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HG SEMICONDUCTOR LIMITED

宏光半導體有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6908)

VOLUNTARY ANNOUNCEMENT STRATEGIC COOPERATION FRAMEWORK AGREEMENT

This announcement is made by HG Semiconductor Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the latest business development of the Group.

THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

Reference is made to the announcement of the Company dated 5 August 2022 (the “**Announcement**”) in relation to, *inter alia*, a conditional investment agreement between the Company and Mr. Zhu Gongshan (the “**Investor**”).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company is pleased to announce that on 7 September 2022, the Company entered into a strategic cooperation framework agreement (the “**Strategic Cooperation Framework Agreement**”) with Golden Concord Group Limited (協鑫集團有限公司) (the “**Cooperating Party**”), a company ultimately held under a discretionary trust (the “**Investor Family Trust**”) with the Investor and his family members as beneficiaries, to start their long term strategic cooperation.

Pursuant to the Strategic Cooperation Framework Agreement, the Company and the Cooperating Party (collectively, the “**Parties**”) intend to initiate close cooperation in application of gallium nitride (“**GaN**”) power chips in the field of new energy, including (i) the Cooperating Party or its subsidiaries will invest in the equity of the Company or the Company’s subsidiaries to establish in-depth cooperation; (ii) the Parties will establish a domestic new energy joint venture (the “**JV Company**”) to tap into the application of GaN chips in the field of new energy, including but not limited to technologies and equipment on charging/exchanging batteries, energy storage technology and related equipment, and distributed solar inverters; (iii) the Company will provide technical support to the JV Company and jointly develop application products based on silicon-based power chips and third-

generation semiconductors; and (iv) the Cooperating Party will assist the Company and the JV Company to enter into the market of new energy industry supply chain based on its leading position and comprehensive layout in the new energy industry.

INFORMATION OF THE COOPERATING PARTY

To the best knowledge, information and belief of the Directors having made all reasonable enquiries,

- (i) the Cooperating Party is ultimately held under the Investor Family Trust with the Investor and his family members as beneficiaries;
- (ii) the Cooperating Party is interested in each of the following listed companies:
 - (a) GCL Technology Holdings Limited (協鑫科技控股有限公司) (stock code: 3800), whose shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and principally engaged in the manufacturing and sale of polysilicon and wafers products, and developing and operating of solar farms;
 - (b) GCL New Energy Holdings Limited (協鑫新能源控股有限公司) (stock code: 451), whose shares are listed on the Main Board of the Stock Exchange, and principally engaged in the sale of electricity, development, construction, operation and management of solar power plants;
 - (c) GCL System Integration Technology Co., Ltd.* (協鑫集成科技股份有限公司) (stock code: 002506), a company incorporated in the People’s Republic of China (the “**PRC**”) with its shares listed on the Shenzhen Stock Exchange and principally engaged in battery components, energy engineering, energy system integration, and the research and development, design, production, sales and one-stop service of the other related products; and
 - (d) GCL Energy Technology Co., Ltd.* (協鑫能源科技股份有限公司) (stock code: 002015), a company incorporated in the PRC with its shares listed on the Shenzhen Stock Exchange and principally engaged in the clean energy operations, mobile energy operations, and integrated energy services; and
- (iii) except for the 60,000,000 new shares of the Company to be allotted and issued by the Company and 60,000,000 unlisted warrants to be issued by the Company to the Investor or his wholly-owned entity pursuant to the conditional formal subscription agreement to be entered into between the Company and the Investor or his wholly-owned entity, the Cooperating Party and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF ENTERING INTO THE STRATEGIC COOPERATION FRAMEWORK AGREEMENT

The Group is principally engaged in the design, development, manufacturing, subcontracting service and sales of semiconductor products, including light-emitting diode (“**LED**”) beads, GaN (gallium nitride) chip, GaN components and related application products, and fast charging products in the PRC. The Group’s long-term strategy is to develop and expand its semiconductor business.

Reference is made to the disclosure under the heading “Reasons For And Benefits Of The Shares Subscription And The Warrants Subscription” of the Announcement that with the background of the Investor, it is expected that the Investor can (i) coordinate the resources of the new energy industry and form strategic synergy with the Group’s third-generation semiconductors (especially power chips) to form complementary industrial resources; (ii) use his financial resources and business network in the financial system to assist the Group in the rapid development of production capacity and products; (iii) assist the Group to work closely with local governments to improve the policies and supports for the third-generation semiconductor industry; and (iv) use his own experience in operation and management to assist the Group to build up its talents, operations, technology, research and development. The Strategic Cooperation Framework Agreement is the furtherance of the cooperation between the Group and the Investor and is a step further to achieving the aforementioned cooperation goals.

In light of the above, the Board is of the view that entering into the Strategic Cooperation Framework Agreement is in the ordinary and usual course of business of the Company and the terms of the Strategic Cooperation Framework Agreement are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Strategic Cooperation Framework Agreement does not constitute any notifiable transaction of the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”), nor constitute any connected transactions under Chapter 14A of the Listing Rules.

The terms of the transactions contemplated under the Strategic Cooperation Framework Agreement are subject to the terms of any definitive agreement(s) which the parties may subsequently enter into from time to time. As such, the possible cooperation under the Strategic Cooperation Framework Agreement may or may not materialise. If the transactions contemplated under the Strategic Cooperation Framework Agreement materialise, the Group will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
HG Semiconductor Limited
Zhao Yi Wen
Chairman and Executive Director

Hong Kong, 7 September 2022

As at the date of this announcement, the executive Directors are Mr. Zhao Yi Wen, Mr. Lyu Xiangrong, Mr. Leung Kin Pang and Ms. Liu Yang; the non-executive Directors are Dr. Wang David Nin-kou and Mr. Wang Jie Chuan; and the independent non-executive Directors are Professor Chow Wai Shing, Tommy, Mr. Wu Wing Kuen, B.B.S., Mr. Chan Chung Kik, Lewis and Mr. Li Yang.

If there is any inconsistency in this announcement between the Chinese and English versions, the English version shall prevail.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*