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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: 01347)

CONTINUING CONNECTED TRANSACTIONS IN RELATION TO (1) RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

AND

(2) PROPOSED NEW ANNUAL CAPS OF THE HUAHONG REAL ESTATE LEASE AND THE HUALI MICRO LEASE

Reference is made to the announcements of the Company dated (i) 30 December 2022 in relation to the 2023 Dormitory Lease; (ii) 30 December 2024 in relation to the 2025 Huahong Group Framework Agreement, the 2025 Huajin Property Management Agreement and the 2025 Huali Micro Clean Room Lease; and (iii) 31 August 2025 in relation to the Proposed Acquisition.

The Board is pleased to announce that, on 30 December 2025, the Group has entered into the 2026 Huahong Group Framework Agreement, the 2026 Dormitory Lease, the 2026 Huajin Property Management Agreement and the 2026 Huali Micro Clean Room Lease to renew certain existing continuing connected transactions. The Board has also proposed new annual caps for the Huahong Real Estate Lease and the Huali Micro Lease, both of which have a term of 20 years as disclosed in the Prospectus.

RENEWAL OF EXISTING CONTINUING CONNECTED TRANSACTIONS

(a) The 2026 Huahong Group Framework Agreement

The 2025 Huahong Group Framework Agreement will expire on 31 December 2025. 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 2026 as part of the Group's ordinary course of business, on 30 December 2025, the Company and Huahong Group entered into the 2026 Huahong Group Framework Agreement for the purpose of regulating such transactions for the period commencing on 1 January 2026 to 31 December 2026 (both dates inclusive).

(b) The 2026 Huajin Property Management Agreement and the 2026 Dormitory Lease

The 2025 Huajin Property Management Agreement and the 2023 Dormitory Lease will expire on 31 December 2025. On 30 December 2025, as part of the Group's ordinary course of business, HHGrace entered into (i) the 2026 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 and (ii) the 2026 Dormitory Lease with Huahong Real Estate to renew the dormitory tenancy under the 2023 Dormitory Lease, both for the period commencing on 1 January 2026 to 31 December 2026 (both dates inclusive).

(c) The 2026 Huali Micro Clean Room Lease

The 2025 Huali Micro Clean Room Lease will expire on 31 December 2025. On 30 December 2025, as part of the Group's ordinary course of business, HHGrace and Huali Micro entered into the 2026 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 2026 to 31 December 2026 (both dates inclusive).

PROPOSED NEW ANNUAL CAPS

The Huali Micro Lease and Huahong Real Estate Lease

Further reference is made to the Prospectus and the announcement of the Company dated 30 December 2022 in relation to, inter alia, the continuing connected transactions between (i) the Group and Huali Micro under the Huali Micro Lease; and (ii) the Group and Huahong Real Estate under the Huahong Real Estate Lease. As disclosed in the Prospectus, the Company is of the view that a term of 20 years under each of the Huali Micro Lease and the Huahong Real Estate Lease is consistent with the normal business practice.

The existing annual caps for the transactions contemplated under the Huali Micro Lease and the Huahong Real Estate Lease will expire on 31 December 2025. Since the Huali Micro Lease remains effective until 28 February 2030 and 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 Board has proposed the new annual caps for the transactions under the Huali Micro Lease for the year ending 31 December 2026 and the Huahong Real Estate Lease for the three years ending 31 December 2028.

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 2026 Huahong Group Framework Agreement; (ii) the 2026 Huajin Property Management Agreement; (iii) the 2026 Dormitory Lease; (iv) the 2026 Huali Micro Clean Room Lease; (v) the Huali Micro Lease; and (vi) the Huahong Real Estate Lease and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

On 29 August 2025, the Company entered into the Acquisition Agreement with the Vendors, pursuant to which the Company has conditionally agreed to purchase, and the Vendors have conditionally agreed to sell, a total of 97.4988% of the share capital of Huali Micro. Upon completion of the Proposed Acquisition, Huali Micro will become a wholly-owned subsidiary of the Company, at which time Huali Micro will cease to be a connected person of the Company and the 2026 Huali Micro Clean Room Lease and the Huali Micro Lease will no longer be continuing connected transactions.

(a) The 2026 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 2026 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 Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement

Since the Group is the tenant under the Huahong Real Estate Lease and the 2026 Dormitory Lease, and its payment obligations for rent and property management services under the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 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 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2026 Huajin Property Management Agreement, the 2026 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 2026 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 2026 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 2026 Huali Micro Clean Room Lease and the Huali Micro Lease is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2026 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.

1. THE 2026 HUAHONG GROUP FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 30 December 2024 in relation to the 2025 Huahong Group Framework Agreement.

The 2025 Huahong Group Framework Agreement will expire on 31 December 2025. 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 2026, on 30 December 2025, the Company and Huahong Group entered into the 2026 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 2026 Huahong Group Framework Agreement

Date: 30 December 2025

Parties: (i) The Company (on behalf of the Group); and
(ii) Huahong Group (on behalf of Huahong Group Companies).

Term: A term of one year from 1 January 2026 to 31 December 2026 (both dates inclusive).

Nature of transactions:	<p>(i) Sales to Huahong Group Companies</p> <ul style="list-style-type: none"> • 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. • Work-in-progress wafers having undergone the Wafer Manufacturing Processes (as explained below) will also be sold to Huali Micro as part of the Company’s ordinary course of business and one of the manufacturing processes of Huali Micro’s products. <p>(ii) Purchases from Huahong Group Companies</p> <ul style="list-style-type: none"> • 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. • In light of the Proposed Acquisition, as part of the transition plan, certain wafers will be purchased from Huahong Group Companies to go through Wafer Manufacturing Processes performed by Hua Hong Manufacturing (which used to be performed by Huahong Group Companies prior to the Proposed Acquisition) and will be sold onward to Huali Micro as work-in-progress products.
Payment arrangement:	Each sale and purchase transaction under the 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 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 2026 Huahong Group Framework Agreement, the Group follows its relevant internal standard operating procedure to determine the purchase prices of the products under the 2026 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 2026 Huahong Group Framework Agreement on a regular and ongoing basis.

1.4 Pricing basis of the Wafer Manufacturing Processes carried out by Hua Hong Manufacturing

In respect of the Wafer Manufacturing Processes carried out by Hua Hong Manufacturing which involve (i) purchase of work-in-progress wafers from Huahong Group Companies and (ii) the onward sale of work-in-progress wafers which have undergone the Wafer Manufacturing Processes at Hua Hong Manufacturing to Huali Micro, the Group follows its relevant internal standard operating procedure to determine the sales price of such work-in-progress wafers, which requires Hua Hong Manufacturing to make reference to the prevailing market unit price of full loop 12-inch wafers (the "**Full Loop Wafer Price**") before procuring work-in-progress wafers from Huahong Group Companies and selling the processed work-in-progress wafers onwards to Huali Micro. The marketing department of Hua Hong Manufacturing will obtain the industry reference price list on the Full Loop Wafer Price based on wafer size, process and order volume (the "**Price List**") on an annual or bi-annual basis from certain independent industry consultants, including Omdia, whose quotation is, in the opinion of the Company, representative of the wafer market because Omdia (i) is a reputable research consulting arm of Informa PLC, a company focusing on business intelligence which is listed on the London Stock Exchange (stock symbol: INF), (ii) specialises in market research on components and manufacturing of semiconductors and (iii) has a well-developed foundry client network which enables it to provide the Price

List containing information on market pricing offered by other major wafer manufacturing processes providers in Asia. Given that the change in Full Loop Wafer Price was no more than approximately 10% in 2025, the Price List is currently obtained on an annual or bi-annual basis because the Board is of the view that the Full Loop Wafer Price is not expected to fluctuate significantly during a year. Accordingly, the Board is of the view that the Price List is reflective of the prevailing Full Loop Wafer Price. The Board and the relevant internal team of the Group will continue to monitor the trends and changes in market prices for Full Loop Wafers and may revisit the frequency of obtaining relevant pricing reports from industry consultants in the future if deemed appropriate.

Before Hua Hong Manufacturing confirms a sales order with Huali Micro or a procurement order with Huahong Group Companies, the marketing department will refer to the Price List and its own market research on the prevailing market prices taking into account the technological specifications (including the level of the customisation involved), the complexity and the costs of the process required, capacity of the production lines, order volume, the overall competitive landscape in the semiconductor market, and the latest price changes in the market (together with the Full Loop Wafer Price from the Price List, the “**Integrated Wafer Price**”) to ensure that the purchase price or sales price (as the case may be) is on normal commercial terms or better.

Given the Wafer Manufacturing Processes only involve a partial process (as opposed to a Full Loop Wafer) and products having gone through the Wafer Manufacturing Processes are still work-in-progress wafers, and each layer of process masking carries different costs (certain layers are more expensive than the others), price adjustment will be made against the Integrated Wafer Price taking into account the cost of Wafer Manufacturing Processes involved and the overall costs required of a full loop wafer (assuming the Group performs all processes) in the following manner:

Procurement price:

$$\frac{\text{Cost of processes already performed externally}}{\text{Total costs required of a full loop wafer}} \times \text{Integrated Wafer Price}$$

Onward sale price:

$$\frac{\text{Cost of processes already performed externally} + \text{Cost of Wafer Manufacturing Processes performed by Hua Hong Manufacturing}}{\text{Total costs required of a full loop wafer}} \times \text{Integrated Wafer Price}$$

Given the nature of the Wafer Manufacturing Processes conducted by Hua Hong Manufacturing, the Group anticipates that there are no other alternative sources of such processes, as alternative foundries would primarily comprise market competitors. Further, given Hua Hong Manufacturing adopts in its production the technology transferred from Huali Micro pursuant to the Technology Development Agreement, the Company believes that the Wafer Manufacturing Processes provided by Hua Hong Manufacturing will be the most compatible with the production requirements of Huali Micro. In anticipation of the completion of the Proposed Acquisition and to facilitate the integration of Huali Micro into the Group, the Group shall take over certain semiconductor processing work for Huali Micro's wafers in place of the Huahong Group Companies.

On the above basis, the Board is of the view that so long as the onward sale price to Huali Micro and the purchase price from Huahong Group Companies are within the range as quoted on the Price List (i.e. for procurement from Huahong Group Companies, not higher than the highest price quoted on the Price List; for sales to Huali Micro, not lower than the lowest price quoted on the Price list, as apportioned by the formula above), such prices fair and reasonable, shall still be within normal commercial terms, and in the interest of the Company and the Shareholders as a whole. Ultimately, Hua Hong Manufacturing will holistically assess the procurement price and sales price to ensure that the gross profit to be derived from the Wafer Manufacturing Processes is generally in line with the range of gross profit of other products of the Group sold to independent third parties, such that the Wafer Manufacturing Processes as a whole are on no less favourable terms to the Group. Upon completion of the Proposed Acquisition, the transactions between the Group and Huali Micro shall cease to be continuing connected transactions of the Company. Accordingly, the sales to Huali Micro will become a typical intra-group transaction and will no longer be governed by the 2026 Huahong Group Framework Agreement. However, the procurement of wafers by Hua Hong Manufacturing from Huahong Group Companies for the purpose of Wafer Processes shall remain as a continuing connected transaction.

Please refer to the announcements of the Company dated 27 September 2019 and 12 November 2019 for further details of the general internal control measures to ensure that the connected transactions are conducted in accordance with the pricing policies and the terms of the Huahong Group Framework Agreement, and without exceeding the annual caps.

1.5 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)

Transaction amounts	For the year ended 31 December 2023 (audited)	For the year ended 31 December 2024 (audited)	For the eleven months ended 30 November 2025 (unaudited)
Hongri	2,083	472	225
Huahong Zealcore	18,495	19,969	9,773
Total	20,578	20,441	9,998

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)

Transaction amounts	For the year ended 31 December 2023 (audited)	For the year ended 31 December 2024 (audited)	For the eleven months ended 30 November 2025 (unaudited)
Hongri	18,433	38,790	34,506
Huahong Zealcore	801	741	457
Total	19,234	39,531	34,962

The table below sets out the existing annual caps under the 2025 Huahong Group Framework Agreement:

(Unit: USD'000)

Existing annual caps under the 2025 Huahong Group Framework Agreement	For the year ended 31 December 2025
Sales Transactions Annual Cap	30,790
Purchase Transactions Annual Cap	55,050

1.6 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 2026 Huahong Group Framework Agreement for the year ended 31 December 2026:

(Unit: USD'000)

	For the year ended 31 December 2026
Huahong Group Sales Transactions Annual Cap	90,000
Huahong Group Purchase Transactions Annual Cap	90,000

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 2026, 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;
- (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 2026;
- (f) the expected orders from Huali Micro which requires the Wafer Manufacturing Processes prior to the expected time of completion of the Proposed Acquisition, as an addition to the connected transactions with Huahong Group Companies in previous years; and
- (g) the integration of Huali Micro into the Group upon completion of the Proposed Acquisition, in which case sales to Huali Micro by the Group will not constitute continuing connected transactions.

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 expected orders from Huali Micro which requires procurement of work-in-progress wafers for the Wafer Manufacturing Processes, as an addition to the connected transactions with Huahong Group Companies in previous years;
- (c) the 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 2026;
- (d) the estimated volume of wafers, chemicals and other commodities that Huahong Group Companies can supply;
- (e) the relevant wafers, chemicals and other commodities which can be provided by other independent suppliers;
- (f) a 5% buffer to cater for any *ad hoc* purchase transactions with Huahong Group Companies (if any) that would arise during the course of 2026; and
- (g) the integration of Huali Micro into Huahong Group upon completion of the Proposed Acquisition.

1.7 Reasons for and benefits of entering into the 2026 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 strong market demand of semiconductor products, the Company expects that such transactions with Huahong Group Companies will continue in 2026.

Further, in anticipation of the Completion of the Proposed Acquisition, the Group shall take over certain semiconductor processing work for Huali Micro's wafers in place of the Huahong Group Companies (i.e. the Wafer Manufacturing Processes). Given Hua Hong Manufacturing adopts in its production the technology transferred from Huali Micro pursuant to the 2023 Technology Development Agreement, the Company believes that the Wafer Manufacturing Processes provided by Hua Hong Manufacturing will be the most compatible with the production requirements of Huali Micro.

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 2025 Huahong Group Framework Agreement, and the Wafer Manufacturing Processes could facilitate the integration of Huali Micro into the Group.

Having reviewed the terms of the 2026 Huahong Group Framework Agreement, the Directors (including the Independent Non-Executive Directors) are of the view that:

- (i) the terms of the 2026 Huahong Group Framework Agreement are fair and reasonable;
- (ii) the entering into of the 2026 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 2026 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 30 December 2022 in relation to, inter alia, the continuing connected transactions between the Group and Huahong Real Estate under the Huahong Real Estate Lease for a term of 20 years. As disclosed in the Prospectus, the Company is of the view that a term of 20 years under the Huahong Real Estate Lease is consistent with the normal business practice. The existing annual caps for the transactions contemplated under the Huahong Real Estate Lease will expire on 31 December 2025. The 2023 Dormitory Lease will also expire on 31 December 2025.

Further reference is made to the announcement of the Company dated 30 December 2024 in relation to the 2025 Huajin Property Management Agreement which will expire on 31 December 2025.

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 (i) has proposed the new annual caps for the transactions under the Huahong Real Estate Lease for the three years ending 31 December 2028, (ii) has entered into the 2026 Dormitory Lease with Huahong Real Estate to rent the Dormitory Premises for use as staff quarters for the Group's employees, and (iii) has engaged Huajin Property Management to provide property management processes for the Dormitory Premises under the 2026 Huajin Property Management Agreement.

2.1 The Huahong Real Estate Lease

Date: The Huahong Real Estate Lease was entered into on 10 January 2013, supplemented by a supplemental agreement dated 10 June 2014.

Parties: (i) The Group; and
(ii) Huahong Real Estate

Term: A term of twenty (20) years from 1 January 2014 to 31 December 2033 (both dates inclusive)

Nature of transactions:	The Group has agreed to lease a gross floor area of 17,412.87 square meters of the Dormitory Premises from Huahong Real Estate to be used as staff quarters for the Group's employees.
Pricing basis:	The annual rental payable for 2023, 2024 and 2025 was approximately RMB12,700,000. For the following years, the parties will mutually agree on a new rental every three years determined after arms' length negotiation with reference to prevailing market rates in neighbouring areas. The parties have agreed that the annual rental payable for 2026, 2027 and 2028 will be approximately RMB12,100,000 based on a daily rate of RMB1.9 per square metre (tax inclusive).

2.2 The 2026 Dormitory Lease

Date:	30 December 2025
Parties:	(i) HHGrace; and (ii) Huahong Real Estate
Term:	A term of three (3) years from 1 January 2026 to 31 December 2028 (both dates inclusive)
Nature of transactions:	<p>The Group has agreed to renew the 2023 Dormitory Lease of a gross floor area of 7,726.32 square meters of the Dormitory Premises from Huahong Real Estate to be used as staff quarters for the Group's employees.</p> <p>A further gross floor area of 2,250.85 square meters of the Dormitory Premises will be leased to Group during 2026 after the refurbishment of the extra units has been completed. The commencement date of the lease of such premises is to be confirmed and negotiated between the parties. The termination date of the lease of the entire Dormitory Premises will fall on 31 December 2028.</p>
Pricing basis:	Pursuant to the 2023 Dormitory Lease, the daily rent payable for the period between 1 January 2023 and 31 December 2025 (both days inclusive) was RMB1.9 per square meter (tax inclusive). Adjustment is negotiable every three years through supplemental agreements thereafter, which is determined after arm's length negotiation with reference to rental fee rates for similar and comparable dormitory premises. The parties have agreed that the annual rental payable for 2026, 2027 and 2028 will be approximately RMB6,900,000 based on a daily rate of RMB1.9 per square meter (tax inclusive).

2.3 The 2026 Huajin Property Management Agreement

Date:	30 December 2025
Parties:	(i) HHGrace; and (ii) Huajin Property Management.
Term:	From 1 January 2026 to 31 December 2026 (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 and (ii) security fee, IPTV, internet connection, sewage and electricity fees of approximately RMB225,000 per month, 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 inflation of utilities in the PRC.

2.4 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 2023 Dormitory Lease, the 2023 Huajin Management Agreement, the 2024 Huajin Property Management Agreement and the 2025 Huajin Property Management Agreement during the periods indicated below and the respective annual caps:

(Unit: RMB'000)

Transaction amounts	For the year ended 31 December 2023 (audited)	For the year ended 31 December 2024 (audited)	For the eleven months ended 30 November 2025 (unaudited)
Huahong Real Estate Lease	11,504	11,504	10,545
2023 Dormitory Lease	6,285	6,586	6,013
2023 Huajin Management Agreement	3,993	N/A	N/A
2024 Huajin Property Management Agreement	N/A	3,933	N/A
2025 Huajin Property Management Agreement	N/A	N/A	3,777
	21,782	22,023	20,335
	21,782	22,023	20,335

(Unit: RMB'000)

Annual caps	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
Huahong Real Estate Lease	12,700	12,700	12,700
2023 Dormitory Lease	7,300	7,300	7,300
2023 Huajin Management Agreement	5,700	N/A	N/A
2024 Huajin Property Management Agreement	N/A	5,700	N/A
2025 Huajin Property Management Agreement	N/A	N/A	5,700
	<u>25,700</u>	<u>25,700</u>	<u>25,700</u>

2.5 Reasons for and benefits of entering into the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 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 Huahong Real Estate Lease and the 2026 Dormitory Lease with Huahong Real Estate, and the 2026 Huajin Property Management Agreement with Huajin Property Management.

Having reviewed the terms and the pricing bases of the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement, the Directors (including the Independent Non-Executive Directors) are of the view that:

- (i) the terms of the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement are fair and reasonable;
- (ii) the entering into of the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 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 Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement is in the interest of the Company and its Shareholders as a whole.

2.6 Proposed new annual caps

The Board proposes that the below new annual caps be set for the transactions with Huahong Real Estate under the Huahong Real Estate Lease in respect of the three years ending 31 December 2028:

(Unit: RMB '000)

Annual caps	For the year ended 31 December 2026	For the year ended 31 December 2027	For the year ended 31 December 2028
Huahong Real Estate Lease	12,100	12,100	12,100
2026 Dormitory Lease	6,900	6,900	6,900
2026 Huajin Property Management Agreement	5,300	NA	NA
	<u>24,300</u>	<u>19,000</u>	<u>19,000</u>

In arriving at the above proposed new annual caps, the Directors have considered the rental and fees payable for the three years ending 31 December 2028 under the Huahong Real Estate Lease, the 2023 Dormitory Lease and the 2025 Huajin Property Management Agreement (as the case may be), which have been determined after arm's length negotiation with reference to:

- (i) the actual historical transaction amounts for (1) the three years ending 31 December 2025 under the Huahong Real Estate Lease, (2) the 2023 Dormitory Lease and (3) various management agreements entered into with Huajin Property Management from 2023 to 2025;
- (ii) the prevailing market rates of management fees of similar and comparable buildings in neighbouring areas; and
- (iii) the expected increase in rental payable under the Huahong Real Estate Lease and the 2026 Dormitory Lease during the forthcoming 3-year period by comparing the rental prices of other similar buildings in neighbouring areas in terms of age, state of renovation and respective facilities.

Since the Group is the tenant under the Huahong Real Estate Lease and the 2026 Dormitory Lease, and its payment obligations for rent and property management services under the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 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.

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 30 December 2024, in relation to, inter alia, the continuing connected transactions between the Group and Huali Micro under the Huali Micro Lease and the 2025 Huali Micro Clean Room Lease.

Since the existing annual caps for the transactions contemplated under the Huali Micro Lease will expire on 31 December 2025 and the Huali Micro Lease remains effective until 28 February 2030, the Group has proposed the new annual caps for the transactions under the Huali Micro Lease for the three years ending 31 December 2028.

In addition, HHGrace and Huali Micro has entered into the 2026 Huali Micro Clean Room Lease on 30 December 2025, 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.

Upon completion of the Proposed Acquisition, Huali Micro will become a wholly-owned subsidiary of the Company, at which time Huali Micro will cease to be a connected person of the Company and the 2026 Huali Micro Clean Room Lease and the Huali Micro Lease will no longer be continuing connected transactions.

3.1 The Huali Micro Lease

Date: The Huali Micro Lease Agreement was entered into on 25 February 2010. The Huali Micro Lease Supplemental Agreements were entered into on 10 June 2011 and 25 July 2014.

Parties: (i) The Group; and
(ii) Huali Micro

Term: 1 March 2010 to 28 February 2030

Nature of transactions: Pursuant to the Huali Micro Lease Agreement, the Group has agreed to lease the Factory Premise to Huali Micro to house their 300mm wafer production line as well as certain administrative functions.

Pursuant to the Huali Micro Lease Supplemental Agreements, 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.

Pricing basis The annual rental for the Factory Premise was on a fixed amount of RMB75,501,616.5 for factory area leased, including a daily rental of approximately RMB2.9 per square meter for office space for the first 5 years and thereafter adjusted every year by the then relevant PRC consumer price index. The total gross floor area of the Factory Premise and office space was 91,563.11 square meters. The annual rental from the sixth year onwards is calculated according to a formula based on the rental of the previous year and the PRC consumer price index rate.

The annual rental under the Huali Micro Lease for 2025 is approximately RMB107,000,000. The respective expected annual rentals for 2026, 2027 and 2028 is RMB108,000,000, RMB109,000,000 and RMB111,000,000 respectively, which are calculated according to a formula based on the rental of the previous year and the PRC consumer price index rate.

3.2 The 2026 Huali Micro Clean Room Lease

Date: 30 December 2025

Parties: (i) HHGrace; and

 (ii) Huali Micro.

Term: 1 January 2026 to 31 December 2026 (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 (exclusive of value-added tax)	Value-added tax rate	Monthly fee (inclusive of value-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
	365,100.50		404,491.54
Total	365,100.50		404,491.54

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 2026 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.

3.3 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, the 2023 Huali Micro Clean Room Lease, the 2024 Huali Micro Clean Room Lease and the 2025 Huali Micro Clean Room Lease during the periods indicated below and the respective existing annual caps:

(Unit: RMB'000)

Transaction amounts	For the year ended 31 December 2023 (audited)	For the year ended 31 December 2024 (audited)	For the eleven months ended 30 November 2025 (unaudited)
Huali Micro Lease	97,189	98,801	91,158
2023 Huali Micro Clean Room Lease	1,402	N/A	N/A
2024 Huali Micro Clean Room Lease	N/A	1,402	N/A
2025 Huali Micro Clean Room Lease	N/A	N/A	1,285
	98,591	100,203	92,443

(Unit: RMB'000)

Annual caps	For the year ended 31 December 2023	For the year ended 31 December 2024	For the year ended 31 December 2025
Huali Micro Lease	99,000	103,000	107,000
2023 Huali Micro Clean Room Lease	4,200	N/A	N/A
2024 Huali Micro Clean Room Lease	N/A	5,316	N/A
2025 Huali Micro Clean Room Lease	N/A	N/A	5,000
	103,200	108,316	112,000

3.4 Proposed annual cap for the Huali Micro Lease and the 2026 Huali Micro Clean Room Lease

The Board proposes that the below new annual caps be set for the leasing transactions with Huali Micro under the Huali Micro Lease in respect of the three years ending 31 December 2028.

(Unit: RMB '000)

Annual caps	For the year ended 31 December 2026	For the year ended 31 December 2027	For the year ended 31 December 2028
Huali Micro Lease	108,000	109,000	111,000
Huali Micro Clean Room Lease	5,000	N/A	N/A
	113,000	109,000	111,000

In arriving at the above proposed new annual caps of the Huali Micro Lease, the Directors considered (i) the historical transaction amounts over the past 3 years under the Huali Micro Lease and (ii) the expected inflation in the forthcoming 3 years, as the terms of the Huali Micro Lease Agreement provides that the rental for each year shall be determined based on the rental rate in the lease agreement adjusted by the PRC consumer price index rate for the previous year.

The proposed new annual cap under the 2026 Huali Micro 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 2026 Huali Micro 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.

3.5 Reasons for and benefits of entering into the Huali Micro Lease and the 2026 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 2026 Huali Micro Clean Room Lease.

Having reviewed the terms of the 2026 Huali Micro Clean Room Lease, the Directors (including the Independent Non-Executive Directors) consider that:

- (i) the terms of the Huali Micro Lease and the 2026 Huali Micro Clean Room Lease are fair and reasonable;
- (ii) the entering into of the Huali Micro Lease and the 2026 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 Huali Micro Lease and the 2026 Huali Micro Clean Room Lease is in the interest of the Company and its Shareholders as a whole.

4. 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 2026 Huahong Group Framework Agreement; (ii) the 2026 Huajin Property Management Agreement; (iii) the 2026 Dormitory Lease; (iv) the Huahong Real Estate Lease; (v) the 2026 Huali Micro Clean Room Lease; the (vi) Huali Micro Lease and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

4.1 The 2026 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 2026 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 Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement

Since the Group is the tenant under the Huahong Real Estate Lease and the 2026 Dormitory Lease, and its payment obligations for rent and property management services under the Huahong Real Estate Lease, the 2026 Dormitory Lease and the 2026 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 2026 Dormitory Lease and the 2026 Huajin Property Management Agreement is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2026 Huajin Property Management Agreement, the 2026 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 2026 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 2026 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 2026 Huali Micro Clean Room Lease and the Huali Micro Lease is above 0.1% but below 5%, the continuing connected transactions contemplated under the 2026 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.

Upon Completion of the Proposed Acquisition, Huali Micro will become a wholly-owned subsidiary of the Company. Thus, Huali Micro will cease to be a connected person of the Company and the 2026 Huali Micro Clean Room Lease and the Huali Micro Lease will no longer be continuing connected transactions.

As of the date of this announcement, none of the Directors has material interest in the above transactions. Except for Mr. Guodong Sun, Ms. Chengyan Xiong and Mr. Bo Chen 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. INFORMATION ABOUT THE PARTIES

5.1 The Company

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

5.2 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 2026 Huahong Group Framework Agreement, please refer to the announcements of the Company dated 31 December 2021 and 2 March 2022.

5.3 Huali Micro

Huali Micro is 63.5443% owned by Huahong Group. Huali Micro's principal business is developing and operating a 300mm wafer fab. Upon completion of the Proposed Acquisition, Huali Micro will become a wholly-owned subsidiary of the Company. For details of the Proposed Acquisition, please refer to the announcement of the Company dated 31 August 2025.

5.4 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.

5.5 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 of the Company. Huajin Property Management's principal business is in property management.

5.6 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.

5.7 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.

6. DEFINITIONS

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

“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
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“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
“2026 Dormitory Lease”	the lease agreement entered into between HHGrace and Huahong Real Estate dated 30 December 2025 to extend the 2023 Dormitory Lease and rent additional areas for three years ending 31 December 2028, details of which have been set out in the Company’s announcement on 30 December 2025
“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
“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
“2026 Huahong Group Framework Agreement”	the framework agreement dated 30 December 2025 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 2026
“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 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

“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
“2026 Huajin Property Management Agreement”	the property management agreement entered into between the Group and Huajin Property Management on 30 December 2025, 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 2026
“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 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
“2026 Huali Micro Clean Room Lease”	the lease agreement entered into between HHGrace and Huali Micro on 30 December 2025, pursuant to which HHGrace agreed to lease certain clean rooms to Huali Micro for a term of one year commencing on 1 January 2026
“2023 Technology Development Agreement”	the technology development agreement entered into between HHGrace and Huali Micro on 1 December 2023
“Acquisition Agreement”	the agreement dated 29 August 2025 entered into between the Company and the Vendors in relation to the Proposed Acquisition
“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
“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 51.74%, 15.29%, 15.29%, 9.73% and 7.96% by Shanghai SASAC and its subsidiaries, namely 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), being wholly-owned subsidiaries of Shanghai SASAC, and Shanghai Lingang Economic Development (Group) Co., Ltd. (上海臨港經濟發展(集團)有限公司)), respectively, being a non-wholly owned subsidiary 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 2026 Huahong Group Framework Agreement for the year ending 31 December 2026
“Huahong Group Sales Transactions Annual Cap”	the annual cap in respect of the sales transactions under the 2026 Huahong Group Framework Agreement for the year ending 31 December 2026
“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
“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
“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
“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 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 Micro 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 63.5443% owned by Huahong Group and is a connected person of the Company. Shanghai IC Fund, China IC Fund II, Guotou IC Fund and HHGrace holds the remaining 15.7215%, 10.2503%, 7.9827% and 2.5012% of Huali Micro’s equity interest. It is also the Target Company in the Proposed Acquisition. Upon the Completion of the Proposed Acquisition, Huali Micro will be a wholly-owned subsidiary of the Company and no longer be 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)
“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
“Proposed Acquisition”	the proposed acquisition of 97.4988% of the equity interests in Huali Micro from the Vendors pursuant to the Acquisition Agreement. For further details, please refer to the Company’s announcements dated 31 August 2025
“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
“Technology Development Agreement”	the technology development agreement entered into between HHGrace and Huali Micro on 1 December 2023, the details of which are contained in the announcement of the Company dated 1 December 2023
“USD”	United States dollar, the lawful currency of the United States
“Vendor(s)”	Huahong Group, Shanghai IC Fund, China IC Fund II and Guotou IC Fund
“Wafer Manufacturing Processes”	the wafer manufacturing process performed by Hua Hong Manufacturing to produce work-in-progress wafers
“%”	per cent.

By order of the Board
Hua Hong Semiconductor Limited
Mr. Peng Bai
Chairman and Executive Director

* *For identification purpose only*

Hong Kong, 30 December 2025

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

Executive Directors:

Peng Bai (*Chairman and President*)

Non-Executive Directors:

Jun Ye

Guodong Sun

Bo Chen

Chengyan Xiong

Independent Non-Executive Directors:

Stephen Tso Tung Chang

Kwai Huen Wong, JP

Songlin Feng