



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

(Incorporated in Hong Kong with limited liability)

(於香港註冊成立之有限公司)

(Stock Code: 1347)

(股份代號：1347)

2020
INTERIM REPORT
中期報告

芯路
SUCCESS THROUGH
RELENTLESS
INNOVATION
飛虹

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 interim report and for geographical reference only, except where the context otherwise requires, references in this interim 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 its present subsidiaries where the context refers to the time before it became the holding company of 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, the businesses operated by our subsidiaries or their predecessors (as the case may be) with respect to the period before our Company became the holding company of our present subsidiaries (or became associated companies of our Company);
“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 100% owned by HHGrace, a wholly-owned subsidiary of the Company. HH-Wuxi is currently owned 51.0% by the Group, 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;
“QST”	QST Corporation (上海矽睿科技有限公司), a company incorporated in the PRC on 13 September 2012 and a connected person;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time;
“Shanghai Huali”	Shanghai Huali Microelectronics Corporation (上海華力微電子有限公司), a company incorporated in the PRC on 18 January 2010 and a connected person;
“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*)

Non-Executive Directors

Yang Du
Takayuki Morita
Jing Wang
Jun Ye

Independent Non-Executive Directors

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

Company Secretary

Sui Har Lee

Authorized Representatives

Junjun Tang
Sui Har Lee

Audit Committee

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

Remuneration Committee

Kwai Huen Wong, JP (*Chairman*)
Long Fei Ye
Jing Wang

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

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

China Construction Bank Corporation Wuxi High-Tech
Industrial Development Zone Subbranch
No. 26, Hefeng Road
Xinwu District
Wuxi, Jiangsu, PRC

China CITIC Bank Corporation Wuxi New District
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 Places of Business

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

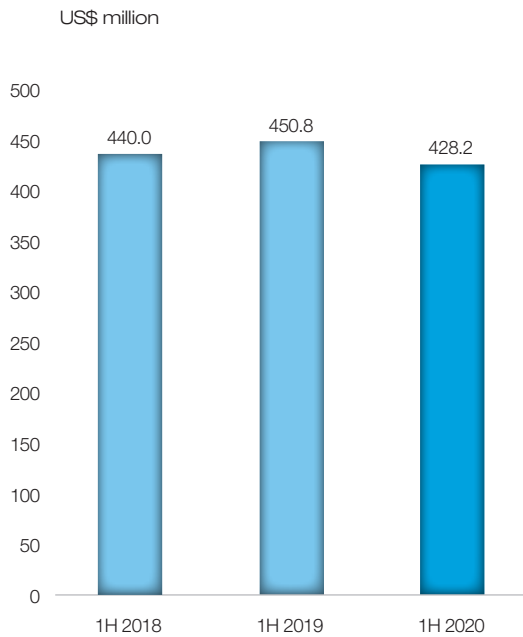
No. 30, Xinzhou Road
Xinwu District
Wuxi, Jiangsu, PRC
Postcode: 214000

Stock Code

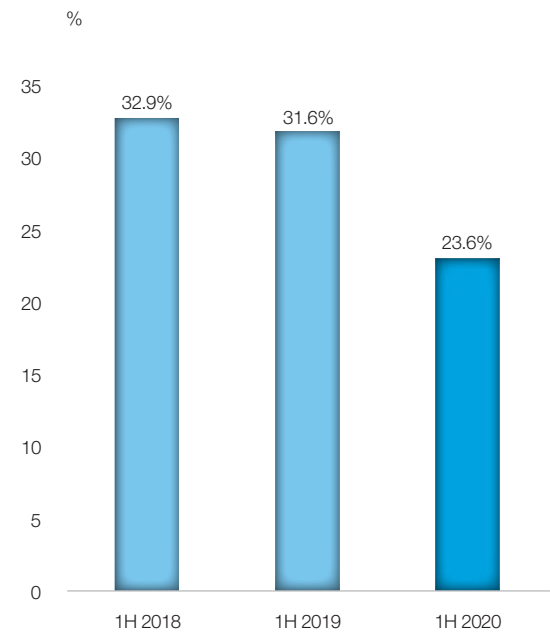
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KEY FINANCIALS

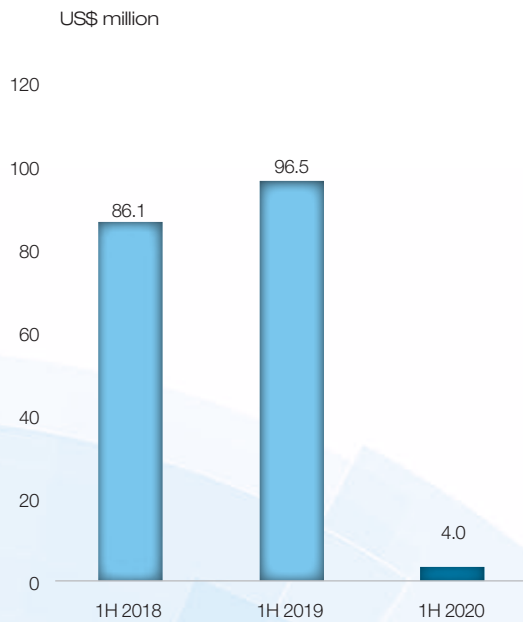
Revenue



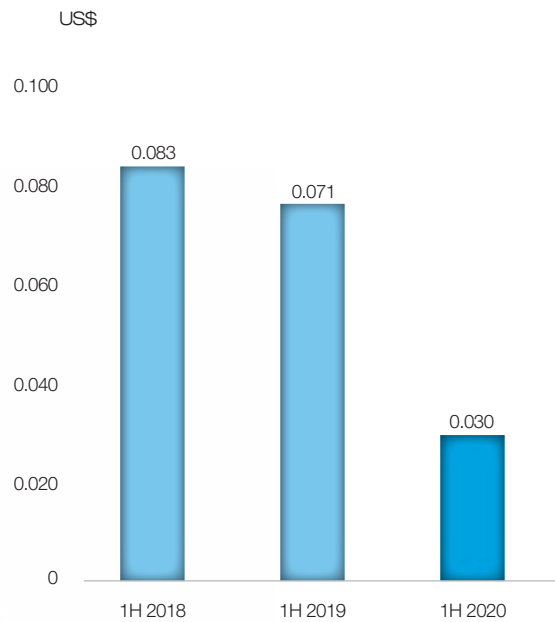
Gross Profit Margin



Net Profit



EPS



MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

	1H 2020 US\$' 000 Unaudited	1H 2019 US\$' 000 Unaudited	Change
Revenue	428,204	450,790	(5.0)%
Cost of sales	(326,972)	(308,370)	6.0 %
Gross profit	101,232	142,420	(28.9)%
Other income and gains	25,406	31,807	(20.1)%
Selling and distribution expenses	(4,226)	(4,004)	5.5 %
Administrative expenses	(129,748)	(63,075)	105.7 %
Other expenses	(3)	(2,119)	(99.9)%
Finance costs	(618)	(625)	(1.1)%
Share of profits of an associate	7,258	1,010	618.6 %
(Loss)/profit before tax	(699)	105,414	(100.7)%
Income tax credit/(expense)	4,705	(8,879)	(153.0)%
Profit for the period	4,006	96,535	(95.9)%
Attributable to:			
Owners of the parent	38,140	90,826	(58.0)%
Non-controlling interests	(34,134)	5,709	(697.9)%

Revenue

Revenue was US\$428.2 million, a decrease of 5.0% compared to 1H 2019, primarily due to decreased average selling price and decreased demand for smart card ICs and super junction products, partially offset by increased demand for MCU and power management products.

Cost of sales

Cost of sales was US\$327.0 million, an increase of 6.0% compared to 1H 2019, primarily due to increased wafer shipments, depreciation and labor expenses.

Gross profit

Gross profit was US\$101.2 million, a decrease of 28.9% compared to 1H 2019, primarily due to decreased average selling price, increased depreciation and labor expenses.

Other income and gains

Other income and gains were US\$25.4 million, a decrease of 20.1% compared to 1H 2019, primarily due to decreased fair value gains on financial assets at fair value through profit or loss and interest income, partially offset by increased government subsidies.

Selling and distribution expenses

Selling and distribution expenses were US\$4.2 million, an increase of 5.5% compared to 1H 2019, primarily due to increased labor expenses.

MANAGEMENT DISCUSSION AND ANALYSIS

Administrative expenses

Administrative expenses were US\$129.7 million, an increase of 105.7% compared to 1H 2019, primarily due to increased development, depreciation and labor expenses for Wuxi fab.

Other expenses

Other expenses were US\$3,000, compared to US\$2.1 million in 1H 2019, mainly due to a foreign exchange loss in the previous period.

Share of profits of an associate

Share of profit of an associate was US\$7.3 million, an increase of 618.6% compared to 1H 2019, due to increased profit realized by the associate, Shanghai Huahong Technology Development Co., Ltd.

Income tax credit/(expense)

Income tax credit was US\$4.7 million, compared to income tax expense of US\$8.9 million in 1H 2019, primarily due to increased reversal of dividend withholding tax accrued for the prior year 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\$4.0 million, a decrease of 95.9% compared to 1H 2019. Net profit margin was 0.9% compared to 21.4% in 1H 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Status

	30 June 2020 US\$' 000 Unaudited	31 December 2019 US\$' 000 Audited	Change
Non-current assets			
Property, plant and equipment	1,790,860	1,558,283	14.9%
Investment property	166,154	168,615	(1.5)%
Right-of-use assets	75,810	74,526	1.7 %
Investment in an associate	79,335	73,142	8.5 %
Equity instruments designated at fair value through other comprehensive income	204,658	207,689	(1.5)%
Other non-current assets	84,455	34,437	145.2 %
Total non-current assets	2,401,272	2,116,692	13.4 %
Current assets			
Inventories	176,856	142,087	24.5 %
Trade and notes receivables	135,518	164,968	(17.9)%
Due from related parties	11,588	9,262	25.1 %
Prepayments, other receivables and other assets	66,174	113,453	(41.7)%
Financial assets at fair value through profit or loss	84,759	519,779	(83.7)%
Restricted and time deposits	766	70,776	(98.9)%
Cash and cash equivalents	698,957	476,286	46.8 %
Total current assets	1,174,618	1,496,611	(21.5)%
Current liabilities			
Trade payables	92,607	86,119	7.5 %
Due to related parties	13,467	10,655	26.4 %
Other current liabilities	372,886	372,343	0.1 %
Lease liabilities	3,757	1,922	95.5 %
Interest-bearing bank borrowings	4,238	4,300	(1.4)%
Total current liabilities	486,955	475,339	2.4 %
Net current assets	687,663	1,021,272	(32.7)%
Non-current liabilities			
Interest-bearing bank borrowings	19,069	21,502	(11.3)%
Lease liabilities	16,889	16,694	1.2 %
Deferred tax liabilities	3,194	17,176	(81.4)%
Total non-current liabilities	39,152	55,372	(29.3)%
Net assets	3,049,783	3,082,592	(1.1)%

Explanation of items with fluctuation over 5% from 31 December 2019 to 30 June 2020

Property, plant and equipment

Property, plant and equipment increased from US\$1,558.3 million to US\$1,790.9 million, mainly as a result of the construction of the Hua Hong Wuxi.

Investment in an associate

Investment in an associate increased from US\$73.1 million to US\$79.3 million, primarily due to profit shared from the associate, Shanghai Huahong Technology Development Co., Ltd., in the period.

MANAGEMENT DISCUSSION AND ANALYSIS

Other non-current assets

Other non-current assets increased from US\$34.4 million to US\$84.5 million, primarily due to increased prepayments for capital expenditures and increased intangible assets.

Inventories

Inventories increased from US\$142.1 million to US\$176.9 million, primarily due to increased raw materials and finished goods.

Trade and notes receivables

Trade and notes receivables decreased from US\$165.0 million to US\$135.5 million, primarily due to lower revenue compared to 2H 2019.

Due from related parties

Due from related parties increased from US\$9.3 million to US\$11.6 million, primarily due to increased receivables from certain of our related party.

Prepayments, other receivables and other assets

Prepayments, other receivables and other assets decreased from US\$113.5 million to US\$66.2 million, primarily due to receipts of tax return of VAT.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss decreased from US\$519.8 million to US\$84.8 million, primarily due to payout from investment in financial products.

Restricted and time deposits

Restricted and time deposits decreased from US\$70.8 million to US\$0.8 million, due to payout from investment in time deposits.

Cash and cash equivalents

Cash and cash equivalents increased from US\$476.3 million to US\$699.0 million, mainly due to the reasons stated in the cash flow analysis below.

Trade payables

Trade payables increased from US\$86.1 million to US\$92.6 million, primarily due to increased purchases of materials for Hua Hong Wuxi.

Due to related parties

Due to related parties increased from US\$10.7 million to US\$13.5 million, primarily due to a receipt of rental prepayment from one of our related parties.

Lease liabilities

Total lease liabilities increased from US\$18.6 million to US\$20.6 million, primarily due to renewed lease contracts.

Interest-bearing bank borrowings

Total interest-bearing bank borrowings decreased from US\$25.8 million to US\$23.3 million, due to a repayment of bank borrowing.

Deferred tax liabilities

Deferred tax liabilities decreased from US\$17.2 million to US\$3.2 million, primarily due to a reversal of dividend withholding tax accrued for 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Cash Flow

	1H 2020 US\$' 000 Unaudited	1H 2019 US\$' 000 Unaudited	Change
Net cash flows generated from operating activities	95,208	99,518	(4.3)%
Net cash flows generated from/(used in) investing activities	132,861	(304,919)	(143.6)%
Net cash flows (used in)/generated from financing activities	(1,568)	264,710	(100.6)%
Net increase in cash and cash equivalents	226,501	59,309	281.9 %
Cash and cash equivalents at beginning of the period	476,286	777,000	(38.7)%
Effect of foreign exchange rate changes, net	(3,830)	(1,631)	134.8 %
Cash and cash equivalents at end of the period	698,957	834,678	(16.3)%

Net cash flows generated from operating activities

Net cash flows generated from operating activities decreased from US\$99.5 million to US\$95.2 million, primarily due to increased payments for materials and labor expenses, decreased receipts of government grants, partially offset by receipts of tax return of VAT.

Net cash flows generated from investing activities

Net cash flows generated from investing activities were US\$132.9 million, primarily including (i) payout of US\$1,173.8 million from investment in financial assets at fair value through profit or loss, (ii) payout of US\$70.0 million in investment in time deposit, and (iii) US\$5.8 million of interest income, partially offset by (i) US\$738.1 million for investment in financial assets at fair value through profit or loss, and (ii) US\$378.6 million for capital investments.

Net cash flows used in financing activities

Net cash flows used in financing activities were US\$1.6 million, attributed to (i) lease liabilities payments of US\$2.7 million, (ii) a repayment of bank borrowing of US\$2.1 million, and (iii) interest payments of US\$0.6 million, partially offset by US\$3.8 million proceeds from share option exercise.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

In the first half of 2020, the global semiconductor market was hit by the impact of COVID-19. Despite the on-going impact, some regions, which experienced the pandemic earlier, are gradually recovering. Thanks to the joint efforts of our shareholders, customers, suppliers, and employees, our revenue rebounded steadily in the second quarter, up 11% on a QoQ basis.

The sharp increase in shipment volumes of pandemic prevention supplies has driven significant growth in revenue for MCU products in the first half of the year, posting a relatively good performance. In the second quarter, as a result of containment of COVID-19 in China, demand for smart card IC gradually recovered in the Chinese market. In the meantime, the Company actively developed its 90nm embedded flash memory process in its HH-Wuxi 12-inch wafer fab, to keep abreast of development trends in the high-density memory industry. The fab commenced mass production of 90nm embedded flash memory technology in the first half of the year, playing a key role for the Company to seize future market opportunities. As an increasing number of products are certified and the 12-inch wafer capacity is continuously expanded, the Company expects to see further increases in revenue in the eNVM market segment.

Development of discrete devices remained stable. Despite the consequences of the pandemic, the Company achieved an outstanding double digit QoQ growth in shipment volume of power discrete devices in the second quarter, thanks to our diverse types of power device processes, quality assurance of excellent technologies, and wide range of customer base. Shipment volumes for both SGT-MOSFET and IGBT reached new record levels.

The HH-Wuxi 12-inch wafer fab, which was put into operation in the fourth quarter of 2019, ran smoothly in the first half of 2020. For platform products, the 90nm eNVM, 65nm logic & RF platform, and discrete products entered into mass production. The technology roadmap, in accordance with the strategy of "IC+Power", has been successfully implemented, which ensures the Company's ability to continuously maintain high-level service and abundant product supply for its customers in the future.

Looking forward to the future, the Company's 8-inch wafer fab will work on continuous development of its power discrete device, embedded flash memory MCU, PMIC, and cellphone RF IC businesses, and the 12-inch wafer fab will continue to consistently implement the "IC+Power" strategy. We will continue to implement our "8-inch+12-inch" wafer technology development strategy to provide customers with better differentiated technology products.

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，但僅就本中報及作地理參考而言，除文義另有所指，否則，本中報對「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。華虹無錫現由本集團持有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；

「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；
「矽睿科技」	上海矽睿科技有限公司，一家於二零一二年九月十三日在中國註冊成立的公司，為關連人士；
「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)；
「上海華力」	上海華力微電子有限公司，一家於二零一零年一月十八日在中國註冊成立的公司，為關連人士；
「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)

非執行董事

杜洋

森田隆之

王靖

葉峻

獨立非執行董事

張祖同

王桂壘，太平紳士

葉龍蜚

公司秘書

李瑞霞

授權代表

唐均君

李瑞霞

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

提名委員會

張素心(主席)

王桂壘，太平紳士

葉龍蜚

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執業會計師

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國家開發銀行上海分行

中國上海市

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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

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中國江蘇省南京市

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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

中國建設銀行股份有限公司無錫高新技術產業開發區支行

中國江蘇省無錫市

新吳區和風路26號

中信銀行股份有限公司無錫新區支行

中國江蘇省無錫市

新吳區和風路26號

股份過戶登記處

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夏慤道12號
美國銀行中心2212室

主要營業地點

中國上海市
張江高科技園區
哈雷路288號
郵編：201203

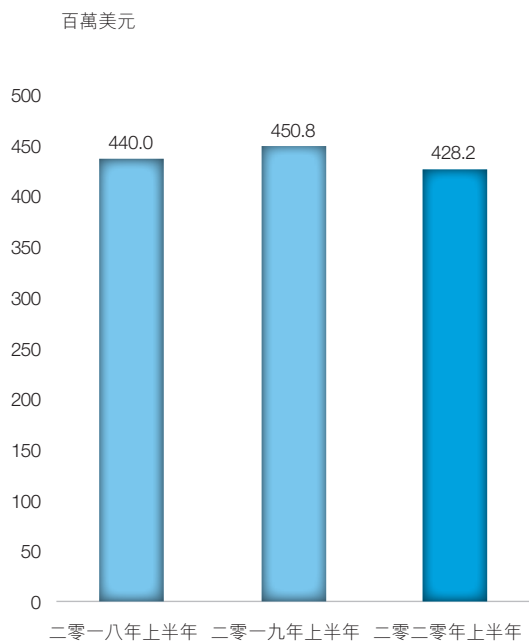
中國江蘇省無錫市
新吳區
新洲路30號
郵編：214000

股份代號

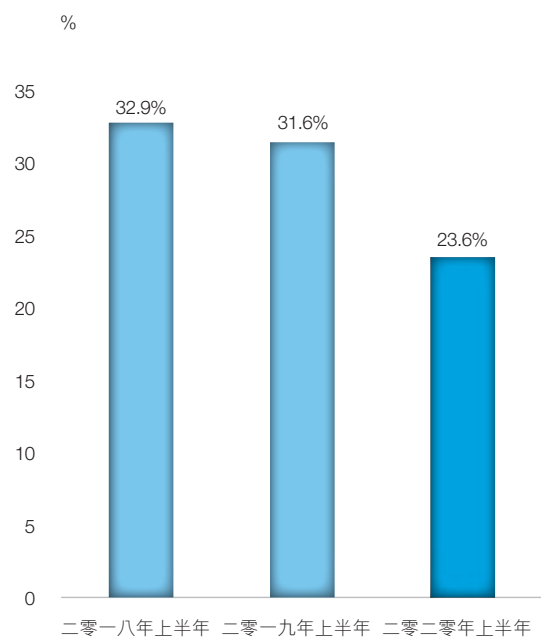
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主要財務指標

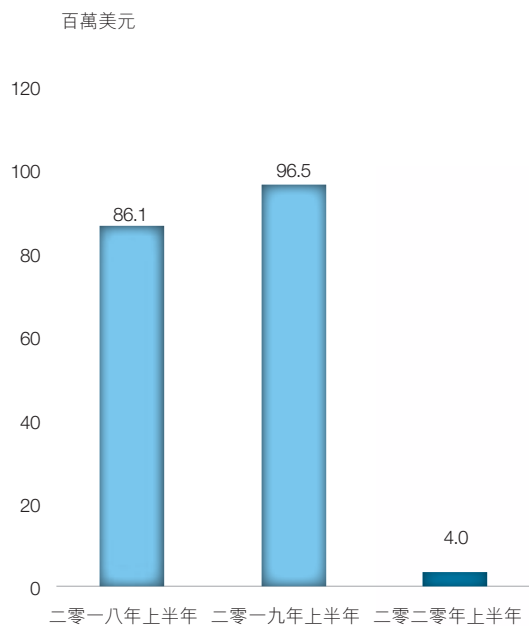
銷售收入



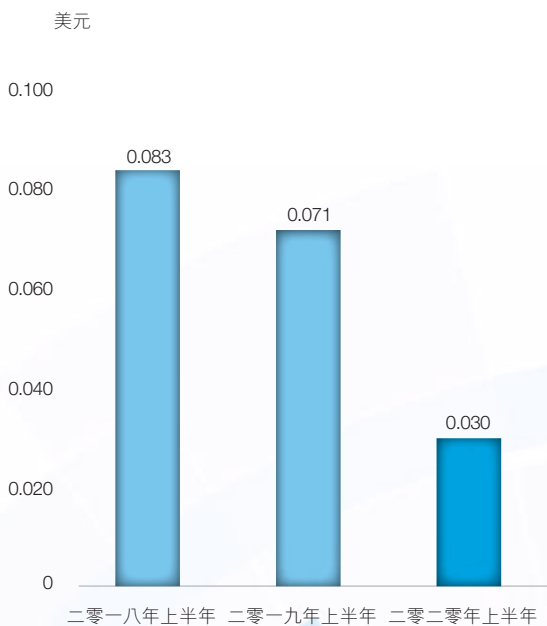
毛利率



淨利潤



每股盈利



管理層討論及分析

財務表現

	二零二零年 上半年 千美元 未經審核	二零一九年 上半年 千美元 未經審核	變動
銷售收入	428,204	450,790	(5.0)%
銷售成本	(326,972)	(308,370)	6.0 %
毛利	101,232	142,420	(28.9)%
其他收入及收益	25,406	31,807	(20.1)%
銷售及分銷費用	(4,226)	(4,004)	5.5 %
管理費用	(129,748)	(63,075)	105.7 %
其他費用	(3)	(2,119)	(99.9)%
財務費用	(618)	(625)	(1.1)%
分佔一家聯營公司溢利	7,258	1,010	618.6 %
稅前(虧損)/溢利	(699)	105,414	(100.7)%
所得稅抵免/(開支)	4,705	(8,879)	(153.0)%
期內溢利	4,006	96,535	(95.9)%
以下各項應佔：			
母公司擁有人	38,140	90,826	(58.0)%
非控股權益	(34,134)	5,709	(697.9)%

銷售收入

銷售收入為4.282億美元，較二零一九年上半年減少5.0%，主要由於平均銷售價格下降及智能卡芯片和超級結產品需求減少，部分被MCU與電源管理產品需求增加所抵銷。

銷售成本

銷售成本為3.270億美元，較二零一九年上半年增加6.0%，主要由於付運晶圓、折舊及人工費用增加所致。

毛利

毛利為1.012億美元，較二零一九年上半年減少28.9%，主要由於平均銷售價格下降、折舊及人工費用增加所致。

其他收入及收益

其他收入及收益為2,540萬美元，較二零一九年上半年減少20.1%，主要由於按公平值計入損益的金融資產取得公平值變動收益及利息收入減少，部分被增加的政府補貼抵銷。

銷售及分銷費用

銷售及分銷費用為420萬美元，較二零一九年上半年增加5.5%，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1.297億美元，較二零一九年上半年增加105.7%，主要由於無錫工廠的研發、折舊及人工費用增加所致。

其他費用

其他費用為0.3萬美元，而二零一九年上半年為210萬美元，主要由於上年同期外匯匯兌虧損所致。

分佔一家聯營公司溢利

分佔一家聯營公司溢利為730萬美元，較二零一九年上半年增加618.6%，乃由於聯營公司上海華虹科技發展有限公司實現溢利增加所致。

所得稅抵免／(開支)

所得稅抵免為470萬美元，而二零一九年上半年錄得所得稅開支890萬美元，主要由於轉回以前年度計提的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400萬美元，較二零一九年上半年下降95.9%。淨利潤率為0.9%，而二零一九年上半年為21.4%。

財務狀況

	二零二零年 六月三十日 千美元 未經審核	二零一九年 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	1,790,860	1,558,283	14.9%
投資物業	166,154	168,615	(1.5)%
使用權資產	75,810	74,526	1.7 %
於一家聯營公司的投資	79,335	73,142	8.5 %
指定按公平值計入其他全面收益的股本工具	204,658	207,689	(1.5)%
其他非流動資產	84,455	34,437	145.2 %
非流動資產總額	2,401,272	2,116,692	13.4 %
流動資產			
存貨	176,856	142,087	24.5 %
貿易應收款項及應收票據	135,518	164,968	(17.9)%
應收關聯方款項	11,588	9,262	25.1 %
預付款項、其他應收款項及其他資產	66,174	113,453	(41.7)%
按公平值計入損益的金融資產	84,759	519,779	(83.7)%
已凍結及定期存款	766	70,776	(98.9)%
現金及現金等價物	698,957	476,286	46.8 %
流動資產總額	1,174,618	1,496,611	(21.5)%
流動負債			
貿易應付款項	92,607	86,119	7.5 %
應付關聯方款項	13,467	10,655	26.4 %
其他流動負債	372,886	372,343	0.1 %
租賃負債	3,757	1,922	95.5 %
計息銀行借款	4,238	4,300	(1.4)%
流動負債總額	486,955	475,339	2.4 %
流動資產淨額	687,663	1,021,272	(32.7)%
非流動負債			
計息銀行借款	19,069	21,502	(11.3)%
租賃負債	16,889	16,694	1.2 %
遞延稅項負債	3,194	17,176	(81.4)%
非流動負債總額	39,152	55,372	(29.3)%
資產淨額	3,049,783	3,082,592	(1.1)%

就二零一九年十二月三十一日至二零二零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15.583億美元增至17.909億美元，主要由於建設華虹無錫所致。

於一家聯營公司的投資

於一家聯營公司的投資由7,310萬美元增至7,930萬美元，主要由於分佔聯營公司上海華虹科技發展有限公司於期內的溢利所致。

管理層討論及分析

其他非流動資產

其他非流動資產由3,440萬美元增加至8,450萬美元，主要由於資本支出預付款項增加及無形資產增加所致。

存貨

存貨由1.421億美元增加至1.769億美元，主要由於原材料及產成品的增加所致。

貿易應收款項及應收票據

貿易應收款項及應收票據由1.650億美元減少至1.355億美元，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930萬美元增加至1,160萬美元，主要由於應收部分關聯方的款項增加。

預付款項、其他應收款項及其他資產

預付款項、其他應收款項及其他資產由1.135億美元減少至6,620萬美元，主要由於收到增值稅退稅款。

按公平值計入損益的金融資產

按公平值計入損益的金融資產由5.198億美元減少至8,480萬美元，主要由於收回理財產品投資所致。

已凍結及定期存款

已凍結及定期存款由7,080萬美元減少至80萬美元，由於收回定期存款投資所致。

現金及現金等價物

現金及現金等價物由4.763億美元增加至6.990億美元，主要參照現金流量分析所述之原因。

貿易應付款項

貿易應付款項由8,610萬美元增至9,260萬美元，主要由於華虹無錫採購物料增加所致。

應付關聯方款項

應付關聯方款項由1,070萬美元增加至1,350萬美元，主要由於收到一名關聯方的預付租金款。

租賃負債

租賃負債總額由1,860萬美元增加至2,060萬美元，主要由於續簽租賃合同。

計息銀行借款

計息銀行借款總額由2,580萬美元減少至2,330萬美元，乃由於償還銀行借款所致。

遞延稅項負債

遞延稅項負債由1,720萬美元減少至320萬美元，主要由於轉回二零一九年計提的代扣代繳稅金所致。

現金流量

	二零二零年 上半年 千美元 未經審核	二零一九年 上半年 千美元 未經審核	變動
經營活動所得現金流量淨額	95,208	99,518	(4.3)%
投資活動所得／(所用)現金流量淨額	132,861	(304,919)	(143.6)%
融資活動(所用)／所得現金流量淨額	(1,568)	264,710	(100.6)%
現金及現金等價物增加淨額	226,501	59,309	281.9 %
期初現金及現金等價物	476,286	777,000	(38.7)%
外匯匯率變動影響，淨額	(3,830)	(1,631)	134.8 %
期末現金及現金等價物	698,957	834,678	(16.3)%

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9,950萬美元減少至9,520萬美元，主要由於材料付款及人工費用增加以及收到的政府補助減少，部分被收到的增值稅退稅款所抵銷。

投資活動所得現金流量淨額

投資活動所得現金流量淨額為1.329億美元，主要包括(i)收回按公平值計入損益的金融資產投資11.738億美元；(ii)收回定期存款投資7,000萬美元，及(iii)利息收入580萬美元，部分被(i)按公平值計入損益的金融資產投資7.381億美元；及(ii)資本投資3.786億美元所抵銷。

融資活動所用現金流量淨額

融資活動所用現金流量淨額為160萬美元，用於(i)租賃負債付款270萬美元；(ii)償還銀行借款210萬美元；及(iii)利息開支60萬美元，部分被因股票期權行權而增發股份收到的投資款380萬美元所抵銷。

管理層討論及分析

業務回顧

2020年上半年受全球性疫情影響，全球半導體市場經歷了不同程度的衝擊。影響雖然至今仍未有結束，但部分較早經歷疫情的地區產業正逐步復蘇。在公司股東、顧客、供應商及全體員工的共同努力下，二季度業績已開始穩健回升，環比上漲11%。

疫情背景下，防疫用品出貨量大漲，帶動公司MCU產品上半年出貨迅猛增長，創造了較好的業績。智能卡芯片方面，隨著國內疫情得到良好的控制，國內市場需求在第二季度逐漸恢復。同時，因產品的高容量存儲發展趨勢，我司於無錫12吋廠積極開發90納米嵌入式閃存工藝，在上半年已經進入量產，為掌握未來市場機會起到了關鍵作用。隨著較多產品陸續認證以及12吋產能持續擴充，公司將穩定並進一步擴大eNVM市場的營收能力。

分立器件繼續保持穩定發展，儘管受到疫情衝擊影響，但在公司豐富的功率器件工藝種類、優越的技術品質保障以及較廣泛的客戶群體條件下，二季度功率器件出貨量表現亮眼，實現了出貨量雙位數的環比增長。其中，SGT-MOSFET與IGBT出貨量雙雙創出了歷史新高。

於2019年第四季度順利進入投產階段的華虹無錫12吋廠在2020年上半年運行進展一切順利。平台產品方面，90納米嵌入式閃存、65納米邏輯與射頻工藝平台、分立器件均已順利進入量產階段。IC+Power的產品線佈局與戰略得到順利實施，確保了公司在未來能夠持續保持高水準的服務與豐富的產品線供應。

展望未來，公司8吋晶圓廠功率分立器件、嵌入式閃存MCU、電源管理芯片及手機射頻IC的業務持續發展，12吋晶圓廠繼續堅定不移地執行IC+Power戰略。我們將繼續實施「8吋+12吋」晶圓差異化技術的企業發展策略，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
(於香港註冊成立之有限公司)

Introduction

We have reviewed the interim financial information set out on pages 24 to 52 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 2020 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
11 August 2020

引言

吾等已審閱載於第24頁至第52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」）於二零二零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
二零二零年八月十一日

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

中期簡明綜合損益表

FOR THE SIX MONTHS ENDED 30 JUNE 2020
截至二零二零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		
			2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
		Notes 附註		
Revenue	銷售收入	4	428,204	450,790
Cost of sales	銷售成本		(326,972)	(308,370)
Gross profit	毛利		101,232	142,420
Other income and gains	其他收入及收益	4	25,406	31,807
Selling and distribution expenses	銷售及分銷費用		(4,226)	(4,004)
Administrative expenses	管理費用		(129,748)	(63,075)
Other expenses	其他費用		(3)	(2,119)
Finance costs	財務費用		(618)	(625)
Share of profit of an associate	分佔一家聯營公司溢利		7,258	1,010
(LOSS)/PROFIT BEFORE TAX	稅前(虧損)/溢利	5	(699)	105,414
Income tax credit/(expense)	所得稅抵免/(開支)	6	4,705	(8,879)
PROFIT FOR THE PERIOD	期內溢利		4,006	96,535
Attributable to:	以下各項應佔:			
Owners of the parent	母公司擁有人		38,140	90,826
Non-controlling interests	非控股權益		(34,134)	5,709
			4,006	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:			
Basic	基本	7		
– For profit for the period	– 期內溢利		US\$0.030 0.030美元	US\$0.071 0.071美元
Diluted	攤薄			
– For profit for the period	– 期內溢利		US\$0.029 0.029美元	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 2020
截至二零二零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

		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
PROFIT FOR THE PERIOD	期內溢利	4,006	96,535
OTHER COMPREHENSIVE LOSS	其他全面虧損		
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	(44,791)	(11,486)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	期內其他全面虧損，扣除稅項	(44,791)	(11,486)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	期內全面(虧損)/收益總額	(40,785)	85,049
Attributable to:	以下各項應佔：		
Owners of the parent	母公司擁有人	5,380	87,301
Non-controlling interests	非控股權益	(46,165)	(2,252)
		(40,785)	85,049

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

中期簡明綜合財務狀況表

30 JUNE 2020
二零二零年六月三十日

			30 June 2020 二零二零年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元)	31 December 2019 二零一九年 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	1,790,860	1,558,283
Right-of-use assets		使用權資產	75,810	74,526
Investment property		投資物業	166,154	168,615
Intangible assets		無形資產	32,201	13,322
Investment in an associate		於一家聯營公司的投資	79,335	73,142
Equity investments designated at fair value through other comprehensive income		指定按公平值計入其他 全面收益的股權投資		
			204,658	207,689
Long term prepayments to third parties		應付第三方之 長期預付款項	42,100	6,740
Long term prepayments to related parties		向關聯方長期預付款項	1,994	6,808
Deferred tax assets		遞延稅項資產	8,160	7,567
Total non-current assets		非流動資產總額	2,401,272	2,116,692
CURRENT ASSETS		流動資產		
Inventories		存貨	176,856	142,087
Trade and notes receivables	10	貿易應收款項及應收票據	135,518	164,968
Prepayments, other receivables and other assets		預付款項、其他應收 款項及其他資產	66,174	113,453
Due from related parties		應收關聯方款項	11,588	9,262
Financial assets at fair value through profit or loss		按公平值計入損益的 金融資產	84,759	519,779
Restricted and time deposits		已凍結及定期存款	766	70,776
Cash and cash equivalents		現金及現金等價物	698,957	476,286
Total current assets		流動資產總額	1,174,618	1,496,611
CURRENT LIABILITIES		流動負債		
Trade payables	11	貿易應付款項	92,607	86,119
Other payables and accruals		其他應付款項及暫估費用	318,489	303,614
Interest-bearing bank borrowings		計息銀行借款	4,238	4,300
Lease liabilities		租賃負債	3,757	1,922
Government grants		政府補助	40,105	40,641
Due to related parties		應付關聯方款項	13,467	10,655
Income tax payable		應付所得稅	14,292	28,088
Total current liabilities		流動負債總額	486,955	475,339
NET CURRENT ASSETS		流動資產淨額	687,663	1,021,272
TOTAL ASSETS LESS CURRENT LIABILITIES		資產總值減流動負債	3,088,935	3,137,964

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 JUNE 2020
二零二零年六月三十日

中期簡明綜合財務狀況表

			30 June 2020 二零二零年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元)	31 December 2019 二零一九年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元)
	Note 附註			
NON-CURRENT LIABILITIES		非流動負債		
Interest-bearing bank borrowings		計息銀行借款	19,069	21,502
Lease liabilities		租賃負債	16,889	16,694
Deferred tax liabilities		遞延稅項負債	3,194	17,176
Total non-current liabilities		非流動負債總額	39,152	55,372
Net assets		資產淨額	3,049,783	3,082,592
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	1,971,748	1,966,095
Reserves		儲備	286,489	279,146
			2,258,237	2,245,241
Non-controlling interests		非控股權益	791,546	837,351
Total equity		權益總額	3,049,783	3,082,592

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 2020
截至二零二零年六月三十日止六個月

		Attributable to owners of the parent 母公司擁有人應佔										Non-controlling interests	Total equity
		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		
		股本	合併儲備	購股權儲備	其他儲備及供款盈餘	公平值儲備	重估儲備 [#]	儲備基金	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 12)											
		(附註12)											
At 1 January 2020	於二零二零年一月一日	1,966,095	645,494*	12,481*	35,685*	4,847*	99,257*	89,186*	(462)*	(607,342)*	2,245,241	837,351	3,082,592
Profit/(loss) for the period	期內溢利/(虧損)	-	-	-	-	-	-	-	-	38,140	38,140	(34,134)	4,006
Exchange differences on translation of foreign operations	換算海外業務產生的外匯差額	-	-	-	-	-	-	-	(32,760)	-	(32,760)	(12,031)	(44,791)
Total comprehensive loss for the period	期內全面虧損總額	-	-	-	-	-	-	-	(32,760)	38,140	5,380	(46,165)	(40,785)
Issue of shares	發行股份	5,653	-	(1,721)	-	-	-	-	-	-	3,932	-	3,932
Equity-settled share option arrangements	以權益結算的購股權安排	-	-	3,684	-	-	-	-	-	-	3,684	360	4,044
Transfer from retained profits generated by a subsidiary	轉撥自一間子公司產生的留存溢利	-	-	-	-	-	-	5,998	-	(5,998)	-	-	-
At 30 June 2020 (unaudited)	於二零二零年六月三十日(未經審核)	1,971,748	645,494*	14,444*	35,685*	4,847*	99,257*	95,184*	(33,222)*	(575,200)*	2,258,237	791,546	3,049,783
At 1 January 2019	於二零一九年一月一日	1,960,159	645,494	6,607	34,590	2,545	99,257	71,595	34,655	(702,786)	2,152,116	549,076	2,701,192
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	(670,816)	2,194,935	862,849	3,057,784

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

資產重估儲備源自將自用物業用途更改為按公平值列賬之投資物業。

* These reserve accounts comprise the consolidated reserves of US\$286,489,000 (31 December 2019: US\$279,146,000) in the interim condensed consolidated statement of financial position.

* 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286,489,000美元(二零一九年十二月三十一日: 279,146,000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 2020
截至二零二零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

		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (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		
(Loss)/profit before tax	稅前(虧損)/溢利	(699)	105,414
Adjustments for:	就以下各項作出的調整：		
Finance costs	財務費用	618	625
Share of profit of an associate	分佔一家聯營公司溢利	(7,258)	(1,010)
Interest income	利息收入	(5,670)	(11,299)
Fair value gains on financial assets at fair value through profit or loss	按公平值計入損益的金融資產公平值收益	(5,112)	(13,500)
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
Depreciation of property, plant and equipment	物業、廠房及設備折舊	88,425	60,328
Provision of impairment of trade receivables	貿易應收款項減值撥備	-	47
Write-down of inventories to net realisable value	撇減存貨至可變現淨值	239	1,020
Amortisation of intangible assets	無形資產攤銷	1,958	1,687
Depreciation of right-of-use assets	使用權資產折舊	2,812	1,128
Equity-settled share option expense	以權益結算的購股權開支	4,044	4,040
		79,357	148,496
Increase in inventories	存貨增加	(34,838)	(10,504)
Decrease in trade and notes receivables	貿易應收款項及應收票據減少	29,470	28,979
Decrease/(increase) in prepayments, other receivables and other assets	預付款項、其他應收款項及其他資產減少/(增加)	46,318	(61,697)
(Increase)/decrease in amounts due from related parties	應收關聯方款項(增加)/減少	(2,326)	6,434
Increase in restricted and time deposits	已凍結及定期存款增加	(1)	(458)
Increase/(decrease) in trade payables	貿易應付款項增加/(減少)	6,488	(2,504)
(Decrease)/increase in other payables and accruals	其他應付款項及暫估費用(減少)/增加	(8,807)	66
Increase in government grants	政府補助增加	56	14,629
Increase in amounts due to related parties	應付關聯方款項增加	2,812	6,850
Cash generated from operations	經營活動產生的現金	118,529	130,291
Income tax paid	已付所得稅	(23,321)	(30,773)
Net cash flows from operating activities	經營活動所得現金流量淨額	95,208	99,518

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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 2020
截至二零二零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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (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	5,835	11,917
Purchases of items of property, plant and equipment	購買物業、廠房及設備項目	(364,258)	(332,012)
Purchases of items of intangible assets	購買無形資產項目	(14,365)	(1,258)
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
Decrease in restricted and time deposits	已凍結及定期存款減少	70,000	–
Purchase of financial assets at fair value through profit or loss	購買按公平值計入損益的金融資產	(738,163)	(1,518,918)
Proceeds from disposals of financial assets at fair value through profit or loss	出售按公平值計入損益的金融資產所得款項	1,173,812	1,535,350
Net cash flows generated from/(used in) investing activities	投資活動所得/(所用)現金流量淨額	132,861	(304,919)
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	3,834	1,316
Capital contribution from non-controlling interests	非控股權益注資	–	317,000
Dividends paid	已付股息	–	(37,042)
Repayment of bank loans	償還銀行貸款	(2,119)	(2,182)
Increase in restricted and time deposits	已凍結及定期存款增加	–	(13,943)
Interest paid	已付利息	(618)	(190)
Principal portion of lease payments	支付租賃本金部份	(2,665)	(249)
Net cash flows (used in)/generated from financing activities	融資活動(所用)/所得現金流量淨額	(1,568)	264,710
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額	226,501	59,309
Cash and cash equivalents at beginning of period	期初現金及現金等價物	476,286	777,000
Effect of foreign exchange rate changes, net	外匯匯率變動影響·淨額	(3,830)	(1,631)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	期末現金及現金等價物	698,957	834,678

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

中期簡明綜合財務資料附註

30 June 2020
二零二零年六月三十日

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 referred 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 2020 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 2019.

The financial information relating to the year ended 31 December 2019 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:

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

截至二零二零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的所有資料及披露事項，並應與本集團截至二零一九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二零一九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：

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

中期簡明綜合財務資料附註

30 June 2020
二零二零年六月三十日

2.1 Basis of Preparation (continued)

The Company has delivered the financial statements for the year ended 31 December 2019 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 2019. 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.

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 2019, except for the adoption of the following revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

Amendments to HKFRS 3	<i>Definition of a Business</i>
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	<i>Interest Rate Benchmark Reform</i>
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i>
Amendments to HKFRS 16	<i>Covid-19-Related Rent Concessions (early adopted)</i>

Several amendments apply for the first time in 2020, but do not have an impact on the interim condensed consolidated financial statements of the Group.

2.1 編製基準 (續)

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，將截至二零一九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二零一九年十二月三十一日止年度財務報表提交報告。該核數師報告中並無保留意見；亦未載有按香港公司條例第406(2)、407(2)或407(3)條所指的陳述。

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二零一九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，惟於本財務資料期間首次採納下列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3號(修訂本)	業務的定義
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號(修訂本)	利率基準改革
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義
香港財務報告準則第16號(修訂本)	新冠病毒疫情相關租金減免(提早採納)

若干修訂本於二零二零年首次應用，惟並無對本集團的中期簡明綜合財務報表產生影響。

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2020
二零二零年六月三十日

中期簡明綜合財務資料附註

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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
China (including Hong Kong)	中國(包括香港)	262,093	243,904
United States of America	美利堅合眾國	59,121	83,136
Asia (excluding China and Japan)	亞洲(不包括中國及日本)	57,866	53,059
Europe	歐洲	35,298	36,706
Japan	日本	13,826	33,985
		428,204	450,790

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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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (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	428,204	450,790
Other income	其他收入		
Rental income	租金收入	6,169	6,409
Interest income	利息收入	5,670	11,299
Government subsidies	政府補貼	7,060	311
Others	其他	404	288
		19,303	18,307
Other gains, net	其他收益淨額		
Fair value gains on financial assets at fair value through profit or loss	按公平值計入損益的金融資產公平值收益	5,112	13,500
Exchange gains, net	外匯收益淨額	991	-
		6,103	13,500
		25,406	31,807
Type of goods or service	貨品或服務的分類		
Sales of semiconductor products and total revenue from contracts with customers	銷售半導體產品及客戶合約收益總額	428,204	450,790
Timing of revenue recognition	收益確認時間		
Goods transferred at a point in time and total revenue from contracts with customer	於指定時間轉移貨品及客戶合約收益總額	428,204	450,790

The disaggregation of the Group's revenue based on the geographical region for the six months ended 30 June 2020 is included in note 3.

截至二零二零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. (Loss)/Profit before Tax

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

5. 稅前(虧損)/溢利

本集團的稅前(虧損)/溢利乃於扣除/(計入)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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
Cost of inventories sold	已售存貨成本	326,972	308,370
Write-down of inventories to net realisable value	存貨撇減至可變現淨值	239	1,020
Impairment of trade receivables	貿易應收款項減值	-	47
Exchange differences, net	外匯差額淨額	(991)	2,102

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 2019: 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 2019: 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%(截至二零一九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(截至二零一九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 major components of income tax credit/(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%。

本集團所得稅抵免/(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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
Current income tax expense – PRC	當期所得稅開支 – 中國	(9,841)	(14,936)
Current income tax expense – elsewhere	當期所得稅開支 – 其他地區	(17)	(18)
Withholding tax expense on dividend declared	宣派股息預扣稅開支	–	(4,656)
Deferred tax credit	遞延稅項抵免	14,563	10,731
Total income tax credit/(expense)	所得稅抵免/(開支)總額	4,705	(8,879)

During the period, the directors of a subsidiary established in Mainland China approved that any undistributed profits of the subsidiary generated in 2019 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\$15,832,000 (six months ended 30 June 2019: US\$12,443,000).

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二零一九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15,832,000美元(截至二零一九年六月三十日止六個月：12,443,000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 1,291,026,256 in issue during the period (six months ended 30 June 2019: 1,284,846,838).

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1,291,026,256股(截至二零一九年六月三十日止六個月: 1,284,846,838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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (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	38,140	90,826

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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	
		2020 二零二零年 (‘000) (千股)	2019 二零一九年 (‘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	1,291,026	1,284,847
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	10,425	14,014
		1,301,451	1,298,861

8. Dividends

8. 股息

		For the six months ended 30 June 截至六月三十日止六個月	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
Final declared – Nil (2019: HK\$31 cents) per ordinary share	最終宣派－每股普通股零港仙 (二零一九年：31港仙)	–	50,772

The directors did not declare any final dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: US\$50,772,000).

董事並無就截至二零二零年六月三十日止六個月宣派任何末期股息(截至二零一九年六月三十日止六個月：50,772,000美元)。

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9. Property, Plant and Equipment

During the six months ended on 30 June 2020, the Group acquired items of property, plant and equipment with a cost of US\$351,371,000 (six months ended 30 June 2019: US\$332,213,000). Depreciation for items of property, plant and equipment was US\$88,425,000 during the period (six months ended 30 June 2019: US\$60,328,000).

No significant property, plant and equipment were disposed by the Group during the six months ended 30 June 2020 and 2019, respectively.

9. 物業、廠房及設備

於截至二零二零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351,371,000美元（截至二零一九年六月三十日止六個月：332,213,000美元）。期內物業、廠房及設備項目的折舊為88,425,000美元（截至二零一九年六月三十日止六個月：60,328,000美元）。

於截至二零二零年及二零一九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 2020 二零二零年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元)	31 December 2019 二零一九年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元)
Trade receivables	貿易應收款項	112,953	121,884
Notes receivable	應收票據	24,074	44,613
		137,027	166,497
Impairment of trade receivables	貿易應收款項減值	(1,509)	(1,529)
		135,518	164,968

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10. Trade and Notes Receivables (Continued)

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

		30 June 2020 二零二零年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元)	31 December 2019 二零一九年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元)
Within 3 months	三個月以內	100,348	120,355
Over 3 and within 6 months	三個月以上及六個月以內	8,698	–
Over 6 months	六個月以上	2,398	–
		111,444	120,355

11. Trade Payables

An ageing 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 2020 二零二零年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元)	31 December 2019 二零一九年 十二月三十一日 (Audited) (經審核) (US\$'000) (千美元)
Within 1 month	一個月以內	59,249	54,737
Over 1 and within 3 months	一個以上及三個月以內	17,710	18,276
Over 3 and within 6 months	三個月以上及六個月以內	4,063	2,901
Over 6 and within 12 months	六個月以上及十二個月以內	2,428	1,402
Over 12 months	十二個月以上	9,157	8,803
		92,607	86,119

10. 貿易應收款項及應收票據(續)

按發票日期計，貿易應收款項(扣除撥備)的賬齡分析如下：

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：

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12. Share Capital

12. 股本

		Number of shares 股份數目 ('000) (千股)	Amount 金額 (US\$'000) (千美元)
1 January 2020	二零二零年一月一日	1,288,820	1,966,095
Issue of shares with exercise of share options (note (a))	發行可行使購股權的股份(附註(a))	4,415	5,653
30 June 2020 (unaudited)	二零二零年六月三十日(未經審核)	1,293,235	1,971,748
1 January 2019	二零一九年一月一日	1,283,952	1,960,159
Issue of shares with exercise of share options (note (a))	發行可行使購股權的股份(附註(a))	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

Notes:

(a) During the period, the subscription rights attached to 4,415,000 (six months ended 30 June 2019: 1,447,000) share options were exercised at the subscription price of HK\$6.912 per share (six months ended 30 June 2019: HK\$6.912 per share), resulting in the issue of 4,415,000 (six months ended 30 June 2019: 1,447,000) shares for a total cash consideration of US\$3,932,000 (six months ended 30 June 2019: US\$1,275,000). An amount of US\$1,721,000 (six months ended 30 June 2019: US\$308,000) was transferred from the share option reserve to share capital upon exercise of the share options.

附註：

(a) 於期內，4,415,000份(截至二零一九年六月三十日止六個月：1,447,000份)購股權附帶之認購權已按認購價每股6.912港元(截至二零一九年六月三十日止六個月：每股6.912港元)行使，引致發行4,415,000股(截至二零一九年六月三十日止六個月：1,447,000股)股份，總現金代價為3,932,000美元(截至二零一九年六月三十日止六個月：1,275,000美元)。購股權獲行使後，1,721,000美元(截至二零一九年六月三十日止六個月：308,000美元)款項已由購股權儲備轉撥至股本。

13. Commitments

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

13. 承擔

本集團於報告期末擁有以下資本承擔：

		30 June 2020 二零二零年 六月三十日 (Unaudited) (未經審核) (US\$'000) (千美元)	31 December 2019 二零一九年 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	661,824	383,653

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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.	Holding company of Hua Hong
(“Huahong Group”)	International Inc.,
– 上海華虹(集團)有限公司(「華虹集團」)	華虹國際有限公司的控股公司
– Hua Hong International Inc., (“Huahong International”)	Shareholder of the Company
– 華虹國際有限公司(「華虹國際」)	本公司股東
– Shanghai Huahong Zealcore Electronics Co., Ltd.	Subsidiary of Huahong Group
(“Huahong Zealcore”)	
– 上海華虹摯芯科技有限公司(「華虹摯芯」)	華虹集團子公司
– Shanghai Hongri International Electronics Co., Ltd.	Subsidiary of Huahong Group
(“Hongri”)	
– 上海虹日國際電子有限公司(「虹日」)	華虹集團子公司
– Shanghai Integrated Circuit Research and	Subsidiary of Huahong Group
Development Center (“ICRD”)	
– 上海集成電路研發中心(「集成電路研發」)	華虹集團子公司
– Shanghai Hua Hong Jitong Smart System Co., Ltd.	Subsidiary of Huahong Group
(“Jitong”)	
– 上海華虹計通智能系統股份有限公司(「計通」)	華虹集團子公司
NEC Corporation (“NEC”)	
NEC Corporation(「NEC」)	
– NEC Management Partner, Ltd. (“NEC Management”)	Shareholder of the Company
– NEC Management Partner, Ltd.(「NEC Management」)	本公司股東
	Subsidiary of NEC
	NEC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
SAIL and its subsidiaries 上海聯和及其子公司	
- Sino-Alliance International Ltd. (“SAIL International”)	Shareholder of the Company
- Sino-Alliance International Ltd. (「SAIL International」)	本公司股東
- Shanghai Huali Microelectronics Co., Ltd. (“Shanghai Huali”)	Subsidiary of SAIL
- 上海華力微電子有限公司(「上海華力」)	上海聯和子公司
- QST Corporation (“QST”)	Subsidiary of SAIL
- 上海矽睿科技有限公司(「矽睿科技」)	上海聯和子公司
INESA and its subsidiaries 儀電集團及其子公司	
- Shanghai INESA Intelligent Electronics Co., Ltd. (“Shanghai INESA”)	Subsidiary of INESA
- 上海儀電智能電子有限公司(「上海儀電」)	儀電集團子公司
- Shanghai Nanyang Software System Integration Co., Ltd. (“Nanyang Software”)	Subsidiary of INESA
- 上海南洋軟件系統集成有限公司(「南洋軟件」)	儀電集團子公司
- Shanghai Nanyang Wanbang Software Technology Co., Ltd. (“Wanbang”)	Subsidiary of INESA
- 上海南洋萬邦軟件技術有限公司(「萬邦」)	儀電集團子公司
Shanghai Huahong Technology Development Co., Ltd. (“Huahong Technology Development”)	Associate of the Group
上海華虹科技發展有限公司(「華虹科技發展」)	本集團聯營公司
- Huahong Real Estate Co., Ltd. (“Huahong Real Estate”)	Subsidiary of Huahong Technology Development
- 上海華虹置業有限公司(「華虹置業」)	華虹科技發展子公司
- Shanghai Huajin Property Management Co., Ltd. (“Huajin”)	Subsidiary of Huahong Technology Development
- 上海華錦物業管理有限公司(「華錦」)	華虹科技發展子公司

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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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (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))		
ICRD	集成電路研發	5,219	1,572
QST	矽睿科技	2,141	747
Huahong Zealcore	華虹摯芯	1,486	1,750
Purchases of goods from related parties (note (ii))	自關聯方購買貨品 (附註(ii))		
Hongri	虹日	5,443	2,482
Shanghai Huali	上海華力	1,442	1
NEC Management	NEC Management	396	442
Huahong Zealcore	華虹摯芯	244	275
Jitong	計通	181	5
ICRD	集成電路研發	-	268
Purchases of intangible assets from related parties (note (ii))	自關聯方購買無形資產 (附註(ii))		
Shanghai Huali	上海華力	17,100	-
ICRD	集成電路研發	-	3,150
Rental income from a related party (note (iii))	來自關聯方的租金收入 (附註(iii))		
Shanghai Huali	上海華力	6,368	6,697
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	1,702	744
Huajin	華錦	107	111
Huahong Real Estate	華虹置業	50	48
Nanyang Software	南洋軟件	19	21
Wanbang	萬邦	1	-
Interest expense charged by a related party under lease arrangement as a lessee (note (iii))	關聯方 (作為承租人) 根據租賃安排收取的利息開支 (附註(iii))		
Huahong Real Estate	華虹置業	387	416
Expense paid on behalf of a related party (note (v))	代關聯方支付的開支 (附註(v))		
Shanghai Huali	上海華力	12,578	14,697

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

(c) Compensation of key management personnel of the Group

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及無形資產乃根據關聯方提供的價格及條款作出。
- (iii) 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。
- (iv) 關聯方收取的服務費及利息開支乃根據與關聯方協定的價格及條款支付。
- (v) 代關聯方支付的開支為不計息，及須按要求償還。

(c) 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	
		2020 二零二零年 (Unaudited) (未經審核) (US\$'000) (千美元)	2019 二零一九年 (Unaudited) (未經審核) (US\$'000) (千美元)
Short term employee benefits	短期僱員福利	1,023	1,234
Pension scheme contributions	退休金計劃供款	26	39
Equity-settled share option expense	以權益結算的購股權開支	539	557
Total compensation paid to key management personnel	支付予主要管理人員的酬金總額	1,588	1,830

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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. 金融工具的公平值及公平值層級

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

		Carrying amounts 賬面值		Fair values 公平值	
		30 June 2020 二零二零年 六月三十日 (US\$'000) (千美元) (Unaudited) (未經審核)	31 December 2019 二零一九年 十二月三十一日 (US\$'000) (千美元) (Audited) (經審核)	30 June 2020 二零二零年 六月三十日 (US\$'000) (千美元) (Unaudited) (未經審核)	31 December 2019 二零一九年 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	指定為按公平值計入其他全面收益的股本投資	204,658	207,689	204,658	207,689
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	84,759	519,779	84,759	519,779
		289,417	727,468	289,417	727,468
Financial liability	金融負債				
Interest-bearing bank borrowings	計息銀行借款	23,307	25,802	20,662	23,079
Lease liabilities	租賃負債	20,646	18,616	20,646	18,616
		43,953	44,418	41,308	41,695

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The 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:

本集團旗下以財務經理為首的財務部負責釐定金融工具公平值計量的政策及程序。財務部直接向財務總監報告。於各報告日期，財務部分析金融工具的價值變動並釐定估值中適用的主要輸入數據。估值由財務總監審核及批准。

金融資產及負債的公平值是按當前與自願方交易(而非被迫或清盤出售)中可交換有關工具的金額列賬。估計該等按公平值計量的金融資產及負債的公平值乃使用以下的方法及假設:

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

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 of 30 June 2020 and 31 December 2019 was assessed to be insignificant.

15. 金融工具的公平值及公平值層級 (續)

指定為按公平值計入其他全面收益的股本投資之公平值採用市場法估算。倘最近成交交易有關未上市投資，公平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股本投資的相應淨資產以計量公平值。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平值以及計入其他全面收益的公平值相關變動屬合理，而於報告期末的價值最為恰當。

按公平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平值。

計息銀行借款及租賃負債的公平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。本集團本身於二零二零年六月三十日及二零一九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 2020

		Fair value measurement categorised into 分類為以下層級之公平值計量			
		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 investments designated at fair value through other comprehensive income	指定為按公平值計入其他全面收益的股本投資	—	—	204,658	204,658
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	—	—	84,759	84,759
		—	—	289,417	289,417

31 December 2019

二零一九年十二月三十一日

		Fair value measurement categorised into 分類為以下層級之公平值計量			
		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	指定為按公平值計入其他全面收益的股本投資	—	—	207,689	207,689
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	—	—	519,779	519,779
		—	—	727,468	727,468

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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)

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 2019: nil).

The recurring fair value measurement for the Group's equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss, was made using significant unobservable inputs (Level 3) as at 30 June 2020. Below is a summary of the valuation techniques used and the key inputs to the valuation:

15. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

按公平值計量的金融資產 (續)

於期內，以上金融資產的第1級與第2級間並無公平值計量轉移，且第3級並無轉入或轉出(截至二零一九年六月三十日止六個月：無)。

本集團指定為按公平值計入其他全面收益的股本投資及按公平值計入損益的金融資產的週期公平值計量乃使用二零二零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：

	Valuation technique 估值技術	Significant unobservable input 重大不可觀察輸入數據	Range 範圍	Sensitivity of fair value to the input 公平值對輸入數據之敏感度
Equity investments designated at fair value through other comprehensive income 指定為按公平值計入其他全面收益的股本投資	Valuation multiples 估值倍數	Average P/B multiple of peers 同業平均市賬率	2020: 0.9x-5.0x 2019: 0.2x-5.5x 二零二零年： 0.9x-5.0x 二零一九年： 0.2x-5.5x	5% (2019: 5%) increase/decrease would result in increase/decrease in fair value by 5% (2019: 5%) 5%(二零一九年：5%)的增加/減少將導致公平值增加/減少5%(二零一九年：5%)
		Discount for illiquidity 缺乏流通性的折讓價	2020: 20%-30% 2019: 20%-30% 二零二零年： 20%-30% 二零一九年： 20%-30%	5% (2019: 5%) increase/decrease would result in decrease/increase in fair value by 5% (2019: 5%) 5%(二零一九年：5%)的增加/減少將導致公平值減少/增加5%(二零一九年：5%)
Financial assets at fair value through profit or loss 按公平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	2020: 3.00% 2019: 3.55%-3.80% 二零二零年： 3.00% 二零一九年： 3.55%-3.80%	5% (2019: 5%) increase/decrease would result in decrease/increase in fair value by 0.01% (2019: 0.02%) 5%(二零一九年：5%)的增加/減少將導致公平值減少/增加0.01%(二零一九年：0.02%)

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

Fair value hierarchy (continued)

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

15. 金融工具的公平值及公平值層級 (續)

公平值層級 (續)

期內分類為第3級的金融資產變動如下：

		Equity investments designated at fair value through other comprehensive income 指定為按公平值計入其他全面收益的股本投資 (US\$'000) (千美元)	Financial assets at fair value through profit or loss 按公平值計入損益的金融資產 (US\$'000) (千美元)
1 January 2020	二零二零年一月一日	207,689	519,779
Purchases	購買	—	738,163
Disposals	處置	—	(1,173,812)
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	—	5,112
Exchange realignment	匯兌調整	(3,031)	(4,483)
As at 30 June 2020 (unaudited)	於二零二零年六月三十日 (未經審核)	204,658	84,759
At 1 January 2019	於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

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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 two batches, which were effective on 4 September 2015 (the “2015 Options”) and on 24 December 2018 (the “2018 Options”), respectively.

On 29 March 2019, 500,000 options were granted to the Chief Executive (“2018 Tranche A”). On 23 December 2019, 300,000 options were granted to Directors and key management personnel (“2018 Tranche B”) and 2,182,000 options were granted to other employees (“2018 Tranche C”).

2015 Options

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

		Number of options ’000 購股權數目 千份
At 1 January 2020	於二零二零年一月一日	13,947
Exercised during the period	期內行使	(4,415)
At 30 June 2020	於二零二零年六月三十日	9,532

2018 Options

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

		Number of options ’000 購股權數目 千份
At 1 January 2020	於二零二零年一月一日	35,811
Forfeited during the period	期內沒收	(320)
At 30 June 2020	於二零二零年六月三十日	35,491

16. 購股權計劃

本公司設有一項購股權計劃（「該計劃」），旨在為對本集團業務成功作出貢獻的合資格參與者提供激勵及獎勵。

該計劃分為兩批，分別於二零一五年九月四日（「二零一五年購股權」）及二零一八年十二月二十四日（「二零一八年購股權」）生效。

於二零一九年三月二十九日，500,000份購股權已授予最高行政人員（「二零一八年A部分」）。於二零一九年十二月二十三日，300,000份購股權已授予董事及主要管理人員（「二零一八年B部分」）及2,182,000份購股權已授予其他僱員（「二零一八年C部分」）。

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：

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：

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17. Event after the Reporting Period

There is no material subsequent event undertaken by the Group after 30 June 2020.

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 11 August 2020.

17. 報告期後事項

本集團於二零二零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二零二零年八月十一日獲董事會批准及授權刊發。

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SHARE OPTION SCHEME

The Company adopted a share option scheme which became effective on 4 September 2015 and, unless cancelled or otherwise amended, will remain in force for 7 years from that date. As of 30 June 2020, the Company had options for 45,022,996 shares outstanding under the share option scheme, which represented approximately 3.48% of the Company's issued shares as of that date. The table below sets out details of outstanding options granted to Directors and other grantees under the share option scheme and transactions during the 6 months ended 30 June 2020:

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。於二零二零年六月三十日，本公司於購股權計劃項下共有45,022,996份未行使購股權，相當於該日期本公司已發行股份約3.48%。下表載列截至二零二零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：

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Name or category of participants	Number of share options 購股權數目										Vesting period of share options	Exercise period of share options	Exercise price of share options	Weighted average closing price of the options immediately before the dates on which the options were exercised				
	Granted on 04.09.2015	Granted on 24.12.2018	Granted on 29.03.2019	Granted on 23.12.2019	Cancelled during the year 2015	Cancelled during the year 2016	Cancelled during the year 2017	Cancelled during the year 2018	Cancelled during the year 2019	Exercised during the period					Cancelled during the period	Lapsed during the period	Outstanding on 01.01.2020	Outstanding on 30.06.2020
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	於二零一九年十二月二十三日授出	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	於二零一九年註銷	期內行使	期內註銷	期內失效	於二零二零年一月一日尚未行使	於二零二零年六月三十日尚未行使	購股權之歸屬期間	購股權之行使期	購股權之行使價	緊接期權行使日期之前的加權平均收市價格
Directors																		
董事																		
Mr. Takayuki Morita 森田隆之先生	119,000	-	-	-	-	-	-	-	-	-	-	-	119,000	119,000	(1)	04.09.2017-03.09.2022	HK\$6.912	-
	-	80,000	-	-	-	-	-	-	-	-	-	-	80,000	80,000	(2)	24.12.2020-23.12.2025	HK\$15.056	-
Mr. Junjun Tang 唐均君先生	-	-	500,000	-	-	-	-	-	-	-	-	-	500,000	500,000	(3)	29.03.2021-28.03.2026	HK\$18.400	-
Other employees 其他僱員	30,131,000	-	-	-	(130,000)	(1,458,000)	(1,353,399)	(754,595)	(58,000)	4,415,031	-	-	13,828,027	9,412,996	(4)	04.09.2017-03.09.2022	HK\$6.912	HK\$21.356
In aggregate 總數	30,250,000	34,500,000	500,000	2,482,000	(130,000)	(1,458,000)	(1,353,399)	(754,595)	(1,729,000)	4,415,031	-	(320,000)	49,758,027	45,022,996				

*** Vesting period of share options**

- (1) One third of the options shall vest on each of 4 September 2017, 4 September 2018 and 4 September 2019
- (2) One fourth of the options shall vest on each of 24 December 2020, 24 December 2021, 24 December 2022 and 24 December 2023
- (3) One fourth of the options shall vest on each of 29 March 2021, 29 March 2022, 29 March 2023 and 29 March 2024
- (4) One third of the options shall vest on each of 4 September 2017, 4 September 2018 and 4 September 2019
- (5) For employees at or above the level of the vice president, one fourth of the options shall vest on each of 24 December 2020, 24 December 2021, 24 December 2022 and 24 December 2023; for the other employees, one third of the options shall vest on each of 24 December 2020, 24 December 2021 and 24 December 2022
- (6) For employees at or above the level of the vice president, one fourth of the options shall vest on each of 23 December 2021, 23 December 2022, 23 December 2023 and 23 December 2024; for the other employees, one third of the options shall vest on each of 23 December 2021, 23 December 2022 and 23 December 2023

* 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.*

* Cancelled during the year 2019: *Including Cancelled and Lapsed during the year 2019.*

Please refer to note 16 of the Notes to the Interim Condensed Consolidated Financial Information for further details.

*** 購股權之歸屬期間**

- (1) 期權的三分之一將分別於二零一七年九月四日、二零一八年九月四日及二零一九年九月四日歸屬
- (2) 期權的四分之一將分別於二零二零年十二月二十四日、二零二一年十二月二十四日、二零二二年十二月二十四日及二零二三年十二月二十四日歸屬
- (3) 期權的四分之一將分別於二零二一年三月二十九日、二零二二年三月二十九日、二零二三年三月二十九日及二零二四年三月二十九日歸屬
- (4) 期權的三分之一將分別於二零一七年九月四日、二零一八年九月四日及二零一九年九月四日歸屬
- (5) 副總裁或以上級別的僱員而言，期權的四分之一將分別於二零二零年十二月二十四日、二零二一年十二月二十四日、二零二二年十二月二十四日及二零二三年十二月二十四日歸屬；其他僱員而言，期權的三分之一將分別於二零二零年十二月二十四日、二零二一年十二月二十四日及二零二二年十二月二十四日歸屬
- (6) 副總裁或以上級別的僱員而言，期權的四分之一將分別於二零二一年十二月二十三日、二零二二年十二月二十三日、二零二三年十二月二十三日及二零二四年十二月二十三日歸屬；其他僱員而言，期權的三分之一將分別於二零二一年十二月二十三日、二零二二年十二月二十三日及二零二三年十二月二十三日歸屬

* 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。

* 於二零一九年註銷：包括於二零一九年已註銷及失效。

進一步詳情請參閱中期簡明綜合財務資料附註16。

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

As of 30 June 2020, except as disclosed below, none of the Directors nor the Chief Executive of the Company had any ownership 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

於二零二零年六月三十日，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 ownership 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. Please refer to page 53 for particulars of outstanding options as of 1 January 2020 and 30 June 2020 respectively.

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。有關二零二零年一月一日及二零二零年六月三十日的尚未行使的購股權的詳情，請參閱第53頁。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' OWNERSHIP 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 of 30 June 2020, persons other than a Director or Chief Executive of the Company, having ownership of 5% or more or short positions in the shares and underlying shares of the Group, were as follows:

於二零二零年六月三十日，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 ownership	Number of shares held	Approximate percentage of aggregate ownership 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⁾	27.09%
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⁾	27.09%
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⁾	27.09%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Legal and Beneficial owner 法定及實益擁有人	160,545,541 ⁽¹⁾⁽³⁾	12.41%
Sino-Alliance International, Ltd. (Sino-Alliance International)	Interest in a controlled corporation 受控制法團權益	34,919,354 ⁽¹⁾	2.70%
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⁾	42.21%
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	18.74%
Xun Xin (Shanghai) Investment Co., Ltd. 巽鑫(上海)投資有限公司	Interest in a controlled corporation 受控制法團權益	242,398,925	18.74%
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	18.74%
NEC Corporation	Legal and beneficial owner 法定及實益擁有人	99,038,800 ⁽¹⁾	7.66%

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SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' OWNERSHIP 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 of 30 June 2020, Huahong Group was 81.34% owned by SAIL. Therefore SAIL was deemed to be the beneficial owner of all the Shares in which Huahong Group is the beneficial owner 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 (27.09%) it indirectly held through Hua Hong International, SAIL indirectly held beneficial ownership in the Company through four wholly-owned subsidiaries, including Sino-Alliance International.
- * The percentages are calculated based on the total number of issued shares of the Company as of 30 June 2020, i.e., 1,293,234,591 shares.

Except as disclosed above, so far as is known to any of the Directors and Chief Executive of the Company, as of 30 June 2020, no other person or corporation had any beneficial ownership 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 2020.

GEARING RATIO

The Group monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Group includes, within net debt, trade payables, other payables and accruals, interest-bearing bank borrowings, lease liabilities and amounts due to related parties, less cash and cash equivalents. The Group's gearing ratio as at 30 June 2020 was -9.92% (31 December 2019: -2.14%).

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。於二零二零年六月三十日，華虹集團由上海聯和擁有81.34%股權。根據證券及期貨條例第XV部，上海聯和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(27.09%)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二零二零年六月三十日已發行的股份總數(即1,293,234,591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，於二零二零年六月三十日，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。

買賣或贖回證券

截至二零二零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。

資產負債比率

本集團以資產負債比率監控資本，資產負債比率按淨負債除以權益總額加淨負債計算。本集團將貿易應付款項、其他應付款項及暫估費用、計息銀行借款、租賃負債以及應付關聯方款項扣除現金及現金等價物計入淨負債。於二零二零年六月三十日，本集團的資產負債比率為-9.92%(二零一九年十二月三十一日：-2.14%)。

CHARGES ON GROUP ASSETS

As at 30 June 2020, certain of Group's property, plant and equipment with a net carrying value of US\$22,763,000 (31 December 2019: US\$25,059,000) and right-of-use assets of US\$5,261,000 (31 December 2019: US\$5,445,000) were pledged to banks to secure the Group's banking facilities.

Pledged deposits with a carrying value of US\$739,000 as at 30 June 2020 (31 December 2019: US\$749,000) were pledged to secure the issuance of letters of credit.

Other pledged deposits with a carrying value of US\$27,000 as at 30 June 2020 (31 December 2019: US\$27,000) were pledged to secure the payment of dividends to shareholders.

抵押集團資產

於二零二零年六月三十日，本集團賬面淨值為22,763,000美元(二零一九年十二月三十一日：25,059,000美元)的若干物業、廠房及設備及賬面淨值為5,261,000美元(二零一九年十二月三十一日：5,445,000美元)的使用權資產已抵押予銀行以取得本集團的銀行信貸融資。

於二零二零年六月三十日，已抵押賬面值為739,000美元(二零一九年十二月三十一日：749,000美元)的已抵押存款以獲發行信用證。

於二零二零年六月三十日，已抵押賬面值為27,000美元(二零一九年十二月三十一日：27,000美元)的其他已抵押存款，以向股東支付股息。

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PERFORMANCE OF THE EQUITY INVESTMENTS AND FVTPL

The table below sets out the breakdown of the performance in respect of the Equity Investments and FVTPL during the six-month period ended 30 June 2020.

股權投資及按公平值計入損益之表現

下表載列截至二零二零年六月三十日止六個月期間有關股權投資及按公平值計入損益之表現詳情。

	Shanghai Huali	QST	Principal guaranteed structured deposits and wealth management products purchased from banks
	上海華力	矽睿科技	從銀行購買的保本的結構性存款和理財產品
	(USD'000)	(USD'000)	(USD'000)
	(千美元)	(千美元)	(千美元)
Initial investment cost 初始投資成本	229,133	1,704	84,752
Book value at the beginning of the period 於期初之賬面值	205,344	2,345	519,779
Purchases 購買	–	–	738,163
Redemption 贖回	–	–	(1,173,812)
Changes in fair value 公平值變動	–	–	5,112
Exchange realignment 匯兌調整	(2,997)	(34)	(4,483)
Book value at the end of the period 於期末之賬面值	202,347	2,311	84,759
Percentage of shares* 股份百分比*	6.3428%	2.18%	N/A
Size compared to the total assets 與資產總值比較之規模	5.7%	0.1%	2.4%

* refers to the percentage of shares held by the Company in Shanghai Huali and QST respectively

* 分別指本公司於上海華力及矽睿科技所持股份之百分比

During the six-month period ended 30 June 2020, the Group did not dispose of any shares in Shanghai Huali or QST. Increases in the fair value of the Company's equity investment in Shanghai Huali and QST were Nil.

截至二零二零年六月三十日止六個月期間，本集團並未出售上海華力或矽睿科技之任何股份。本公司於上海華力及矽睿科技股權投資之公平值增值為零。

Shanghai Huali was established in 2010. As an industry-leading IC wafer foundry company, Shanghai Huali has advanced process technologies and offers comprehensive solutions. It is devoted to providing one-stop wafer foundry technical services for process technology nodes from 65/55nm to 28/22nm for design companies, IDM companies and other system companies. Shanghai Huali has two 12-inch fully-automated wafer fabs in China.

上海華力起步於2010年。作為行業內領先的積體電路晶片製造企業，上海華力擁有先進的工藝制程和完備的解決方案，專注於為設計公司、IDM公司及其他系統公司提供65/55納米至28/22納米不同技術節點的一站式晶片製造技術服務。上海華力在中國有兩座12吋全自動晶圓工廠。

PERFORMANCE OF THE EQUITY INVESTMENTS AND FVTPL (continued)

During the six-month period ended 30 June 2020, the book value of the Company's equity investment has decreased by US\$2,997,000 due to depreciation of the RMB. Overall, Shanghai Huali continued steady development in 2020. Accordingly, the Board is of the view that the performance of Shanghai Huali during the six-month period ended 30 June 2020, has been in line with its expectations.

QST is committed to the research and development of high performance sensors, emerging sensors and intelligent sensor systems for the internet-of-things, and industrial and automobile applications. In 2018, QST was awarded the Top 10 MEMS Enterprises of China. Similar to the investment in Shanghai Huali, the increase of exchange rate has caused a foreign currency statement loss of around US\$34,000. As the business of QST is still in its early development stage, the Board is of the view that the performance and strategic planning of QST during the six-month period ended 30 June 2020 have been consistent with its expectations.

With respect to of the FVTPL, the Products are generally principal-protected, short-term and low-risk investment products offering a better interest rate than prevailing rates. Their fair value increased by US\$5,112,000 during the six-month period ended 30 June 2020. Their performance in the period tracks the expected rate of return as contained in the terms and conditions of these financial products and are in line with the management expectations.

The Company confirms that it has complied with the accounting policy of investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) as contained in the interim report of the Company for the six-month period ended 30 June 2020.

The Company expects the future prospects of the aforementioned investments to be largely in line with that over the past period. No significant changes in investment strategy or source of funding are expected for the coming year.

股權投資及按公平值計入損益之表現(續)

截至二零二零年六月三十日止六個月期間，由於人民幣貶值，本公司股權投資賬面值減少2,997,000美元。總體而言，二零二零年上海華力穩步發展。因此，董事會認為，上海華力於截至二零二零年六月三十日止六個月期間之表現符合預期。

矽睿科技致力於研發用於物聯網以及工業及汽車應用的優質傳感器、新興傳感器及智能傳感器系統。二零一八年，矽睿科技被評為中國十大MEMS企業。與於上海華力投資類似，匯率上升導致外幣報表虧損約34,000美元。由於矽睿科技業務仍處於早期發展階段，董事會認為矽睿科技於截至二零二零年六月三十日止六個月期間的表現及戰略規劃符合預期。

就按公平值計入損益的產品而言，該等產品通常為保本型短期低風險投資產品，其利率高於現行利率。該等產品於截至二零二零年六月三十日止六個月期間的公平值增加5,112,000美元。該等金融產品於期內的表現與其條款及條件所載的預期回報率一致，且符合管理層的預期。

本公司確認，其已遵守本公司截至二零二零年六月三十日止六個月期間的中報所載的投資及其他金融資產之會計政策（根據香港財務報告準則第9號自二零一八年一月一日起適用的政策）。

本公司預期上述投資的未來前景將與去年同期基本一致，且投資策略或資金來源預計於來年不會發生重大變動。

OTHER DISCLOSURES

其他披露資料

30 June 2020
二零二零年六月三十日

EMPLOYEES AND REMUNERATION POLICIES

As of 30 June 2020, the company had approximately 5,500 employees in the People's Republic of China and overseas (30 June 2019: approximately 4,700). The Company's remuneration policy is reviewed periodically and determined by reference to the analysis on market competitiveness, company performance, and individual qualifications and performance. Staff benefits include medical schemes, mandatory social insurance and provident fund etc.

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 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 2020, the Company has reviewed the written declaration from each of the controlling shareholders mentioned above on their compliance with their commitments 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 commitments 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.

僱員及薪酬政策

於二零二零年六月三十日，本公司於中華人民共和國及海外擁有約5,500名僱員（二零一九年六月三十日：約4,700名）。本公司定期審視薪酬政策，該政策乃參考市場競爭性分析、公司業績表現及員工勝任技能與工作績效釐定。員工福利包括醫療計劃、強制性社會保險及公積金等。

遵守不競爭契據及優先購買權契據

本公司的控股股東華虹集團、上海聯和及儀電集團訂立日期為二零一四年九月二十三日的非競爭契據（「非競爭契據」），詳情載於日期為二零一四年十月三日的本公司招股章程（「招股章程」）「與控股股東的關係」一節中「非競爭承諾」一段。另外，華虹集團和上海聯和亦訂立日期為二零一四年六月十日的優先購買權契據（「優先購買權契據」），詳情載於招股章程「與控股股東的關係」一節中「優先購買權」一段。本公司於截至二零二零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。

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 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 2020.

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 confirmation that they have complied with the required standard as set forth in the Code throughout the six months ended 30 June 2020.

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。

董事會認為，本公司於截至二零二零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。

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二零二零年六月三十日止六個月期間遵守該守則所載的必守標準。

OTHER DISCLOSURES

其他披露資料

30 June 2020
二零二零年六月三十日

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 2020 and has discussed with management 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 2020 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

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二零二零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二零二零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

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