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HUA HONG SEMICONDUCTOR LIMITED

華虹半導體有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1347)

(I) HISTORICAL CONNECTED TRANSACTIONS, (II) THE HONGRI PURCHASE AGREEMENT AND (III) THE HONGRI SALES AGREEMENT

HISTORICAL CONNECTED TRANSACTIONS

It has come to the attention of the Company that there were certain connected transactions entered into between the Group and Hongri, which is a subsidiary of Huahong Group, a substantial shareholder of the Company. Accordingly, the Historical Connected Transactions between the Group and Hongri were connected transactions under Chapter 14A of the Listing Rules which are subject to reporting, announcement and annual review requirements.

Details of the Historical Connected Transactions between the Group and Hongri are further described below.

CONTINUING CONNECTED TRANSACTIONS

The Hongri Purchase Agreement

On 24 August 2021, the Company has entered into the Hongri Purchase Agreement with Hongri. Pursuant to the Hongri Purchase Agreement, the Group has agreed to purchase wafers for its manufacturing processes of semiconductor products from Hongri as part of its ordinary and usual course of business.

The Hongri Sales Agreement

On 24 August 2021, the Company has entered into the Hongri Sales Agreement with Hongri. Pursuant to the Hongri Sales Agreement, the Group has agreed to sell integrated circuits and other semiconductor products to Hongri as part of its ordinary and usual course of business.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Hongri is 51% owned by Huahong Group, a substantial shareholder of the Company.

Accordingly, Hongri is an associate of Huahong Group and hence a connected person of the Company, and the Historical Connected Transactions and the transactions contemplated under each of the Hongri Purchase Agreement and the Hongri Sales Agreement constitute connected transactions and continuing connected transactions of the Company respectively under Chapter 14A of the Listing Rules.

Since the Group's purchase of wafers and chemicals for its manufacturing processes of semiconductor products from Hongri and from Huahong Zealcore are of a similar nature, the transactions under the Hongri Purchase Agreement and the Huahong Zealcore Purchase Agreement respectively will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps of these transactions are aggregated for the purpose of calculating the relevant Percentage Ratios under Chapter 14A of the Listing Rules.

Since the Group's sale of integrated circuits and semiconductor products to Hongri and to Huahong Zealcore are of a similar nature, the transactions under the Hongri Sales Agreement and the Renewed Huahong Zealcore Sales Agreement respectively will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps of these transactions are aggregated for the purpose of calculating the relevant Percentage Ratios under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the Historical Connected Transactions; (ii) the proposed annual caps under the Hongri Purchase Agreement and (iii) the proposed annual caps under the Hongri Sales Agreement is, on an annual basis, above 0.1% but below 5%, the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to an unintentional and inadvertent oversight and a misinterpretation of the relevant Listing Rules, the Company was not aware of Hongri's association with Huahong Group, and therefore did not identify Hongri as a connected person of the Company. As a result, (i) the Company did not make an appropriate announcement for the Historical Connected Transactions nor disclose the Historical Connected Transactions in its annual reports in accordance with Chapter 14A, although each year the Company disclosed the audited total amounts of material related party transactions with Hongri in the notes to the financial statements in its annual reports; (ii) the Historical Connected Transactions had not been reviewed by the independent non-executive Directors of the Company; and (iii) no written master agreements were entered into between Hongri and HHGrace prior to the date of this announcement and no annual caps were set in respect of the Historical Connected Transactions.

Thus, the entering into of the Historical Connected Transactions by the Group and the failure by the Company to report and announce the details of the Historical Connected Transactions constituted a breach of Chapter 14A of the Listing Rules.

As of the date of this announcement, none of the Directors has material interest in the above transactions or was required to abstain from voting at the Board meeting.

1. HISTORICAL CONNECTED TRANSACTIONS

1.1 Connected Transactions

It has come to the attention of the Company that there were certain connected transactions entered into between the Group and Hongri, which is a subsidiary of Huahong Group, a substantial shareholder of the Company. Accordingly, the Company conducted a thorough investigation to identify the transactions that have been entered into between any member of the Group and Hongri since its Listing which would have constituted connected transactions that would have been subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules (the "**Historical Connected Transactions**").

Based on the accounting records kept by the Company, the Company has identified the following two categories of Historical Connected Transactions which have been entered into between the Group and Hongri since 2015:

<i>Aggregate transaction amounts</i> <i>(Unit: USD '000)</i>		
Type of transaction	Number of transactions involved	The year ended 31 December 2015
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	18	4,859

<i>Aggregate transaction amounts</i> <i>(Unit: USD '000)</i>		
Type of transaction	Number of transactions involved	The year ended 31 December 2016
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	13	5,969

<i>Aggregate transaction amounts</i> <i>(Unit: USD '000)</i>		
Type of transaction	Number of transactions involved	The year ended 31 December 2017
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	11	5,649

*Aggregate transaction amounts
(Unit: USD '000)*

Type of transaction	Number of transactions involved	The year ended 31 December 2018
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	7	7,567

*Aggregate transaction amounts
(Unit: USD '000)*

Type of transaction	Number of transactions involved	The year ended 31 December 2019
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	19	7,171

*Aggregate transaction amounts
(Unit: USD '000)*

Type of transaction	Number of transactions involved	The year ended 31 December 2020
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	20	15,321
The Group's sale of integrated circuits and other semiconductor products to Hongri	8	2,056

*Aggregate transaction amounts
(Unit: USD '000)*

Type of transaction	Number of transactions involved	The seven months ended 30 July 2021
The Group's purchase of wafers for its manufacturing processes of semiconductor products from Hongri	11	11,505
The Group's sale of integrated circuits and other semiconductor products to Hongri	5	2,308

Before conducting each of the transactions above, the Group has conducted appropriate internal control measures, including following the Group's internal standard operating procedure which requires the procurement team of the Group to collect the relevant market information (e.g. costs and qualities of identical or comparable products, services and reputations of relevant suppliers), to review and compare the quotations obtained from at least two independent suppliers for identical or comparable products, and to convene meetings with the relevant personnel of the Group to discuss and assess the procurement criteria on an ongoing basis. With respect to the sale of the Group's products, the Group also adheres strictly to its internal approval procedure under the price quotation management system for the pricing of such products which applies equally to independent third party customers as well as its connected persons to ensure that the transactions were conducted on normal commercial terms.

1.2 Breach of Listing Rules

As one or more of the applicable Percentage Ratios in respect of the Historical Connected Transactions in each of the detailed periods above, on an annual aggregated basis, exceeded 0.1% but were less than 5%, the Historical Connected Transactions constituted connected transactions of the Company which were subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Due to an unintentional and inadvertent oversight and a misinterpretation of the relevant Listing Rules, the Company was not aware of Hongri's association with Huahong Group, and therefore did not identify Hongri as a connected person of the Company. In particular, Hongri was not identified as a connected person given it was only directly held as to 25.5% by Huahong Group before 2015. Subsequently, when the Company became aware of Hongri being a subsidiary of Huahong Group, the Company misinterpreted the Listing Rules in the classification of Hongri. As a result, (i) the Company did not make an appropriate announcement for the Historical Connected Transactions nor disclose the Historical Connected Transactions in its annual reports in accordance with Chapter 14A, although each year the Company disclosed the audited total amounts of material related party transactions with Hongri in the notes to the financial statements in its annual reports; (ii) the Historical Connected Transactions had not been reviewed by the independent non-executive Directors of the Company; and (iii) no written master agreements were entered into between Hongri and HHGrace prior to the date of this announcement and no annual caps were set in respect of the Historical Connected Transactions.

Thus, the entering into of the Historical Connected Transactions by the Group and the failure by the Company to report and announce the details of the Historical Connected Transactions constituted a breach of Chapter 14A of the Listing Rules. Such non-compliance came to the notice of the Company in July 2021 and the Group has immediately suspended all connected transactions with Hongri. The Company has also taken prompt actions to investigate the relevant historical transactions and to comply with the requirements of the Listing Rules by disclosing the relevant transactions. The Company reiterates that it did not breach Chapter 14A of the Listing Rules intentionally.

1.3 View of the Directors

The Directors (including the independent non-executive Directors) are of the view that the Historical Connected Transactions were (a) fair and reasonable; (b) on normal commercial terms or better which were negotiated on an arm's length basis and in the ordinary and usual course of business of the Group; and (c) in the interests of the Company and the Shareholders as a whole.

1.4 Internal control review and remedial actions

The Company deeply regrets its non-compliance with Chapter 14A of the Listing Rules and confirms that such non-compliance was inadvertent. The Company is committed to taking remedial actions to tighten its internal control procedures with a view to ensuring a thorough understanding and full compliance with the relevant requirements of the Listing Rules and preventing a recurrence of similar non-compliance events in the future. After becoming aware of the breach, the Company has taken the following actions:

1. Reviewed the historical transactions between the Group and Hongri to understand and capture all relevant connected transactions with Hongri since the listing of the Company; and
2. Reviewed other sales and purchase transactions with entities associated with Huahong Group to ensure that there are no other connected transactions that are required to be disclosed under Chapter 14A of the Listing Rules.

The Company will also implement the below measures as soon as practicable in order to prevent similar events from recurring:

1. If in the future any contemplated transaction involves an entity affiliated with any connected persons of the Company, the Company will seek professional advice from its legal advisers before entering into such a transaction;
2. The Company will strengthen the internal communication among the Group's management in identifying and monitoring connected transactions compliance purposes, and will continue to enhance the external communication between the Group's management and its professional advisers (including but not limited to its auditors and legal advisers) so as to ensure that all connected transactions of the Group comply with the Listing Rules and other relevant laws and regulations in Hong Kong; and
3. The Company will require the relevant personnel to attend compulsory training sessions, in particular those regularly provided by the Company's professional advisers or other external accredited institutions focussing on connected transactions, corporate governance, compliance and changes in the Listing Rules.

2. THE HONGRI PURCHASE AGREEMENT

As the Group intends to continue to purchase wafers for its manufacturing processes of semiconductor products from Hongri as part of its ordinary and usual course of business, the Company entered into the Hongri Purchase Agreement with Hongri. Pursuant to the Hongri Purchase Agreement, the Group has agreed to purchase wafers for its manufacturing processes of semiconductor products from Hongri.

2.1 Summary of the terms of the Hongri Purchase Agreement

The Company has entered into the Hongri Purchase Agreement to regulate the purchase transactions with Hongri.

The principal terms of the Hongri Purchase Agreement are summarized below:

Date:	24 August 2021
Parties:	(i) the Company; and (ii) Hongri
Term:	The Hongri Purchase Agreement shall take effect from the date of the Hongri Purchase Agreement and end on 31 December 2021.
Nature of transactions:	The Group has agreed to purchase wafers for its manufacturing processes of semiconductor products from Hongri as part of its ordinary and usual course of business. Each transaction under the Hongri Purchase Agreement will be confirmed by a purchase order between the parties.

2.2 Historical amounts

The table below sets out the historical transaction amounts paid by the Group to Hongri during the period indicated below:

(Unit: USD '000)

Transaction amounts	For the seven months ended 30 July 2021 (unaudited)
From HHGrace to Hongri	11,505

2.3 Proposed annual caps for the transactions under the Hongri Purchase Agreement

The table below sets out the proposed annual caps for the transactions under the Hongri Purchase Agreement and under the Huahong Zealcore Purchase Agreement for the year ending 31 December 2021.

(Unit: USD '000)

Annual caps	For the year ending 31 December 2021
The Hongri Purchase Agreement	38,000
The Huahong Zealcore Purchase Agreement	1,060
	<hr/>
Sub-total	39,060
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Since the Group's purchase of wafers and chemicals for its manufacturing processes of semiconductor products from Hongri and from Huahong Zealcore are of a similar nature, the transactions under the Hongri Purchase Agreement and the Huahong Zealcore Purchase Agreement will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps of these transactions are aggregated for the purpose of calculating the relevant Percentage Ratios under Chapter 14A of the Listing Rules. Please refer to the Announcement for further details of Huahong Zealcore and the Huahong Zealcore Purchase Agreement.

As one or more of the applicable Percentage Ratios in respect of the annual caps, on an annual aggregated basis, exceed 0.1% but are less than 5%, the transactions contemplated under the Hongri Purchase Agreement constitute continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

2.4 Basis of determination of the proposed annual caps

The purchase prices payable by the Group under the Hongri Purchase Agreement are determined with reference to the market prices of comparable products which are available on an arm's length basis and on terms no less favourable than those provided by at least two independent suppliers for identical or comparable products.

Although it is not part of the terms of the Hongri Purchase Agreement, the Group follows its relevant internal standard operating procedure to determine the purchase prices of the products under the Hongri Purchase Agreement. The internal standard operating procedure requires the procurement team of the Group to collect the relevant market information (e.g. costs and qualities of identical or comparable products, services and reputations of relevant suppliers), to review and compare the quotations obtained from at least two independent suppliers for identical or comparable products, and to convene meetings with the relevant personnel of the Group to discuss and assess the procurement criteria on an ongoing basis. According to the internal standard operating procedure, the relevant internal team of the Group will review the purchase prices of the products under the Hongri Purchase Agreement on a regular and ongoing basis.

Having reviewed the terms and the pricing basis of the Hongri Purchase Agreement, the Directors (including the independent non-executive Directors) consider that:

- (a) the terms of the Hongri Purchase Agreement are fair and reasonable;
- (b) the entering into of the Hongri Purchase Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and
- (c) the entering into of the Hongri Purchase Agreement is in the interest of the Company and its Shareholders as a whole.

3. THE HONGRI SALES AGREEMENT

As the Group intends to continue to sell integrated circuits and other semiconductor products to Hongri as part of its ordinary and usual course of business, the Company has entered into the Hongri Sales Agreement with Hongri. Pursuant to the Hongri Sales Agreement, the Group has agreed to sell integrated circuits and other semiconductor products to Hongri.

3.1 Summary of the terms of the Hongri Sales Agreement

The Company has entered into the Hongri Sales Agreement to regulate the sale transactions with Hongri.

The principal terms of the Hongri Sales Agreement are summarised below:

Date:	24 August 2021
Parties:	(i) the Company; and (ii) Hongri
Term:	The Hongri Sales Agreement shall take effect from the date of the Hongri Sales Agreement and end on 31 December 2021.
Nature of transactions:	The Group has agreed to sell integrated circuits and other semiconductor products to Hongri as part of its ordinary and usual course of business. Each transaction under the Hongri Sales Agreement will be confirmed by a purchase order between the parties.

3.2 Historical amounts

The table below sets out the historical transaction amounts paid by Hongri to the Group during the period indicated below:

(Unit: USD '000)

	For the seven months ended 30 July 2021 (unaudited)
Transaction amounts	
From Hongri to HH Grace	2,308

3.3 Proposed annual caps for the transactions under the Hongri Sales Agreement

The table below sets out the proposed annual caps for the transactions under the Hongri Sales Agreement and the revised annual caps under the Renewed Huahong Zealcore Sales Agreement for the year ending 31 December 2021.

(Unit: USD '000)

	For the year ending 31 December 2021
Annual caps	
The Hongri Sales Agreement	3,882
The Renewed Huahong Zealcore Sales Agreement	6,500
Sub-total	<u>10,382</u>

Since the Group's sale of integrated circuits and semiconductor products to Hongri and to Huahong Zealcore are of a similar nature, the transactions under the Hongri Sales Agreement and the Renewed Huahong Zealcore Sales Agreement respectively will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules. Accordingly, the annual caps of these transactions are aggregated for the purpose of calculating the relevant Percentage Ratios under Chapter 14A of the Listing Rules. Please refer to the Announcement for further details of Huahong Zealcore and the Renewed Huahong Zealcore Sales Agreement.

As one or more of the Percentage Ratios (other than the profits ratio) in respect of the annual caps, on an annual aggregated basis, exceed 0.1% but are less than 5%, the transactions contemplated under the Hongri Sales Agreement constitute continuing connected transactions of the Company which are subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

3.4 Basis of determination of the proposed annual caps

The selling prices payable by Hongri under the Hongri Purchase Agreement are determined with reference to the costs of the products, the prices of comparable products offered by at least two independent third party competitors in the market and the consumers' likely perception of the values of the products.

Although it is not part of the terms of the Hongri Sales Agreement, the Group follows its price quotation management system under its relevant internal standard operating procedure to determine the selling prices of the products under the Hongri Sales Agreement. The price quotation management system requires the relevant internal sales team of the Group to consider and evaluate various factors including the business objectives, strategy and operational factors of the Group on an ongoing basis. In particular, in determining the selling prices of such products, the relevant internal sales team of the Group considers the costs of the products, the prices of comparable products offered by at least two independent third party competitors in the market and the consumers' likely perception of the values of the products.

As the specifications of the integrated circuits and other semiconductor products sold to Hongri under the Hongri Sales Agreement are customized to meet the specific requirements of end customers, the actual demand of the end customers of Hongri and the development of the chips application industry in the PRC will also affect the determination of the selling prices for such products. The Group also adheres strictly to its internal approval procedure under the price quotation management system for the pricing of such products which applies equally to independent third party customers as well as its connected persons to ensure that the transactions under the Hongri Sales Agreement shall be conducted on normal commercial terms. The relevant internal sales team of the Group will review the selling prices of the products under the Hongri Sales Agreement on a regular and ongoing basis.

Having reviewed the terms and the pricing basis of the Hongri Sales Agreement, the Directors (including the independent non-executive Directors) consider that:

- (a) the terms of the Hongri Sales Agreement are fair and reasonable;
- (b) the entering into of the Hongri Sales Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and
- (c) the entering into of the Hongri Sales Agreement is in the interest of the Company and its Shareholders as a whole.

4. REASONS FOR AND BENEFITS OF ENTERING INTO THE HONGRI PURCHASE AGREEMENT AND HONGRI SALES AGREEMENT

The Group has been purchasing wafers for its manufacturing processes of semiconductors from Hongri as part of its ordinary and usual course of business. By comparison, the products of Hongri are of high quality with price competitiveness and stable supply, which are in line with the various procurement requirements of the Group.

The Group has also been selling integrated circuits and other semiconductor products to Hongri as part of its ordinary and usual course of business. By comparison, Hongri offers competitive purchase prices, regularly places purchase orders for a consistent amount, and is generally more satisfied with the products supplied by the Group, which are in line with the various sales requirements of the Group.

5. INFORMATION OF THE COMPANY AND THE PARTIES

The Company

The Company primarily focuses on embedded non-volatile memory, power discrete, analog & power management, logic & RF and other specialty technology manufacturing platforms.

Hongri

Hongri's principal business is research, development and sales of integrated circuits and ancillary products. Hongri also engages in import and export business of goods and technology relating to the research, development and sales of integrated circuits.

Hongri is owned as to 51% by Huahong Group, a substantial shareholder of the Company, which is ultimately owned as to 51.59% by Shanghai SASAC, and 18.36%, 18.36% and 11.69% respectively by Shanghai International Group Corporation Limited (上海國際集團有限公司), Shanghai Guosheng Group Co., Ltd (上海國盛(集團)有限公司) and INESA, all of which are wholly-owned subsidiaries of Shanghai SASAC. Hongri is also held by Nexty Electronics Corporation as to 39% and Toyota Tsusho Corporation as to 10%.

HHGrace

HHGrace, a company incorporated in the PRC on 24 January 2013, is a wholly-owned subsidiary of the Company. The principal business of HHGrace is to research, develop, manufacture and sell semiconductors as a pure-play foundry.

6. LISTING RULES IMPLICATIONS

As at the date of this announcement, Hongri is 51% owned by Huahong Group, a substantial shareholder of the Company.

Accordingly, Hongri is a connected person of the Company, and the transactions contemplated under each of the Hongri Purchase Agreement and the Hongri Sales Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable Percentage Ratios set out in Rule 14.07 of the Listing Rules in respect of (i) the proposed annual caps under the Hongri Purchase Agreement and (ii) the proposed annual caps under the Hongri Sales Agreement is, on an annual basis, above 0.1% but below 5%, the transactions contemplated thereunder are only subject to the reporting, announcement and annual review requirements but exempt from the circular, independent financial advice and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

As of the date of this announcement, none of the Directors has material interest in the above transactions or was required to abstain from voting at the Board meeting.

7. DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Announcement”	the Announcement of the Company dated 30 July 2021
“Board”	the board of directors of the Company
“Company”	Hua Hong Semiconductor Limited, a company incorporated in Hong Kong with limited liability on 21 January 2005, and, except where the context otherwise requires, all of its subsidiaries, or where the context refers to the time before it became the holding company of its present subsidiaries, its present subsidiaries
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries, or where the context so requires, in respect of the period before the Company became the holding company of its present subsidiaries (or became such associated companies of the Company), the business operated by such subsidiaries or their predecessors (as the case may be)
“HHGrace”	Shanghai Huahong Grace Semiconductor Manufacturing Corporation (上海華虹宏力半導體製造有限公司), a wholly foreign-owned enterprise incorporated in the PRC on 24 January 2013 and a wholly-owned subsidiary of the Company

“Historical Connected Transactions”	has the meaning ascribed to it under section 1.1 of this announcement
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hongri”	Shanghai Hongri International Electronics Co., Ltd. (上海虹日國際電子有限公司), a company owned as to 51% by Huahong Group
“Hongri Purchase Agreement”	the purchase agreement entered into between the Group and Hongri dated 24 August 2021 to regulate the transactions between the Group and Hongri in connection with the purchase of materials
“Hongri Sales Agreement”	the sales agreement entered into between the Group and Hongri dated 24 August 2021 to regulate the transactions between the Group and Hongri in connection with the sales of integrated circuits and other semiconductor products
“Huahong Group”	Shanghai Huahong (Group) Co., Ltd. (上海華虹(集團)有限公司), a company incorporated in the PRC on 9 April 1996 as Shanghai Hua Hong Microelectronics Co., Ltd. and renamed as Shanghai Huahong (Group) Co., Ltd, in 1998, and a substantial shareholder of the Company
“Huahong Zealcore”	Shanghai Huahong Zealcore Electronics Technology Co., Ltd. (上海華虹摯芯電子科技有限公司), a company incorporated in the PRC on 30 December 2000 which is 93.02% owned by Huahong Group, and a connected person of the Company
“INESA”	INESA (Group) Co., Ltd. (上海儀電(集團)有限公司), formerly known as INESA Holding Group (上海儀電控股(集團)有限公司), a state-owned company incorporated in the PRC in December 1993, and a controlling shareholder of our Company prior to 17 December 2020
“Listing”	the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Percentage Ratio(s)”	has the meaning as defined in Rule 14.07 of the Listing Rules
“PRC”	The People’s Republic of China (excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of PRC and Taiwan)
“Huahong Zealcore Purchase Agreement”	the purchase agreement entered into between the Group and Huahong Zealcore dated 30 July 2021 to regulate the transactions between the Group and Huahong Zealcore in connection with the purchase of materials

“Renewed Huahong Zealcore Sales Agreement”	the sales agreement entered into between the Group and Huahong Zealcore dated 1 January 2020 to regulate the transactions between the Group and Huahong Zealcore in connection with the sales of integrated circuits and other semiconductor products
“Shanghai SASAC”	Shanghai Municipal State-owned Assets Supervision and Administration Commission (上海市國有資產監督管理委員會)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollar, the lawful currency of the United States
“%”	per cent

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

Shanghai, PRC, 24 August 2021

As of the date of this announcement, the Directors of the Company are:

Executive Directors

Suxin Zhang (*Chairman*)
Junjun Tang (*President*)

Non-executive Directors

Guodong Sun
Jing Wang
Jun Ye

Independent Non-executive Directors

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