

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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.



HUA HONG SEMICONDUCTOR LIMITED

華虹半導體有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 1347)

INSIDE INFORMATION PRELIMINARY PRICE CONSULTATION PERIOD OF PROPOSED RMB SHARE ISSUE UNDER SPECIFIC MANDATE AND SUMMARY OF PRINCIPAL PROVISIONS OF PROSPECTUS

This announcement is made by Hua Hong Semiconductor Limited (the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Listing Rules**”) and the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Reference is made to the Company’s announcements 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, 28 May 2023, 7 June 2023, 28 June 2023, 5 July 2023 and 14 July 2023 and the Company’s circulars dated 7 June 2022, 5 June 2023 and 29 June 2023 in relation to, among others, the RMB Share Issue. Unless otherwise defined, the capitalized terms used in this announcement shall have the same meanings as those defined in the above announcements and circulars.

I. PRELIMINARY PRICE CONSULTATION PERIOD OF PROPOSED RMB SHARE ISSUE

As disclosed in the announcement of the Company dated 7 June 2023, the CSRC has approved the registration of the proposed RMB Share Issue under the Specific Mandate of the Company. As required by the applicable PRC laws and regulations, the Company and the joint lead underwriters will conduct preliminary price consultations among enquiry targets who meet the requirements of the PRC laws and regulations on the preliminary price consultation day, being 20 July 2023 (from 9:30 to 15:00), in the PRC to determine the issue price. The Company will make further announcement(s) once the final offering size and issue price of the RMB Share Issue are determined.

II. SUMMARY OF PRINCIPAL PROVISIONS OF PROSPECTUS

The full text of the prospectus for the RMB Share Issue (the “**Prospectus**”) and the relevant appendices in Chinese were published on the website of SSE (www.sse.com.cn), the HKEXnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.huahonggrace.com) on 18 July 2023.

The following is a summary of the principal provisions of the Prospectus. (The items appear in “[•]” will only be determined once the final offering size and issue price of the RMB Share Issue are determined.)

1. Summary of the RMB Share Issue

- (i) Class of RMB Shares: RMB ordinary shares (A Shares)
- (ii) Par value of RMB Shares: The RMB Shares do not have a par value pursuant to section 135 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong)
- (iii) Number of RMB Shares to be issued: The Company proposes to issue 407,750,000 RMB Shares (representing approximately 23.76% of the enlarged share capital of the Company upon completion of the RMB Share Issue). The Over-allotment Option will not be exercised. The RMB Share Issue only involves issue of new Shares
- (iv) Issue price per RMB Share: RMB[•]
- (v) Price earnings ratio of the RMB Shares: [•] times
- (vi) Net asset per RMB Share before the RMB Share Issue: RMB15.17, as calculated by dividing the audited net asset attributable to owners of the parent as at 31 December 2022 by the total number of issued shares before the RMB Share Issue
- (vii) Net asset per RMB Share after the RMB Share Issue: RMB[•], as calculated by dividing the audited net asset attributable to owners of the parent as at 31 December 2022 in addition to the net proceeds of the RMB Share Issue by the total number of issued shares after the RMB Share Issue
- (viii) Price-to-book ratio: [•] times

- (ix) Method of issuance: A combination of targeted placing to strategic investors, offline price consultation to qualified investors for placing, and online issue at a fixed price to public investors holding the market value of non-restricted A shares and unrestricted depositary receipts in the Shanghai market
- (x) Target subscribers: Qualified investors who participate in strategic placing, offline investors and natural persons, legal persons and other institutional investors who maintain accounts with the Shanghai Stock Exchange (except for those prohibited by laws, regulations, and regulatory documents in the PRC from subscribing) or other target subscribers who comply with the relevant eligibility requirements of the CSRC and the Shanghai Stock Exchange
- (xi) Method of underwriting: Standby underwriting
- (xii) Total and net proceeds raised: RMB[•] and RMB[•]
- (xiii) Estimated issue expense *(Note)*: The total expenses for the RMB Share Issue include the following:
- (1) Sponsors' and underwriting fees: (a) Where the amount of total proceeds of the issue is smaller than or equal to RMB16.5 billion, the sponsors' and underwriting fees would be the amount of total proceeds x 0.31%; (b) where the amount of total proceeds of the issue is larger than RMB16.5 billion but smaller than or equal to RMB18 billion, the sponsors' and underwriting fees would be (amount of total proceeds – RMB16.5 billion) x 9% + RMB51.15 million; (c) where the amount of total proceeds is larger than RMB18 billion but smaller than or equal to RMB20 billion, the sponsors' and underwriting fees would be (amount of total proceeds – RMB18 billion) x 3% + RMB186.15 million; and (d) where the amount of total proceeds is larger than RMB20 billion, the sponsors' and underwriting fees would be (amount of total proceeds – RMB20 billion) x 1.2% + RMB246.15 million
 - (2) Audit and capital verification fees: RMB8.2265 million

- (3) Legal fees: RMB6.36 million
- (4) Information disclosure fees for the issue: RMB5.9 million
- (5) Issue handling fees and others: RMB1.2505 million

(xiv) Place of listing of RMB Shares: The STAR Market

Note:

The issue expense above is inclusive of value-added tax. Various items of issue expense may be adjusted according to the final results of the issue. The issue handling fees have not included the stamp duty of the issue. The tax base is the net proceeds before deducting the stamp duty with the tax rate being 0.025% and the stamp duty will be calculated and included in the issue handling fees based on the final issue circumstances.

2. Use of Proceeds

On 27 June 2022, the “Resolution on the RMB Share Issue and the Specific Mandate” and “Resolution on the Use of Proceeds from the RMB Share Issue” were considered and approved at the Previous EGM. On 26 June 2023, the validity of the “Resolution on the RMB Share Issue and the Specific Mandate” was extended to 26 June 2024 as approved by the Shareholders. The actual net proceeds after deducting the issuance expenses will be invested in the following projects:

Unit: In RMB '00,000,000

No.	Project Name	Investment amount	Percentage of total net proceeds after deducting the issuance expenses
1.	Hua Hong Manufacturing (Wuxi) Project	125.00	69.44%
2.	8-Inch Factory Optimisation and Upgrading Project	20.00	11.11%
3.	Specialty Technological Innovation and Research and Development Project	25.00	13.89%
4.	Replenishment of working capital	10.00	5.56%
Total		180.00	100.00%

If the net proceeds actually raised from the RMB Share Issue (after deducting the issuance expenses) 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 (after deducting the issuance expenses) 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.

3. Impact of the RMB Share Issue on the Shareholding Structure of the Company

The total number of issued Shares of the Company as at 30 June 2023 before the RMB Share Issue was 1,308,147,031 Shares. The Company proposes to issue 407,750,000 RMB Shares (representing approximately 23.76% of the enlarged share capital of the Company upon completion of the RMB Share Issue). The Over-allotment Option will not be exercised. The shareholding structures of the Company before and after the RMB Share Issue are as follows, assuming that the issue size is 407,750,000 RMB Shares:

Name of shareholder	Before the RMB Share Issue		After the RMB Share Issue	
	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>	<i>Number of Shares</i>	<i>Approximate percentage of the Company's issued share capital</i>
Shanghai Hua Hong International, Inc.	347,605,650	26.57%	347,605,650	20.26%
Xinxin (Hong Kong) Capital Co., Limited	178,705,925	13.66%	178,705,925	10.41%
Sino-Alliance International, Ltd.	160,545,541 ^(Note)	12.27%	160,545,541	9.36%
Other holders of Hong Kong Shares	621,289,915	47.49%	621,289,915	36.21%
Other holders of RMB Shares	–	–	407,750,000	23.76%
Total	<u>1,308,147,031</u>	<u>100.00%</u>	<u>1,715,897,031</u>	<u>100.00%</u>

Note: Including 3,084 shares held in escrow by Sino-Alliance International, Ltd. pursuant to an escrow arrangement.

The above English version of the summary of the principal provisions of the Prospectus is an unofficial translation of its Chinese version. In case of any discrepancies, the Chinese version shall prevail.

The Company will make further disclosures on the developments of the RMB Share Issue as and when appropriate in accordance with the Hong Kong Listing Rules and other applicable laws and regulations.

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.

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

Shanghai, 18 July 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