

*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.*



## **HUA HONG SEMICONDUCTOR LIMITED**

**華虹半導體有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 01347)**

### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS AND REVISION OF PURCHASE TRANSACTIONS ANNUAL CAP OF THE 2024 HUAHONG GROUP FRAMEWORK AGREEMENT**

Reference is made to the announcements of the Company dated 22 December 2023 in relation to the 2024 Huahong Group Framework Agreement, the 2024 Huajin Property Management Agreement and the 2024 Huali Micro Clean Room Lease.

#### **RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS**

The Board is pleased to announce that, on 30 December 2024, the Group has entered into the 2025 Huahong Group Framework Agreement, the 2025 Huajin Property Management Agreement and the 2025 Huali Micro Clean Room Lease to renew certain existing continuing connected transactions.

#### **(a) The 2025 Huahong Group Framework Agreement**

The 2024 Huahong Group Framework Agreement will expire on 31 December 2024. As the Group intends to continue (i) selling semiconductor products to Huahong Group Companies and (ii) purchasing materials and other semiconductor products from Huahong Group Companies in the year of 2025 as part of the Group's ordinary course of business, on 30 December 2024, the Company and Huahong Group entered into the 2025 Huahong Group Framework Agreement for the purpose of regulating such transactions for the period commencing on 1 January 2025 to 31 December 2025 (both dates inclusive).

**(b) The 2025 Huajin Property Management Agreement**

The 2024 Huajin Property Management Agreement will expire on 31 December 2024. On 30 December 2024, as part of the Group's ordinary course of business, HHGrace entered into the 2025 Huajin Property Management Agreement with Huajin Property Management to continue engaging Huajin Property Management to provide property management services in respect of the Dormitory Premises leased by the Group for the period commencing on 1 January 2025 to 31 December 2025 (both dates inclusive).

**(c) The 2025 Huali Micro Clean Room Lease**

The 2024 Huali Micro Clean Room Lease will expire on 31 December 2024. On 30 December 2024, as part of the Group's ordinary course of business, HHGrace and Huali Micro entered into the 2025 Huali Micro Clean Room Lease, pursuant to which, as part of the Group's ordinary course of business, HHGrace has agreed to lease certain clean rooms in its factory premises to Huali Micro for the period commencing on 1 January 2025 to 31 December 2025 (both dates inclusive).

**Listing Rules Implications**

As at the date of this announcement, Huahong Group is a substantial Shareholder of the Company. Therefore, Huahong Group and the Huahong Group Companies, including Huali Micro, Hongri, Huahong Zealcore, Huahong Real Estate and Huajin Property Management, are connected persons of the Company.

Accordingly, (i) the 2025 Huahong Group Framework Agreement; (ii) the 2025 Huajin Property Management Agreement and (iii) the 2025 Huali Micro Clean Room Lease and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

**(a) The 2025 Huahong Group Framework Agreement**

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the Huahong Group Purchase Transactions Annual Cap and the Huahong Group Sales Transactions Annual Cap is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2025 Huahong Group Framework Agreement are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

**(b) The 2025 Huajin Property Management Agreement**

Since the Group is the tenant under the Huahong Real Estate Lease and the 2023 Dormitory Lease, and its payment obligations for rent and property management services under the Huahong Real Estate Lease, the 2023 Dormitory Lease and the 2025 Huajin Property Management Agreement are of similar nature, the continuing connected transactions contemplated thereunder will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules, and the proposed annual caps thereof will be aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps of the Huahong Real Estate Lease, the 2023 Dormitory Lease and the 2025 Huajin Property Management Agreement is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2025 Huajin Property Management Agreement, the 2023 Dormitory Lease and the Huahong Real Estate Lease are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

**(c) The 2025 Huali Micro Clean Room Lease and the Huali Micro Lease**

Since the Group acts as the landlord under the property leases with Huali Micro pursuant to the 2025 Huali Micro Clean Room Lease and the Huali Micro Lease, the continuing connected transactions contemplated thereunder will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules, and the proposed annual caps thereof will be aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps of the 2025 Huali Micro Clean Room Lease and the Huali Micro Lease is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2025 Huali Micro Clean Room Lease and the Huali Micro Lease are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **REVISION OF PURCHASE TRANSACTIONS ANNUAL CAP OF THE 2024 HUAHONG GROUP FRAMEWORK AGREEMENT**

The original Huahong Group Purchase Transactions Annual Cap under the 2024 Huahong Group Framework Agreement for the year ending 31 December 2024 is USD38,500,000.

The construction of the 12-inch (300 mm) wafer fab of Hua Hong Manufacturing, a non-wholly-owned subsidiary of the Company, has been completed earlier this year. Before commencing production, Hua Hong Manufacturing has started testing of its new production lines. In this connection, there has been an increasing demand from the Group in purchasing semiconductor products, including wafers, from Hongri, which suit the specifications of the new production lines. As such, the Group's purchase of semiconductor products from Hua Hong Group Companies in 2024 exceeds the Company's forecast. Accordingly, the Board is of the view that the original Huahong Group Purchase Transactions Annual Cap will not be sufficient to meet the expected transaction amount for the year ending 31 December 2024 under the 2024 Huahong Group Framework Agreement. Therefore, the Company intends to change such cap to USD40,425,000.

### **Listing Rules Implications**

Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the revised Huahong Group Purchase Transactions Annual Cap under the 2024 Huahong Group Framework Agreement for the year ending 31 December 2024 is above 0.1% but less than 5%, the purchase transactions contemplated under the 2024 Huahong Group Framework Agreement are only subject to the reporting, annual review and announcement requirements but are exempted from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **1. THE 2025 HUAHONG GROUP FRAMEWORK AGREEMENT**

Reference is made to the announcement of the Company dated 22 December 2023 in relation to the 2024 Huahong Group Framework Agreement.

The 2024 Huahong Group Framework Agreement will expire on 31 December 2024. As the Group intends to continue (i) selling semiconductor products to Huahong Group Companies and (ii) purchasing materials and other semiconductor products from Huahong Group Companies in the year of 2025, on 30 December 2024, the Company and Huahong Group entered into the 2025 Huahong Group Framework Agreement as part of the Group's ordinary course of business for the purpose of regulating such transactions.

### **1.1 Principal terms of the 2025 Huahong Group Framework Agreement**

|                         |  |
|-------------------------|--|
| Date:                   | 30 December 2024   |
| Parties:                | (i) The Company (on behalf of the Group); and<br>(ii) Huahong Group (on behalf of Huahong Group Companies).  |
| Term:                   | A term of one year from 1 January 2025 to 31 December 2025 (both dates inclusive).   |
| Nature of transactions: | (i) Sales to Huahong Group Companies <ul style="list-style-type: none"><li>The Group has agreed to sell semiconductor products, including wafers and IC, to Huahong Group Companies as part of the Company's ordinary course of business.</li></ul> (ii) Purchases from Huahong Group Companies <ul style="list-style-type: none"><li>The Group has agreed to purchase semiconductor products (including wafers), chemicals and other commodities from Huahong Group Companies as part of the Company's ordinary course of business.</li></ul> |
| Payment arrangement:    | Each sale and purchase transaction under the 2025 Huahong Group Framework Agreement will be confirmed by a purchase order or an invoice between the parties.   |

## **1.2 Pricing basis of sales transactions**

Although it is not part of the terms of the 2025 Huahong Group Framework Agreement, the Group follows its price quotation management system under its relevant internal standard operating procedure to determine the prices of the products to be sold under the 2025 Huahong Group Framework 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 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 ICs, wafers and other semiconductor products to be sold to Huahong Group Companies under the 2025 Huahong Group Framework Agreement are customized to meet the specific requirements of end customers, the actual demand of the end customers of Huahong Group Companies and the development of the chips application industry in the PRC will also affect the determination of the sales 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 sales transactions under the 2025 Huahong Group Framework Agreement shall be conducted on normal commercial terms. The relevant internal sales team of the Group will review the sales prices of the products under the 2025 Huahong Group Framework Agreement on a regular and ongoing basis.

## **1.3 Pricing basis of purchase transactions**

The purchase prices payable by the Group under the 2025 Huahong Group Framework 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 2025 Huahong Group Framework Agreement, the Group follows its relevant internal standard operating procedure to determine the purchase prices of the products under the 2025 Huahong Group Framework 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 2025 Huahong Group Framework Agreement on a regular and ongoing basis.

## 1.4 Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts received by the Group from Huahong Group Companies for selling semiconductor products during the periods below:

*(Unit: USD'000)*

| <b>Transaction amounts</b> | <b>For the year ended<br/>31 December<br/>2022<br/>(audited)</b> | <b>For the year ended<br/>31 December<br/>2023<br/>(audited)</b> | <b>For the eleven months ended<br/>30 November<br/>2024<br/>(unaudited)</b> |
|----------------------------|--|--|---|
| Hongri                     | 3,342  | 2,083  | 472   |
| Huahong Zealcore           | 9,711  | 18,495   | 16,441  |
| ICRD                       | 4,394  | N/A*   | N/A*  |
| <b>Total</b>               | <b>17,447</b>  | <b>20,578</b>  | <b>16,913</b>   |

\* Note: ICRD ceased to be a connected person of the Company since 1 January 2023.

The table below sets out the historical transaction amounts paid by the Group to Huahong Group Companies for purchasing commodities and semiconductor products during the periods below:

*(Unit: USD'000)*

| <b>Transaction amounts</b> | <b>For the year ended<br/>31 December<br/>2022<br/>(audited)</b> | <b>For the year ended<br/>31 December<br/>2023<br/>(audited)</b> | <b>For the eleven months ended<br/>30 November<br/>2024<br/>(unaudited)</b> |
|----------------------------|--|--|---|
| Hongri                     | 18,422   | 18,433   | 35,152  |
| Huahong Zealcore           | 825  | 801  | 693   |
| <b>Total</b>               | <b>19,247</b>  | <b>19,234</b>  | <b>35,845</b>   |

The table below sets out the existing annual caps under the 2024 Huahong Group Framework Agreement:

*(Unit: USD'000)*

| <b>Existing annual caps under the 2024<br/>Huahong Group Framework Agreement</b> | <b>For the<br/>year ended<br/>31 December<br/>2024</b> |
|--|--|
| Sales Transactions Annual Cap  | 29,320   |
| Purchase Transactions Annual Cap <i>(revised, see section 5 below)</i>           | 40,425   |

### **1.5 Proposed annual caps**

The table below sets out the Huahong Group Sales Transactions Annual Cap and the Huahong Group Purchase Transactions Annual Cap under the 2025 Huahong Group Framework Agreement for the year ended 31 December 2025:

*(Unit: USD'000)*

|  | <b>For the<br/>year ended<br/>31 December<br/>2025</b> |
|--|--|
| Huahong Group Sales Transactions Annual Cap    | 30,790   |
| Huahong Group Purchase Transactions Annual Cap | 55,050   |

In arriving at the Huahong Group Sales Transactions Annual Cap, the Directors considered:

- (a) the historical transaction values and volumes of the products sold to Hongri and Huahong Zealcore, including wafers, ICs and other semiconductor products;
- (b) the expected growth of orders from Hongri, Huahong Zealcore and other Huahong Group Companies (if any) during the year ending 31 December 2025, as the Company continues to see strong market demand for the aforesaid products;
- (c) the expected change in sale price and sale volume in light of (b) above and the general market trend of price hike in the past few years;
- (d) the expected increase in the production capacity of the Group in the coming year; and
- (e) a 5% buffer to cater for any *ad hoc* sale transactions with Huahong Group Companies (if any) that would arise during the course of 2025.



In arriving at the Huahong Group Purchase Transactions Annual Cap, the Directors considered:

- (a) the historical transaction values and volumes of the products purchased from Hongri and Huahong Zealcore, including semiconductor products, chemicals and other commodities;
- (b) the surging need for the Group to source more wafers, chemicals and other commodities from Huahong Group Companies to support the expansion of its production capacity in 2025 and to conduct testing in preparation of the expected commencement of production of the new 12-inch (300 mm) wafer fab of Hua Hong Manufacturing in the coming year. Meanwhile, the wafers supplied by Hongri better suit the specifications required by the Group and are of better quality and pricing than similar products offered by other overseas suppliers;
- (c) the estimated volume of wafers, chemicals and other commodities that Huahong Group Companies can supply;
- (d) the relevant wafers, chemicals and other commodities which can be provided by other independent suppliers; and
- (e) a 5% buffer to cater for any *ad hoc* purchase transactions with Huahong Group Companies (if any) that would arise during the course of 2025.

#### **1.6 Reasons for and benefits of entering into the 2025 Huahong Group Framework Agreement**

The Group has established a stable and longstanding business relationship with Huahong Group. As part of its ordinary and usual course of business, the Group has been (i) selling wafers, ICs and other semiconductor products to Hongri and Huahong Zealcore respectively, and (ii) purchasing wafers and chemicals from Hongri and Huahong Zealcore respectively to support the manufacturing processes of semiconductors. In view of the gradual recovery of the market demand of semiconductor products, the Company expects that such transactions with Huahong Group Companies will continue in 2025. The Company believes that it is beneficial to continue consolidating the multiple transactions with different Huahong Group Companies into one framework agreement for administrative efficiency and ease by renewing the 2024 Huahong Group Framework Agreement.

Having reviewed the terms of the 2025 Huahong Group Framework Agreement, the Directors (including the Independent Non-Executive Directors) are of the view that:

- (i) the terms of the 2025 Huahong Group Framework Agreement are fair and reasonable;
- (ii) the entering into of the 2025 Huahong Group Framework Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and
- (iii) the entering into of the 2025 Huahong Group Framework Agreement is in the interest of the Company and its Shareholders as a whole.

## **2. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO LEASED PROPERTIES OF THE GROUP**

Reference is made to the Prospectus and the announcement of the Company dated 22 December 2023 in relation to, inter alia, (i) the continuing connected transactions between the Group and Huahong Real Estate under the Huahong Real Estate Lease for a term of 20 years; (ii) the 2023 Dormitory Lease; and (iii) the 2024 Huajin Property Management Agreement which will expire on 31 December 2024.

Since the Huahong Real Estate Lease remains effective until 31 December 2033 and the Group will continue carrying out the transactions contemplated thereunder in its ordinary and usual course of business, the Group continues to engage Huajin Property Management to provide property management services for the Dormitory Premises and therefore agreed to enter into the 2025 Huajin Property Management Agreement.

### **2.1 The 2025 Huajin Property Management Agreement**

|                         |  |
|-------------------------|--|
| Date:                   | 30 December 2024   |
| Parties:                | (i) HHGrace; and<br>(ii) Huajin Property Management.   |
| Term:                   | From 1 January 2025 to 31 December 2025 (both dates inclusive).  |
| Nature of transactions: | The Group will engage Huajin Property Management to provide property management services for the Dormitory Premises. The total gross floor area of the Dormitory Premises is 27,390.04 square meters.  |
| Pricing basis:          | The parties have agreed to (i) a monthly management fee of approximately RMB177,487.46, which includes a basic monthly fee of RMB6.48 per square meter of the Dormitory Premises; (ii) a monthly security and maintenance fee of RMB47,466.67; (iii) a monthly rental of RMB24,900 for 83 parking lots, each for RMB300; and (iv) IPTV, internet connection, sewage, electricity, garbage and other miscellaneous fee to be paid as incurred, which are determined after arm's length negotiation with reference to (a) management fee rates for similar and comparable buildings to the Dormitory Premises and (b) the utility fees in the PRC. |

## 2.2 Historical amounts and the existing annual caps

The table below sets out the historical transaction amounts paid by the Group to Huahong Real Estate under the Huahong Real Estate Lease, the 2022 Dormitory Lease, the 2023 Dormitory Lease, the 2021 Huajin Management Agreement, the 2022 Huajin Management Agreement, the 2023 Huajin Management Agreement and the 2024 Huajin Property Management Agreement during the periods indicated below and the respective annual caps:

*(Unit: RMB'000)*

| <b>Transaction amounts</b>                   | <b>For the year<br/>ended<br/>31 December<br/>2022<br/>(audited)</b> | <b>For the year<br/>ended<br/>31 December<br/>2023<br/>(audited)</b> | <b>For the eleven<br/>months ended<br/>30 November<br/>2024<br/>(unaudited)</b> |
|--|--|--|---|
| Huahong Real Estate Lease                    | 11,504   | 11,504   | 10,545  |
| 2022 Dormitory Lease                         | 1,662  | N/A  | N/A   |
| 2023 Dormitory Lease                         | N/A  | 6,285  | 6,063   |
| 2021 Huajin Management<br>Agreement          | 2,445  | N/A  | N/A   |
| 2022 Huajin Management<br>Agreement          | 268  | N/A  | N/A   |
| 2023 Huajin Management<br>Agreement          | N/A  | 3,993  | N/A   |
| 2024 Huajin Property<br>Management Agreement | N/A  | N/A  | 3,687   |
|  | <u>15,879</u>  | <u>21,782</u>  | <u>20,295</u>   |

(Unit: RMB'000)

| <b>Annual caps</b>                           | <b>For the year<br/>ended<br/>31 December<br/>2022</b> | <b>For the year<br/>ended<br/>31 December<br/>2023</b> | <b>For the year<br/>ended<br/>31 December<br/>2024</b> |
|--|--|--|--|
| Huahong Real Estate Lease                    | 12,000   | 12,700   | 12,700   |
| 2022 Dormitory Lease                         | 1,800  | N/A  | N/A  |
| 2023 Dormitory Lease                         | N/A  | 7,300  | 7,300  |
| 2021 Huajin Management<br>Agreement          | 4,000  | N/A  | N/A  |
| 2022 Huajin Management<br>Agreement          | 450  | N/A  | N/A  |
| 2023 Huajin Management<br>Agreement          | N/A  | 5,700  | N/A  |
| 2024 Huajin Property<br>Management Agreement | N/A  | N/A  | 5,700  |
|  | <u>18,250</u>  | <u>25,700</u>  | <u>25,700</u>  |

### 2.3 Proposed new annual caps

The table below sets out the proposed annual cap under the 2025 Huajin Property Management Agreement, together with the existing annual caps for the transactions with Huahong Real Estate under the Huahong Real Estate Lease and the 2023 Dormitory lease in respect of the year ending 31 December 2025:

(Unit: RMB'000)

| <b>Annual caps</b>                                       | <b>For the year<br/>ended<br/>31 December<br/>2025</b> |
|--|--|
| Huahong Real Estate Lease ( <i>existing</i> )            | 12,700   |
| 2023 Dormitory Lease ( <i>existing</i> )                 | 7,300  |
| 2025 Huajin Property Management Agreement ( <i>new</i> ) | 5,700  |
| Total  | <u>25,700</u>  |

In arriving at the annual cap for the 2025 Huajin Property Management Agreement, the Directors have considered:

- (i) the actual historical transaction amounts for various management agreements entered into with Huajin Property Management from 2022 to 2024; and
- (ii) the prevailing market rates of management fees of similar and comparable buildings in neighbouring areas.

Since the Group is the tenant under the Huahong Real Estate Lease and the 2023 Dormitory Lease, and its payment obligations for rent and property management services under the Huahong Real Estate Lease, the 2023 Dormitory Lease and the 2025 Huajin Property Management Agreement are of similar nature, such transactions thereunder will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules, and the proposed annual caps above will be aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

#### **2.4 Reasons for and benefits of entering into the 2025 Huajin Property Management Agreement**

Given (i) the Dormitory Premises are in an ideal location in close proximity with the Group's principal place of business and (ii) the importance of the Dormitory Premises housing the Group's employees and providing staff quarters to the Group, the Directors considered that it is both essential and beneficial for the Group to enter into the 2025 Huajin Property Management Agreement with Huajin Property Management.

Having reviewed the terms and the pricing basis of the 2025 Huajin Property Management Agreement, the Directors (including the Independent Non-Executive Directors) are of the view that:

- (i) the terms of the 2025 Huajin Property Management Agreement are fair and reasonable;
- (ii) the entering into of the 2025 Huajin Property Management Agreement is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and
- (iii) the entering into of the 2025 Huajin Property Management Agreement is in the interest of the Company and its Shareholders as a whole.

### 3. CONTINUING CONNECTED TRANSACTIONS IN RELATION TO PROPERTIES OF THE GROUP LEASED TO HUALI MICRO

Reference is made to (i) the Prospectus and (ii) the announcement of the Company dated 22 December 2023, in relation to, inter alia, the continuing connected transactions between the Group and Huali Micro under the Huali Micro Lease and the 2024 Huali Micro Clean Room Lease.

HHGrace and Huali Micro has entered into the 2025 Huali Micro Clean Room Lease on 30 December 2024, pursuant to which, as part of the Group's ordinary course of business, HHGrace has agreed to lease certain clean rooms in its factory premises to Huali Micro to accommodate Huali Micro's need to house its specialised equipment for the development of its new process for their 300mm wafer production line.

#### 3.1 The 2025 Huali Micro Clean Room Lease

|                         |   |
|-------------------------|---|
| Date:                   | 30 December 2024  |
| Parties:                | (i) HHGrace; and<br>(ii) Huali Micro.   |
| Term:                   | 1 January 2025 to 31 December 2025 (both days inclusive).   |
| Nature of transactions: | HHGrace agreed to lease certain clean rooms in its factory premises with total gross floor area of 192 square meters.                               |
| Pricing basis:          | The total monthly fee payable by Huali Micro to HHGrace will be RMB404,491.54 (inclusive of value-added tax), the breakdown of which is as follows: |

*(Unit: RMB)*

|                             | Monthly fee<br>(exclusive<br>of Value-<br>added tax) | value-<br>added tax<br>rate | Monthly fee<br>(inclusive<br>of value-<br>added tax) |
|-----------------------------|--|-----------------------------|--|
| Rent                        | 116,800.00   | 9%                          | 127,312.00   |
| Property administrative fee | 950.00   | 6%                          | 1,007.00   |
| Utility fee                 | 175,785.99   | 13%                         | 198,638.17   |
| Special gas fee             | 23,942.70  | 13%                         | 27,055.26  |
| Management fee              | 47,621.80  | 6%                          | 50,479.11  |
| Total                       | <u>365,100.50</u>                                    |                             | <u>404,491.54</u>                                    |

The rental payable by Huali Micro to HHGrace is determined after arm's length negotiation with reference to the rental for clean rooms similar and comparable to those leased to Huali Micro under the 2025 Huali Micro Clean Room Lease. The property administrative fee, utility fee, special gas fee and management fee are determined after arm's length negotiation with reference to the relevant prevailing PRC market rates and based on the estimated usage of the utility services, the number of specialised equipment housed in the clean rooms and projected volume of chemicals arising from the operation of the specialised equipment by Huali Micro.

### 3.2 Historical transaction amounts and existing annual caps

The table below sets out the historical transaction amounts received by the Group from Huali Micro under the Huali Micro Lease and the 2024 Huali Micro Clean Room Lease during the periods indicated below and the respective existing annual caps:

*(Unit: RMB'000)*

| <b>Transaction amounts</b>        | <b>For the<br/>year ended<br/>31 December<br/>2022<br/>(audited)</b> | <b>For the<br/>year ended<br/>31 December<br/>2023<br/>(audited)</b> | <b>For the eleven<br/>months ended<br/>30 November<br/>2024<br/>(unaudited)</b> |
|-----------------------------------|--|--|---|
| Huali Micro Lease                 | 95,809   | 97,189   | 90,435  |
| 2023 Huali Micro Clean Room Lease | N/A  | 1,402  | N/A   |
| 2024 Huali Micro Clean Room Lease | N/A  | N/A  | 1,285   |
|                                   | <u>95,809</u>  | <u>98,591</u>  | <u>91,720</u>   |

*(Unit: RMB'000)*

| <b>Annual caps</b>                | <b>For the<br/>year ended<br/>31 December<br/>2022</b> | <b>For the<br/>year ended<br/>31 December<br/>2023</b> | <b>For the<br/>year ended<br/>31 December<br/>2024</b> |
|-----------------------------------|--|--|--|
| Huali Micro Lease                 | 107,000  | 99,000   | 103,000  |
| 2023 Huali Micro Clean Room Lease | N/A  | 4,200  | N/A  |
| 2024 Huali Micro Clean Room Lease | N/A  | N/A  | 5,316  |
|                                   | <u>107,000</u>   | <u>103,200</u>   | <u>108,316</u>   |

### 3.3 Proposed annual cap for the 2025 Huali Micro Clean Room Lease

The table below sets out the proposed annual cap under the 2025 Huali Micro Clean Room Lease together with the existing annual caps for the leasing transactions with Huali Micro under the Huali Micro Lease in respect of the year ending 31 December 2025:

(Unit: RMB'000)

|  | <b>For the<br/>year ended<br/>31 December<br/>2025</b> |
|--|--|
| <b>Annual caps</b>                               |  |
| Huali Micro Lease ( <i>existing</i> )            | 107,000  |
| 2025 Huali Micro Clean Room Lease ( <i>new</i> ) | <u>5,000</u>   |
|  | <u><u>112,000</u></u>                                  |

The proposed new annual cap under the 2025 Huali Clean Room Lease has been determined with reference to the total monthly fee payable by Huali Micro to HHGrace (exclusive of value-added tax) thereunder.

Since the Group's property leases with Huali Micro under the Huali Micro Lease and the 2025 Huali Clean Room Lease are of similar nature, and the Group acts as the landlord under both leases, such transactions thereunder will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules, and the proposed annual caps thereof will be aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

### 3.4 Reasons for and benefits of entering into the 2025 Huali Micro Clean Room Lease

The lease of fab space from the Group to Huali Micro is a critical part of the Group's strategic investment in 300mm wafer manufacturing capacity. Given Huali Micro's need to store and operate its specialised equipment for the development of its new process in relation to the wafer production process, the Company proposes to lease certain clean rooms to Huali Micro in addition to the existing Huali Micro Lease.

Given (i) the strategic importance of the Group's investment in Huali Micro's wafer production line; (ii) the synergy effect expected to be generated from housing the production line in the Group's fab; and (iii) the substantial investment involved in building the 300mm wafer fabrication project at the relevant property, the Directors considered that it is both essential and beneficial for the Group to enter into the 2025 Huali Micro Clean Room Lease.



Having reviewed the terms of the 2025 Huali Micro Clean Room Lease, the Directors (including the Independent Non-Executive Directors) consider that:

- (i) the terms of the 2025 Huali Micro Clean Room Lease are fair and reasonable;
- (ii) the entering into of the 2025 Huali Micro Clean Room Lease is on normal commercial terms or better and in the ordinary and usual course of business of the Group; and
- (iii) the entering into of the 2025 Huali Micro Clean Room Lease is in the interest of the Company and its Shareholders as a whole.

#### **4. LISTING RULES IMPLICATIONS OF RENEWING THE EXISTING CONTINUING CONNECTED TRANSACTIONS**

As at the date of this announcement, Huahong Group is a substantial Shareholder of the Company. Therefore, Huahong Group and the Huahong Group Companies, including Huali Micro, Hongri, Huahong Zealcore, Huahong Real Estate and Huajin Property Management are connected persons of the Company.

Accordingly, (i) the 2025 Huahong Group Framework Agreement; (ii) the 2025 Huajin Property Management Agreement and (iii) the 2025 Huali Micro Clean Room Lease and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

For the avoidance of doubt, given China IC Fund is no longer a substantial Shareholder of the Company as at the date of this announcement, Hua Hong Wuxi has ceased to be a connected subsidiary of the Company and any transactions entered into between the Group and Hua Hong Wuxi will not be regarded as a connected transaction.

##### **4.1 The 2025 Huahong Group Framework Agreement**

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of each of the Huahong Group Purchase Transactions Annual Cap and the Huahong Group Sales Transactions Annual Cap is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2025 Huahong Group Framework Agreement are only subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

##### **4.2 The 2025 Huajin Property Management Agreement**

Since the Group is the tenant under the Huahong Real Estate Lease and the 2023 Dormitory Lease, and its payment obligations for rent and property management services under the Huahong Real Estate Lease, the 2023 Dormitory Lease and the 2025 Huajin Property Management Agreement are of similar nature, the continuing connected transactions contemplated thereunder will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules, and the proposed annual caps thereof will be aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps of the Huahong Real Estate Lease, the 2023 Dormitory Lease and the 2025 Huajin Property Management Agreement is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2025 Huajin Property Management Agreement, the 2023 Dormitory Lease and the Huahong Real Estate Lease are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

### **4.3 The 2025 Huali Micro Clean Room Lease and the Huali Micro Lease**

Since the Group acts as the landlord under the property leases with Huali Micro pursuant to the 2025 Huali Micro Clean Room Lease and the Huali Micro Lease, the continuing connected transactions contemplated thereunder will be aggregated and treated as if they were one transaction pursuant to Rules 14A.82(1) and 14A.83 of the Listing Rules, and the proposed annual caps thereof will be aggregated for the purpose of calculating the relevant percentage ratios under Chapter 14A of the Listing Rules.

As each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the aggregated annual caps of the 2025 Huali Micro Clean Room Lease and the Huali Micro Lease is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2025 Huali Micro Clean Room Lease and the Huali Micro Lease are only subject to the reporting, announcement and annual review requirements but are exempt from the independent Shareholders' approval requirement 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. Except for Mr. Suxin Zhang, Mr. Junjun Tang, Mr. Guodong Sun, Ms. Chengyan Xiong and Mr. Limin Zhou and Mr. Jun Ye, who were required to abstain from voting pursuant to the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, no Director was required to abstain from voting at the Board meeting.

## **5. REVISION OF HUAHONG GROUP PURCHASE TRANSACTIONS ANNUAL CAP FOR THE YEAR ENDING 31 DECEMBER 2024**

### **5.1 Background**

Reference is made to the announcement of the Company dated 22 December 2023 (the "**Announcement**") in relation to, amongst others, the 2024 Huahong Group Framework Agreement dated 22 December 2023 entered into between the Company (on behalf of the Group) and Huahong Group (on behalf of Huahong Group Companies) for a term of one year from 1 January 2024 to 31 December 2024 (both dates inclusive), pursuant to which, amongst others, the Group has agreed to purchase semiconductor products (including wafers), chemicals and other commodities from Huahong Group as part of the Company's ordinary course of business.

The construction of the 12-inch (300 mm) wafer fab of Hua Hong Manufacturing, a non-wholly-owned subsidiary of the Company, has been completed earlier this year. Before commencing production, Hua Hong Manufacturing has started testing of its new production lines. In this connection, there has been an increasing demand from the Group in purchasing semiconductor products, including wafers, from Hongri, which suit the specifications of the new production lines. As such, the Group's purchase of semiconductor products from Hua Hong Group Companies in 2024 exceeds the Company's forecast. To this end, the Board is of the view that the original Huahong Group Purchase Transactions Annual Cap will not be sufficient to meet the expected transaction amount for the year ending 31 December 2024 under the 2024 Huahong Group Framework Agreement, and such cap should be revised upward accordingly.

Save for the revision of the purchase transactions annual cap as described below, the terms of the 2024 Huahong Group Framework Agreement have not been changed or modified in any aspect and the major terms thereof were set out in the section headed "1.1 Principal terms of the 2024 Huahong Group Framework Agreement" in the Announcement. The pricing basis of purchase transactions under the 2024 Huahong Group Framework Agreement as set out in the section headed "1.3 Pricing basis of purchase transactions" in the Announcement also remains unchanged.

## **5.2 Historical transaction amounts and the original Huahong Group Purchase Transactions Annual Cap**

As disclosed in section 1.4 above, the amount of purchases from Huahong Group Companies under the 2024 Huahong Group Framework Agreement for the period commencing on 1 January 2024 and ending on 30 November 2024 was approximately USD35,845,000, representing approximately 93.10% of the original Huahong Group Purchase Transactions Annual Cap (i.e. USD38,500,000).

As at the date of this announcement, the original Huahong Group Purchase Transactions Annual Cap for the year ending 31 December 2024 has not been exceeded.

## **5.3 Revised Huahong Group Purchase Transactions Annual Cap for 2024**

The Company proposes that the Huahong Group Purchase Transactions Annual Cap for the year ending 31 December 2024 be revised upward for 5% to USD40,425,000.

## **5.4 Basis for Determining the Revised Huahong Group Purchase Transactions Annual Cap**

In arriving at the revised Huahong Group Purchase Transactions Annual Cap for 2024, the Directors considered:

- (i) the historical purchase transaction amounts and volumes of products purchased from Huahong Zealcore and Hongri during 2024 under the 2024 Huahong Group Framework Agreement;
- (ii) the estimated volume of purchases of the relevant semiconductor products from Huahong Zealcore and Hongri which the Group expects to be delivered and accepted by the end of 2024; and

- (iii) the need for the Group to source more wafers, chemicals and other commodities from Huahong Group Companies to support the testing of Hua Hong Manufacturing's new fab; and
- (iv) the relevant wafers, chemicals and other commodities which can be provided by other independent suppliers.

## **5.5 Reasons for and Benefits of Revising the Huahong Group Purchase Transactions Annual Cap**

The construction of the 12-inch (300 mm) wafer fab of Hua Hong Manufacturing, a non-wholly-owned subsidiary of the Company, has been completed earlier this year. Before commencing production, Hua Hong Manufacturing has started testing of its new production lines. In this connection, there has been an increasing demand from the Group in purchasing semiconductor products, including wafers, from Hongri, which suit the specifications of the new production lines. As at 30 November 2024, approximately 93.10% of the original Huahong Group Purchase Transactions Annual Cap was utilized. The Company expects to further purchase from Hongri for the remaining time of the year, which leads to an increase in the annual transaction amount of purchases from Huahong Group Companies.

Accordingly, the Board is of the view that the original Huahong Group Purchase Transactions Annual Cap will not be sufficient to meet the expected transaction amount for the year ending 31 December 2024 under the 2024 Huahong Group Framework Agreement, and such cap should be revised upward accordingly. An increase in such annual cap allows Hua Hong Manufacturing to conduct the prerequisite testing of its wafer fab to ensure a smooth commencement of production in 2025 in accordance with the construction schedule set out in the Company's circular dated 24 February 2023.

The Directors (including the independent non-executive Directors) are of the view that (i) the terms of the 2024 Huahong Group Framework Agreement and the revised Huahong Group Purchase Transactions Annual Cap are fair and reasonable; (ii) the terms of the 2024 Huahong Group Framework Agreement are on normal commercial terms or better and the transactions thereunder are and will continue to be conducted in the ordinary and usual course of business of the Group; and (iii) the terms of the 2024 Huahong Group Framework Agreement and the revision of the Huahong Group Purchase Transactions Annual Cap are in the interest of the Company and its Shareholders as a whole.

## **5.6 Implications under the Listing Rules**

As disclosed above, the transactions contemplated under the 2024 Huahong Group Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Since each of the applicable percentage ratios set out in Rule 14.07 of the Listing Rules in respect of the Huahong Group Purchase Transactions Annual Cap under the 2024 Huahong Group Framework Agreement for the year ending 31 December 2024 is above 0.1% but less than 5%, the purchase transactions contemplated under the 2024 Huahong Group Framework Agreement are only subject to the reporting, annual review and announcement requirements but are exempted from the circular 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. Except for Mr. Suxin Zhang, Mr. Junjun Tang, Mr. Guodong Sun, Ms. Chengyan Xiong and Mr. Limin Zhou and Mr. Jun Ye, who were required to abstain from voting pursuant to the Rules Governing the Listing of Stocks on the Science and Technology Innovation Board of the Shanghai Stock Exchange, no Director was required to abstain from voting at the Board meeting.

## **6. INFORMATION ABOUT THE PARTIES**

### **6.1 The Company**

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

### **6.2 Huahong Group**

Huahong Group is a high-tech industry group which primarily focuses on IC manufacturing, research and development of advanced IC manufacturing process, IC systems integration and application services, sale of electronic components and overseas venture capital investment. For details of other Huahong Group Companies the transactions with which are to be governed by the 2025 Huahong Group Framework Agreement, please refer to the announcements of the Company dated 31 December 2021 and 2 March 2022.

### **6.3 Huali Micro**

Huali Micro is 53.85% owned by Huahong Group. Huali Micro's principal business is developing and operating a 300mm wafer fab.

### **6.4 Huahong Real Estate**

Huahong Real Estate is a wholly-owned subsidiary of Huahong Technology Development, a company 50% held by and consolidated with Huahong Group, a substantial Shareholder of the Company, and 50% held by HHGrace, a wholly-owned subsidiary of the Company. Huahong Real Estate's principal business is real estate development, operation, property management, interior design, construction, sales of building material and management of car parks of real estate projects.

### **6.5 Huajin Property Management**

Huajin Property Management is a wholly-owned subsidiary of Huahong Technology Development, a company 50% held by and consolidated with Huahong Group, a substantial Shareholder of the Company, and 50% held by HHGrace, a wholly-owned subsidiary. Huajin Property Management's principal business is in property management.

### **6.6 Hua Hong Manufacturing**

Hua Hong Manufacturing is a company incorporated in the PRC on 17 June 2022 and a non-wholly owned subsidiary of the Company. Hua Hong Manufacturing's principal business is to engage in the design, research, manufacturing, testing, packaging and sale of integrated circuits fabricated on 12-inch (300mm) wafers.

## 6.7 HHGrace

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

## 7. DEFINITIONS

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

|  |   |
|--|---|
| “2021 Huajin Management Agreement”       | the property management agreement entered into between the Group and Huajin Property Management on 31 December 2020 to extend the 2020 Huajin Management Agreement for two years ending 31 December 2022  |
| “2022 Dormitory Lease”                   | the lease agreement entered into between HHGrace and Huahong Real Estate dated 7 September 2022 regarding the lease of part of the Dormitory Premises to HHGrace, details of which have been set out in the Company's announcement on 7 September 2022  |
| “2022 Huajin Management Agreement”       | the property management agreement entered into between the Group and Huajin Property Management on 7 September 2022, pursuant to which the Group engaged Huajin Property Management to provide property management services in respect of the premises under the 2022 Dormitory Lease from the date thereof to 31 December 2022 |
| “2023 Dormitory Lease”                   | the lease agreement entered into between HHGrace and Huahong Real Estate dated 30 December 2022 to extend the 2022 Dormitory Lease and rent additional areas for three years ending 31 December 2025, details of which have been set out in the Company's announcement on 30 December 2022                                      |
| “2023 Huajin Management Agreement”       | the property management agreement entered into between the Group and Huajin Property Management on 30 December 2022, pursuant to which the Group engaged Huajin Property Management to provide property management services in respect of the Dormitory Premises for the year ending 31 December 2023                           |
| “2024 Huahong Group Framework Agreement” | the framework agreement dated 22 December 2023 entered into between the Company and Huahong Group to regulate the sales and purchase transactions and provision of services between the Group and Huahong Group Companies for the year ending 31 December 2024  |

|   |   |
|---|---|
| “2024 Huajin Property Management Agreement” | the property management agreement entered into between the Group and Huajin Property Management on 22 December 2023, pursuant to which the Group engaged Huajin Property Management to provide property management services in respect of the Dormitory Premises for the year ending 31 December 2024     |
| “2024 Huali Micro Clean Room Lease”         | the lease agreement entered into between HHGrace and Huali Micro on 22 December 2023, pursuant to which HHGrace agreed to lease certain clean rooms to Huali Micro for a term of one year commencing on 1 January 2024  |
| “2025 Huahong Group Framework Agreement”    | the framework agreement dated 30 December 2024 entered into between the Company and Huahong Group to regulate the sales and purchase transactions and provision of services between the Group and Huahong Group Companies for the year ending 31 December 2025  |
| “2025 Huajin Property Management Agreement” | the property management agreement entered into between the Group and Huajin Property Management on 30 December 2024, pursuant to which the Group will engage Huajin Property Management to provide property management services in respect of the Dormitory Premises for the year ending 31 December 2025 |
| “2025 Huali Micro Clean Room Lease”         | the lease agreement entered into between HHGrace and Huali Micro on 30 December 2024, pursuant to which HHGrace agreed to lease certain clean rooms to Huali Micro for a term of one year commencing on 1 January 2025  |
| “Associate(s)”                              | has the meaning 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 ceased to be a substantial Shareholder of the Company (as defined under the Listing Rules) on 28 June 2024  |
| “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)”                       | has the same meaning as ascribed to it under the Listing Rules  |
| “Director(s)”                               | the director(s) of the Company  |

|                           |  |
|---------------------------|--|
| “Dormitory Premises”      | dormitory premises of a total gross floor area 27,390.04 square meters and their associated parking lots situated at Hua Hong Innovation Park, Nong 2777, Jinxiu Road East, Pudong New Area, Shanghai, PRC   |
| “Factory Premise”         | the factory premise situated at Hill 2, 13th Street, Zhangjiang Hi-Tech Park, Pudong New Area, Shanghai, PRC   |
| “Group”                   | the Company and its subsidiaries   |
| “HHGrace”                 | Shanghai Huahong Grace Semiconductor Manufacturing Corporation (上海華虹宏力半導體製造有限公司), a wholly-owned subsidiary of the Company   |
| “Hong Kong”               | Hong Kong Special Administrative Region of the PRC   |
| “Hongri”                  | Shanghai Hua Hong Hongri Electronics Co., Ltd. (上海華虹虹日電子有限公司), previously known as Shanghai Hongri International Electronics Co., Ltd. until 16 December 2021, a company owned as to 51% by Huahong Group and a connected person of the Company  |
| “Hua Hong Manufacturing”  | 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   |
| “Hua Hong Wuxi”           | Hua Hong Semiconductor (Wuxi) Co., Ltd. (華虹半導體(無錫)有限公司), a company incorporated in the PRC on 10 October 2017 and a non-wholly owned subsidiary of the Company   |
| “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. It is ultimately owned as to 59.48%, 15.37%, 15.37% and 9.78% by Shanghai SASAC, 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 (Group) Co., Ltd. (上海儀電(集團)有限公司), respectively, all of which are wholly-owned subsidiaries of Shanghai SASAC |
| “Huahong Group Companies” | Huahong Group, its subsidiaries and Associates   |



|  |   |
|--|---|
| “Huahong Group Purchase Transactions Annual Cap” | the annual cap in respect of the purchase transactions under the 2025 Huahong Group Framework Agreement for the year ending 31 December 2025  |
| “Huahong Group Sales Transactions Annual Cap”    | the annual cap in respect of the sales transactions under the 2025 Huahong Group Framework Agreement for the year ending 31 December 2025   |
| “Huahong Real Estate”                            | Shanghai Huahong Real Estate Co., Ltd. (上海華虹置業有限公司), a company incorporated in the PRC on 28 October 2011, a wholly owned subsidiary of Huahong Technology Development, and a connected person of the Company   |
| “Huahong Real Estate Lease”                      | the lease agreement entered into between the Group and Huahong Real Estate on 10 January 2013, supplemented by a supplemental agreement entered into on 10 June 2014, pursuant to which the Group leased 17,412.87 square meters of the Dormitory Premises from Huahong Real Estate for a term of 20 years effective from 1 January 2014. Please refer to the Company’s announcement dated 30 December 2022 for further details and its annual caps |
| “Huahong Technology Development”                 | Shanghai Huahong Technology Development Co., Limited (上海華虹科技發展有限公司), a company incorporated in the PRC on 10 May 2010, a company 50% held by and consolidated with Huahong Group and 50% held by HHGrace  |
| “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  |
| “Huajin Property Management”                     | Huajin Property Management Co., Ltd (上海華錦物業管理有限公司), a company incorporated in the PRC on 8 June 2012, a wholly owned subsidiary of Huahong Technology Development, and a connected person of the Company  |
| “Huali Micro”                                    | Shanghai Huali Microelectronic Co. Ltd (上海華力微電子有限公司), a company incorporated in the PRC on 18 January 2010 which is 53.85% owned by Huahong Group and is a connected person of the Company  |
| “Huali Micro Lease”                              | the Huali Micro Lease Agreement and the Huali Micro Lease Supplemental Agreements   |

|   |   |
|---|---|
| “Huali Micro Lease Agreement”               | the lease agreement entered into between the Group and Huali Micro on 25 February 2010, pursuant to which the Group leased the Factory Premise to Huali Micro for a term of 20 years commencing on 1 March 2010   |
| “Huali Micro Lease Supplemental Agreements” | the supplemental agreements between the Group and Huali Micro dated 10 June 2011 and 25 July 2014, pursuant to which the lease to Huali Micro was extended to include the leasing of warehouse space with gross floor area of up to 4,536.1 square meters for a term of 20 years, commencing on 1 July 2014 |
| “IC”  | integrated circuit(s)   |
| “ICRD”                                      | Shanghai Integrated Circuit Research and Development Center (上海集成電路研發中心有限公司), which ceased to be a connected person of the Company since 1 January 2023   |
| “Listing Rules”                             | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited  |
| “PRC”                                       | the People’s Republic of China, but for the purposes of this announcement only, excluding Hong Kong, Macau and Taiwan   |
| “Prospectus”                                | the Company’s prospectus dated 3 October 2014   |
| “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”                              | holder(s) of Shares   |
| “Shares”                                    | shares of the Company   |
| “Stock Exchange”                            | The Stock Exchange of Hong Kong Limited   |
| “Subsidiary(ies)”                           | has the meaning ascribed to it under the Listing Rules  |

|       |  |
|-------|--|
| “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*

\* *For identification purpose only*

Hong Kong, 30 December 2024

*As at the date of this announcement, the directors of the Company are:*

***Executive Directors:***

Suxin Zhang (*Chairman*)

Junjun Tang (*President*)

***Non-Executive Directors:***

Jun Ye

Guodong Sun

Limin Zhou

Chengyan Xiong

***Independent Non-Executive Directors:***

Stephen Tso Tung Chang

Kwai Huen Wong, JP

Songlin Feng