation of foreign operations | 換算海外業務產生的外匯差額 | (11,486) | (30,446) |
| OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX | 期內其他全面虧損，扣除稅項 | (11,486) | (28,901) |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD | 期內全面收益總額 | 85,049 | 57,227 |
| Attributable to: | 以下各項應佔： | | |
| Owners of the parent | 母公司擁有人 | 87,301 | 65,362 |
| Non-controlling interests | 非控股權益 | (2,252) | (8,135) |
| | | 85,049 | 57,227 |

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

中期簡明綜合財務狀況表

30 JUNE 2019
二零一九年六月三十日

| | | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元) | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元) |
|--|-------------|--------------------------|---|--|
| | Notes 附註 | | | |
| NON-CURRENT ASSETS | | 非流動資產 | | |
| Property, plant and equipment | 9 | 物業、廠房及設備 | 1,037,724 | 773,180 |
| Right-of-use assets | | 使用權資產 | 16,914 | - |
| Investment property | | 投資物業 | 170,939 | 171,225 |
| Prepaid land lease payments | | 預付土地租賃款項 | 58,570 | 58,989 |
| Intangible assets | | 無形資產 | 12,198 | 9,571 |
| Investment in an associate | | 於一間聯營公司的投資 | 64,900 | 64,005 |
| Equity investments designated at fair value through other comprehensive income | | 指定按公允價值計入其他 全面收益的權益工具 | 208,008 | 208,357 |
| Long term prepayments to third parties | | 應付第三方之長期預付款項 | 90,270 | 3,762 |
| Long term prepayments to related parties | | 向關聯方長期預付款項 | 6,908 | 8,747 |
| Deferred tax assets | | 遞延稅項資產 | 7,429 | 6,363 |
| Total non-current assets | | 非流動資產總額 | 1,673,860 | 1,304,199 |
| CURRENT ASSETS | | 流動資產 | | |
| Inventories | | 存貨 | 139,128 | 129,629 |
| Trade and notes receivables | 10 | 貿易應收款項及應收票據 | 147,771 | 176,797 |
| Prepayments, other receivables and other assets | | 預付款項、其他應收款項 及其他資產 | 72,067 | 12,479 |
| Due from related parties | | 應收關聯方款項 | 4,366 | 10,800 |
| Financial assets at fair value through profit or loss | | 按公允價值計入損益的 金融資產 | 658,306 | 667,033 |
| Restricted and time deposits | | 已凍結及定期存款 | 14,724 | 337 |
| Cash and cash equivalents | | 現金及現金等價物 | 834,678 | 777,000 |
| Total current assets | | 流動資產總額 | 1,871,040 | 1,774,075 |
| CURRENT LIABILITIES | | 流動負債 | | |
| Trade payables | 11 | 貿易應付款項 | 76,966 | 79,470 |
| Other payables and accruals | | 其他應付款項及暫估費用 | 267,047 | 165,370 |
| Interest-bearing bank borrowings | | 計息銀行借款 | 4,364 | 4,371 |
| Lease liabilities | | 租賃負債 | 1,381 | - |
| Government grants | | 政府補助 | 55,335 | 44,406 |
| Due to related parties | | 應付關聯方款項 | 12,688 | 5,838 |
| Income tax payable | | 應付所得稅 | 18,908 | 30,114 |
| Total current liabilities | | 流動負債總額 | 436,689 | 329,569 |
| NET CURRENT ASSETS | | 流動資產淨額 | 1,434,351 | 1,444,506 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 資產總值減流動負債 | 3,108,211 | 2,748,705 |

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2019
二零一九年六月三十日

中期簡明綜合財務狀況表

| | | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元) | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元) |
|--|--------------------|--------------|---|--|
| | <i>Notes</i> 附註 | | | |
| NON-CURRENT LIABILITIES | | 非流動負債 | | |
| Interest-bearing bank borrowings | | 計息銀行借款 | 24,001 | 26,227 |
| Lease liabilities | | 租賃負債 | 16,653 | - |
| Deferred tax liabilities | | 遞延稅項負債 | 8,203 | 18,146 |
| Total non-current liabilities | | 非流動負債總額 | 48,857 | 44,373 |
| Net assets | | 資產淨額 | 3,059,354 | 2,704,332 |
| EQUITY | | 權益 | | |
| Equity attributable to owners of the parent | | 母公司擁有人應佔權益 | | |
| Share capital | 12 | 股本 | 1,961,742 | 1,960,159 |
| Reserves | | 儲備 | 234,763 | 195,097 |
| Total equity attributable to owners of the parent | | 母公司擁有人應佔權益總額 | 2,196,505 | 2,155,256 |
| Non-controlling interests | | 非控股權益 | 862,849 | 549,076 |
| Total equity | | 權益總額 | 3,059,354 | 2,704,332 |

Suxin Zhang
張素心
Director
董事

Jun Ye
葉峻
Director
董事

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

中期簡明綜合權益變動表

FOR THE SIX MONTHS ENDED 30 JUNE 2019
截至二零一九年六月三十日止六個月

| | | Attributable to owners of the parent 母公司擁有人應佔 | | | | | | | | | | | |
|---|--------------------------|--|----------------|----------------------|---------------------------------------|--------------------|--|------------------------|------------------------------|--------------------|-----------|---------------------------|--------------|
| | | Share capital | Merger reserve | Share option reserve | Other reserve and contributed surplus | Fair value reserve | Asset revaluation reserve [#] | Statutory reserve fund | Exchange fluctuation reserve | Accumulated losses | Total | Non-controlling interests | Total equity |
| | | 股本 | 合併儲備 | 購股權儲備 | 其他儲備及供款盈餘 | 公允價值儲備 | 資產重估儲備* | 儲備基金 | 匯兌波動儲備 | 累計虧損 | 合計 | 非控股權益 | 權益總額 |
| | | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | 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 | 千美元 | 千美元 | 千美元 | 千美元 | 千美元 |
| | | (note 20) | | | | | | | | | | | |
| | | (附註20) | | | | | | | | | | | |
| At 31 December 2018 (audited) | 於二零一八年十二月三十一日(經審核) | 1,960,159 | 645,494* | 6,607* | 34,590* | 2,545* | 99,257* | 71,595* | 34,655* | (699,646)* | 2,155,256 | 549,076 | 2,704,332 |
| Effect of adoption HKFRS 16 (note 2.2) | 採納香港財務報告準則第16號的影響(附註2.2) | - | - | - | - | - | - | - | - | (1,570) | (1,570) | - | (1,570) |
| At 1 January 2019 (restated) (unaudited) | 於二零一九年一月一日(重列)(未經審核) | 1,960,159 | 645,494 | 6,607 | 34,590 | 2,545 | 99,257 | 71,595 | 34,655 | (701,216) | 2,153,686 | 549,076 | 2,702,762 |
| Profit for the period | 期內溢利 | - | - | - | - | - | - | - | - | 90,826 | 90,826 | 5,709 | 96,535 |
| Exchange differences on translation of foreign operations | 換算海外業務產生的外匯差額 | - | - | - | - | - | - | - | (3,525) | - | (3,525) | (7,961) | (11,486) |
| Total comprehensive income for the period | 期內全面收益總額 | - | - | - | - | - | - | - | (3,525) | 90,826 | 87,301 | (2,252) | 85,049 |
| Capital contribution from non-controlling interests | 非控股權益注資 | - | - | - | 975 | - | - | - | - | - | 975 | 316,025 | 317,000 |
| Issue of shares | 發行股份 | 1,583 | - | (308) | - | - | - | - | - | - | 1,275 | - | 1,275 |
| Equity-settled share option arrangements | 以權益結算的購股權安排 | - | - | 4,040 | - | - | - | - | - | - | 4,040 | - | 4,040 |
| Final 2018 dividend declared | 最終宣派二零一八年股息 | - | - | - | - | - | - | - | - | (50,772) | (50,772) | - | (50,772) |
| Transfer from retained profits generated by a subsidiary | 轉撥自一間子公司產生的留存溢利 | - | - | - | - | - | - | 8,084 | - | (8,084) | - | - | - |
| At 30 June 2019 (unaudited) | 於二零一九年六月三十日(未經審核) | 1,961,742 | 645,494* | 10,339* | 35,565* | 2,545* | 99,257* | 79,679* | 31,130* | (669,246)* | 2,196,505 | 862,849 | 3,059,354 |
| At 31 December 2017 (audited) | 於二零一七年十二月三十一日(經審核) | 1,554,870 | 645,494 | 7,083 | 45,097 | - | 99,257 | 52,173 | 113,518 | (822,287) | 1,695,205 | - | 1,695,205 |
| Effect of adoption HKFRS 9 | 採納香港財務報告準則第9號的影響 | - | - | - | - | 1,046 | - | - | - | - | 1,046 | - | 1,046 |
| At 1 January 2018 (restated) (audited) | 於二零一八年一月一日(重列)(經審核) | 1,554,870 | 645,494 | 7,083 | 45,097 | 1,046 | 99,257 | 52,173 | 113,518 | (822,287) | 1,696,251 | - | 1,696,251 |
| Profit for the period | 期內溢利 | - | - | - | - | - | - | - | - | 85,888 | 85,888 | 240 | 86,128 |
| Change in fair value, net of tax | 公允價值變動，扣除稅項 | - | - | - | - | 1,545 | - | - | - | - | 1,545 | - | 1,545 |
| Exchange differences on translation of foreign operations | 換算海外業務產生的外匯差額 | - | - | - | - | - | - | - | (22,071) | - | (22,071) | (8,375) | (30,446) |
| Total comprehensive income for the period | 期內全面收益總額 | - | - | - | - | 1,545 | - | - | (22,071) | 85,888 | 65,362 | (8,135) | 57,227 |
| Capital contribution from non-controlling interests | 非控股權益注資 | - | - | - | - | - | - | - | - | - | - | 565,000 | 565,000 |
| Issue of shares | 發行股份 | 4,129 | - | (1,249) | - | - | - | - | - | - | 2,880 | - | 2,880 |
| Equity-settled share option arrangements | 以權益結算的購股權安排 | - | - | 1,007 | - | - | - | - | - | - | 1,007 | - | 1,007 |
| Final 2017 dividend declared | 最終宣派二零一七年股息 | - | - | - | - | - | - | - | - | (41,095) | (41,095) | - | (41,095) |
| Transfer from retained profits generated by a subsidiary | 轉撥自一間子公司產生的留存溢利 | - | - | - | - | - | - | 8,464 | - | (8,464) | - | - | - |
| At 30 June 2018 (unaudited) | 於二零一八年六月三十日(未經審核) | 1,558,999 | 645,494 | 6,841 | 45,097 | 2,591 | 99,257 | 60,637 | 91,447 | (785,958) | 1,724,405 | 556,865 | 2,281,270 |

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

* These reserve accounts comprise the consolidated reserves of US\$234,763,000 (31 December 2018: US\$195,097,000) in the interim condensed consolidated statement of financial position.

資產重估儲備源自將自用物業用途更改為按公允價值列賬之投資物業。

* 該等儲備賬構成於中期簡明綜合財務狀況表內之綜合儲備234,763,000美元(二零一八年十二月三十一日: 195,097,000美元)。

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

中期簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2019
截至二零一九年六月三十日止六個月

FOR THE SIX MONTHS ENDED
30 JUNE
截至六月三十日止六個月

| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
|---|----------------------|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | 經營活動所得現金流量 | | |
| Profit before tax | 稅前溢利 | 105,414 | 99,211 |
| Adjustments for: | 就以下各項作出的調整： | | |
| Finance costs | 融資費用 | 625 | 1,284 |
| Share of profit of an associate | 分佔一間聯營公司溢利 | (1,010) | (5,161) |
| Interest income | 利息收入 | (11,299) | (4,777) |
| Fair value gains on financial assets at fair value through profit or loss | 按公允價值計入損益的金融資產公允價值收益 | (13,500) | (1,787) |
| Loss on disposal of items of property, plant and equipment | 出售物業、廠房及設備項目的虧損 | 16 | 84 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 60,328 | 57,803 |
| Provision of impairment of trade receivables | 貿易應收款項減值撥備 | 47 | 25 |
| Write-down of inventories to net realisable value | 撇減存貨至可變現淨值 | 1,020 | – |
| Impairment on items of property, plant and equipment | 物業、廠房及設備項目減值 | – | 3,792 |
| Amortisation of intangible assets | 無形資產攤銷 | 1,687 | 1,466 |
| Recognition of prepaid land lease payments | 確認預付土地租賃款項 | 326 | 345 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 802 | – |
| Equity-settled share option expense | 以權益結算的購股權開支 | 4,040 | 1,007 |
| | | 148,496 | 153,292 |
| Increase in inventories | 存貨增加 | (10,504) | (12,290) |
| Decrease/(increase) in trade and notes receivables | 貿易應收款項及應收票據減少/(增加) | 28,979 | (9,163) |
| Increase in prepayments, other receivables and other assets | 預付款項、其他應收款項及其他資產增加 | (61,697) | (1,963) |
| Decrease/(increase) in amounts due from related parties | 應收關聯方款項減少/(增加) | 6,434 | (4,508) |
| (Increase)/decrease in restricted and time deposits | 已凍結及定期存款(增加)/減少 | (458) | 36 |
| Decrease in trade payables | 貿易應付款項減少 | (2,504) | (1,563) |
| Increase in other payables and accruals | 其他應付款項及暫估費用增加 | 66 | 2,565 |
| Increase in government grants | 政府補助增加 | 14,629 | 2,294 |
| Increase in amounts due to related parties | 應付關聯方款項增加 | 6,850 | 8,170 |
| Cash generated from operations | 經營活動產生的現金 | 130,291 | 136,870 |
| Income tax paid | 已付所得稅 | (30,773) | (27,375) |
| Net cash flows from operating activities | 經營活動所得現金流量淨額 | 99,518 | 109,495 |

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

中期簡明綜合現金流量表

FOR THE SIX MONTHS ENDED 30 JUNE 2019
截至二零一九年六月三十日止六個月

| | | FOR THE SIX MONTHS ENDED 30 JUNE 截至六月三十日止六個月 | |
|---|-----------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | 投資活動所得現金流量 | |
| Interest received | 已收利息 | 11,917 | 5,875 |
| Purchases of items of property, plant and equipment | 購買物業、廠房及設備項目 | (332,012) | (71,764) |
| Purchases of prepaid land lease payments | 購買預付土地租賃款項 | – | (43,342) |
| Purchases of items of intangible assets | 購買無形資產項目 | (1,258) | (470) |
| 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 | 2 | 3 |
| Decrease in restricted and time deposits | 已凍結及定期存款減少 | – | 139,602 |
| Purchase of financial assets at fair value through profit or loss | 購買按公允價值計入損益的金融資產 | (1,518,918) | (291,915) |
| Proceeds from disposals of financial assets at fair value through profit or loss | 出售按公允價值計入損益的金融資產 | 1,535,350 | 94,642 |
| Net cash flows used in investing activities | 投資活動所用現金流量淨額 | (304,919) | (167,369) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | 融資活動所得現金流量 | |
| Proceeds from issue of shares | 發行股份所得款項 | 1,316 | 2,806 |
| Capital contribution from non-controlling interests | 非控股權益注資 | 317,000 | 565,000 |
| Dividends paid | 已付股息 | (37,042) | (27,221) |
| Repayment of bank loans | 償還銀行貸款 | (2,182) | (2,267) |
| Increase in restricted and time deposits | 已凍結及定期存款增加 | (13,943) | (13,867) |
| Interest paid | 已付利息 | (190) | (1,283) |
| Principal portion of lease payments | 支付租賃本金部份 | (249) | – |
| Net cash flows generated from financing activities | 融資活動所得現金流量淨額 | 264,710 | 523,168 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | 現金及現金等價物增加淨額 | |
| | | 59,309 | 465,294 |
| Cash and cash equivalents at beginning of period | 期初現金及現金等價物 | 777,000 | 374,890 |
| Effect of foreign exchange rate changes, net | 外匯匯率變動影響，淨額 | (1,631) | (3,462) |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 期末現金及現金等價物 | 834,678 | 836,722 |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | 現金及現金等價物結餘分析 | |
| Cash and bank balances | 現金及銀行結餘 | 510,002 | 835,252 |
| 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的無凍結定期存款 | 324,676 | 1,470 |
| Cash and cash equivalents as stated in the statement of cash flows | 現金流量表中所列現金及現金等價物 | 834,678 | 836,722 |

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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1. Corporate 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 period, the Company’s subsidiaries (collectively refer to as the “Group”) were principally engaged in the manufacture and trading 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”), 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”).

2.1 Basis of preparation

The interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with HKAS 34 *Interim Financial Reporting*. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended 31 December 2018.

The financial information relating to the year ended 31 December 2018 that is included in the interim condensed consolidated statement of financial position as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to those statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2018 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance. The Company’s auditors have reported on the financial statements for the year ended 31 December 2018. The auditor’s report was unqualified; and did not contain a statement under sections 406(2), 407(2) or 407(3) of the Hong Kong Companies Ordinance.

1. 公司資料

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。於期內，本公司的子公司(統稱為「本集團」)主要從事半導體產品的生產及貿易。

董事認為，本公司的母公司及最終母公司分別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」)，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。

2.1 編製基準

截至二零一九年六月三十日止六個月的中期簡明綜合財務資料已根據香港會計準則第34號*中期財務報告*編製。中期簡明綜合財務資料並不包括年度財務報表規定所需的全部資料及披露事宜，並應與本集團截至二零一八年十二月三十一日止年度的年度綜合財務報表一併閱讀。

中期簡明綜合財務狀況表所載有關截至二零一八年十二月三十一日止年度的財務資料(作為比較資料)，並不構成本公司該年度之法定年度綜合財務報表，惟摘錄自該等財務報表。根據香港公司條例第436條披露的有關該等法定財務報表的進一步資料載列如下：

本公司已按香港公司條例第662(3)條及附表6第3部的規定，將截至二零一八年十二月三十一日止年度的財務報表送呈公司註冊處處長。本公司的核數師已就截至二零一八年十二月三十一日止年度的財務報表提交報告。該核數師報告中並無保留意見，且並未載有按香港公司條例第406(2)、407(2)或407(3)條所指的陳述。

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2.2 Changes in Accounting Policies and Disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Hong Kong Financial Reporting Standards ("HKFRSs") effective as of 1 January 2019.

| | |
|--|---|
| Amendments to HKFRS 9 | <i>Prepayment Features with Negative Compensation</i> |
| HKFRS 16 | <i>Leases</i> |
| Amendments to HKAS 19 | <i>Plan Amendment, Curtailment or Settlement</i> |
| Amendments to HKAS 28 | <i>Long-term Interests in Associates and Joint Ventures</i> |
| HK(IFRIC)-Int 23 | <i>Uncertainty over Income Tax Treatments</i> |
| <i>Annual Improvements 2015-2017 Cycle</i> | Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 |

Other than as explained below regarding the impact of HKFRS 16 *Leases*, the new and revised standards are not relevant to the preparation of the Group's interim condensed consolidated financial information. The nature and impact of HKFRS 16 are described below:

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 account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged from HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have any financial impact on leases where the Group is the lessor.

2.2 會計政策的變動及披露

編製中期簡明綜合財務資料所採納的會計政策與編製本集團截至二零一八年十二月三十一日止年度的年度綜合財務報表所採用者一致，惟採納於二零一九年一月一日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」）除外。

| | |
|---|---|
| 香港財務報告準則第9號 (修訂本) | 具有負補償之提前還款特性 |
| 香港財務報告準則第16號 | 租賃 |
| 香港會計準則第19號 (修訂本) | 計劃修訂、縮減或結算 |
| 香港會計準則第28號 (修訂本) | 於聯營公司及合營企業的長期權益 |
| 香港(國際財務報告詮釋委員會)－詮釋第23號 二零一五年至二零一七年 週期年度改進 | 所得稅處理的不確定性 |
| | 香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號(修訂本) |

除下文所述有關香港財務報告準則第16號租賃的影響外，新訂及經修訂準則與編製本集團的中期簡明綜合財務資料並無關聯。香港財務報告準則第16號的性質及影響描述如下：

香港財務報告準則第16號取代香港會計準則第17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。該準則載有租賃確認、計量、呈列和披露原則，並要求承租人在單一資產負債表的模型中計算所有租賃。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號類似的原則將租賃分類為經營租賃或融資租賃。因此，香港財務報告準則第16號並未對本集團作為出租人的租賃產生任何財務影響。

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2.2 Changes in Accounting Policies and Disclosures (continued)

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019, and the comparative information for 2018 was not restated and continues to be reported under HKAS 17.

New definition of a lease

Under HKFRS 16, a contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to obtain substantially all of the economic benefits from use of the identified asset and the right to direct the use of the identified asset. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their standard-alone prices. A practical expedient is available to a lessee, which the Group has adopted, not to separate non-lease components and to account for the lease and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

2.2 會計政策的變動及披露(續)

本集團採用經修訂追溯採納法採納香港財務報告準則第16號，並於二零一九年一月一日首次應用。根據該方法，本集團已追溯應用該準則，並將首次採納的累計影響確認為對於二零一九年一月一日之保留盈餘期初結餘的調整，且概不會重列二零一八年的比較資料，而繼續根據香港會計準則第17號作出報告。

租賃之新定義

根據香港財務報告準則第16號，倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約是租賃或包含租賃。當客戶有權從使用可識別資產獲得絕大部分經濟利益以及擁有指示使用可識別資產的權利時，即有控制權。本集團選擇應用過渡性的實際權宜辦法以允許該準則僅適用於先前於首次應用日期已根據香港會計準則第17號及香港(國際財務報告詮釋委員會)–詮釋第4號確定為租賃之合約。根據香港會計準則第17號及香港(國際財務報告詮釋委員會)–詮釋第4號未確定為租賃的合約不會重新評估。因此，香港財務報告準則第16號項下的租賃定義僅適用於在二零一九年一月一日或之後訂立或變更的合約。

於包含租賃部分的合約開始或獲重新評估時，本集團根據其獨立價格將合約中的代價分配予各個租賃及非租賃部分。本集團已採納的承租人可用實際權宜辦法，不會區分非租賃部分及就租賃及相關非租賃部分(例如物業租賃的物業管理服務)入賬作為單一租賃部分。

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2.2 Changes in Accounting Policies and Disclosures (continued)

As a lessee – Leases previously classified as operating leases

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property. As a lessee, the Group previously classified leases as either finance leases or operating leases based on the assessment of whether the lease transferred substantially all the rewards and risks of ownership of assets to the Group. Under HKFRS 16, the Group applies a single approach to recognise and measure right-of-use assets and lease liabilities for all leases, except for two elective exemptions for leases of low value assets (elected on a lease by lease basis) and short-term leases (elected by class of underlying asset). The Group has elected not to recognise right-of-use assets and lease liabilities for (i) leases of low-value assets; and (ii) leases, that at the commencement date, have a lease term of 12 months or less. Instead, the Group recognises the lease payments associated with those leases as an expense on a straight-line basis over the lease term.

Impacts on transition

Lease liabilities at 1 January 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019.

The right-of-use assets were measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before 1 January 2019. All these assets were assessed for any impairment based on HKAS 36 on that date.

The Group has used the following elective practical expedients when applying HKFRS 16 at 1 January 2019:

- Applied the short-term lease exemptions to leases with a lease term that ends within 12 months from the date of initial application; and
- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

2.2 會計政策的變動及披露(續)

作為承租人 – 先前分類為經營租賃的租賃

採納香港財務報告準則第16號的影響性質

本集團擁有各種物業之租賃合約。作為承租人，本集團先前根據對租賃是否將資產所有權的絕大部分回報及風險轉移至本集團的評估，將租賃分類為融資租賃或經營租賃。根據香港財務報告準則第16號，本集團採用單一方法確認及計量所有租賃的使用權資產及租賃負債，惟低價值資產租賃（按個別租賃基準選擇）及短期租賃（按相關資產類別選擇）的兩項選擇性豁免除外。本集團已選擇不就(i)低價值資產租賃；及(ii)於開始日期之租期為十二個月或以下的租賃確認使用權資產及租賃負債。相反，本集團在租期內以直線法將與該等租賃相關的租賃付款確認為開支。

過渡影響

於二零一九年一月一日之租賃負債按剩餘租賃付款的現值，使用二零一九年一月一日的遞增借款利率貼現後予以確認。

使用權資產根據租賃負債金額計量，並就與緊接二零一九年一月一日前於財務狀況表確認的租賃相關的任何預付或應計租賃付款金額作出調整。所有該等資產於該日均根據香港會計準則第36號就任何減值作出評估。

於二零一九年一月一日應用香港財務報告準則第16號時，本集團已使用以下選擇性實際權宜辦法：

- 對於租期自初步應用之日起十二個月內終止的租賃應用短期租賃豁免；及
- 對特徵相當相似的租賃組合使用單一貼現率。

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2.2 Changes in Accounting Policies and Disclosures (continued)

2.2 會計政策的變動及披露(續)

As a lessee – Leases previously classified as operating leases (continued)

Impacts on transition (continued)

The impacts arising from the adoption of HKFRS 16 as at 1 January 2019 are as follows:

作為承租人 – 先前分類為經營租賃的租賃(續)

過渡影響(續)

於二零一九年一月一日採納香港財務報告準則第16號所產生的影響如下：

| | | Increase/(decrease) 增加/(減少) US\$'000 千美元 (Unaudited) (未經審核) |
|---|--------------------|--|
| Assets | | |
| | 資產 | |
| Increase in right-of-use assets | 使用權資產增加 | 17,746 |
| Decrease in prepayments, other receivables and other assets | 預付款項、其他應收款項及其他資產減少 | (1,711) |
| Increase in deferred tax assets | 遞延稅項資產增加 | 277 |
| Increase in total assets | 資產總值增加 | 16,312 |
| Liabilities | | |
| | 負債 | |
| Increase in lease liabilities | 租賃負債增加 | (17,882) |
| Increase in accumulated losses | 累計虧損增加 | 1,570 |

Summary of new accounting policies

The accounting policy for leases as disclosed in the annual financial statements for the year ended 31 December 2018 is replaced with the following new accounting policies upon adoption of HKFRS 16 from 1 January 2019:

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "inventories". The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of the estimated useful life and the lease term. A right-of-use assets arising from land lease is presented as prepaid land lease payments.

新會計政策概要

截至二零一八年十二月三十一日止年度的年度財務報表所披露的租賃會計政策將於二零一九年一月一日採納香港財務報告準則第16號時被以下新會計政策取代：

使用權資產

於租賃開始日期確認使用權資產。使用權資產按成本減任何累計折舊及任何減值虧損計量，並就任何重新計量租賃負債作出調整。當使用權資產與作為存貨持有的租賃土地的權益相關時，彼等其後根據本集團的「存貨」政策按成本與可變現淨值的較低者計量。使用權資產成本包括已確認租賃負債款額、初步已產生直接成本及於開始日期或之前作出的租賃付款減任何已收取租賃獎勵。除非本集團合理確定於租期結束時取得租賃資產所有權，否則已確認使用權資產於其估計可使用年期及租期（以較短者為準）按直線法折舊。土地租賃產生的使用權資產以預付土地租賃款項列賬。

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2.2 Changes in Accounting Policies and Disclosures (continued)

Summary of new accounting policies (continued)

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

2.2 會計政策的變動及披露(續)

新會計政策概要(續)

租賃負債

於租賃開始日期，租賃負債按租賃期內作出的租賃付款的現值計予以確認。租賃付款包括固定付款(包括實質固定付款)減任何應收租賃優惠、取決於某一指數或比率的可變租賃付款，以及預期在剩餘價值擔保下支付的金額。租賃付款亦包括本集團合理地肯定行使的購買選擇權的行使價，及倘若租賃期限反映本集團行使終止選擇權，則終止租賃而需支付的罰款。不取決於某一指數或比率的可變租賃付款於觸發付款的事件或條件發生的期間確認為開支。

在計算租賃付款的現值時，倘若租賃中所隱含的利率不易確定，則本集團在租賃開始日期使用增量借貸利率。在開始日期之後，租賃負債的金額將會增加，以反映利息的增加及就已作出的租賃付款作出扣減。此外，如有修改、租賃付款日後因指數或比率變動出現變動、租賃期限發生變化、實質固定租賃付款變化或購買相關資產的評估變更，租賃負債的賬面值將重新計量。

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3. 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 the PRC. Therefore, no segment information based on the geographical location of assets is presented for the period.

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

3. 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，故並無按資產的地理位置於期內呈列分部資料。

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

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|----------------------------------|--------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| China (including Hong Kong) | 中國(包括香港) | 243,904 | 251,857 |
| United States of America | 美利堅合眾國 | 83,136 | 80,052 |
| Asia (excluding China and Japan) | 亞洲(不包括中國及日本) | 53,059 | 52,969 |
| Europe | 歐洲 | 36,706 | 32,975 |
| Japan | 日本 | 33,985 | 22,108 |
| | | 450,790 | 439,961 |

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4. Revenue and Other Income and Gains

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

4. 收入、其他收入及收益

對收入、其他收入及收益的分析如下：

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|---|------------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| Revenue from contracts with customers | 客戶合約收益 | | |
| Sale of goods | 銷售貨品 | 450,790 | 439,961 |
| Other income | 其他收入 | | |
| Rental income | 租金收入 | 6,409 | 6,852 |
| Interest income | 利息收入 | 11,299 | 4,777 |
| Government subsidies | 政府補貼 | 311 | 3,146 |
| Others | 其他 | 288 | 502 |
| | | 18,307 | 15,277 |
| Other gains, net | 其他收益淨額 | | |
| Fair value gains on financial assets at fair value through profit or loss | 按公允價值計入損益中之金融資產之公允價值收益 | 13,500 | 1,787 |
| | | 31,807 | 17,064 |
| Type of goods or service | 貨品或服務的分類 | | |
| Sales of semiconductor products and total revenue from contracts with customers | 半導體產品的銷售和來自客戶合約的總收入 | 450,790 | 439,961 |
| Timing of revenue recognition | 收益確認時間 | | |
| Goods transferred at a point in time and total revenue from contracts with customer | 在某一時點轉讓的貨物及來自客戶合約的總收入 | 450,790 | 439,961 |

The disaggregation of the Group's revenue based on the geographical region for the six months ended 30 June 2019 is included in note 3.

截至二零一九年六月三十日止六個月，本集團收入按地區的分類載於附註3。

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5. Profit before Tax

The Group's profit before tax is arrived at after charging:

5. 稅前溢利

本集團的稅前溢利乃於扣除下列各項後達致：

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| Cost of inventories sold | 已售存貨成本 | 308,370 | 295,330 |
| Write-down of inventories to net realisable value | 存貨撇減至可變現淨值 | 1,020 | - |
| Impairment of trade receivables | 貿易應收款項減值 | 47 | 25 |
| Impairment on items of property, plant and equipment | 物業、廠房及設備項目減值 | - | 3,792 |
| Exchange losses | 匯兌虧損 | 2,102 | 7,092 |

6. Income Tax

Hong Kong profits were subject to profits tax at the rate of 16.5% during the period (six months ended 30 June 2018: 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 period (six months ended 30 June 2018: nil).

The Company's subsidiary incorporated in the Cayman Islands is not subject to corporate income tax 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 have 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 relevant laws and regulations in the PRC and with approval from the tax authorities in charge, one of the Group's subsidiaries, Shanghai Huahong Grace Semiconductor Manufacturing Corporation ("HHGrace"), is qualified as a High and New Technology Enterprise and thus was entitled to a preferential tax rate of 15% from 2018 to 2020.

6. 所得稅

於期內的香港溢利須按16.5%(截至二零一八年六月三十日止六個月: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期內並無取得應評稅收入，故並無就香港利得稅作出撥備(截至二零一八年六月三十日止六個月: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。

所有本集團在中國註冊且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，本集團一家子公司上海華虹宏力半導體製造有限公司(「華虹宏力」)符合資格成為高新技術企業，故有權於二零一八年至二零二零年期間按15%的優惠稅率繳稅。

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6. Income Tax (continued)

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, Huahong Semiconductor (Wuxi) Co., Ltd. ("HH-Wuxi"), is entitled to an exemption from CIT for five years, commencing from the first year that HH-Wuxi generates taxable profit, and a deduction of 50% on the CIT rate for the following five years.

The Company's subsidiary incorporated and operating in Japan is subject to a corporation tax rate of 25.5% (six months ended 30 June 2018: 25.5%).

The Company's subsidiary incorporated and operating in the United States is subject to a federal corporation income tax rate of 21% during the period (six months ended 30 June 2018: 21%), as well as state tax at 8.84% (six months ended 30 June 2018: 8.84%).

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

6. 所得稅(續)

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半導體(無錫)有限公司(「華虹無錫」)有權自獲得應課稅溢利第一年起五年獲豁免繳納企業所得稅，及隨後五年減免50%。

本公司在日本註冊成立及營運的子公司應按25.5%(截至二零一八年六月三十日止六個月：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21%(截至二零一八年六月三十日止六個月：21%)的聯邦企業所得稅率及8.84%(截至二零一八年六月三十日止六個月：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：

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|--------------------------------------|------------|--|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| Current income tax – PRC | 當期所得稅－中國 | 14,936 | 15,386 |
| Current income tax – elsewhere | 當期所得稅－其他地區 | 18 | 31 |
| Withholding tax on dividend declared | 宣派股息預扣稅 | 4,656 | 4,245 |
| Deferred tax | 遞延稅項 | (10,731) | (6,579) |
| | | 8,879 | 13,083 |

During the period, the directors of a subsidiary established in Mainland China approved that any undistributed profits of the subsidiary generated in 2018 will not be paid as dividends to the Company. Accordingly, the Group reversed withholding taxes on dividends distributable by the subsidiary established in Mainland China of US\$12,443,000 (six months ended 30 June 2018: US\$9,303,000).

於期內，於中國內地成立的一間子公司董事批准不會就該子公司於二零一八年產生之任何未分配溢利向本公司支付股息。因此，本集團就於中國內地成立之子公司的可分派股息撥回預扣稅12,443,000美元(截至二零一八年六月三十日止六個月：9,303,000美元)。

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7. Earnings per Share attributable to Ordinary Equity Holders of the Parent

The calculation of the basic earnings per share amounts is based on the profit for the period attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,284,846,838 in issue during the period (six months ended 30 June 2018: 1,039,526,524).

The calculation of the diluted earnings per share amount is based on the profit for the period 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 period, 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:

7. 母公司普通股權持有人應佔每股盈利

每股基本盈利乃基於母公司普通股權持有人應佔期內溢利及於期內已發行1,284,846,838股(截至二零一八年六月三十日止六個月: 1,039,526,524股)普通股的加權平均數計算。

每股已攤薄盈利金額乃根據母公司普通股權持有人應佔期內溢利計算。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期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：

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|--|---------------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| Earnings | 盈利 | | |
| Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation | 用於計算每股基本盈利的母公司普通股權持有人應佔溢利 | 90,826 | 85,888 |

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7. Earnings per Share attributable to Ordinary Equity Holders of the Parent (continued)

7. 母公司普通股權持有人應佔每股盈利(續)

| | | Number of shares 股份數目 | |
|--|--------------------------|--|---------------------------------|
| | | For the six months ended 30 June 截至六月三十日止六個月 | |
| | | 2019 二零一九年 (’000) (千股) | 2018 二零一八年 (’000) (千股) |
| Shares | 股份 | | |
| Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation | 用於計算每股基本盈利的期內已發行普通股加權平均數 | 1,284,847 | 1,039,527 |
| 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 | 14,014 | 12,124 |
| | | 1,298,861 | 1,051,651 |

8. Dividends

8. 股息

| | | For the six months ended 30 June 截至六月三十日止六個 | |
|---|----------------------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$’000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$’000) (千美元) |
| Final declared – HK\$31 cents per ordinary share (2018: HK\$31 cents) | 末期股息 – 每股普通股31港仙 (二零一八年：31港仙) | 50,772 | 41,095 |

During the period, the Company’s shareholders approved 2018 proposed final dividend with a total amount of HK\$398,462,807 (six months ended 30 June 2018: HK\$322,271,659). The amount of the final 2018 dividend was calculated based on the number of shares of the Company as of 17 May 2019. The total 2018 final dividend amount presented in US\$ is slightly different from the proposed one disclosed in the Group’s annual financial information for the year ended 31 December 2018 due to the different exchange rates used in the translation.

於期內，本公司股東批准派發二零一八年建議末期股息合共398,462,807港元（截至二零一八年六月三十日止六個月：322,271,659港元）。二零一八年末期股息的金額乃根據本公司截至二零一九年五月十七日的股份數目計算。由於換算所使用的匯率不同，以美元呈列的二零一八年末期股息總額與本集團截至二零一八年十二月三十一日止年度之年度財務資料所披露的建議末期股息略有不同。

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9. Property, Plant and Equipment

During the six months ended on 30 June 2019, the Group acquired items of property, plant and equipment with a cost of US\$332,213,000 (six months ended 30 June 2018: US\$67,281,000). Depreciation for items of property, plant and equipment was US\$60,328,000 during the period (six months ended 30 June 2018: US\$57,803,000).

No significant property, plant and equipment were disposed by the Group during the six months ended 30 June 2019 and 2018, respectively.

9. 物業、廠房及設備

於截至二零一九年六月三十日止六個月，本集團購置物業、廠房及設備項目的成本為332,213,000美元（截至二零一八年六月三十日止六個月：67,281,000美元）。期內物業、廠房及設備項目的折舊為60,328,000美元（截至二零一八年六月三十日止六個月：57,803,000美元）。

於截至二零一九年及二零一八年六月三十日止六個月，本集團均無物業、廠房及設備的重大出售。

10. Trade and Notes Receivables

10. 貿易應收款項及應收票據

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元) | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元) |
|---------------------------------|----------|---|--|
| Trade receivables | 貿易應收款項 | 112,670 | 123,414 |
| Notes receivable | 應收票據 | 36,650 | 54,887 |
| | | 149,320 | 178,301 |
| Impairment of trade receivables | 貿易應收款項減值 | (1,549) | (1,504) |
| | | 147,771 | 176,797 |

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

按發票日期計，貿易應收款項（扣除撥備）的賬齡分析如下：

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元) | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元) |
|----------------------------|-------------|---|--|
| Within 3 months | 三個月以內 | 102,538 | 121,910 |
| Over 3 and within 6 months | 三個月以上及六個月以內 | 8,581 | - |
| Over 6 months | 六個月以上 | 2 | - |
| | | 111,121 | 121,910 |

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11. 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:

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元) | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元) |
|-----------------------------|--------------|---|--|
| Within 1 month | 一個月以內 | 46,025 | 26,704 |
| Over 1 and within 3 months | 一個月以上及三個月以內 | 17,589 | 37,713 |
| Over 3 and within 6 months | 三個月以上及六個月以內 | 2,537 | 4,310 |
| Over 6 and within 12 months | 六個月以上及十二個月以內 | 2,628 | 2,215 |
| Over 12 months | 十二個月以上 | 8,187 | 8,528 |
| | | 76,966 | 79,470 |

11. 貿易應付款項

於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：

12. Share Capital

| | | Number of shares 股份數目 ('000) (千股) | Amount 金額 (US\$'000) (千美元) |
|--|----------------------|--|---|
| 31 December 2018 | 二零一八年十二月三十一日 | 1,283,952 | 1,960,159 |
| Issue of shares with exercise of share options | 發行可行使購股權的股份 | 1,447 | 1,583 |
| 30 June 2019 (unaudited) | 二零一九年六月三十日 (未經審核) | 1,285,399 | 1,961,742 |

12. 股本

13. Commitments

The Group had the following capital commitments at the end of the reporting period:

| | | 30 June 2019 二零一九年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元) | 31 December 2018 二零一八年 十二月三十一日 (Audited) (經審核) (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 | 309,915 | 409,701 |

13. 承擔

本集團於報告期末擁有以下資本承擔：

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14. Related Party Transactions

14. 關聯方交易

(a) Name and relationship

(a) 名稱及關係

| Name of related party 關聯方名稱 | Relationship with the Group 與本集團的關係 |
|---|--|
| Huahong Group and its subsidiaries 華虹集團及其子公司 | |
| - Shanghai Huahong (Group) Co., Ltd. ("Huahong Group") - 上海華虹(集團)有限公司(「華虹集團」) | Holding company of Hua Hong International Inc., 華虹國際有限公司的控股公司 |
| - Hua Hong International Inc., ("Huahong International") - 華虹國際有限公司(「華虹國際」) | Shareholder of the Company 本公司股東 |
| - Shanghai Huahong Zealcore Electronics Co., Ltd. ("Huahong Zealcore") - 上海華虹摯芯科技有限公司(「華虹摯芯」) | Subsidiary of Huahong Group 華虹集團子公司 |
| - Shanghai Hongri International Electronics Co., Ltd. ("Hongri") - 上海虹日國際電子有限公司(「虹日」) | Subsidiary of Huahong Group 華虹集團子公司 |
| - Shanghai Integrated Circuit Research and Development Center ("ICRD") - 上海集成電路研發中心(「集成電路研發」) | Subsidiary of Huahong Group 華虹集團子公司 |
| - Shanghai Hua Hong Jitong Smart System Co., Ltd. ("Jitong") - 上海華虹計通智能系統股份有限公司(「計通」) | Subsidiary of Huahong Group 華虹集團子公司 |
| NEC Corporation ("NEC") | |
| - NEC Management Partner, Ltd. ("NEC Management") | Shareholder of the Company 本公司股東 Subsidiary of NEC NEC子公司 |
| SAIL and its subsidiaries 上海聯和及其子公司 | |
| - Sino-Alliance International Ltd. ("SAIL International") | Shareholder of the Company 本公司股東 |
| - Shanghai Huali Microelectronics Co., Ltd. ("Shanghai Huali") - 上海華力微電子有限公司(「上海華力」) | Subsidiary of SAIL 上海聯和子公司 |
| - QST Corporation ("QST") - 上海矽睿科技有限公司(「矽睿科技」) | Subsidiary of SAIL 上海聯和子公司 |

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14. Related Party Transactions (continued)

14. 關聯方交易 (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 |
|--|--|
| INESA and its subsidiaries 儀電集團及其子公司 | |
| – INESA (Group) Co., Ltd. (“INESA”) – 上海儀電(集團)有限公司(「儀電集團」) | Shareholder of Huahong Group 華虹集團股東 |
| – 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 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」) | |
| – Huahong Real Estate Co., Ltd. (“Huahong Real Estate”) – 上海華虹置業有限公司(「華虹置業」) | Associate of the Group 本集團聯營公司 |
| – Shanghai Huajin Property Management Co., Ltd. (“Huajin”) – 上海華錦物業管理有限公司(「華錦」) | Subsidiary of Huahong Technology Development 華虹科技發展子公司 Subsidiary of Huahong Technology Development 華虹科技發展子公司 |
| CEC and its subsidiaries 中國電子及其子公司 | |
| – China Electronics Corporation (“CEC”)* – 中國電子信息產業集團有限公司(「中國電子」)* | Shareholder of Huahong Group (before 26 October 2018) 華虹集團股東 (於二零一八年十月二十六日之前) |
| – 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 |
| – 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 |

* CEC disposed of all of its shareholdings in Huahong Group on 26 October 2018. From then on, CEC and its subsidiaries are no longer related parties of the Group.

* 中國電子於二零一八年十月二十六日出售其於華虹集團的所有股權。自此，中國電子及其子公司不再為本集團的關聯方。

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14. Related Party Transactions (continued)

(b) In addition to the transactions disclosed elsewhere in this financial information, the Group had the following transactions with related parties during the period:

14. 關聯方交易(續)

(b) 除該財務資料其他部份所披露交易外，本集團於期內已與關聯方進行以下交易：

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|--|---------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| Sales of goods to related parties (note (i)) | 向關聯方出售貨品(附註(i)) | | |
| Huahong Zealcore | 華虹摯芯 | 1,750 | 2,378 |
| ICRD | 集成電路研發 | 1,572 | 5,324 |
| QST | 矽睿科技 | 747 | 519 |
| Huada | 華大 | – | 27,436 |
| Shanghai Huahong IC | 上海華虹集成電路 | – | 5,806 |
| Shanghai Belling | 上海貝嶺 | – | 2,917 |
| Purchases of goods from related parties (note (ii)) | 自關聯方購買貨品(附註(ii)) | | |
| Hongri | 虹日 | 2,482 | 3,998 |
| NEC Management | NEC Management | 442 | 343 |
| Huahong Zealcore | 華虹摯芯 | 275 | 380 |
| ICRD | 集成電路研發 | 268 | – |
| Jitong | 計通 | 5 | – |
| Shanghai Huali | 上海華力 | 1 | – |
| Hylintek | 香港海華 | – | 7,880 |
| Purchases of intangible assets from a related party (note (iii)) | 自關聯方購買無形資產(附註(iii)) | | |
| ICRD | 集成電路研發 | 3,150 | – |
| Service fee charged by related parties (note (iv)) | 關聯方收取的服務費(附註(iv)) | | |
| Shanghai INESA | 上海儀電 | 744 | 1,049 |
| Huajin | 華錦 | 111 | 118 |
| Huahong Real Estate | 華虹置業 | 48 | 64 |
| Nanyang Software | 南洋軟件 | 21 | 198 |
| Rental income from a related party (note (v)) | 來自關聯方的租金收入(附註(v)) | | |
| Shanghai Huali | 上海華力 | 6,697 | 6,916 |
| Rental expense charged by a related party (note (iv)) | 關聯方收取的租金開支(附註(iv)) | | |
| Huahong Real Estate | 華虹置業 | 820 | 839 |
| Expense paid on behalf of a related party (note (vi)) | 代關聯方支付的開支(附註(vi)) | | |
| Shanghai Huali | 上海華力 | 14,697 | 15,745 |

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14. Related Party Transactions (continued)

(b) (continued)

Notes:

- (i) The sales of goods to the related parties were made according to the prices and terms agreed between the related parties.
- (ii) The purchases of goods from the related parties were made according to the prices and terms offered by the related parties.
- (iii) The purchases of intangible assets from the related party was made according to the prices and terms offered by the related parties.
- (iv) The rental expense and service fees charged by related parties were paid according to the prices and terms agreed between the related parties.
- (v) The rental income from related parties were received according to the prices and terms agreed between the related parties.
- (vi) The expense paid on behalf of the related party is interest-free and repayable on demand.

14. 關聯方交易 (續)

(b) (續)

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。
- (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。
- (iii) 自關聯方購買的無形資產乃根據關聯方提供的價格及條款作出。
- (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。
- (v) 來自關聯方的租金收入乃根據與關聯方協定的價格及條款收取。
- (vi) 代關聯方支付的開支為不計息，及須按要求償還。

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14. Related Party Transactions (continued)

(c) Outstanding balances with related parties

The amounts due from/to related parties as at the end of the reporting period are unsecured, interest-free and settled in accordance with the terms agreed with the related parties.

(d) Compensation of key management personnel of the Group

14. 關聯方交易(續)

(c) 與關聯方之間的未結清餘額

截至報告期末，應收／應付關聯方款項為無抵押、免息及根據與關聯方協定的條款結算。

(d) 本集團主要管理人員的酬金

| | | For the six months ended 30 June 截至六月三十日止六個月 | |
|--|--------------------|---|---|
| | | 2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元) | 2018 二零一八年 (Unaudited) (未經審核) (US\$'000) (千美元) |
| Short term employee benefits | 短期僱員福利 | 1,234 | 1,194 |
| Pension scheme contributions | 退休金計劃供款 | 39 | 33 |
| Equity-settled share option expense | 以權益結算的購股權開支 | 557 | 185 |
| Total compensation paid to key management personnel | 支付予主要管理人員的 酬金總額 | 1,830 | 1,412 |

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15. 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:

15. 金融工具的公允價值及公允價值層級

本集團金融工具(不包括賬面值與公允價值大致相若的金融工具)的賬面值及公允價值載列如下:

| | | Carrying amounts 賬面值 | | Fair values 公允價值 | |
|--|----------------------|---|--|---|--|
| | | 30 June 2019 二零一九年 六月三十日 (US\$'000) (千美元) (Unaudited) (未經審核) | 31 December 2018 二零一八年 十二月三十一日 (US\$'000) (千美元) (Audited) (經審核) | 30 June 2019 二零一九年 六月三十日 (US\$'000) (千美元) (Unaudited) (未經審核) | 31 December 2018 二零一八年 十二月三十一日 (US\$'000) (千美元) (Audited) (經審核) |
| Financial assets | 金融資產 | | | | |
| Equity investments designated at fair value through other comprehensive income | 指定按公允價值計入其他全面收益的權益工具 | 208,008 | 208,357 | 208,008 | 208,357 |
| Financial assets at fair value through profit or loss | 按公允價值計入損益的金融資產 | 658,306 | 667,033 | 658,306 | 667,033 |
| | | 866,314 | 875,390 | 866,314 | 875,390 |
| Financial liability | 金融負債 | | | | |
| Interest-bearing bank borrowings | 計息銀行借款 | 28,365 | 30,598 | 25,083 | 26,246 |
| Lease liabilities | 租賃負債 | 18,034 | – | 18,034 | – |
| | | 46,399 | 30,598 | 43,117 | 26,246 |

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.

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允價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。

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15. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

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 of those financial assets and liabilities measured at fair value:

The fair values of equity investments designated at fair value through other comprehensive income have been estimated using the market approach. If there is a recent deal regarding the unlisted investments, the fair values are estimated based on the dealing price. If there is no such deal to be referenced, the directors will determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as price to book value ("P/B") multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by net assets. The trading multiple is then discounted for considerations such as illiquidity based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding net assets of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable, and that they were the most appropriate values at the end of the reporting period.

Financial assets at fair value through profit or loss represent wealth management products issued by banks in Mainland China. The Group has estimated their fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of interest-bearing bank borrowings and lease liabilities have 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 30 June 2019 and 31 December 2018 was assessed to be insignificant.

15. 金融工具的公允價值及公允價值層級(續)

金融資產及負債的公允價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。估計按公允價值計量的金融資產及負債的公允價值乃使用以下的方法及假設：

指定為按公允價值計入其他全面收益的權益工具之公允價值採用市場法估算。倘最近成交交易有關未上市投資，公允價值乃基於交易價估算。倘並無該等交易可供參考，董事將根據行業、規模、影響力及策略釐定可比較上市公司(同行)，且就已確定的各可資比較公司計算適當的價格倍數，如市賬率(「市賬率」)倍數。該倍數乃按可資比較公司之企業價值除以淨資產所得。交易倍數隨後根據公司特定情況及狀況就非流動性等因素予以貼現。貼現倍數適用於非上市權益工具的相應淨資產以計量公允價值。董事認為，計入綜合財務狀況表的估值技術所產生的估計公允價值以及計入其他全面收益的公允價值相關變動屬合理，而於報告期末的價值最為恰當。

按公允價值計入損益的金融資產指由中國內地銀行發行的理財產品。本集團根據具類似年期及風險的工具的市場利率，採用貼現現金流量估值模型估算其公允價值。

計息銀行借貸及租賃負債的公允價值乃透過使用具有類似條款、信貸風險及剩餘到期時間的工具按目前適用之比率貼現預期未來現金流量計算。本集團本身於二零一九年六月三十日及二零一八年十二月三十一日的計息銀行借款的不履約風險被評定為並不重大。

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15. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Financial assets measured at fair value

30 June 2019

| | | Fair value measurement categorised into 分類為以下層級之公允價值計量 | | | |
|---|--------------------|--|--|--|---|
| | | Level 1 第1級 US\$'000 千美元 (Unaudited) (未經審核) | Level 2 第2級 US\$'000 千美元 (Unaudited) (未經審核) | Level 3 第3級 US\$'000 千美元 (Unaudited) (未經審核) | Total 總計 US\$'000 千美元 (Unaudited) (未經審核) |
| Equity instruments at fair value through other comprehensive income | 按公允價值計入其他全面收益的權益工具 | – | 2,380 | 205,628 | 208,008 |
| Financial assets at fair value through profit or loss | 按公允價值計入損益的金融資產 | – | – | 658,306 | 658,306 |
| | | – | 2,380 | 863,934 | 866,314 |

31 December 2018

二零一八年十二月三十一日

| | | Fair value measurement categorised into 分類為以下層級之公允價值計量 | | | |
|--|-----------------------|---|-------------------------------------|-------------------------------------|----------------------------------|
| | | Level 1 第1級 (US\$'000) 千美元 | Level 2 第2級 (US\$'000) 千美元 | Level 3 第3級 (US\$'000) 千美元 | Total 總計 (US\$'000) 千美元 |
| Equity investments designated at fair value through other comprehensive income | 指定為按公允價值計入其他全面收益的權益工具 | – | 2,384 | 205,973 | 208,357 |
| Financial assets at fair value through profit or loss | 按公允價值計入損益的金融資產 | – | – | 667,033 | 667,033 |
| | | – | 2,384 | 873,006 | 875,390 |

During the period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for the financial assets above (six months ended 30 June 2018: nil).

於期內，以上金融資產的第1級與第2級間並無公允價值計量轉移，且第3級並無轉入或轉出(截至二零一八年六月三十日止六個月：無)。

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15. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Financial assets measured at fair value (continued)

The recurring fair value measurement for the Group's financial assets at fair value through profit or loss, was made using significant unobservable inputs (Level 3) as at 30 June 2019. Below is a summary of the valuation techniques used and the key inputs to the valuation:

| | Valuation technique 估值技術 | Significant unobservable input 重大不可觀察之輸入數據 | Range 範圍 | Sensitivity of fair value to the input 公允價值對輸入數據之敏感度 |
|---|--|---|-------------|--|
| Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收益的權益工具 | Valuation multiples 估值倍數 | Average P/B multiple of peers 同業平均市賬率 | 0.9x-3.9x | 5% increase/decrease would result in increase/decrease in fair value by 5% 5%的增加/減少將導致公允價值增加/減少5% |
| | | Discount for illiquidity 缺乏流通性的折讓價 | 20%-30% | 5% increase/decrease would result in decrease/increase in fair value by 5% 5%的增加/減少將導致公允價值減少/增加5% |
| Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產 | Discounted cash flow method 貼現現金流量法 | Discount rate per annum 年貼現率 | 3.60-4.00% | 5% increase/decrease would result in decrease/increase in fair value by 0.02% 5%的增加/減少將導致公允價值減少/增加0.02% |

15. 金融工具的公允價值及公允價值層級(續)

公允價值層級(續)

以公允價值計量之金融資產(續)

本集團按公允價值計入損益的金融資產的週期公允價值計量乃使用二零一九年六月三十日的重大不可觀察輸入數據(第3級)作出。下表為估值所用估值技術及主要輸入數據概要：

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15. Fair Value and Fair Value Hierarchy of Financial Instruments (continued)

Fair value hierarchy (continued)

Financial assets measured at fair value (continued)

The movements in financial assets categorised into Level 3 during the year are as follows:

15. 金融工具的公允價值及公允價值層級(續)

公允價值層級(續)

以公允價值計量之金融資產(續)

年內分類為第3級的金融資產變動如下：

| | | Equity investments designated at fair value through other comprehensive income 指定為按公允價值計入其他全面收益的權益工具 (US\$'000) (千美元) | Financial assets at fair value through profit or loss 按公允價值計入損益的金融資產 (US\$'000) (千美元) |
|--|-----------------------|--|--|
| 1 January 2019 | 二零一九年一月一日 | 205,973 | 667,033 |
| Purchases | 購買 | — | 1,518,918 |
| Disposals | 處置 | — | (1,535,350) |
| Total gains recognised in the statement of profit or loss included in other income and gains | 於損益表確認計入其他收入及收益的收益總額 | — | 13,500 |
| Exchange realignment | 匯兌調整 | (345) | (5,795) |
| As at 30 June 2019 (unaudited) | 於二零一九年六月三十日 (未經審核) | 205,628 | 658,306 |
| As at 1 January 2018 as previously reported | 於二零一八年一月一日 過往申報 | 214,257 | — |
| Effect of adoption of HKFRS 9 | 採用香港財務報告準則第9號的影響 | 1,230 | — |
| At 1 January 2018 | 於二零一八年一月一日 | 215,487 | — |
| Purchases | 購買 | — | 291,915 |
| Disposals | 處置 | — | (94,642) |
| Total gains recognised in the statement of profit or loss included in other income and gains | 於損益表確認計入其他收入及收益的收益總額 | — | 1,787 |
| Total gains recognised in other comprehensive income | 於其他全面收益確認的收益總額 | 918 | — |
| Exchange realignment | 匯兌調整 | (2,701) | (8,926) |
| As at 30 June 2018 (unaudited) | 於二零一八年六月三十日 (未經審核) | 213,704 | 190,134 |

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16. 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. The Scheme includes three batches, which were effective on 4 September 2015 (the “2015 Options”), on 24 December 2018 (the “2018 Options”) and on 29 March 2019 (the “2019 Options”), respectively.

2015 Options

The following share options were outstanding under the 2015 Options during the period:

| | | Weighted average exercise price HK\$ per share 加權 平均行使價 每股港元 | Number of options ’000 購股權數目 千份 |
|-----------------------------|-------------|--|--|
| At 1 January 2019 | 於二零一九年一月一日 | 6.912 | 18,872 |
| Forfeited during the period | 期內沒收 | 6.912 | (57) |
| Exercised during the period | 期內行使 | 6.912 | (1,447) |
| At 30 June 2019 | 於二零一九年六月三十日 | 6.912 | 17,368 |

The exercise prices and exercise periods of the share options outstanding under the 2015 Options as at the end of the reporting period are as follows:

| 30 June 2019 二零一九年六月三十日 | Exercise price* 行使價* HK\$ per share 每股港元 | Exercise period 行使期 |
|--|---|---|
| Number of options 購股權數目 ’000 千份 | | |
| 1,118 | 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 |
| 7,708 | 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 |
| 8,542 | 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 |
| 17,368 | | |

* 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.

16. 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。該計劃分為三批，分別於二零一五年九月四日（「二零一五年購股權」）、二零一八年十二月二十四日（「二零一八年購股權」）及二零一九年三月二十九日（「二零一九年購股權」）生效。

二零一五年購股權

以下購股權於期內尚未根據二零一五年購股權行使：

於報告期末，二零一五年購股權項下尚未行使購股權的行使價及行使期如下：

* 倘若進行供股或紅股發行，或本公司之股本有其他類似改動，則購股權之行使價可予調整。

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16. Share Option Scheme (continued)

2018 Options

The following share options were outstanding under the 2018 Options during the period:

| | | Weighted average exercise price HK\$ per share 加權 平均行使價 每股港元 | Number of options '000 購股權數目 千份 |
|-----------------------------|-------------|--|---|
| At 1 January 2019 | 於二零一九年一月一日 | 15.056 | 34,500 |
| Forfeited during the period | 期內沒收 | 15.056 | – |
| Exercised during the period | 期內行使 | 15.056 | – |
| At 30 June 2019 | 於二零一九年六月三十日 | 15.056 | 34,500 |

The exercise prices and exercise periods of the share options outstanding under the 2018 Options as at the end of the reporting period are as follows:

16. 購股權計劃(續)

二零一八年購股權
以下購股權於期內尚未根據二零一八年購股權行使：

於報告期末，二零一八年購股權項下尚未行使購股權的行使價及行使期如下：

| 30 June 2019 二零一九年六月三十日 | Exercise price* 行使價* HK\$ per share 每股港元 | Exercise period 行使期 |
|--|---|---|
| Number of options 購股權數目 '000 千份 | | |
| 11,015 | 15.056 | 24 December 2020 to 23 December 2025 二零二零年十二月二十四日至二零二五年十二月二十三日 |
| 11,015 | 15.056 | 24 December 2021 to 23 December 2025 二零二一年十二月二十四日至二零二五年十二月二十三日 |
| 11,015 | 15.056 | 24 December 2022 to 23 December 2025 二零二二年十二月二十四日至二零二五年十二月二十三日 |
| 1,455 | 15.056 | 24 December 2023 to 23 December 2025 二零二三年十二月二十四日至二零二五年十二月二十三日 |
| 34,500 | | |

* 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。

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16. Share Option Scheme (continued)

2019 Options

The following share options were outstanding under the 2019 Options during the period:

| | | Weighted average exercise price HK\$ per share 加權 平均行使價 每股港元 | Number of options '000 購股權數目 千份 |
|---------------------------|-------------|--|---|
| At 1 January 2019 | 於二零一九年一月一日 | – | – |
| Granted during the period | 期內授出 | 18.400 | 500 |
| At 30 June 2019 | 於二零一九年六月三十日 | 18.400 | 500 |

The fair value of 2019 Options on the date of grant was immaterial and, therefore, the Group did not recognise any share option expense under 2019 Options during the six months ended 30 June 2019.

The exercise prices and exercise periods of the share options outstanding under the 2019 Options as at the end of the reporting period are as follows:

| 30 June 2019 二零一九年六月三十日 | Exercise price* 行使價* HK\$ per share 每股港元 | Exercise period 行使期 |
|--|---|---|
| Number of options 購股權數目 '000 千份 | | |
| 125 | 18.400 | 29 March 2021 to 28 March 2026 二零二一年三月二十九日至二零二六年三月二十八日 |
| 125 | 18.400 | 29 March 2022 to 28 March 2026 二零二二年三月二十九日至二零二六年三月二十八日 |
| 125 | 18.400 | 29 March 2023 to 28 March 2026 二零二三年三月二十九日至二零二六年三月二十八日 |
| 125 | 18.400 | 29 March 2024 to 28 March 2026 二零二四年三月二十九日至二零二六年三月二十八日 |
| 500 | | |

* 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.

二零一九年購股權

以下購股權於期內尚未根據二零一九年購股權行使：

於授出日期，二零一九年購股權的公允價值數額較小，故本集團於截至二零一九年六月三十日止六個月並無確認二零一九年購股權項下的任何購股權開支。

於報告期末，二零一九年購股權項下尚未行使購股權的行使價及行使期如下：

* 倘若進行供股或紅股發行，或本公司之股本有其他類似改動，則購股權之行使價可予調整。

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中期簡明綜合財務資料附註

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17. Event after the Reporting Period

There is no material subsequent event undertaken by the Group after 30 June 2019.

18. Approval of the Interim Condensed Consolidated Financial Information

The interim condensed consolidated financial information was approved and authorised for issue by the board of directors on 6 August 2019.

17. 報告期後事項

本集團於二零一九年六月三十日後概無發生任何重大期後事項。

18. 批准中期簡明綜合財務資料

中期簡明綜合財務資料已於二零一九年八月六日獲董事會批准及授權刊發。

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其他披露資料

SHARE OPTION SCHEME

The Company adopted a share option scheme which became effective on 4 September 2015 and, unless otherwise cancelled or amended, will remain in force for 7 years from that date. As at 30 June 2019, the Company had 52,367,692 share options outstanding under the share option scheme, which represented approximately 4.07% of the Company's shares in issue as at that date. The table below sets out details of the outstanding options granted to the Directors and other grantees under the share option scheme and movements during the 6 months ended 30 June 2019:

購股權計劃

本公司採納一項購股權計劃，由二零一五年九月四日起生效，除非被註銷或修訂，否則購股權計劃將由該日期起七年內有效。於二零一九年六月三十日，本公司於購股權計劃項下共有52,367,692份未行使購股權，相當於該日期本公司已發行股份約4.07%。下表載列截至二零一九年六月三十日止六個月期間根據購股權計劃授予董事及其他承授人的尚未行使的購股權的詳情及變動情況：

| Name or category of participants | Number of share options 購股權數目 | | | | | | | | | | | At 30.6.2019 | Exercise period of share options | Exercise price of share options |
|----------------------------------|----------------------------------|-----------------------|----------------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------|-------------|--|----------------------------------|---------------------------------|
| | Granted at 04.09.2015 | Granted at 24.12.2018 | Granted at 29.3.2019 | Cancelled during the year 2015 | Cancelled during the year 2016 | Cancelled during the year 2017 | Cancelled during the year 2018 | Exercised during the period | Cancelled during the period | Lapsed during the period | | | | |
| 參與者之姓名或類別 | 於二零一五年九月四日授出 | 於二零一八年十二月二十四日授出 | 於二零一九年三月二十九日授出 | 於二零一五年註銷 | 於二零一六年註銷 | 於二零一七年註銷 | 於二零一八年註銷 | 期內行使 | 期內註銷 | 期內失效 | 於二零一九年六月三十日 | 購股權之行使期 | 購股權之行使價 | |
| Directors | | | | | | | | | | | | | | |
| 董事 | | | | | | | | | | | | | | |
| Mr. Takayuki Morita 森田隆之先生 | 119,000 | - | - | - | - | - | - | - | - | - | 119,000 | 04.09.2017-03.09.2022 二零一七年九月四日至 二零二二年九月三日 | HK\$6.912 6.912港元 | |
| | - | 80,000 | - | - | - | - | - | - | - | - | 80,000 | 24.12.2020-23.12.2025 二零二零年十二月二十四日至 二零二五年十二月二十三日 | HK\$15.056 15.056港元 | |
| Mr. Junjun Tang 唐均君先生 | - | - | 500,000 | - | - | - | - | - | - | - | 500,000 | 29.3.2021-28.3.2026 二零二一年三月二十九日至 二零二六年三月二十八日 | HK\$18.400 18.400港元 | |
| Other employees | 30,131,000 | - | - | (130,000) | (1,458,000) | (1,353,399) | (754,595) | 1,446,670 | (57,666) | (334) | 17,248,692 | 04.09.2017-03.09.2022 二零一七年九月四日至 二零二二年九月三日 | HK\$6.912 6.912港元 | |
| 其他僱員 | - | 34,420,000 | - | - | - | - | - | - | - | - | 34,420,000 | 24.12.2020-23.12.2025 二零二零年十二月二十四日至 二零二五年十二月二十三日 | HK\$15.056 15.056港元 | |
| In aggregate | 30,250,000 | 34,500,000 | 500,000 | (130,000) | (1,458,000) | (1,353,399) | (753,995) | 1,446,670 | (57,666) | (334) | 52,367,692 | | | |
| 總數 | | | | | | | | | | | | | | |

* Cancelled during the year 2017: Including Cancelled and Lapsed during the year 2017.

* Cancelled during the year 2018: Including Cancelled and Lapsed during the year 2018.

* 於二零一七年註銷：包括於二零一七年已註銷及失效。

* 於二零一八年註銷：包括於二零一八年已註銷及失效。

Please refer to pages 31 to 58 of the Notes to the Interim Condensed Consolidated Financial Information for further details.

進一步詳情請參閱中期簡明綜合財務資料附註第31頁至58頁。

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DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2019, 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 for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in the Listing Rules.

董事及最高行政人員於本公司股份及相關股份的權益

於二零一九年六月三十日，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（「標準守則」）須知會本公司及聯交所的任何權益及淡倉。

| Name of Director | Capacity | Number of underlying shares held in long position ⁽¹⁾ 以好倉持有的相關股份數目 ⁽¹⁾ | Approximate percentage of interests 概約權益百分比 |
|-------------------------------|---------------------------|---|--|
| 董事姓名 | 身份 | | |
| Mr. Junjun Tang 唐均君先生 | Beneficial owner 實益擁有人 | 500,000 | 0.04% |
| Mr. Takayuki Morita 森田隆之先生 | Beneficial owner 實益擁有人 | 199,000 | 0.02% |

Note:

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

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

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其他披露資料

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

主要股東及其他人士於本公司股份和相關股份的權益

As at 30 June 2019, 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:

於二零一九年六月三十日，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：

| Substantial shareholders | Capacity and nature of interest | Number of shares held | Approximate percentage of aggregate interests in issued share capital* 佔已發行股本權益總額的概約百分比* |
|--|---|-------------------------------|---|
| 主要股東 | 身份及權益性質 | 持有股份數目 | |
| Shanghai Hua Hong International, Inc. (Hua Hong International) ⁽²⁾ 上海華虹國際有限公司(華虹國際) ⁽²⁾ | Legal and Beneficial owner 法定及實益擁有人 | 350,401,100 ⁽¹⁾ | 27.26% |
| Shanghai Huahong (Group) Co., Ltd. (Huahong Group) ⁽²⁾ 上海華虹(集團)有限公司(華虹集團) ⁽²⁾ | Interest in a controlled corporation 受控制法團權益 | 350,401,100 ⁽¹⁾ | 27.26% |
| INESA (Group) Co., Ltd. (INESA) ⁽²⁾ 上海儀電(集團)有限公司(儀電集團) ⁽²⁾ | Interest in a controlled corporation 受控制法團權益 | 350,401,100 ⁽¹⁾ | 27.26% |
| Sino-Alliance International, Ltd. (Sino-Alliance International) | Legal and Beneficial owner 法定及實益擁有人 | 160,545,541 ⁽¹⁾⁽³⁾ | 12.49% |
| Sino-Alliance International, Ltd. (Sino-Alliance International) | Interest in a controlled corporation 受控制法團權益 | 34,919,354 ⁽¹⁾ | 2.72% |
| Shanghai Alliance Investment Ltd. (SAIL) 上海聯和投資有限公司(上海聯和) | Interest in a controlled corporation 受控制法團權益 | 545,865,995 ⁽¹⁾⁽⁴⁾ | 42.47% |
| Xinxin (Hongkong) Capital Co., Limited 鑫芯(香港)投資有限公司 | Legal and beneficial owner 法定及實益擁有人 | 242,398,925 | 18.86% |
| China Integrated Circuit Industry Investment Fund Co., Ltd. 國家集成電路產業投資基金股份有限公司 | Interest in a controlled corporation 受控制法團權益 | 242,398,925 | 18.86% |
| NEC Corporation | Legal and Beneficial owner 法定及實益擁有人 | 99,038,800 ⁽¹⁾ | 7.71% |

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY (continued)

Notes:

- (1) Long positions in the shares of the Company.
 - (2) Hua Hong International is a wholly-owned subsidiary of Huahong Group. As at 30 June 2019, Huahong Group was 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 4.75% voting rights pursuant to a voting bloc from INESA to SAIL. Therefore SAIL and INESA were deemed to be interested in the Shares 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.
 - (4) In addition to the 350,401,100 Shares (27.26%) 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 30 June 2019, i.e., 1,285,365,895 shares.

Save as disclosed above, so far as is known to any of the Directors and chief executive of the Company, as at 30 June 2019, no other person or corporation had any interests or short positions in any shares or underlying shares of the Company which was recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2019.

主要股東及其他人士於本公司股份和相關股份的權益(續)

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。於二零一九年六月三十日，華虹集團由上海聯和擁有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，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。
 - (4) 除透過華虹國際間接持有350,401,100股股份(27.26%)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二零一九年六月三十日已發行的股份總數(即1,285,365,895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，於二零一九年六月三十日，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。

買賣、銷售或贖回證券

截至二零一九年六月三十日止六個月期間，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。

COMPLIANCE WITH THE DEED OF NON-COMPETITION AND DEED OF RIGHT OF FIRST REFUSAL

Huahong Group, SAIL and INESA, being controlling shareholders of the Company, entered into a deed of non-competition (the “Deed of Non-competition”) dated 23 September 2014, details of which have been set out in the paragraph headed “Deed of Non-competition” in the section headed “Relationship with Controlling Shareholders” of the Company’s Prospectus dated 3 October 2014 (the “Prospectus”). In addition, Huahong Group and SAIL also entered into a deed of right of first refusal (the “Deed of Right of First Refusal”) dated 10 June 2014, details of which have been set out in the paragraph headed “Right of First Refusal” in the section headed “Relationship with Controlling Shareholders” of the Prospectus. As of 30 June 2019, 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). 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.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value and accountability.

The Company is committed to maintaining a high standard of corporate governance with a view to safeguarding the interests of its shareholders and enhancing corporate value. The Board is of the view that the Company has complied with the code provisions set out in the Corporate Governance Code as contained in Appendix 14 of the Listing Rules during the six months ended 30 June 2019.

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不競爭契據（「不競爭契據」），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「不競爭承諾」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。本公司於截至二零一九年六月三十日止已覆核上述各控股股東有關他們遵守不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，並確認不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。

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。董事會認為，本公司於截至二零一九年六月三十日止六個月期間一直遵守上市規則附錄十四所載的企業管治守則內的守則條文。

OTHER DISCLOSURES

其他披露資料

30 June 2019
二零一九年六月三十日

CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Code"). Having made specific enquiries of all Directors, the Company has received their written confirmations that they have complied with the required standard as set out in the Code throughout the six months ended 30 June 2019.

AUDIT COMMITTEE

The Audit Committee, comprising one Non-executive Director and two Independent Non-executive Directors of the Company, has reviewed and approved the unaudited results of the Group for the six months ended 30 June 2019 and has discussed with the management on the accounting principles and practices adopted by the Group, internal controls and financial reporting matters.

PUBLICATION OF INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim report for the six months ended 30 June 2019 containing information required by Appendix 16 of the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.huahonggrace.com) in due course.

By Order of the Board
Hua Hong Semiconductor Limited
Mr. Suxin Zhang
Chairman and Executive Director

董事進行證券交易之行為守則

本公司已採納董事進行證券交易之行為守則（「該守則」），而該守則的有關條款不低於上市規則附錄十所載上市發行人董事進行證券交易的標準守則所規定的標準。本公司已向所有董事作特定查詢，每位董事均已書面確認其於截至二零一九年六月三十日止六個月期間遵守該守則所載的必守標準。

審核委員會

由本公司一位非執行董事及兩位獨立非執行董事組成之審核委員會已審閱及批准本集團截至二零一九年六月三十日止六個月的未經審核業績，並已與管理層就本集團採納的會計政策及常規、內部監控及財務報告相關事宜進行討論。

於聯交所及本公司網站刊發中期報告

載有上市規則附錄十六所規定資料的截至二零一九年六月三十日止六個月的中期報告，將於適當時候寄發予股東及於聯交所網站(www.hkexnews.hk)和本公司網站(www.huahonggrace.com)刊載。

承董事會命
華虹半導體有限公司
張素心先生
主席兼執行董事

HHGrace | 華虹宏力

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

