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**HUA HONG SEMICONDUCTOR LIMITED**

**華虹半導體有限公司**

*(Incorporated in Hong Kong with limited liability)*

**(Stock code: 1347)**

# SUPPLEMENTAL ANNOUNCEMENT REGARDING ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018 AND DISCLOSEABLE TRANSACTIONS REGARDING (I) SUBSCRIPTIONS OF WEALTH MANAGEMENT PRODUCTS WITH BANK OF CHINA (II) SUBSCRIPTIONS OF STRUCTURED DEPOSIT PRODUCTS WITH AGRICULTURAL BANK OF CHINA (III) SUBSCRIPTIONS OF STRUCTURED DEPOSIT PRODUCTS WITH CHINA CITIC BANK (IV) SUBSCRIPTIONS OF STRUCTURED DEPOSIT PRODUCTS WITH BANK OF COMMUNICATIONS

Reference is made to the annual report of the Company dated 4 April 2019 and the annual results announcement dated 29 March 2019 for the financial year ended 31 December 2018. Reference is also made to the announcements of the Company dated 24 August 2018, 27 August 2018 and 7 September 2018 in respect of certain subscriptions for financial products offered by China Development Bank, China CITIC Bank, China Construction Bank and Bank of Communications during the period from 24 April 2018 to 24 August 2018, 27 August 2018 and on 7 September 2018 respectively. Unless otherwise defined, capitalized terms used herein shall have the meanings ascribed to them in the announcements stated above.

The Board wishes to provide further information in relation to the Equity Investments and FVTPL. The Board wishes to announce that, in addition to the Products disclosed in the announcements dated 24 August 2018, 27 August 2018 and 7 September 2018, during the period from 17 September 2018 to 10 May 2019, Hua Hong Wuxi had made, amongst others, certain additional subscriptions for Financial Products offered by Bank of China (Wuxi High-Tech Industrial Development Zone Branch), Agricultural Bank of China (Wuxi Xinwu Branch), China CITIC Bank (Wuxi Branch) and Bank of Communications (Wuxi Branch) as follows:

**(I) Bank of China (Wuxi High-Tech Industrial Development Zone Branch)**

- The First BOC Wealth Management Product Agreement;
- The Second BOC Wealth Management Product Agreement;
- The Third BOC Wealth Management Product Agreement; and
- The Fourth BOC Wealth Management Product Agreement.

**(II) Agricultural Bank of China (Xinwu Branch)**

- The First ABC Structured Deposit Product Agreement;
- The Second ABC Structured Deposit Product Agreement;
- The Third ABC Structured Deposit Product Agreement;
- The Fourth ABC Structured Deposit Product Agreement;
- The Fifth ABC Structured Deposit Product Agreement;
- The Sixth ABC Structured Deposit Product Agreement; and
- The Seventh ABC Structured Deposit Product Agreement.

**(III) China CITIC Bank (Wuxi Branch)**

- The Fourth CITIC Structured Deposit Product Agreement;
- The Fifth CITIC Structured Deposit Product Agreement;
- The Sixth CITIC Structured Deposit Product Agreement;
- The Seventh CITIC Structured Deposit Product Agreement;
- The Eighth CITIC Structured Deposit Product Agreement;
- The Ninth CITIC Structured Deposit Product Agreement; and
- The Tenth CITIC Structured Deposit Product Agreement.

**(IV) Bank of Communications (Wuxi Branch)**

- The Fourth BOCOM Structured Deposit Product Agreement;
- The Fifth BOCOM Structured Deposit Product Agreement;
- The Sixth BOCOM Structured Deposit Product Agreement;
- The Seventh BOCOM Structured Deposit Product Agreement;
- The Eighth BOCOM Structured Deposit Product Agreement;
- The Ninth BOCOM Structured Deposit Product Agreement;
- The Tenth BOCOM Structured Deposit Product Agreement; and
- The Eleventh BOCOM Structured Deposit Product Agreement.

## BACKGROUND

### Equity Investments

The Equity Investments consist of the Group's equity investments in two unlisted entities, (1) Shanghai Huali, whose principal business is developing and operating a 300mm wafer fab; and (2) QST, whose principal business is research, development and design of high-end magnetic sensors, MEMS sensors and intelligence application solutions. Both of these investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in the long term.

### FVTPL

The FVTPL represents financial products purchased from banks by Hua Hong Wuxi, a non-wholly owned subsidiary of the Company. The Products and their terms are in general as follows:

| | | |
|---|---|---|
| Issuing banks | : | China Development Bank (Jiangsu Branch)<br>China CITIC Bank (Wuxi Branch)<br>China Construction Bank (Wuxi High-Tech Industrial Development Zone Branch)<br>Bank of Communications (Wuxi Branch)<br>Bank of China (Wuxi High-Tech Industrial Development Zone Branch)<br>Agricultural Bank of China (Xinwu Branch)<br>Huaxia Bank (Wuxi Xinqu Branch) |
| Principal amount | : | RMB70 million – 1.578 billion per Product |
| Term | : | 30 – 109 days |
| Expected rate of return | : | 3.50% – 4.85% |
| Type of return | : | Principal guaranteed, plus floating income or structured deposits |
| Early termination | : | No right to withdraw any of the principal before the maturity date |

## SUBSCRIPTIONS WITH BANK OF CHINA (WUXI HIGH-TECH INDUSTRIAL DEVELOPMENT ZONE BRANCH)

A summary of the principal terms of the First BOC Wealth Management Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 15 October 2018 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of China (Wuxi High-Tech Industrial Development Zone Branch), as the bank |
| Type of return | : | Principal-guaranteed and interest-guaranteed |
| Principal amount | : | RMB900,000,000 |
| Term | : | 87 days commencing from 15 October 2018 and expiring on 10 January 2019 |
| Expected return per annum | : | Fixed interest rate of 4.20% |
| Investment scope | : | The entire principal will be applied into investing in a large variety of investment products, including but not limited to treasury bonds and notes, bank deposits, large-denomination negotiable certificates of time deposit (NCDs), bond repurchase, inter-bank lending, corporate bonds (including short-term corporate bonds of securities companies), short-term notes, ultra-short-term notes, medium-term notes, asset-backed securities, private placement notes, asset management funds covering the above financial assets and other low-risk, high-liquidity financial assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB909,009,863 on 10 January 2019, representing a return of 4.20%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the First BOC Wealth Management Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Second BOC Wealth Management Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 19 February 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of China (Wuxi High-Tech Industrial Development Zone Branch), as the bank |
| Type of return | : | Principal-guaranteed and interest-guaranteed |
| Principal amount | : | RMB500,000,000 |
| Term | : | 91 days commencing from 19 February 2019 and expiring on 21 May 2019 |
| Expected return per annum | : | Fixed interest rate of 4.20% |
| Investment scope | : | The entire principal will be applied into investing in a large variety of investment products, including but not limited to treasury bonds and notes, bank deposits, large-denomination negotiable certificates of time deposit (NCDs), bond repurchase, inter-bank lending, corporate bonds (including short-term corporate bonds of securities companies), short-term notes, ultra-short-term notes, medium-term notes, asset-backed securities, private placement notes, asset management funds covering the above financial assets and other low-risk, high-liquidity financial assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB505,235,616 on 21 May 2019, representing a return of 4.20%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Second BOC Wealth Management Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Third BOC Wealth Management Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 3 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of China (Wuxi High-Tech Industrial Development Zone Branch), as the bank |
| Type of return | : | Principal-guaranteed and interest-guaranteed |
| Principal amount | : | RMB500,000,000 |
| Term | : | 93 days commencing from 3 April 2019 and expiring on 5 July 2019 |
| Expected return per annum | : | Fixed interest rate of 3.99% |
| Investment scope | : | The entire principal will be applied into investing in a large variety of investment products, including but not limited to treasury bonds and notes, bank deposits, large-denomination negotiable certificates of time deposit (NCDs), bond repurchase, inter-bank lending, corporate bonds (including short-term corporate bonds of securities companies), short-term notes, ultra-short-term notes, medium-term notes, asset-backed securities, private placement notes, asset management funds covering the above financial assets and other low-risk, high-liquidity financial assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Third BOC Wealth Management Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 5 July 2019. |

A summary of the principal terms of the Fourth BOC Wealth Management Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 3 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of China (Wuxi High-Tech Industrial Development Zone Branch), as the bank |
| Type of return | : | Principal-guaranteed and interest-guaranteed |
| Principal amount | : | RMB700,000,000 |
| Term | : | 35 days commencing from 3 April 2019 and expiring on 8 May 2019 |
| Expected return per annum | : | Fixed interest rate of 3.90% |
| Investment scope | : | The entire principal will be applied into investing in a large variety of investment products, including but not limited to treasury bonds and notes, bank deposits, large-denomination negotiable certificates of time deposit (NCDs), bond repurchase, inter-bank lending, corporate bonds (including short-term corporate bonds of securities companies), short-term notes, ultra-short-term notes, medium-term notes, asset-backed securities, private placement notes, asset management funds covering the above financial assets and other low-risk, high-liquidity financial assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB702,617,808 on 8 May 2019, representing a return of 3.90%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fourth BOC Wealth Management Product Agreement did not cause any adverse impact on the Group's working capital. |

**SUBSCRIPTIONS WITH AGRICULTURAL BANK OF CHINA (WUXI XINWU BRANCH)**

A summary of the principal terms of the First ABC Structured Deposit Product Agreement is set out as follows:

| | |
|---|---|
| Date | : 16 October 2018 |
| Parties | : Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : Principal-guaranteed with floating income |
| Principal amount | : RMB300,000,000 |
| Term | : 90 days commencing from 17 October 2018 and expiring on 15 January 2019 |
| Expected return per annum | : Between 4.20% – 4.25% (If the EUR/USD exchange rate is within the range of 1.092 – 1.218 throughout the term, the expected return per annum will be 4.25%. Otherwise, the expected return per annum will be 4.20%) |
| Investment scope | : This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB303,143,836 on 15 January 2019, representing a return of 4.25%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the First ABC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Second ABC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 13 November 2018 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB600,000,000 |
| Term | : | 92 days commencing from 14 November 2018 and expiring on 14 February 2019 |
| Expected return per annum | : | Between 4.10% – 4.15% (If the EUR/USD exchange rate is within the range of 1.047 – 1.2210 throughout the term, the expected return per annum will be 4.15%. Otherwise, the expected return per annum will be 4.10%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB606,276,164 on 14 February 2019, representing a return of 4.15%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Second ABC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Third ABC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 17 January 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB700,000,000 |
| Term | : | 91 days commencing from 18 January 2019 and expiring on 19 April 2019 |
| Expected return per annum | : | Between 4.20% – 4.25% (If the EUR/USD exchange rate is within the range of 1.075 – 1.220 throughout the term, the expected return per annum will be 4.25%. Otherwise, the expected return per annum will be 4.20%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB707,417,123 on 19 April 2019, representing a return of 4.25%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Third ABC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Fourth ABC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 22 January 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB100,000,000 |
| Term | : | 93 days commencing from 23 January 2019 and expiring on 26 April 2019 |
| Expected return per annum | : | Between 4.20% – 4.25% (If the EUR/USD exchange rate is within the range of 1.062 – 1.214 throughout the term, the expected return per annum will be 4.25%. Otherwise, the expected return per annum will be 4.20%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB101,082,877 on 26 April 2019, representing a return of 4.25%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fourth ABC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Fifth ABC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 19 February 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB300,000,000 |
| Term | : | 93 days commencing from 20 February 2019 and expiring on 24 May 2019 |
| Expected return per annum | : | Between 4.05% – 4.10% (If the EUR/USD exchange rate is within the range of 1.062 – 1.20 throughout the term, the expected return per annum will be 4.10%. Otherwise, the expected return per annum will be 4.05%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB303,133,973 on 24 May 2019, representing a return of 4.10%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fifth ABC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Sixth ABC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 16 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB500,000,000 |
| Term | : | 42 days commencing from 17 April 2019 and expiring on 29 May 2019 |
| Expected return per annum | : | Between 3.50% – 3.55% (If the EUR/USD exchange rate is within the range of 1.0958 – 1.1670 throughout the term, the expected return per annum will be 3.55%. Otherwise, the expected return per annum will be 3.50%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB502,042,466 on 29 May 2019, representing a return of 3.55%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Sixth ABC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Seventh ABC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 23 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Agricultural Bank of China (Wuxi Xinwu Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB600,000,000 |
| Term | : | 93 days commencing from 24 April 2019 and expiring on 26 July 2019 |
| Expected return per annum | : | Between 3.75% – 3.80% (If the EUR/USD exchange rate is within the range of 1.07 – 1.179 throughout the term, the expected return per annum will be 3.80%. Otherwise, the expected return per annum will be 3.75%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in interbank deposit, interbank lending and other low risk investment assets |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Seventh ABC Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 26 July 2019. |

## SUBSCRIPTIONS WITH CHINA CITIC BANK (WUXI BRANCH)

A summary of the principal terms of the Fourth CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 29 October 2018 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB800,000,000 |
| Term | : | 108 days commencing from 29 October 2018 and expiring on 14 February 2019 |
| Expected return per annum | : | Between 4.10% – 4.60% (If the 3-month USD LIBOR is less than or equal to 8.00% at 11 a.m. London time on 12 February 2019, the expected return per annum will be 4.10%. Otherwise, the expected return per annum will be 4.60%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB809,705,205 on 14 February 2019, representing a return of 4.10%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fourth CITIC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Fifth CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 23 November 2018 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB480,000,000 |
| Term | : | 108 days commencing from 23 November 2018 and expiring on 11 March 2019 |
| Expected return per annum | : | Between 4.10% – 4.60% (If the 3-month USD LIBOR is less than or equal to 8.00% at 11 a.m. London time on 7 March 2019, the expected return per annum will be 4.10%. Otherwise, the expected return per annum will be 4.60%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB485,823,123 on 11 March 2019, representing a return of 4.10%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fifth CITIC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Sixth CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 14 December 2018 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB100,000,000 |
| Term | : | 92 days commencing from 14 December 2018 and expiring on 16 March 2019 |
| Expected return per annum | : | Between 4.20% – 4.70% (If the 3-month USD LIBOR is less than or equal to 8.00% at 11 a.m. London time on 14 March 2019, the expected return per annum will be 4.20%. Otherwise, the expected return per annum will be 4.70%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB101,058,630 on 16 March 2019, representing a return of 4.20%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Sixth CITIC Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Seventh CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 21 February 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB300,000,000 |
| Term | : | 109 days commencing from 21 February 2019 and expiring on 10 June 2019 |
| Expected return per annum | : | Between 3.90% – 4.40% (If the 3-month USD LIBOR is less than or equal to 8.00% at 11 a.m. London time on 6 June 2019, the expected return per annum will be 3.90%. Otherwise, the expected return per annum will be 4.40%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Seventh CITIC Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 10 June 2019. |

A summary of the principal terms of the Eighth CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 11 March 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB500,000,000 |
| Term | : | 108 days commencing from 11 March 2019 and expiring on 27 June 2019 |
| Expected return per annum | : | Between 4.00% – 4.50% (If the 3-month USD LIBOR is less than or equal to 4.00% at 11 a.m. London time on 25 June 2019, the expected return per annum will be 4.00%. Otherwise, the expected return per annum will be 4.50%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Eighth CITIC Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 27 June 2019. |

A summary of the principal terms of the Ninth CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 25 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB800,000,000 |
| Term | : | 106 days commencing from 25 April 2019 and expiring on 9 August 2019 |
| Expected return per annum | : | Between 3.95% – 4.45% (If the 3-month USD LIBOR is less than or equal to 4.00% at 11 a.m. London time on 7 August 2019, the expected return per annum will be 3.95%. Otherwise, the expected return per annum will be 4.45%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Ninth CITIC Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 9 August 2019. |

A summary of the principal terms of the Tenth CITIC Structured Deposit Product Agreement is set out as follows:

| | | |
|---|---|---|
| Date | : | 10 May 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and China CITIC Bank (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB100,000,000 |
| Term | : | 105 days commencing from 10 May 2019 and expiring on 23 August 2019 |
| Expected return per annum | : | Between 3.85% – 4.35% (If the 3-month USD LIBOR is less than or equal to 4.00% at 11 a.m. London time on 21 August 2019, the expected return per annum will be 3.85%. Otherwise, the expected return per annum will be 4.35%) |
| Investment scope | : | This is a structured product with the entire funds being applied into investing in operations through structured interest rate swap transactions |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Tenth CITIC Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 23 August 2019. |

**SUBSCRIPTIONS WITH BANK OF COMMUNICATIONS (WUXI BRANCH)**

A summary of the principal terms of the Fourth BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 12 December 2018 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB200,000,000 |
| Term | : | 91 days commencing from 13 December 2018 and expiring on 14 March 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.30% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB202,144,110 on 14 March 2019, representing a return of 4.30%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fourth BOCOM Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Fifth BOCOM Structured Deposit Product Agreement are set out as follows:

| | |
|---|---|
| Date | : 20 December 2018 |
| Parties | : Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : Principal-guaranteed with floating income |
| Principal amount | : RMB460,000,000 |
| Term | : 91 days commencing from 21 December 2018 and expiring on 22 March 2019 |
| Expected return per annum | : Maximum estimated interest rate of 4.30% |
| Early termination | : Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB464,931,452 on 22 March 2019, representing a return of 4.30%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Fifth BOCOM Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Sixth BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 14 January 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB700,000,000 |
| Term | : | 93 days commencing from 15 January 2019 and expiring on 18 April 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.25% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB707,580,137 on 18 April 2019, representing a return of 4.25%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Sixth BOCOM Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Seventh BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 30 January 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB300,000,000 |
| Term | : | 93 days commencing from 1 February 2019 and expiring on 5 May 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.05% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Directors confirm that (i) Hua Hong Wuxi has redeemed the entire principal amount together with a total return amounting to approximately RMB303,095,753 on 5 May 2019, representing a return of 4.05%, (ii) the Group did not suffer any monetary loss in connection with this transaction; and (iii) the entering into of the Seventh BOCOM Structured Deposit Product Agreement did not cause any adverse impact on the Group's working capital. |

A summary of the principal terms of the Eighth BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 14 March 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB200,000,000 |
| Term | : | 91 days commencing from 15 March 2019 and expiring on 14 June 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.05% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Eighth BOCOM Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 14 June 2019. |

A summary of the principal terms of the Ninth BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 25 March 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB460,000,000 |
| Term | : | 93 days commencing from 26 March 2019 and expiring on 27 June 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.00% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Ninth BOCOM Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 27 June 2019. |

A summary of the principal terms of the Tenth BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 3 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB500,000,000 |
| Term | : | 92 days commencing from 4 April 2019 and expiring on 5 July 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.00% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Tenth BOCOM Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 5 July 2019. |

A summary of the principal terms of the Eleventh BOCOM Structured Deposit Product Agreement are set out as follows:

| | | |
|---|---|---|
| Date | : | 12 April 2019 |
| Parties | : | Hua Hong Wuxi, as the subscriber and Bank of Communications (Wuxi Branch), as the bank |
| Type of return | : | Principal-guaranteed with floating income |
| Principal amount | : | RMB500,000,000 |
| Term | : | 95 days commencing from 15 April 2019 and expiring on 19 July 2019 |
| Expected return per annum | : | Maximum estimated interest rate of 4.00% |
| Early termination | : | Hua Hong Wuxi has no right to withdraw any of the principal before the maturity date |
| Current status | : | As at the date of this announcement, the Eleventh BOCOM Structured Deposit Product remains outstanding. The Company expects to receive the principal and interest arising therefrom on or about 19 July 2019. |

## PERFORMANCE OF THE EQUITY INVESTMENTS AND FVTPL

The table below sets out the breakdown of the performance in respect of the Equity Investments and FVTPL during the year ended 31 December 2018.

| | Shanghai Huali *(USD'000)* | QST *(USD'000)* | Principal guaranteed structured deposits and wealth management products purchased from banks *(USD'000)* |
|---|---|---|---|
| Initial investment cost | 229,133 | 1,704 | 662,956 |
| Book value at the beginning of the period (effect of the initial adoption of HKFRS 9 included) | 215,487 | 1,607 | – |
| Purchases | – | – | 1,959,653 |
| Redemption | – | – | (1,279,352) |
| Changes in fair value | 864 | 900 | 15,612 |
| Exchange realignment | (10,378) | (123) | (28,880) |
| Book value at the end of the period | 205,973 | 2,384 | 667,033 |
| Dividends received | – | – | – |
| Gain on disposals | – | – | 11,412 |
| Percentage of shares* | 6.3927% | 9.09% | N/A |
| Size compared to the total assets | 6.7% | 0.1% | 21.7% |

* *refers to the percentage of shares held by the Company in Shanghai Huali and QST respectively*

During the year ended 31 December 2018, the Group did not dispose any shares in Shanghai Huali or QST. Increases in the fair value in Shanghai Huali and QST were US$864,000 and US$900,000, respectively.

Shanghai Huali has two production lines of 300mm wafers in China. As at 31 December 2018, the total production capacity of these two production lines reached 45,000 wafers per month, representing an increase of around 28.6% as compared to its monthly capacity of 35,000 wafers as at 31 December 2017. During the financial year of 2018, although there was an increase in the fair value of the Company's equity investment in Shanghai Huali, the book value of the Company's equity investment has decreased by US$9,514,000 due to the increase of exchange rate of USD to RMB. Overall, Shanghai Huali has commenced steady development in 2018. Accordingly, the Board is of the view that the performance of Shanghai Huali during the financial year of 2018 has been in line with its expectation.

QST is committed to the research and development of high performance sensors, emerging sensors and intelligent sensor systems for the internet-of-things, industrial and automobile applications. In 2018, QST was awarded the Top 10 MEMS Enterprises of China. Similar to the investment in Shanghai Huali, although the Company has recorded an increase in fair value in the equity investment in QST, the increase of exchange rate has caused a foreign currency statement loss of around US$123,000. As the business of QST is still in its early development stage, the Board is of the view that the performance and strategic planning of QST during 2018 have been consistent with its expectations.

In respect of the FVTPL, the Products are generally principal-protected, short-term and low-risk investment products offering a better interest rate than prevailing rates. Their fair value increased by US$15,612,000 during 2018. Its performance in 2018 tracks the expected rate of return as contained in the terms and conditions of these financial products and is in line with the management expectations.

The Company confirms that it has complied with the accounting policy of investments and other financial assets (policies under HKFRS 9 applicable from 1 January 2018) as contained in the annual report of the Company for the year end 31 December 2018.

## TREASURY POLICY IN RELATION TO EQUITY INVESTMENTS AND FVTPL

The Equity Investments were irrevocably designated at fair value through other comprehensive income in the financial statements as the Group considers these investments to be strategic in nature. The Group expects to hold and maintain its investment in Shanghai Huali as long-term strategic investment. We believe the business of Shanghai Huali and QST will continue to develop and will bring more opportunities to the Group in the 300mm wafer market and high-end magnetic sensor market.

In relation to FVTPL, the Group has issued internal policy and procedures to employees in order to improve the management of financial products. In summary, the Group would only subscribe for wealth management products or structured deposit products on condition that there would be no loss of principal and that the transactions shall comply with applicable laws and regulations. The managements' approval is required before the Group enters into any agreement for purchase of financial products. Various departments of the Group will coordinate in the operation procedures, including making financial plans for idle cash, quotation and enquiry, transfer of money, yield management, internal risk control, accounting treatment, disclosure and compliance with the Listing Rules.

## REASONS AND BENEFITS FOR SUBSCRIPTIONS OF THE FINANCIAL PRODUCTS

The Company considers the Financial Products to be principal-protected, short-term and low-risk investment products issued by banks which offer better interest rates than prevailing fixed-term deposit interest rates offered by banks or licensed financial institutions. The Directors believe that the subscriptions of the Financial Products would efficiently utilise the cash held by Hua Hong Wuxi and obtain secure and attractive returns on cash balances of Hua Hong Wuxi before the cash is being deployed for capital and operating expenditures in the next one to two years. Accordingly, the Directors are of the view that the subscriptions for the Financial Products are on normal commercial terms and fair and reasonable and in the interests of the Group and its shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio in respect of the First BOC Wealth Management Product Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction for the Company and therefore is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the Subscriptions with Bank of China are entered into with the same bank and are of similar nature, they shall be aggregated and treated as if there were one transaction with Bank of China for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios, on an aggregate basis, in respect of (i) the Second BOC Wealth Management Product Agreement; (ii) the Third BOC Wealth Management Product Agreement and (iii) the Fourth BOC Wealth Management Product Agreement, exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the Subscriptions with Agricultural Bank of China are entered into with the same bank and are of similar nature, they shall be aggregated and treated as if there were one transaction with Agricultural Bank of China for the purpose of computing the relevant percentage ratios. As the applicable percentage ratios, on an aggregate basis, in respect of (i) the First ABC Structured Deposit Product Agreement, (ii) the Second ABC Structured Deposit Product Agreement, (iii) the Third ABC Structured Deposit Product Agreement, (iv) the Fourth ABC Structured Deposit Product Agreement, (v) the Fifth ABC Structured Deposit Product Agreement, (vi) the Sixth ABC Structured Deposit Product Agreement and (vii) the Seventh ABC Structured Deposit Product Agreement, exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

As the applicable percentage ratio in respect of the Fourth CITIC Structured Deposit Product Agreement exceeds 5% but is less than 25%, it constitutes a discloseable transaction for the Company and therefore is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. As the Subscriptions with China CITIC Bank are entered into with the same bank and are of similar nature, the transactions under the Subscriptions with China CITIC Bank shall be aggregated for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules. As the applicable percentage ratios, in respect of, (i) the Fifth CITIC Structured Deposit Product Agreement; (ii) the Sixth CITIC Structured Deposit Product Agreement, (iii) the Seventh CITIC Structured Deposit Product Agreement, (iv) the Eighth CITIC Structured Deposit Product Agreement; (v) the Ninth CITIC Structured Deposit Product Agreement and (vi) the Tenth CITIC Structured Deposit Product Agreement, on an aggregate basis, exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Furthermore, as the Subscriptions with Bank of Communications are entered into with the same bank and are of similar nature, the transactions under the Subscriptions with Bank of Communications shall be aggregated for the purpose of computing the relevant percentage ratios. As the applicable percentage ratios in respect of (i) the Fourth BOCOM Structured Deposit Product Agreement, (ii) the Fifth BOCOM Structured Deposit Product Agreement, (iii) the Sixth BOCOM Structured Deposit Product Agreement, (iv) the Seventh BOCOM Structured Deposit Product Agreement, (v) the Eighth BOCOM Structured Deposit Product Agreement, (vi) the Ninth BOCOM Structured Deposit Product Agreement, (vii) the Tenth BOCOM Structured Deposit Product Agreement and (viii) the Eleventh BOCOM Structured Deposit Product Agreement, on an aggregate basis, exceed 5% but are less than 25%, such transactions constitute discloseable transactions for the Company and are therefore subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

At all relevant times, the applicable percentage ratios of all financial products purchased from any single bank has at no time exceeded 25%.

## REMEDIAL ACTIONS

The Company deeply regrets its non-compliance with Rule 14.34 of the Listing Rules but the Company would like to stress that the non-compliance was inadvertent and was a result of an oversight in the calculation of the consideration ratio and a misunderstanding on the application of the aggregation rules under the Listing Rules.

To prevent the reoccurrence of the current instance of non-compliance, in addition to continuing with the remedial actions mentioned in the announcement dated 24 August 2018, the Company intends to strengthen the monitoring on the adoption of the following additional measures:

(a) the Company will further review and introduce a policy manual in respect of calculation of size test ratios for financial products;

(b) since the discovery on the non-compliance, the Company has been working with its external legal adviser to clarify the calculation method of size test ratios for acquisition of financial products;

(c) the Company's external legal advisers have prepared a detailed guidance to the Company in relation to size test calculations and compliance requirements for financial products under Chapter 14 of the Listing Rules, and have discussed with the relevant employees in charge of compliance issues in the finance department and internal legal department of the Company and have provided further clarification in relation to the guidance; and

(d) in order to improve the management of the purchase of financial products, Hua Hong Wuxi, being the subscriber of all of the Products, has issued internal measures to the relevant employees, which provide principles and procedures for the purchase, approval, disclosure and accounting of financial products.

## FUTURE PROSPECTS OF THE EQUITY INVESTMENTS AND FVTPL

Whilst the Group expects to remain focused on providing its customers with manufacturing solutions on 200mm wafers, the Group expects to hold and maintain its investment in Shanghai Huali as long term investment. With respect to QST, the Company does not have any immediate plan to dispose of nor increase its stake in QST. It is possible for the Company to dispose of or to maintain its equity in QST in the future. The Company will continuously evaluate its investment in QST. The Company expects the investments in these two entities to be consistent with historical performance.

The Company will continue to adopt stable and robust investment strategies for future investments. As long-term strategic investment, the Group will keep holding equities in Shanghai Huali. The Board of the Company is of the view that the business of Shanghai Huali and QST will continue to develop and will bring more opportunities to the Group in the 300mm wafer market and high-end magnetic sensor market.

Given the stable return derived from FVTPL, the Company intends to continue to subscribe for similar low-risk financial products as appropriate in order to utilise the Company's cash resources.

## INFORMATION ABOUT THE PARTIES

### The Company

The Company is a manufacturer of semiconductors predominantly on 8-inch (200mm) wafers for specialty applications. The Company's technologies, in particular eNVM and power discreet, are primarily engaged in the consumer electronic, communication, computing and industrial as well as automotive industries.

### Hua Hong Wuxi

Hua Hong Wuxi is currently a non-wholly owned subsidiary of the Company, and is principally engaged in the design, research, manufacturing, testing, packaging and sale of integrated circuits fabricated on 12-inch (300mm) wafers.

### Bank of China

Bank of China is the bank with the longest continuous operation among Chinese banks. In 1994, Bank of China was transformed into a wholly state-owned commercial bank. In August 2004, Bank of China Limited was incorporated. Bank of China was listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange in June and July 2006 respectively, becoming the first Chinese commercial bank to launch an A-Share and H-Share initial public offering and achieve a dual listing in both markets.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Bank of China and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

**Agricultural Bank of China**

The Agricultural Bank of China was first established in 1951 as Agricultural Cooperative Bank. Since the late 1970s, it has evolved from a state-owned specialised bank into a wholly state-owned commercial bank and subsequently a state-owned commercial bank. It is currently one of the major integrated financial service providers in China and was listed on both the Hong Kong Stock Exchange and the Shanghai Stock Exchange in July 2010.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Agricultural Bank of China and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

**China CITIC Bank**

China CITIC Bank, formerly known as CITIC Industrial Bank and founded in 1987, changed its name at the end of 2005. Headquartered at Beijing, China CITIC Bank is one of the national commercial banks in the PRC, whose substantial shareholder is CITIC Limited.

**Bank of Communications**

Bank of Communication is a large-scale joint stock commercial bank in the PRC. Headquartered in Shanghai, it was listed on the Stock Exchange in June 2005 and on the Shanghai Stock Exchange in May 2007.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, Bank of Communications and its ultimate beneficial owners are third parties independent of the Group and its connected persons.

## DEFINITIONS

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

| | |
|---|---|
| "Board" | the board of Directors |
| "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 |
| "Director(s)" | director(s) of the Company |
| "Eighth CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and China CITIC Bank (Wuxi Branch) on 11 March 2019, the subscription amount of which was RMB500,000,000 |

| | |
|---|---|
| "Eighth BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 14 March 2019, the subscription amount of which was RMB200,000,000 |
| "Eleventh BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 12 April 2019, the subscription amount of which was RMB500,000,000 |
| "Equity Investments" | the equity investments designated at fair value through other comprehensive income of US$208.3 million for the financial year ended 31 December 2018 |
| "EUR" | Euro, the lawful currency of European Union |
| "Fifth ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 19 February 2019, the subscription amount of which was RMB300,000,000 |
| "Fifth BOCOM Structured Deposit Product Agreement" | the wealth management product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 20 December 2018, the subscription amount of which was RMB460,000,000 |
| "Fifth CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and China CITIC Bank (Wuxi Branch)* on 23 November 2018, the subscription amount of which was RMB480,000,000 |
| "Financial Products" | the financial products issued by Bank of China, Agricultural Bank of China, China CITIC Bank and Bank of Communications, the main terms of which are summarized in this announcement |
| "First ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 16 October 2018, the subscription amount of which was RMB300,000,000 |
| "First BOC Wealth Management Product Agreement" | the wealth management product agreement entered into between Hua Hong Wuxi and Bank of China (Wuxi High-Tech Industrial Development Zone Branch)* on 15 October 2018, the subscription amount of which was RMB900,000,000 |
| "Fourth ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 22 January 2019, the subscription amount of which was RMB100,000,000 |

| | |
|---|---|
| "Fourth BOC Wealth Management Product Agreement" | the wealth management product agreement entered into between Hua Hong Wuxi and Bank of China (Wuxi High-Tech Industrial Development Zone Branch)* on 3 April 2019, the subscription amount of which was RMB700,000,000 |
| "Fourth BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 12 December 2018, the subscription amount of which was RMB200,000,000 |
| "Fourth CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and China CITIC Bank (Wuxi Branch) on 29 October 2018, the subscription amount of which was RMB800,000,000 |
| "FVTPL" | the financial assets at fair value through profit or loss of US$667.0 million as at 31 December 2018 |
| "Group" | the Company and its subsidiaries |
| "HKFRS 9" | Hong Kong Financial Reporting Standard 9 |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Hua Hong Wuxi" | Hua Hong Semi-Conductor (Wuxi) Co., Ltd, a non-wholly-owned subsidiary of the Company |
| "Listing Rules" | the Rules Governing the Listing of Securities on the Stock Exchange |
| "Ninth BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 25 March 2019, the subscription amount of which was RMB460,000,000 |
| "Ninth CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and China CITIC Bank (Wuxi Branch) on 25 April 2019, the subscription amount of which was RMB800,000,000 |
| "PRC" | the People's Republic of China, which shall, for the purpose of this announcement, excludes Hong Kong, Macau Special Administration Region and Taiwan |
| "Products" | the products acquired during the financial year ended 31 December 2018, including principal guaranteed structured deposits products and wealth management products |

| | |
|---|---|
| "QST" | QST Corporation |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Second ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 13 November 2018, the subscription amount of which was RMB600,000,000 |
| "Second BOC Wealth Management Product Agreement" | the wealth management product agreement entered into between Hua Hong Wuxi and Bank of China (Wuxi High-Tech Industrial Development Zone Branch)* on 19 February 2019, the subscription amount of which was RMB500,000,000 |
| "Seventh ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 23 April 2019, the subscription amount of which was RMB600,000,000 |
| "Seventh BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 30 January 2019, the subscription amount of which was RMB300,000,000 |
| "Seventh CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and China CITIC Bank (Wuxi Branch) on 21 February 2019, the subscription amount of which was RMB300,000,000 |
| "Shanghai Huali" | Shanghai Huali Microelectronics Co., Ltd. |
| "Sixth ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 16 April 2019, the subscription amount of which was RMB500,000,000 |
| "Sixth BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 14 January 2019, the subscription amount of which was RMB700,000,000 |
| "Sixth CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and China CITIC Bank (Wuxi Branch) on 14 December 2018, the subscription amount of which was RMB100,000,000 |

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|---|---|
| "Subscriptions with Agricultural Bank of China" | the subscriptions under the First ABC Structured Deposit Product Agreement, the Second ABC Structured Deposit Product Agreement, the Third ABC Structured Deposit Product Agreement, the Fourth ABC Structured Deposit Product Agreement, the Fifth ABC Structured Deposit Product Agreement, the Sixth ABC Structured Deposit Product Agreement and the Seventh ABC Structured Deposit Product Agreement |
| "Subscriptions with Bank of China" | the subscription under the First BOC Wealth Management Product Agreement, the Second BOC Wealth Management Product Agreement, the Third BOC Wealth Management Product Agreement and the Fourth BOC Wealth Management Product Agreement |
| "Subscriptions with Bank of Communications" | the subscriptions under the Fourth BOCOM Structured Deposit Product Agreement, the Fifth BOCOM Structured Deposit Product Agreement, the Sixth BOCOM Structured Deposit Product Agreement, the Seventh BOCOM Structured Deposit Product Agreement, the Eighth BOCOM Structured Deposit Product Agreement, the Ninth BOCOM Structured Deposit Product Agreement, the Tenth BOCOM Structured Deposit Product Agreement and the Eleventh BOCOM Structured Deposit Product Agreement |
| "Subscriptions with China CITIC Bank" | the subscriptions under the Fourth CITIC Structured Deposit Product Agreement, the Fifth CITIC Structured Deposit Product Agreement, the Sixth CITIC Structured Deposit Product Agreement, the Seventh CITIC Structured Deposit Product Agreement, the Eighth CITIC Structured Deposit Product Agreement, the Ninth CITIC Structured Deposit Product Agreement and the Tenth CITIC Structured Deposit Product Agreement |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Tenth BOCOM Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 3 April 2019, the subscription amount of which was RMB500,000,000 |
| "Tenth CITIC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Bank of Communications (Wuxi Branch) on 10 May 2019, the subscription amount of which was RMB100,000,000 |
| "Third ABC Structured Deposit Product Agreement" | the structured deposit product agreement entered into between Hua Hong Wuxi and Agricultural Bank of China (Wuxi Xinwu Branch)* on 17 January 2019, the subscription amount of which was RMB700,000,000 |

| | |
|---|---|
| "Third BOC Wealth Management Product Agreement" | the wealth management product agreement entered into between Hua Hong Wuxi and Bank of China (Wuxi High-Tech Industrial Development Zone Branch)* on 3 April 2019, the subscription amount of which was RMB500,000,000 |
| "USD" | the United States dollar, the lawful currency of the United States |
| % | per cent |

* *English translated name is for identification purpose only*

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

Shanghai, PRC, 10 June 2019

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

***Executive Directors:***
Suxin Zhang *(Chairman)*
Junjun Tang *(President)*

***Non-Executive Directors:***
Jianbo Chen
Yang Du
Takayuki Morita
Jun Ye

***Independent Non-Executive Directors:***
Stephen Tso Tung Chang
Kwai Huen Wong, JP
Long Fei Ye