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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 BUSINESS UPDATE

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.

Reference is made to the Interim Report 2022 (the “**Interim Report**”) of the Company. It is disclosed in the Interim Report that by leveraging its expertise, strong team and research and development (“**R&D**”) capabilities in LED manufacturing, the Group is on a path of strategic transformation and has vigorously expanded its business into R&D, design, manufacturing and sales of gallium nitride (“**GaN**”) third-generation semiconductors. It is also disclosed in the Interim Report that in the first half of 2022, the Group remained committed to accelerating its R&D efforts to rapidly expand into the third-generation semiconductor design and production markets.

The board of directors of the Company (the “**Board**”) is pleased to announce that the Group has recently started manufacturing its own 6-inch GaN epitaxial wafer for power electronics (the “**Wafer**”). The successful manufacturing of the Wafer happens far earlier than the expected timetable and paves the way to the Group’s quick industrialization and mass production of GaN third-generation semiconductors. This represents a major achievement of the Group’s business transformation into a supplier of GaN third-generation semiconductors and marks a milestone in the commercialisation of the Group’s GaN third-generation semiconductors. The Group remains optimistic about the prospect of manufacturing third-generation semiconductors, in particular the manufacturing and sales of GaN, and will continue to deepen its business transformation towards its aim as the industry leader in supplying third-generation GaN semiconductors to the Greater China market.

Reference is also made to the announcements of the Company dated 5 August 2022, 26 September 2022 and 29 September 2022 in relation to the (i) possible issue of new shares under specific mandate (the “**Shares Subscription**”); and (ii) possible issue of unlisted warrants under specific mandate (the “**Warrants Subscription**”).

The Board wishes to update the shareholders and potential investors of the Company that as at the date of this announcement, the Shares Subscription and the Warrants Subscription are still ongoing. The Company is in the process of preparing and finalising the circular in relation to the Shares Subscription and the Warrants Subscription. Further update will be made by way of announcement as and when necessary.

Shareholders and potential investors of the Company are advised to pay attention to investment risks and exercise caution when dealing in the securities of the Company.

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

Hong Kong, 1 November 2022

As at the date of this announcement, the executive directors of the Company are Mr. Zhao Yi Wen, Mr. Lyu Xiangrong, Mr. Leung Kin Pang and Ms. Liu Yang; the non-executive directors of the Company are Dr. Wang David Nin-kou and Mr. Wang Jie Chuan; and the independent non-executive directors of the Company 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.