

Hua Hong: China's state-owned fund to invest US\$414.2M

EQUITY STRATEGY TEAM

05 JULY 2023

TRADING MATTERS SERIES: STOCK HIGHLIGHT

Features a single stock and zooms in on its performance in the market

KEY METRICS	
Current Price	27.15
Latest Dividend	N/A
Dividend Ex-Date	13/5/2022
Indicated Dividend Yield	N/A
14 Day RSI	54.02
Analysts 12M Target Price	35.44

REFINITIV STOCKREPORTS+ AVERAGE SCORE
5/10 As of 04 Jul 2023

Refer to page 3 for indicator components

Hua Hong Semiconductor (1347 HK) Price Chart



Any red lines drawn on the price charts are trendlines, which are visual representations of support & resistance levels. They are drawn by connecting a series of prices together to help indicate the data's best fit or the presence of any trend over a time frame, and are for illustration purposes only.

As of 04 Jul 2023 closing

KEY MARKET EVENTS

- 12 Jul** US CPI Release (Jun)
- 13 Jul** US Federal Budget Balance
- 16 Jul** China GDP Release (Q2)
- 24 Jul** US S&P Global Composite PMI (Jul)
- 26 Jul** US Fed Interest Rate Decision

Hang Seng Index Price Chart



As of 04 Jul 2023 closing

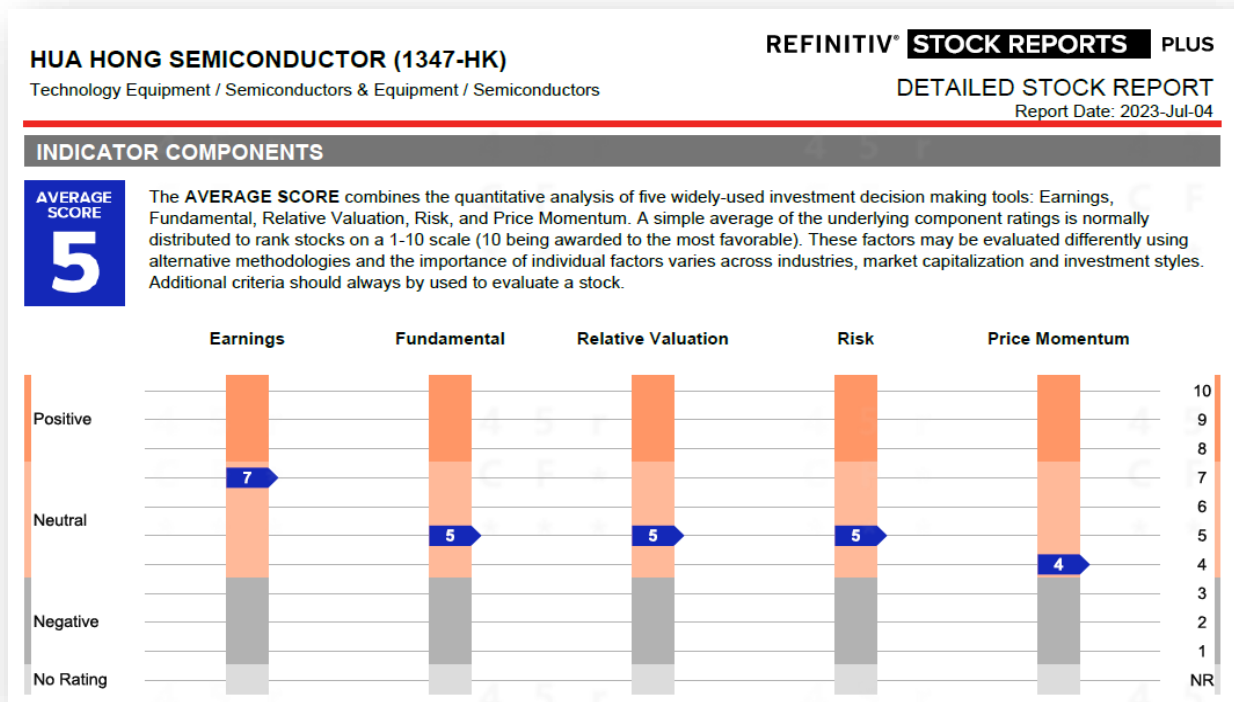
Headline News & Information

- Hua Hong Semiconductor Limited manufactures semiconductors on 200mm wafers for specialty applications. The company produces embedded non-volatile memory, power discrete, analog, power management, and logic RF products. Hua Hong Semiconductor provides products for consumer electronics, communications, computing, industrial, and automotive fields (Bloomberg)
- Hua Hong semiconductor to raise funds (30 Jun 2023, Bloomberg)
 - Hua Hong Semiconductor said it will raise funds via a sale of shares to the China IC Fund II
 - Hua Hong said funds raised will help enhance its production capacity and research and development capability, per Wednesday's filing. A portion of the funds raised will be utilized for general corporate purposes and to meet working capital needs
- Chipmaker Hua Hong says China's state-owned fund to invest US\$414.2 million (28 Jun 2023, Reuters)
 - The company said it expects the RMB share issue to enable it to enhance its production capacity and research and development capability, among other things
 - The Shanghai-based chipmaker Hua Hong had received Shanghai Stock Exchange's approval for a planned public share sale worth US\$2.6 billion, which would be the year's biggest mainland listing so far

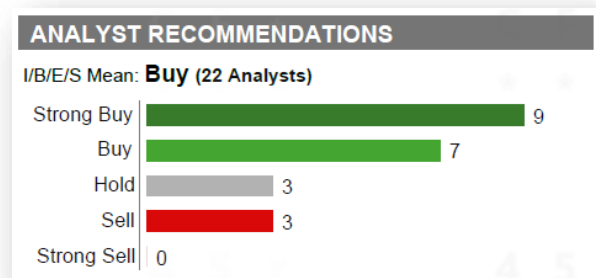
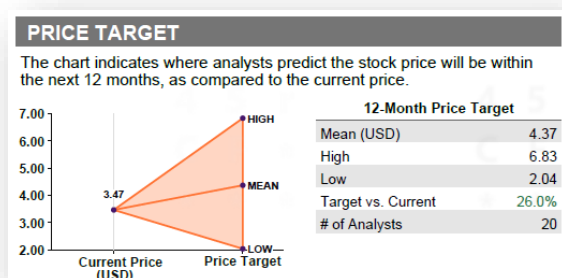
TRADING FLOWS	RESISTANCE LEVELS	SUPPORT LEVELS
• Shares rose 8.2% in the past 5 days and are up 4.4% in the past 30 days	<ul style="list-style-type: none">• 28.00 (Jul 2022)• 34.00 (Feb 2023)• 39.00(Apr 2023)	<ul style="list-style-type: none">• 25.00 (Jun 2023)• 16.00 (Oct 2022)• 12.00 (Mar 2020)

Fundamental Viewpoint

An Extract from STOCKREPORTS+



Analyst Price Target and Recommendations



Source: REFINITIV STOCKREPORTS+, extracted 04 Jul 2023

HK Peer Analysis (STOCKREPORTS+)

PEER ANALYSIS												Currency in HKD	
Average Score	Ticker	PRICE MOMENTUM				Market Cap	VALUATION		FUNDAMENTAL		ANALYSTS		# of Analysts
		Price (2023-07-04)	1-Mo Return	3-Mo Return	1-Yr Return		Trailing PE	Forward PE	Dividend Yield	Net Margin	LTG Forecast	VB/E/S Mean	
8	981	20.80	4.3%	-0.24%	18.2%	121.7B	11.4	28.0	--	23.2%	-24.6%	Hold	26
5	1347	27.15	4.4%	-25.2%	2.1%	33.5B	10.1	12.3	--	19.9%	9.8%	Buy	22
9	1385	20.60	-1.7%	-29.6%	-33.5%	5.5B	14.4	12.6	0.73%	28.9%	--	Buy	2
4	650	0.66	-9.6%	-21.4%	-40.5%	5.1B	--	--	--	-48.8%	--	--	--
1	1725	9.34	3.4%	-8.1%	-47.5%	2.7B	--	--	--	-24.3%	--	--	--
8	6939	0.98	14.0%	2.1%	-7.5%	498M	9.7	--	3.9%	25.9%	--	--	--
NR	679	0.88	3.5%	-17.8%	-24.1%	347M	--	--	3.4%	-10.2%	--	--	--
7	1305	1.36	51.1%	14.3%	-4.9%	288M	4.9	--	--	2.7%	--	--	--
4	8257	0.10	2.2%	-30.1%	-30.1%	121M	--	--	--	-4.6%	--	--	--
1	712	0.13	6.8%	-2.3%	-57.6%	102M	--	--	--	-150.3%	--	--	--
5	2203	0.12	-20.3%	-21.3%	-40.4%	98M	--	--	--	-21.9%	--	--	--
5.2	Average	7.46	5.3%	-12.7%	-24.2%	15.5B	10.1	17.6	2.7%	-14.5%	-7.4%	Buy	16.7

PEER COMPANIES	
1305	Wai Chi Holdings Co
1385	Shanghai Fudan
1725	Hong Kong Aerospace Technology
2203	Brainhole Technology
650	Productive Technologies Co
679	Asia Tele-Net and Technology
6939	MEGAIN Holding (Cayman) Co
712	Comtec Solar Systems Group
8257	Genes Tech Group Holdings Co
981	Semiconductor Manufacturing

Source: REFINITIV STOCKREPORTS+, extracted 04 Jul 2023

Global Peer Analysis (Bloomberg)

Ticker	Name	Mkt Cap (USD) (Millions)	Last Px	P/E	P/E 5Yr Avg	P/B	P/B 5Yr Avg	Indicated Yield (%)
Average		53,227	137.66	30.07	29.07	2.66	2.56	3.84
1347 HK	HUA HONG SEMICON	4,535	27.15	9.08	12.78	1.41	1.57	N/A
3105 TT	WIN SEMICON	2,289	168.00	137.59	46.89	2.21	2.32	1.49
XFAB FP	X-FAB SILICON FOUNDRIES SE	1,423	9.98	18.58	15.22	1.69	1.19	N/A
6271 TT	TONG HSING ELECTRONIC INDUST	902	174.50	10.80	11.41	1.13	1.49	4.45
3016 TT	EPISIL-PRECISION INC	605	65.20	35.29	39.77	3.95	4.90	3.07
6732 TT	SENSORTEK TECHNOLOGY CORP	513	326.00	26.18	14.55	4.10	3.57	4.60
2303 TT	UNITED MICROELECTRONICS	19,613	48.80	7.19	7.07	1.72	1.75	7.38
GFS US	GLOBALFOUNDRIES	35,744	64.74	27.46	117.47	3.48	3.26	N/A
2330 TT	TSMC	487,633	585.00	14.86	15.40	4.93	4.81	2.05
981 HK	SEMICON MANUFACTURING	29,792	20.80	13.70	10.15	1.08	0.94	N/A
300456 CH	SAI MICROELECTRONICS	2,446	24.08	N/A	N/A	3.52	2.39	N/A

Source: Bloomberg, extracted 04 Jul 2023 closing

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