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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)**

### **CONNECTED TRANSACTION IN RELATION TO THE CHINA IC FUND II SUBSCRIPTION AGREEMENT AND**

### **BOOK CLOSURE PERIOD FOR EXTRAORDINARY GENERAL MEETING**

#### **CHINA IC FUND II SUBSCRIPTION AGREEMENT**

References are made to the announcements of the Company dated 21 March 2022, 12 May 2022, 27 June 2022, 4 November 2022, 30 January 2023, 13 April 2023, 10 May 2023, 17 May 2023 and 28 May 2023 and 7 June 2023, and the circulars of the Company dated 7 June 2022 and 5 June 2023 in relation to, among other things, the Company's proposed RMB Share Issue under the Specific Mandate.

On 28 June 2023, the Company, China IC Fund II, Guotai Junan and Haitong Securities entered into the China IC Fund II Subscription Agreement, pursuant to which China IC Fund II will participate in the proposed RMB Share Issue as a strategic investor by subscribing for RMB Shares under the RMB Share Issue up to an aggregate subscription amount of RMB3,000,000,000, subject to allotment.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, China IC Fund II holds 29% of the equity interests in Wuxi JV2, which is a non-wholly owned subsidiary of the Company. Therefore, China IC Fund II is a substantial shareholder of Wuxi JV2 and is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

Accordingly, the transaction contemplated under the China IC Fund II Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

In accordance with the Listing Rules, the Company has established an Independent Board Committee comprising Mr. Stephen Tso Tung Chang, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye, being all of the independent non-executive Directors, to consider and advise the Independent Shareholders as to whether the terms of the China IC Fund II Subscription Agreement are fair and reasonable, and whether the entering into of the China IC Fund II Subscription Agreement and the transaction contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the China IC Fund II Subscription Agreement and the transaction contemplated thereunder regarding the aforesaid matters.

## **EGM, BOOK CLOSURE PERIOD AND CIRCULAR**

An EGM will be convened for the Independent Shareholders to consider and, if deemed appropriate, approve the China IC Fund II Subscription Agreement and the transaction contemplated thereunder.

In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 13 July 2023 to 14 July 2023 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by not later than 4:30 p.m. on 12 July 2023.

A circular containing, among other things, (i) details of the China IC Fund II Subscription Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser, together with (iv) a notice of the EGM and (v) the relevant proxy form, is expected to be despatched to the Shareholders on or about 29 June 2023 in accordance with the requirements under the Listing Rules.

**As the RMB Share Issue (of which the China IC Fund II Subscription forms part) are subject to the necessary Regulatory Approvals and may or may not proceed, Shareholders and investors should exercise caution when dealing in the Shares of the Company. Further announcement(s) will be made to disclose any material updates and developments in respect of the RMB Share Issue and the China IC Fund II Subscription in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.**

References are made to the announcements of the Company dated 21 March 2022, 12 May 2022, 27 June 2022, 4 November 2022, 30 January 2023, 13 April 2023, 10 May 2023, 17 May 2023 and 28 May 2023 and 7 June 2023, and the circulars of the Company dated 7 June 2022 and 5 June 2023 in relation to, among other things, the Company's proposed RMB Share Issue under the Specific Mandate.

On 28 June 2023, the Company, China IC Fund II, Guotai Junan and Haitong Securities entered into the China IC Fund II Subscription Agreement, pursuant to which China IC Fund II will participate in the proposed RMB Share Issue as a strategic investor by subscribing for RMB Shares under the RMB Share Issue up to an aggregate subscription amount of RMB3,000,000,000, subject to allotment.

## **THE CHINA IC FUND II SUBSCRIPTION AGREEMENT**

The major terms and further details of the China IC Fund II Subscription Agreement are as follows:

- (1) Date: 28 June 2023
- (2) Parties:
1. the Company, as the issuer;
  2. China IC Fund II, as the subscriber; and
  3. Guotai Junan and Haitong Securities, as the joint sponsors and lead underwriters.
- (3) Subscription price: The price of each RMB Share to be subscribed for by China IC Fund II shall be the same as the offer price of the RMB Shares under the RMB Share Issue.

As set out in the circulars of the Company dated 7 June 2022 and 5 June 2023, the price for the RMB Shares will be determined by the Board and the lead underwriters, with reference to the domestic and overseas capital market conditions at the time of the RMB Share Issue, the actual circumstances of the Company and the interests of the Shareholders as a whole, by (i) ascertaining the price range via promotion to potential investors and preliminary price enquiries and (ii) determining the issue price in accordance with relevant laws, regulations and requirements of the relevant securities regulatory authorities in the PRC.

Pricing procedures shall be based on strict market and regulatory procedures and requirements, including but not limited to the following:

1. Before publication of the preliminary pricing enquiry announcement, relevant documents including the announcement itself, the issuance plan, investment valuation report and strategic placement plan shall be submitted to the SSE;

2. The difference between the maximum and minimum initial subscription prices of the offline investors shall not exceed 20% of the minimum price;
3. The difference between the upper end and the lower end of the issue price range shall be determined by the Company and the lead underwriters after excluding a portion of the highest quotations and shall not exceed 20% of the lower end of the issue price range;
4. If the issue price after the initial enquiry is not within the valuation range of the investment valuation report, the Company and the lead underwriters shall explain the reasons to the SSE and notify the Securities Association of China; and
5. The Company and the lead underwriters shall determine the issue price with prudence by methods of accumulative bidding enquiry or classified placement.

The final offer price of the RMB Shares under the RMB Share Issue, and thus the subscription price of the RMB Shares to be subscribed for by China IC Fund II, is expected to be fixed on the third business day following the commencement of the RMB Share Issue. The Company will make a further announcement when the final offer price is determined.

(4) Maximum subscription amount:

RMB3,000,000,000

The maximum subscription amount for the China IC Fund II Subscription represents the maximum commitment of China IC Fund II to the strategic placing portion of the RMB Share Issue.

(5) Allotted subscription amount and number of RMB Shares to be subscribed for:

The allotted subscription amount for the China IC Fund II Subscription, representing the final subscription amount allocated to China IC Fund II in connection with the strategic placing portion of the RMB Share Issue, will be such amount as stated on the notice of payment to be issued by the Joint Sponsors to China IC Fund II. Such notice will be sent to all investors under the strategic placing portion of the RMB Share Issue at the same time, and is currently expected to be issued on the day of commencement of the RMB Share Issue.

The allotted subscription amount will be determined based on book-building for the strategic placing portion of the RMB Share Issue, taking into account, among others, (i) the final offer price of the RMB Shares under the RMB Share Issue, (ii) the scale of the RMB Share Issue and the number of shares allotted to the strategic placing portion, and (iii) the commitment of the prospective strategic investors.

The allotted subscription amount for the China IC Fund II Subscription will not exceed the maximum subscription amount of RMB3,000,000,000.

The number of RMB Shares to be subscribed for by China IC Fund II pursuant to the China IC Fund II Subscription will be such number of RMB Shares that may be subscribed for at the final offer price to be determined with an aggregate subscription amount equal to the allotted subscription amount.

For reference and illustration purposes only, based on the maximum subscription amount of RMB3,000,000,000, and assuming (i) all 433,730,000 RMB Shares will be issued under the RMB Share Issue pursuant to the Specific Mandate and (ii) an offer size of RMB18 billion (being the lower end of the estimated offer size as at the date of this announcement), the number of RMB Shares to be subscribed for by China IC Fund II would be 72,288,333 RMB Shares, representing approximately 16.67% of the total number of RMB Shares which may be issued under the RMB Share Issue, and approximately 4.15% of the enlarged share capital of the Company upon completion of the RMB Share Issue (including RMB Shares which may be issued pursuant to the exercise of an over-allotment option based on negotiations between the Company and the lead underwriters, and assuming that there are no changes in the share capital of the Company after the date of this announcement and prior to the completion of the RMB Share Issue). On this basis, China IC Fund II would not become a substantial shareholder (as defined under the Listing Rules) of the Company upon completion of the RMB Share Issue.

(6) Method of payment of subscription price:

The maximum subscription amount shall be paid in cash by China IC Fund II upon receipt of a notice of payment to be issued by the Joint Sponsors to China IC Fund II.

To the extent that the allotted subscription amount is less than the maximum subscription amount, the difference will be refunded to China IC Fund II after the number of RMB Shares allotted to China IC Fund II has been confirmed.

- (7) Conditions precedent: The obligation of China IC Fund II to subscribe for the RMB Shares is subject to the satisfaction of the following conditions:
1. the Company having obtained the necessary approvals from the Board and/or the Shareholders for any related or connected transactions involved in the strategic placing portion of the RMB Share Issue; and
  2. the Company having received approval from the CSRC for the registration of the proposed RMB Share Issue.

As disclosed in the Company's announcement dated 7 June 2023, the application for the registration of the proposed RMB Share Issue was approved by the CSRC on 6 June 2023. In addition, the Company has obtained the necessary Board approval for the China IC Fund II Subscription. There are no other transactions in the strategic placing portion of the RMB Share Issue which would require further approval from the Board and/or the Shareholders. Therefore, as at the date of this announcement, save for the Shareholders' approval which is being sought at the EGM in respect of the China IC Fund II Subscription, all of the above conditions have been satisfied.

- (8) Lock-up period: RMB Shares subscribed for by China IC Fund II and such other Shares obtained by China IC Fund II as a result of bonus shares or capitalization of the Company in connection with the RMB Shares will be subject to a 12 months' lock-up period commencing from the completion of the RMB Share Issue and the listing of the RMB Shares on the SSE.



## REASONS FOR THE CHINA IC FUND II SUBSCRIPTION AND USE OF PROCEEDS

The Board considers that the RMB Share Issue will enable the Company to access the PRC capital market by way of equity financing and thus broaden the Company's fund-raising channels and shareholder base and improve the Company's capital structure. Also, the Board considers that the RMB Share Issue will be able to further strengthen the financial position of the Group and serve general corporate purposes and working capital needs of the Group, as well as to further enhance the Company's corporate profile, visibility and market presence in the PRC market. Further, it is expected that the RMB Share Issue will enable the Company to enhance its production capacity and research and development capability which will then allow the Company to capture future growth opportunities and consolidate its position as a leading pure-play foundry in the PRC.

Taking into account the existing strategic partnership between the Company and China IC Fund II in the Company's subsidiary, Wuxi JV2, the Board considers that the China IC Fund II Subscription could strengthen the Company's close strategic partnership with China IC Fund II and ensure China IC Fund II's continuous support of the Group's business development through capital investment and provision of other resources.

The RMB Shares to be issued to China IC Fund II will be registered on a separate register of members maintained in the PRC (the "**PRC Share Register**") and managed by CSDC, the share registrar of the RMB Shares for the Company. They will not be registered on the existing register of members of the Company maintained in Hong Kong (the "**Hong Kong Share Register**"). Due to the current restrictions under laws, rules and regulations in the PRC, no movement of Shares will be allowed between the Hong Kong Share Register and the PRC Share Register.

Having reviewed the terms of the China IC Fund II Subscription Agreement, the Directors (excluding the independent non-executive Directors whose view will be given after taking into account the advice from the Independent Financial Adviser) are of the view that the entering into of the China IC Fund II Subscription Agreement is (although not in the usual and ordinary course of business of the Company due to the nature of such transaction) fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

As set out in the circulars of the Company dated 7 June 2022 and 5 June 2023, the proceeds from the RMB Share Issue, including proceeds from the China IC Fund II Subscription, are intended to be used for the "Hua Hong Manufacturing (Wuxi) Project" (i.e. Wuxi JV2), the "8-Inch Factory Optimisation and Upgrading Project", the "Specialty Technological Innovation and Research and Development Project" and replenishment of working capital. If the net proceeds actually raised from the RMB Share Issue exceed the capital requirements of the relevant projects, the surplus amount will be used in the Company's principal business after performing necessary procedures in accordance with relevant regulations. If the net proceeds actually raised from the RMB Share Issue are less than the capital requirements of the relevant projects, the shortfall shall be covered by the Company with its own funds.

Before the proceeds to be raised from the RMB Share Issue are in place, the Company may make initial investments with its own funds according to the progress of the projects. After the proceeds are in place, the Company will first reimburse the initial investment funds and use the remaining proceeds to pay the outstanding investment amount of the projects.

## **FURTHER INFORMATION ABOUT THE RMB SHARE ISSUE**

As set out in the circulars of the Company dated 7 June 2022 and 5 June 2023, the Company proposes to issue not more than 433,730,000 RMB Shares, representing approximately 33.16% of the share capital of the Company as at the date of this announcement and approximately 24.90% of the enlarged share capital of the Company upon completion of the RMB Share Issue (including RMB Shares which may be issued pursuant to the exercise of an over-allotment option based on negotiations between the Company and the lead underwriters).

As disclosed in the Company's announcement dated 7 June 2023, the Company received approval from the CSRC for the registration of the proposed RMB Share Issue on 6 June 2023. The Company is in the process of preparing the issuance plan for the RMB Share Issue, which will include (among other things) details of the strategic investors participating in the RMB Share Issue, and expects to submit the same to the SSE in the early half of July 2023. The commencement of RMB Share Issue is subject to the approval of the issuance plan by the SSE and the publication of the final prospectus for the RMB Share Issue.

The Independent Shareholders' approval of the China IC Fund II Subscription at the EGM (as explained in the section headed "Listing Rules Implications" in this announcement) is a condition precedent under the China IC Fund II Subscription Agreement, which in turn is a condition to the eligibility of China IC Fund II to become a strategic investor under the RMB Share Issue pursuant to the listing rules of the STAR Market and the relevant requirements of the SSE. Accordingly, the issuance plan can only be finalised and submitted to the SSE for approval after the Company has obtained the Independent Shareholders' approval of the China IC Fund II Subscription at the EGM.

The final offer price of the RMB Shares under the RMB Share Issue is expected to be fixed on the third business day following the commencement of the RMB Share Issue. Subject to the actual time of approval of the issuance plan by the SSE, the RMB Share Issue is currently expected to be completed no later than August 2023. The Company will make further announcements (i) when the final offer price and the final number of RMB Shares to be issued under the RMB Share Issue are determined and (ii) upon completion of the RMB Share Issue.



## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, China IC Fund II holds 29% of the equity interests in Wuxi JV2, which is a non-wholly owned subsidiary of the Company. Therefore, China IC Fund II is a substantial shareholder of Wuxi JV2 and is a connected person of the Company at the subsidiary level pursuant to Chapter 14A of the Listing Rules.

Accordingly, the transaction contemplated under the China IC Fund II Subscription Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules and is subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under the Listing Rules.

To the best knowledge of the Directors, (i) none of the Directors has a material interest in the China IC Fund II Subscription Agreement or was required to abstain from voting on the relevant resolutions at the Board meeting approving the entering into of the China IC Fund II Subscription Agreement; and (ii) as at the date of this announcement, no Shareholders or any of their respective associates had any material interest in the China IC Fund II Subscription Agreement and none of the Shareholders would be required to abstain from voting in favour of the resolution to approve the entering into of the China IC Fund II Subscription Agreement.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

In accordance with the Listing Rules, the Company has established an Independent Board Committee comprising Mr. Stephen Tso Tung Chang, Mr. Kwai Huen Wong, JP and Mr. Long Fei Ye, being all of the independent non-executive Directors, to consider and advise the Independent Shareholders as to whether the terms of the China IC Fund II Subscription Agreement are fair and reasonable, and whether the entering into of the China IC Fund II Subscription Agreement and the transaction contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote, taking into account the recommendations of the Independent Financial Adviser.

Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the China IC Fund II Subscription Agreement and the transaction contemplated thereunder regarding the aforesaid matters.

## EGM, BOOK CLOSURE PERIOD AND CIRCULAR

An EGM will be convened for the Independent Shareholders to consider and, if deemed appropriate, approve the China IC Fund II Subscription Agreement and the transaction contemplated thereunder.

In order to determine the entitlement to attend and vote at the EGM, the register of members of the Company will be closed from 13 July 2023 to 14 July 2023 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify for attending and voting at the EGM, all transfer of Shares accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration by not later than 4:30 p.m. on 12 July 2023.

A circular containing, among other things, (i) details of the China IC Fund II Subscription Agreement; (ii) a letter from the Independent Board Committee to the Independent Shareholders; (iii) a letter from the Independent Financial Adviser, together with (iv) a notice of the EGM and (v) the relevant proxy form, is expected to be despatched to the Shareholders on or about 29 June 2023 in accordance with the requirements under the Listing Rules.

## INFORMATION ABOUT THE PARTIES

### The Company

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

### China IC Fund II

China IC Fund II mainly invests via equity investment in the value chain of integrated circuit industry, primarily in integrated circuit chip manufacturing as well as chip designing, packaging test and equipment and materials. As at the date of this announcement and based on the information provided by China IC Fund II, there were 27 fund investors in China IC Fund II, as set out below:

<b>Fund investor</b>	<b>Percentage of equity interest</b>
Ministry of Finance <sup>#</sup>	11.02%
China Development Bank Capital Co., Ltd. (國開金融有限責任公司) <sup>#</sup>	10.78%
Chongqing Strategic Emerging Industry Equity Investment Fund Partnership (Limited Partnership) (重慶戰略性新興產業股權投資基金合夥企業(有限合夥))	7.35%
Chengdu Tianfu Guoji Investment Co., Ltd. (成都天府國集投資有限公司)	7.35%
Wuhan Optics Valley Financial Holding Group Co., Ltd. (武漢光谷金融控股集團有限公司)	7.35%
Zhejiang Fuzhe Integrated Circuit Industry Development Co., Ltd. (浙江富浙集成電路產業發展有限公司)	7.35%
China National Tobacco Corporation (中國煙草總公司) <sup>#</sup>	7.35%
Shanghai Guosheng (Group) Co., Ltd. (上海國盛(集團)有限公司) <sup>#</sup>	7.35%

Fund investor	Percentage of equity interest
Beijing E-Town International Investment & Development Co., Ltd. (北京亦莊國際投資發展有限公司)#	4.90%
Jiangsu Wanquan Integrated Circuit Industry Investment Co., Ltd. (江蘇惠泉集成電路產業投資有限公司)	4.90%
Beijing Guoyi Hospital Co., Ltd. (北京國誼醫院有限公司)	4.90%
China Mobile Capital Holding Co., Ltd. (中移資本控股有限責任公司)	4.90%
Anhui Xinhuo IC Industry Investment Partnership (Limited Partnership) (安徽省芯火集成電路產業投資合夥企業(有限合夥))	3.67%
Anhui Wantou Anhua Modern Industrial Investment Partnership (Limited Partnership) (安徽皖投安華現代產業投資合夥企業(有限合夥))	3.67%
Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司)	1.47%
Fujian State Owned Integrated Circuit Investment Co., Ltd. (福建省國資集成電路投資有限公司)	1.47%
Shenzhen Shenchao Technology Investment Co., Ltd. (深圳市深超科技投資有限公司)	1.47%
Huangpu Investment Holding (Guangzhou) Co., Ltd. (黃埔投資控股(廣州)有限公司)	0.98%
China Telecommunications Corporation (中國電信集團有限公司)#	0.73%
Unicom Capital Investment Holding Co., Ltd. (聯通資本投資控股有限公司)	0.49%
China Electronics Corporation (中國電子信息產業集團有限公司)#	0.24%
Sino IC Capital#	0.07%
Shanghai Siqi Enterprise Management Partnership (Limited Partnership) (上海矽啓企業管理合夥企業(有限合夥))	0.05%
Beijing Jianguang Asset Management Co., Ltd. (北京建廣資產管理有限公司)	0.05%
Fujian San'an Group Co., Ltd. (福建三安集團有限公司)#	0.05%
Beijing Unis Communications Technology Group Ltd. (北京紫光通信科技集團有限公司)#	0.05%
GCL Capital Management Co., Ltd. (協鑫資本管理有限公司)	0.05%
<b>Total:</b>	<b>100.00%</b>

Note: # denotes an overlapping shareholder of China IC Fund and China IC Fund II.

China IC Fund II is not regarded as a subsidiary of its single largest shareholder, the Ministry of Finance. There is no ultimate beneficial owner who controls, directly or indirectly, one-third or more of the equity interest in China IC Fund II. China IC Fund II is managed by Sino IC Capital. The voting right of Sino IC Capital (as a shareholder but not as the fund manager) at shareholders' meetings of China IC Fund II is proportional to its shareholding interest in China IC Fund II.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Directors are of the view, and each of China IC Fund and China IC Fund II confirms that, Sino IC Capital does not control China IC Fund nor China IC Fund II because: (i) there is no ultimate beneficial owner directly or indirectly controlling China IC Fund II; (ii) China IC Fund and China IC Fund II are not regarded as subsidiaries of their single largest shareholder; (iii) none of the overlapping shareholders of China IC Fund and China IC Fund II can exert majority control over both China IC Fund and China IC Fund II; and (iv) Sino IC Capital manages the investments of China IC Fund and China IC Fund II in accordance with the respective mandates it entered into with China IC Fund and China IC Fund II separately. In particular, based on the information from Sino IC Capital, China IC Fund and China IC Fund II have established independent investment policies and management processes, appointed independent committee members in their respective investment committees to ensure independence in investment decisions, and each has its separate accounts with independent financial accounting treatments. On the above basis, the Company confirms that as at the date of this announcement, (i) China IC Fund II was not an associate of China IC Fund and thus not a connected person of the Company at the issuer level under Chapter 14A of the Listing Rules, and (ii) China IC Fund II was a connected person of the Company at the subsidiary level for the reason set out in the section headed "Listing Rules Implications" in this announcement.

Based on the information provided by China IC Fund II and to the best knowledge of the Company, China IC Fund II is an experienced investor in the integrated circuit industry and it has invested in several listed and non-listed companies in the integrated circuit manufacturing field as a substantial shareholder or in certain cases as a controlling shareholder in such entities, which may include entities that engage in businesses which are in competition with the Group. Save for such investments, based on the confirmation from China IC Fund II and to the best knowledge of the Company, China IC Fund II itself does not engage in any other businesses which are in competition with Group.

### **Guotai Junan**

Guotai Junan is a joint stock company with limited liability incorporated in the PRC, the H shares of which are listed on the Stock Exchange (stock code: 2611) and the A shares of which are listed on the SSE (stock code: 601211). The principal businesses of Guotai Junan are securities brokerage, proprietary securities trading, securities underwriting and sponsorship and relevant financial services.

### **Haitong Securities**

Haitong Securities is a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 6837) and the A shares of which are listed on the SSE (stock code: 600837). Haitong Securities is a full-service securities firm with an integrated business platform, extensive branch network and substantial customer base. Haitong Securities provides a comprehensive range of financial products and services, and primarily focuses on six principal business lines in the PRC, comprising securities and futures brokerage (including margin financing and securities lending), investment banking, asset management, proprietary trading, direct investment and financial leasing. Haitong Securities also provides a variety of securities products and services overseas.

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, as at the date of this announcement, Guotai Junan, Haitong Securities and their respective ultimate beneficial owner(s) (if any) are Independent Third Parties of the Company.

**As the RMB Share Issue (of which the China IC Fund II Subscription forms part) are subject to the necessary Regulatory Approvals and may or may not proceed, Shareholders and investors should exercise caution when dealing in the Shares of the Company. Further announcement(s) will be made to disclose any material updates and developments in respect of the RMB Share Issue and the China IC Fund II Subscription in accordance with the Listing Rules and other applicable laws and regulations as and when appropriate. This announcement is for information only and is not intended to and does not constitute, or form part of, an invitation or offer to acquire, purchase or subscribe for any securities of the Company.**

## **DEFINITIONS**

Unless the context otherwise requires, the following expressions in this announcement have the following meanings:

“associate(s)”	shall have the same meaning as ascribed to it under the Listing Rules;
“Board”	the board of Directors of the Company;
“China IC Fund”	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), a company incorporated in the PRC on 26 September 2014 and a substantial shareholder of the Company;
“China IC Fund II”	China Integrated Circuit Industry Investment Fund (Phase II) Co., Ltd.* (國家集成電路產業投資基金二期股份有限公司), a company established in the PRC on 22 October 2019;
“China IC Fund II Subscription”	the subscription of the RMB Shares by China IC Fund II pursuant to the China IC Fund II Subscription Agreement;
“China IC Fund II Subscription Agreement”	the share subscription agreement dated 28 June 2023 among the Company, China IC Fund II, Guotai Junan and Haitong Securities, details of which are set out in this announcement;
“Company”	Hua Hong Semiconductor Limited, a company incorporated in Hong Kong with limited liability on 21 January 2005, the shares of which are listed on the Main Board of the Stock Exchange;
“connected person(s)”	shall have the same meaning as ascribed to it under the Listing Rules;
“CSDC”	China Securities Depository and Clearing Corporation Limited;
“CSRC”	the China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;

“EGM”	the extraordinary general meeting of the Company to be convened on 14 July 2023 to approve, amongst other things, the entering into of the China IC Fund II Subscription Agreement;
“Group”	the Company and its subsidiaries;
“Guotai Junan”	Guotai Junan Securities Co., Ltd. (國泰君安證券股份有限公司), a joint stock company with limited liability incorporated in the PRC in August 1999, the H shares of which are listed on the Stock Exchange (stock code: 2611) and the A shares of which are listed on the SSE (stock code: 601211);
“Haitong Securities”	Haitong Securities Co., Ltd. (海通證券股份有限公司), a joint stock company established in the PRC with limited liability, the H shares of which are listed on the Stock Exchange (stock code: 6837) and the A shares of which are listed on the SSE (stock code: 600837);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	an independent committee of the Board that consists of all independent non-executive Directors who have no direct or indirect interest in the China IC Fund II Subscription and the transaction contemplated thereunder;
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the China IC Fund II Subscription;
“Independent Shareholders”	Shareholders who are entitled to vote in the EGM in respect of the China IC Fund II Subscription Agreement pursuant to the Listing Rules and all applicable laws;
“Independent Third Party(ies)”	person(s) who is not a connected person of the Company pursuant to Chapter 14A of the Listing Rules;
“Joint Sponsors”	Guotai Junan and Haitong Securities, being the joint sponsors and lead underwriters to the Company in connection with the proposed RMB Share Issue;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time);



“PRC”	the People’s Republic of China, but for the purpose of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan;
“Regulatory Approvals”	the approvals and/or decisions from the relevant regulatory authorities and governmental departments in the PRC and Hong Kong (including but not limited to the CSRC, the Stock Exchange, the SSE and the CSDC);
“RMB”	Renminbi, the lawful currency of the PRC;
“RMB Share(s)”	the ordinary Share(s) to be subscribed for in RMB by target subscribers in the PRC, to be listed on the STAR Market and traded in RMB;
“RMB Share Issue”	the Company’s proposed issue of no more than 433,730,000 RMB Shares, which will be listed on the STAR Market, further information of which are set out in the announcements of the Company dated 21 March 2022, 12 May 2022, 27 June 2022, 4 November 2022, 30 January 2023, 13 April 2023, 10 May 2023, 17 May 2023 and 28 May 2023 and 7 June 2023, and the circulars of the Company dated 7 June 2022 and 5 June 2023;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	share(s) of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Sino IC Capital”	Sino IC Capital Co., Ltd.* (華芯投資管理有限責任公司), the fund manager of China IC Fund II. Its ultimate beneficial owner is China Development Bank Capital Co., Ltd. (國開金融有限責任公司), which is an Independent Third Party of the Company;
“Specific Mandate”	the specific mandate sought from the Shareholders at the extraordinary general meeting of the Company held on 27 June 2022 to allot and issue RMB Shares pursuant to the RMB Share Issue, the validity of which has been extended by the Shareholders at the extraordinary general meeting of the Company held on 26 June 2023;
“SSE”	the Shanghai Stock Exchange;
“STAR Market”	the Science and Technology Innovation Board of the SSE;

“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Wuxi JV2”	Hua Hong Semiconductor Manufacturing (Wuxi) Co., Ltd.* (華虹半導體製造(無錫)有限公司), a company incorporated in the PRC on 17 June 2022 and a non-wholly owned subsidiary of the Company;
“%”	per cent.

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

Shanghai, PRC, 28 June 2023

*As at 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

\* *For identification purpose only*