

FLASH TRAFFIC REPORT

Hua Hong

May 2026



Prague Security
Studies Institute

Hua Hong

1. BACKGROUND AND RISK ASSESSMENT

In late April 2026, the Department of Commerce [requested](#) U.S. chip equipment manufacturers to halt shipments to China's second-largest chipmaker, Hua Hong. This decision was likely taken to stem China's development of cutting-edge chips.

Three of the world's leading semiconductor equipment manufacturers received the Commerce Department letters: Lam Research (etching and deposition systems), Applied Materials (a broad range of fabrication tools), and KLA Corporation (process control and inspection). Together, these three American firms supply many of the most critical steps in chip manufacturing and collectively generate billions of dollars in annual revenues from Chinese customers.

While Hua Hong is not found on any sanctions lists or other government blacklists, it was [considered](#) by the U.S. Department of Defense as meriting inclusion on the 1260H list, which identifies businesses connected to the Chinese military operating in the U.S. However, the 1260H list has not been updated to include it.

2. PUBLICLY TRADED STATUS AND SELECT OWNERSHIP DATA

Hua Hong is listed in Hong Kong under ticker [1347](#).

- *BlackRock* holds 6.11% of outstanding shares, valued at \$1.7 billion, with this ownership distributed through their offshore funds based in the U.S., UK, Ireland, Japan, and others.
- *The Vanguard Group* holds 1.88% of outstanding shares, valued at \$589.2 million, with this ownership distributed through their offshore funds based in the U.S. and Australia.
- *Norges Bank Investment Management (NBIM)*, the Norwegian sovereign wealth fund, holds 0.58% of outstanding shares, valued at \$183.2 million.
- *Invesco* holds 0.53% of outstanding shares, valued at \$269.1 million.
- *Geode Capital Management, L.L.C.*, a Boston, Massachusetts-based investment firm, holds 0.28% of outstanding shares, valued at \$86.9 million.
- *HSBC Global Asset Management (UK) Limited*, holds 0.27% of outstanding shares, valued at \$85.5 million.

3. RECOMMENDATION

Given the highlighted national security risks posed by Hua Hong, and in light of the regulatory effort to undercut China's race to achieve AI dominance, investments in Hua Hong through the capital markets should be prohibited both by law and as a matter of fiduciary responsibility. Specifically, PSSI recommends immediate regulatory action to prevent European and American retail and institutional investors from buying, selling, or holding the securities of Hua Hong and their subsidiaries.

Permitting continued Western portfolio investment in Hua Hong exposes investors to asymmetric material risk, while simultaneously providing capital to a company under significant scrutiny for its role in bolstering China's ability to surpass the U.S. and Europe in a critically important sector.