
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in HG Semiconductor Limited (the “**Company**”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker, registered dealer in securities or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

PROPOSALS FOR
(1) ADOPTION OF AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AND REPORTS OF DIRECTORS AND AUDITORS,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) RE-APPOINTMENT OF AUDITORS,
(4) GENERAL MANDATE, REPURCHASE MANDATE AND
EXTENSION MANDATE
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING

A notice convening the 2023 annual general meeting of the Company (“**2023 AGM**”) to be held at 2:00 p.m. on Thursday, 25 May 2023 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, People’s Republic of China is set out on pages 24 to 28 of this circular. A form of proxy for use by the shareholders at the 2023 AGM is enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.hg-semiconductor.com.

Whether or not you are able to attend the 2023 AGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to Boardroom Share Registrars (HK) Limited the branch share registrar and transfer office of the Company in Hong Kong, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the 2023 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2023 AGM or any adjournment thereof should you so wish.

24 April 2023

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“2022 Annual Report”	the annual report of the Company for the financial year ended 31 December 2022 despatched to the Shareholders together with this circular
“2023 AGM”	the 2023 annual general meeting of the Company to be held at 2:00 p.m. on Thursday, 25 May 2023 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, PRC, for the purpose of considering and if thought fit, approving, <i>inter alia</i> , the resolutions proposed in this circular
“Articles”	the articles of association of the Company as amended, supplemented or modified from time to time
“Auditors”	the auditors of the Company
“Board”	the board of Directors
“Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands as amended from time to time
“close associate(s)”	has the meaning as defined in the Listing Rules
“Company”	HG Semiconductor Limited (宏光半導體有限公司), previously known as HongGuang Lighting Holdings Company Limited (宏光照明控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6908)
“controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“core connected person(s)”	has the meaning as defined in the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the General Mandate

DEFINITIONS

“FastPower”	FastPower Inc., a company incorporated in the United States of America with limited liability and an indirect wholly-owned subsidiary of the Company
“General Mandate”	a general unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with new Shares with the aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution at the 2023 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	18 April 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company
“PRC”	the People’s Republic of China, which shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
“Repurchase Mandate”	a general unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase the Shares of the aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution at the 2023 AGM
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers published by SFC as amended from time to time
“Xuzhou GSR”	徐州金沙江半導體有限公司 (Xuzhou GSR Semiconductor Co., Ltd*), a limited liability company established in the PRC and an indirect subsidiary of the Company
“%”	per cent.

* *For identification purpose only*

LETTER FROM THE BOARD



HG SEMICONDUCTOR LIMITED

宏光半導體有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6908)

Executive Directors:

Mr. Zhao Yi Wen (*Chairman*)
Dr. Xu Zhihong (*Vice Chairman*)
Dr. Cao Yu (*Chief Executive Officer*)
Mr. Lyu Xiangrong
Mr. Leung Kin Pang
Dr. Chen Zhen

Registered office in the Cayman Islands:

Windward 3
Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

Non-executive Director:

Dr. Wang David Nin-kou

*Headquarter and principal place of
business in People's Republic of China:*

The North Side
2nd Floor
No. 8 Pinggong Er Road
Nanping Technology Industrial Park
Zhuhai
People's Republic of China

Independent Non-executive Directors:

Professor Chow Wai Shing, Tommy
Mr. Wu Wing Kuen, *B.B.S.*
Mr. Chan Chung Kik, Lewis
Mr. Li Yang

24 April 2023

To the Shareholders,

Dear Sirs or Madams,

**PROPOSALS FOR
(1) ADOPTION OF AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AND REPORTS OF DIRECTORS AND AUDITORS,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) RE-APPOINTMENT OF AUDITORS,
(4) GENERAL MANDATE, REPURCHASE MANDATE AND
EXTENSION MANDATE
AND
NOTICE OF 2023 ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you notice of the 2023 AGM and to provide you with details of the resolutions to be proposed at the 2023 AGM relating to:

- (a) the adoption of audited consolidated financial statements and the reports of the Directors and the Auditors for the year ended 31 December 2022;
- (b) the proposed re-election of the retiring Directors;
- (c) the proposed re-appointment of the Auditors;
- (d) the granting of the General Mandate to the Directors;
- (e) the granting of the Repurchase Mandate to the Directors; and
- (f) the granting of the Extension Mandate to the Directors.

RESOLUTION (1) ADOPTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND THE AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2022

The audited consolidated financial statements of the Company for the year ended 31 December 2022 together with the reports of the Directors and the Auditors, are set out in the 2022 Annual Report which will be sent to the Shareholders on 24 April 2023. The 2022 Annual Report may then be viewed and downloaded from the Company's website (www.hg-semiconductor.com) and the Stock Exchange's website (www.hkexnews.hk). The audited consolidated financial statements have been reviewed by the audit committee of the Company (the "**Audit Committee**").

RESOLUTION (2) RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of eleven Directors, namely Mr. Zhao Yi Wen (Chairman and Executive Director), Dr. Xu Zhihong (Vice Chairman and Executive Director), Dr. Cao Yu (Chief Executive Officer and Executive Director), Mr. Lyu Xiangrong, Mr. Leung Kin Pang and Dr. Chen Zhen (Executive Directors); Dr. Wang David Nin-kou (Non-executive Director); Professor Chow Wai Shing, Tommy, Mr. Wu Wing Kuen, B.B.S., Mr. Chan Chung Kik, Lewis and Mr. Li Yang (Independent Non-executive Directors).

Pursuant to article 108(a) of the Articles, at each annual general meeting, one-third of the Directors for the time being (or if their number is not a multiple of three(3), the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Dr. Wang David Nin-kou, Professor Chow Wai Shing, Tommy and Mr. Wu Wing Kuen, B.B.S. shall retire at the 2023 AGM and being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

Pursuant to article 112 of the Articles, Dr. Xu Zhihong (“**Dr. Xu**”) (appointed by the Board on 6 February 2023), Dr. Cao Yu (“**Dr. Cao**”) (appointed by the Board on 6 February 2023), Mr. Leung Kin Pang (“**Mr. Leung**”) (appointed by the Board on 22 June 2022) and Dr. Chen Zhen (“**Dr. Chen**”) (appointed by the Board on 6 February 2023) shall hold office only until the first annual general meeting of the Company after their appointments. Accordingly, Dr. Xu, Dr. Cao, Mr. Leung and Dr. Chen shall retire at the 2023 AGM and being eligible, offer themselves for re-election.

The re-election of Directors has been reviewed by the nomination committee of the Company (the “**Nomination Committee**”) which recommended to the Board that the re-election be proposed for Shareholders’ approval at the 2023 AGM. The nominations were made in accordance with the nomination policy of the Company and the objective criteria for the nominations which include but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, with due regard for the benefits of diversity as set out under the board diversity policy of the Company.

In recommending Dr. Xu, Dr. Cao, Mr. Leung and Dr. Chen to stand for re-election as Executive Directors, Dr. Wang David Nin-kou as Non-executive Director, and Professor Chow Wai Shing, Tommy and Mr. Wu Wing Kuen B.B.S. as Independent Non-executive Directors, the Nomination Committee has considered the following backgrounds and attributes of the nominees concerned:

- (a) Dr. Xu has substantial experience in business, investments and assets management in the PRC and Hong Kong.
- (b) Dr. Cao has extensive management and research & development expertise and experience in the semiconductor industry.
- (c) Mr. Leung has over 15 years of experience in merger and acquisition, investment and fund management.
- (d) Dr. Chen has extensive management and research & development expertise and experience in the semiconductor industry.
- (e) Dr. Wang David Nin-kou is familiar with the internal operation of state-owned enterprises and private enterprises, and has rich experience in enterprise management, especially in human resources management and project evaluation, and has good coordination, communication and management skills.
- (f) Professor Chow Wai Shing, Tommy is specialized in the field of electrical and electronics engineering. He is currently a professor of the Department of Electronic Engineering of the City University of Hong Kong.

LETTER FROM THE BOARD

- (g) Mr. Wu Wing Kuen, B.B.S. has over 29 years of experience in real estate investment and has substantial experience in serving the Hong Kong community by holding various positions. Currently, he is the president of the Sha Tin District Community Fund. In the past, he has served as a member of the Sha Tin District Fight Crime Committee and as a member of the Appeal Tribunals Panel of the Planning and Lands Branch of the Development Bureau of the HKSAR Government.

The Nomination Committee considered that in view of their diverse background as set out in Appendix II to this circular, the appointments of Dr. Xu, Dr. Cao, Mr. Leung and Dr. Chen as executive Directors, Dr. Wang David Nin-kou as Non-executive Director, and Professor Chow Wai Shing, Tommy and Mr. Wu Wing Kuen B.B.S. as Independent Non-executive Directors will bring valuable perspectives, knowledge, skills and experiences to the Board for its efficient and effective functioning and their appointments will contribute to the diversity of the Board appropriate to the requirements of the Company's business.

The Nomination Committee has also assessed the independence of all the independent non-executive Directors ("INEDs"). All the INEDs of the Company satisfy the Independence Guidelines as set out in Rule 3.13 of the Listing Rules and has each provided to the Company an annual written confirmation of his independence.

The biographical details of the Directors proposed to be re-elected at the 2023 AGM are set out in Appendix II to this circular.

RESOLUTION (3) RE-APPOINTMENT OF AUDITORS

The Board (which agreed with the view of the Audit Committee) recommended that, subject to the approval of the Shareholders at the 2023 AGM, BDO Limited be re-appointed as the Auditors for 2023.

RESOLUTION (4) GENERAL MANDATE

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares pursuant to the ordinary resolutions of the Shareholders passed at the 2022 annual general meeting held on 17 May 2022. The general mandate would expire: (a) at the conclusion of the next annual general meeting of the Company; (b) at the expiration of the period within which the Company is required by the Articles or any other applicable laws of the Cayman Islands to hold its next annual general meeting; or (c) when revoked, varied or renewed by an ordinary resolution of Shareholders in general meeting, whichever is the earliest.

As disclosed in the announcements of the Company dated 5 August 2022, 2 September 2022, 13 September 2022 and 13 October 2022 in relation to the placing of new shares under the existing general mandate, a total of 18,010,000 Shares had been allotted and issued. An ordinary resolution will therefore be proposed at the 2023 AGM that the Directors be granted a general unconditional mandate to allot, issue and deal with new Shares with the aggregate nominal value not exceeding 20% of the aggregate nominal value of the issued share capital of the Company on the date of

LETTER FROM THE BOARD

passing the relevant resolution (i.e. a maximum of 116,320,200 Shares to be issued by the Company, on the basis that the total issued Shares of 581,601,000 Shares remains unchanged from the Latest Practicable Date to the date of the 2023 AGM).

Details of the aforesaid ordinary resolution are set out in ordinary resolution no. 4 in the Notice of the 2023 AGM.

RESOLUTION (5) REPURCHASE MANDATE

The Directors have been granted a general unconditional mandate to exercise the power of the Company to repurchase Shares pursuant to the ordinary resolutions of the Shareholders passed at the 2022 annual general meeting held on 17 May 2022. The repurchase mandate would expire: (a) at the conclusion of the next annual general meeting of the Company; (b) at the expiration of the period within which the Company is required by the Articles or any other applicable laws of the Cayman Islands to hold its next annual general meeting; or (c) when revoked, varied or renewed by an ordinary resolution of Shareholders in general meeting, whichever is the earliest.

As at the Latest Practicable Date, the existing repurchase mandate has not been utilised and will lapse at the conclusion of the 2023 AGM. Therefore, an ordinary resolution will be proposed at the 2023 AGM that the Directors be granted a general mandate to exercise all the powers of the Company to purchase or repurchase Shares with the aggregate nominal value not exceeding 10% of the aggregate nominal value of the issued share capital of the Company on the date of passing the relevant resolution (i.e. a maximum of 58,160,100 Shares to be repurchased by the Company, on the basis that the total issued Shares of 581,601,000 Shares remains unchanged from the Latest Practicable Date to the date of the 2023 AGM).

Details of the aforesaid ordinary resolution are set out in ordinary resolution no. 5 in the Notice of the 2023 AGM.

An explanatory statement giving the particulars required under Rule 10.06(1)(b) of the Listing Rules in respect of the Repurchase Mandate to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision whether to vote for or against the resolution is set out in Appendix I to this circular.

RESOLUTION (6) EXTENSION MANDATE

In addition, subject to the passing of the resolutions to grant the General Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the 2023 AGM to authorise the Directors to extend the General Mandate to allot and issue Shares by an amount of Shares representing the aggregate nominal value of Shares of the Company purchased or repurchased by the Company pursuant to the authority granted to the Directors under the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate number of the issued Shares as at the date of passing the resolution for approving the Repurchase Mandate.

LETTER FROM THE BOARD

The General Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the 2023 AGM; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Cayman Companies Act or the applicable laws of Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Details of the aforesaid ordinary resolution are set out in ordinary resolution no. 6 in the Notice of the 2023 AGM.

2023 ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice convening the 2023 AGM to be held at 2:00 p.m. on Thursday, 25 May 2023 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, PRC is set out on pages 24 to 28 of this circular. At the 2023 AGM, six ordinary resolutions will be proposed to approve, among other matters, the adoption of the audited consolidated financial statements for the year ended 31 December 2022 and the reports of the Directors and Auditors, the re-election of retiring Directors, the re-appointment of Auditors, the granting of the General Mandate, the granting of the Repurchase Mandate and the granting of the Extension Mandate.

A form of proxy for use in connection with the 2023 AGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the 2023 AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2023 AGM (or any adjourned meeting thereof) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

VOTING AT THE 2023 ANNUAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the 2023 AGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the 2023 AGM, in the manner prescribed under Rule 13.39(5) of the Listing Rules, on the results of the 2023 AGM.

LETTER FROM THE BOARD

RECOMMENDATION

At the 2023 AGM, six ordinary resolutions will be proposed to approve, among other matters, the adoption of audited consolidated financial statements and Reports of Directors and Auditors; the re-election of retiring Directors; the re-appointment of Auditors; the granting of the General Mandate, the Repurchase Mandate and the Extension Mandate.

The Directors believe that the proposed grant of the General Mandate, the Repurchase Mandate, the Extension Mandate, the re-election of retiring Director and the re-appointment of the Auditors are in the best interests of the Company and the Shareholders. The Directors believe that an exercise of the General Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company. The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that such repurchase of Shares will benefit the Company and the Shareholders. An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and/or gearing position of the Company. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital requirements or the gearing levels of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of all resolutions to be proposed at the 2023 AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the 2023 AGM will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the 2023 AGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with Boardroom Share Registrars (HK) Limited, the Company's Hong Kong branch share registrar and transfer office, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Friday, 19 May 2023.

RESPONSIBILITY OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL INFORMATION

The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on any resolution to be proposed at the 2023 AGM.

LETTER FROM THE BOARD

Your attention is also drawn to the additional information set out in the appendices to this circular.

LANGUAGE

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

Appendix I serves as an explanatory statement, as required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to approve the grant of the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the SFC subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, a total of 581,601,000 Shares were in issue. As at the Latest Practicable Date, the Company did not have any outstanding options, warrants and convertible securities to subscribe for the Shares.

Assuming that no further Shares are issued or repurchased during the period from the Latest Practicable Date until the 2023 AGM, exercise in full of the Repurchase Mandate, on the basis of 581,601,000 Shares in issue as at the Latest Practicable Date, could result in up to a maximum of 58,160,100 Shares being repurchased by the Company.

3. REASONS FOR REPURCHASE

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases, depending on market conditions and funding arrangements at the time, may lead to enhancement of the net asset value of the Company and/or the earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. The number of Shares to be repurchased on any occasion and the price and other terms on which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

4. SOURCE OF FUNDS

The Company is empowered by the Articles to repurchase its Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Cayman Companies Act, the Listing Rules and/or other applicable laws, rules and regulations, as the case may be.

Any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose or, if authorized by the Articles and subject to the Cayman Companies Act and/or other applicable laws, rules and regulations, out of capital. The premium, if any, payable on repurchase must be provided for out of the profits of the Company or out of the Company's share premium account before or at the time the Shares are repurchased or, if authorized by the Articles and subject to Cayman Companies Act and/or other applicable laws, rules and regulations, out of capital. The Shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced.

The Company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or settlement otherwise than in accordance with the trading rules of the Stock Exchange.

5. IMPACT ON WORKING CAPITAL OR GEARING POSITION

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2022, being the date of its latest published audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in the circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

6. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates has any present intention, in the event that the Repurchase Mandate is approved by Shareholders and exercised, to sell any of their Shares to the Company or its subsidiaries pursuant to the Repurchase Mandate.

No core connected person of the Company has notified the Company that he/she/it has a present intention to sell any of his/her/its Shares to the Company or has undertaken not to sell any of the Shares held by him/her/it to the Company, in the event that the Company is authorized to make repurchases of the Shares.

7. THE TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or a group of Shareholders acting in concert.

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons were directly or indirectly interested in 5% or more of the issued share capital of the Company. Their respective interest as at the Latest Practicable Date is shown under the column “Approximate % of the issued share capital before a possible exercise of the Repurchase Mandate” while the respective interest in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolutions in relation to the Repurchase Mandate to be proposed at the 2023 AGM (and assuming that the issued share capital of the Company remains unchanged up to the date of the 2023 AGM) is shown under the column “Approximate % of the issued share capital should the Repurchase Mandate be exercised in full”:

Name of Shareholder	Number of Shares Interested	Approximate % of the issued share capital before a possible exercise of the Repurchase Mandate	Approximate % of the issued share capital should the Repurchase Mandate be exercised in full
Profit Act Limited (<i>Note 1</i>)	120,000,000	20.63%	22.93%
Profit Times International Limited (<i>Note 2</i>)	120,000,000	20.63%	22.93%
Mr. Zhu Gongshan (<i>Note 3</i>)	120,000,000	20.63%	22.93%
Ms. Qin Anqi (<i>Note 4</i>)	100,500,000	17.28%	19.20%
Wide Yield Investment Holding Limited (<i>Note 4</i>)	100,500,000	17.28%	19.20%
Mr. Zhao Yi Wen (<i>Note 5</i>)	96,980,000	16.67%	18.53%
Ms. Zhuang Chan Ling (<i>Note 6</i>)	96,980,000	16.67%	18.53%
First Global Limited (<i>Note 5</i>)	96,500,000	16.59%	18.44%
GSR Capital Special Opportunity Fund L.P. (“GSR”) (<i>Note 7</i>)	56,000,000	9.63%	10.70%
GoldenSand Capital Ltd (“GoldenSand”) (<i>Note 7</i>)	56,000,000	9.63%	10.70%
Wu Sonny (<i>Note 8</i>)	56,000,000	9.63%	10.70%
Qin Xiaolu	39,085,000	6.72%	7.47%

The above are calculated based on 581,601,000 shares in issue as at the Latest Practicable Date.

Notes:

1. On 4 August 2022, Profit Act Limited (the “**Investor**”) entered into an investment agreement with the Company in relation to (a) the subscription by the Investor for 60,000,000 shares of the Company at HK\$3 per share and (b) the issue to the Investor the warrants conferring the rights to subscribe for a maximum number of 60,000,000 warrant shares at HK\$3.68 per share. Please refer to the announcements of the Company dated 5 August 2022, 29 September 2022, 1 December 2022, 13 December 2022 and 3 March 2023 and circular dated 28 November 2022.
2. The 120,000,000 Shares in which Profit Times International Limited is interested consist of 120,000,000 Shares in which Profit Act Limited is interested in. Profit Act Limited is a company wholly owned by Profit Times International Limited, in which Profit Times International Limited is deemed to be interested under the SFO.
3. The 120,000,000 Shares in which Mr. Zhu Gongshan is interested consist of 120,000,000 Shares in which Profit Act Limited is interested in. Profit Act Limited is a company indirect wholly owned by Mr. Zhu Gongshan, in which Mr. Zhu Gongshan is deemed to be interested under the SFO.
4. 100,500,000 Shares held by Wide Yield Investment Holding Limited, a company wholly owned by Ms. Qin Anqi, in which Ms. Qin Anqi is deemed to be interested under the SFO.
5. The aggregate 96,980,000 Shares in which Mr. Zhao Yi Wen is interested consist of (i) 96,500,000 Shares held by First Global Limited, a company wholly owned by Mr. Zhao Yi Wen, in which Mr. Zhao Yi Wen is deemed to be interested under the SFO and (ii) 480,000 underlying Shares which may be allotted and issued to him upon full exercise of all the options granted to him under the Company’s share option scheme.
6. Ms. Zhuang Chan Ling is the spouse of Mr. Zhao Yi Wen and is deemed, or taken to be, interested in the Shares in which Mr. Zhao Yi Wen has interest under the SFO.
7. 56,000,000 Shares held by GSR, a company owned by GoldenSand in 50%, in which GoldenSand is deemed to be interested under the SFO.
8. 56,000,000 Shares held by GoldenSand, a company wholly owned by Wu Sonny, in which Wu Sonny is deemed to be interested under the SFO.

On the basis of the shareholding held by the Shareholders named above, an exercise of the Repurchase Mandate in full will not give rise to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

8. SHARE PRICES

The highest and lowest traded prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest (HK\$)	Lowest (HK\$)
2022		
April	4.95	4.03
May	5.08	2.91
June	4.40	3.50
July	4.33	3.31
August	4.88	3.32
September	4.19	3.20
October	4.25	3.25
November	3.88	3.09
December	3.53	2.84
2023		
January	3.28	2.68
February	3.29	2.71
March	2.88	1.50
April (up to the Latest Practicable Date)	2.15	1.42

9. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares had been made by the Company during the 6 months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

10. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles and all applicable laws of the Cayman Islands.

Set out below are the biographical details of the Directors who will retire at the conclusion of the 2023 AGM and will be proposed to be re-elected at the 2023 AGM.

EXECUTIVE DIRECTORS

Dr. Xu Zhihong (徐志宏) (“**Dr. Xu**”), aged 60, was appointed as an Executive Director and Vice Chairman of the Company on 6 February 2023. Dr. Xu graduated from the Anhui Finance and Trade Vocational College with a Bachelor of Economics Degree, and then obtained a Master of Business Administration Degree from the Oklahoma City University and a Doctorate Degree in Economics from the Renmin University of China.

Dr. Xu was the managing director of CMB Wing Lung Bank Limited (formerly known as Wing Lung Bank Limited) and the general manager of the Financial Markets Department of Industrial and Commercial Bank of China, and has extensive experience in corporate financial planning. From 2 December 2019 to 3 June 2020, Dr. Xu was a director and deputy general manager of China Dive Company Limited, a company listed on the Shenzhen Stock Exchange (stock code: 300526). From 1 September 2020 to 31 August 2021, Dr. Xu was an executive director and a chief executive officer of DTXS Silk Road Investment Holdings Company Limited (大唐西市絲路投資控股有限公司) (“**DTXS Silk Road**”), a company listed on the Main Board of the Stock Exchange (stock code: 620); and from 1 April 2022 to 31 January 2023, Dr. Xu was an executive director, an executive vice-chairman and the chairman of the investment committee of DTXS Silk Road.

Dr. Xu has received the honour of Special Government Allowances of the State Council as a National Expert (國務院特殊津貼專家), and he has also served as a committee member of the Financial Products Committee of the People’s Bank of China and a council member of the China Urban Financial Society.

Dr. Xu has entered into a service agreement with the Company for an initial term of three years commencing from 6 February 2023, which will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Memorandum and Articles of Association and the termination provisions of the service agreement. Dr. Xu is entitled to a remuneration of up to HK\$3,000,000 per annum, which was determined by the Board on the recommendation of the remuneration committee of the Company (“**Remuneration Committee**”) by reference to his duties and responsibilities with the Company, the Company’s performance and current market situation.

Dr. Cao Yu (曹雨) (“**Dr. Cao**”), aged 43, was appointed as an Executive Director and chief executive Officer of the Company on 6 February 2023. Dr. Cao joined the Group in 2021 and is a core expert in the compound semiconductor business and the Vice President of Engineering of Xuzhou GSR and FastPower. In 2002, he graduated from the Nanjing University, Jiangsu, China, with a Bachelor’s Degree in Physics and obtained a Master’s Degree in Advanced Materials for Micro and Nano-Systems from the Singapore-MIT Alliance in 2003. After working in the Institute of Materials Research and Engineering (Singapore) as a research fellow for two years, he joined the

University of Notre Dame and received a Master of Science Degree in Electrical Engineering in 2008, and a Ph.D. Degree in Electrical Engineering and a Master of Science Degree in Applied Mathematics in 2010.

After graduation, he joined Kopin as a staff scientist focusing on III-V epitaxy by MOCVD, and later a staff scientist of IQE when Kopin's III-V business was acquired. In 2014, he joined HRL Laboratories as a technical staff, focusing on GaN-based power electronics. Between 2017 and 2021, he served as a senior program manager at Qorvo Inc., managing multiple research programs focusing on RF electronics. In November 2021, he joined Xuzhou GSR and FastPower as Vice President of Engineering. Dr. Cao has over 20 years of proven semiconductor research, development and production experience in epitaxial growth, characterisation, device design and processing of electronic and optoelectronic devices based on GaN, InN, AlN, GaAs, InP, and related ternary and quaternary alloys. He has authored/co-authored 4 book/book chapters, 12 filed patents, and over 170 journal and conference papers. As a Senior Member of the Institute of Electrical and Electronics Engineers ("IEEE"), he has also served as a committee member of the IEEE EDS Compound Semiconductor Devices & Circuits Committee (2019–present) and the IEEE Senior Member Application Review Panel (2021–present), as well as the Electrochemical Society (ECS) Member at large, Electronics and Photonics Division: EPD, EPD executive committee member (2021–present). He was a technical committee member and session chair for Device Research Conference (2016–2018), International Workshop on Nitride Semiconductors (2018), Lester Eastman Conference (2018, 2020, 2021), IEEE Electron Devices Technology and Manufacturing (2021, 2022), ECS Meetings (2019–2021). He has also served as an editor for ECS Transactions in 2019 and a guest editor for IEEE Transactions on Electron Devices in 2020. He received the IEEE George E. Smith Award in 2016 and is an invited reviewer for 15 prestigious research journals.

As at the Latest Practicable Date, Dr. Cao held a long position of 50,000 Shares, representing approximately 0.0086% of the total issued Shares.

Dr. Cao has entered into a service agreement with the Company for an initial term of three years commencing from 6 February 2023, which will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Memorandum and Articles of Association and the termination provisions of the service agreement. Dr. Cao is entitled to a remuneration of up to HK\$3,200,000 per annum and a discretionary performance bonus, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

Mr. Leung Kin Pang (梁健鵬) ("Mr. Leung"), aged 41, was appointed as an Executive Director of the Company on 22 June 2022. Mr. Leung obtained his Bachelor's Degree in Economics and Finance and a Master's Degree in Economics from the University of Hong Kong. He has also obtained a Master's Degree in Global History and a Master's Degree in Politics of the World Economy from the London School of Economics and Political Science. Mr. Leung has over 15 years of experience in merger and acquisition, investment and fund management. Mr. Leung is the

founder and president of LT Capital Management Limited and LT International Limited Partnership Fund. Mr. Leung is also the cofounder and executive director of Feder Capital Management Limited and Feder Capital Limited.

Mr. Leung has entered into a service agreement with the Company for an initial term of three years commencing from 22 June 2022, which will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Memorandum and Articles of Association and the termination provisions of the service agreement. Mr. Leung is entitled to a remuneration of HK\$360,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

Dr. Chen Zhen (陳振) ("Dr. Chen"), aged 50, was appointed as an Executive Director of the Company on 6 February 2023. Dr. Chen joined the Group in 2021 and is a core expert in the GaN semiconductor business and the general manager of Xuzhou GSR. Dr. Chen is also a director of FastPower. He graduated from the Sichuan University, Sichuan, China, with a Bachelor's Degree in Semiconductor Physics and Devices and a Master's Degree in Condensed State Physics. Thereafter, he received his Ph.D. Degree from the Institute of Semiconductor, Chinese Academy of Sciences, Beijing, China, in 2002.

Dr. Chen has over 20 years of experience in research, development, production and management in the field of GaN-based optoelectronic devices. He has mastered the core technologies of GaN electronic devices and full-band solid-state light-emitting devices as well as the proprietary technology of 8-inch silicon-based GaN epitaxial growth. He had been a Research Fellow with Singapore-MIT Alliance, a Postdoctoral Fellow with the University of South Carolina, and an Associate Project Scientist with the University of California at Santa Barbara, where he had also worked with Nobel Prize winner Professor Shuji Nakamura and Professor Umesh Mishra, a member of the American Academy of Engineering, in relation to the performance of GaN high electron mobility transistor developed by the University of California, and researched GaN-based ultraviolet to visible LED design, growth and characterisation, applications in high-power, high-frequency electronics.

Between 2009 and 2012, he worked at Bridgelux Inc., a leading developer and manufacturer of LED lighting technologies and solutions. He initiated the LED/Silicon (Si) research and development in the company and demonstrated the first working high-power LED-on-Si with light output power as 50% bright as the best LED-on sapphire. He also led the epitaxy (Epi) development in project "Flipchip LED development" and achieved LED with wall plug efficiency (WPE) higher than DA1000, the best commercial flip-chip LED from Cree, a market-leading innovator of lighting-class LEDs, LED lighting, and semiconductor solutions for wireless and power applications. Dr. Chen also held a core management and technical position in Nanchang Lattice Power Corporation where he was involved in the production of silicon-based GaN whereby the company won the first prize of China's National Science and Technology Innovation Award in 2015.

Dr. Chen has been the vice president of a well-known semiconductor company in the United States of America, where he is engaged in the research, development and production of GaN-based external devices. He has authored/co-authored 3 book chapters, over 50 peer-reviewed papers and 20 conference proceedings. He has applied for more than 30 domestic and foreign patents, and more than 10 patents have been granted. He has served as a reviewer for more than 10 international journals. He is also a senior member of the IEEE Photonics Society, and a senior member of the IEEE Electronic Devices Association. His current research interests include III-nitride-based electronic devices and optical devices with wavelength from red to deep ultraviolet.

Dr. Chen has entered into a service agreement with the Company for an initial term of three years commencing from 6 February 2023, which will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Memorandum and Articles of Association and the termination provisions of the service agreement. Dr. Chen is entitled to a remuneration of up to HK\$2,500,000 per annum and a discretionary performance bonus, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

NON-EXECUTIVE DIRECTOR

Dr. WANG David Nin-kou (王寧國) (“Dr. Wang”), aged 76, was appointed as a Non-executive Director on 17 June 2021. Dr. Wang is primarily responsible for monitoring the executive activities and providing strategic advice to the Group.

Dr. Wang received his Doctoral Degree in Materials Science and Engineering from the University of California, Berkeley.

He is a well-known executive and innovator with over 40 years of experience in the global semiconductor industry with more than 100 patents under his name. Dr. Wang began his semiconductor career at Bell Laboratories, where he conducted research and made a number of breakthroughs in semiconductor technology. In 1980, Dr. Wang joined Applied Materials, Inc. (a company listed on NASDAQ, stock code: AMAT), one of the world's largest semiconductor equipment & solution provider, where he led a number of key strategic technology initiatives and revolutionary breakthroughs in semiconductor manufacturing equipment technology. The Precision 5000 Workstation that he co-developed became the industry's successful product, which was inducted into the permanent collection of the Smithsonian Institution in Washington, D.C in 1993. In recognition of his outstanding contributions to the semiconductor industry, Dr. Wang was honored with the first ever lifetime achievement award from Semiconductor Equipment and Materials International (“SEMI”).

Dr. Wang was the chief executive officer of Huahong (Group) Co., Ltd. (“**Huahong Group**”) and the chairman of Huahong NEC, a subsidiary of the Huahong Group between September 2005 and June 2007. Between November 2009 and June 2011, Dr. Wang served as the executive director, president and chief executive officer of Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司*) (a company listed on The Stock Exchange of Hong Kong

Limited, stock code: 0981). In 2017, Dr. Wang was inducted into the Silicon Valley Engineering Council Hall of Fame. Dr. Wang served as the chief executive director of Innotron Memory Co., Ltd.* (睿力集成電路有限公司) and chairman of the board of directors of ChangXin Memory Technologies, Inc.* (合肥長鑫存儲有限公司) from June 2016 to July 2018. Dr. Wang was a board member of the Global Semiconductor Alliance. He has served in numerous industry organizations and advisory roles, including as a board member of SEMI, chairman of SEMI's China Regional Advisory Board, overseas advisor to the Ministry of Science and Technology of the People's Republic of China, and chairman of the board of Monte Jade Science and Technology Association (West Coast).

As at the Latest Practicable Date, Dr. Wang held a long position of 4,800,000 Shares, representing approximately 0.83% of the total issued Shares.

Dr. Wang has entered into a letter of appointment with the Company for an initial term of three years commencing from 17 June 2021 and will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Memorandum and Articles of Association and the termination provisions of the letter of appointment. Dr. Wang is entitled to a remuneration of HK\$800,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Professor CHOW Wai Shing, Tommy (周偉誠) ("Professor Chow"), aged 63, was appointed as an Independent Non-executive Director on 2 December 2016 and is responsible for providing independent advice to the Board. Professor Chow is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Professor Chow obtained his Bachelor's Degree of Science in Electrical and Electronic Engineering with first-class honours from the Sunderland Polytechnic (currently known as the University of Sunderland) in the United Kingdom in June 1984 and a Doctoral Degree of Philosophy for his research in the electrical engineering field from the same university in April 1988. Since 2000, Professor Chow has been a professor of the Department of Electronic Engineering of the City University of Hong Kong.

Professor Chow had served over the years as (i) the chairman and member of a number of committees of the Hong Kong Institution of Engineers (the "HKIE"); (ii) a member of the CAI Discipline Advisory Panel of the HKIE; and (iii) a professional assessment assessor for the HKIE. During the period between 1998 and 2004, Professor Chow served as a member of the Electronics & Communication Industry Safety & Health Committee of the Occupational Safety & Health Council. Professor Chow was also a member of the Public Affairs Forum of the Hong Kong Government.

Professor Chow is a fellow of the Institute of Electrical and Electronics Engineering since January 2019.

As at the Latest Practicable Date, Professor Chow held a long position of 120,000 Shares, representing approximately 0.02% of the total issued Shares.

Professor Chow has entered into a letter of appointment with the Company for two years commencing from 2 December 2020 and will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the memorandum and articles of association of the Company and the termination provisions of the letter of appointment. Professor Chow is entitled to a remuneration of HK\$156,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

Mr. WU Wing Kuen, B.B.S. (胡永權) ("Mr. Wu"), aged 66, was appointed as an Independent Non-executive Director on 2 December 2016 and is responsible for providing independent advice to the Board. Mr. Wu is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Wu has over 29 years of experience in real estate investment. He has been a director of Jet View Investment Limited since December 1991 and a director of Jade Mind Investment Limited since October 2004. Both companies mainly invest in real estate.

Mr. Wu was awarded a Bronze Bauhinia Star from the HKSAR Government in July 2012. Mr. Wu is also currently a voting member of the Hong Kong Jockey Club and the president of the Sha Tin District Community Fund. Mr. Wu had also served the community under various other positions in the past. He was a member of the Sha Tin District Fight Crime Committee, a member of the Appeal Tribunals Panel of the Planning and Lands Branch of the Development Bureau of the HKSAR Government.

Mr. Wu has also been/is an independent non-executive director of (i) Million Cities Holdings Limited between June 2018 and December 2021, a company listed on the Main Board of the Stock Exchange (Stock Code: 2892); (ii) Nanfang Communication Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1617) since November 2016; (iii) Palinda Group Holdings Limited (formerly known as "Food Idea Holdings Limited"), between January 2019 and December 2022, a company listed on the GEM of the Stock Exchange (Stock Code: 8179); and (iv) EFT Solutions Holdings Limited, a company listed on the GEM of the Stock Exchange (Stock Code: 8062) since March 2019.

As at the Latest Practicable Date, Mr. Wu held a long position of 120,000 Shares, representing approximately 0.02% of the total issued Shares.

Mr. Wu has entered into a letter of appointment with the Company for two years commencing from 2 December 2020 and will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Memorandum and Articles of Association and the termination provisions of the letter of appointment. Mr. Wu is entitled to a remuneration of HK\$156,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

GENERAL

Save as disclosed above, none of the above Directors:

- (i) held any other positions in any members of the Group as at the Latest Practicable Date;
- (ii) had any other relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company as at the Latest Practicable Date;
- (iii) held any other directorships in listed public companies in the three years prior to the Latest Practicable Date; and
- (iv) had any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information in relation to the above Directors that needs to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 13.51(2)(w) of the Listing Rules.

* *For identification purpose only*

NOTICE OF THE 2023 AGM



HG SEMICONDUCTOR LIMITED

宏光半導體有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6908)

NOTICE IS HEREBY GIVEN that the 2023 annual general meeting (the “**2023 AGM**”) of HG Semiconductor Limited (the “**Company**”) will be held at 2:00 p.m. on Thursday, 25 May 2023 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, People’s Republic of China for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary resolutions:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the directors of the Company (the “**Director(s)**”) and the auditors of the Company (the “**Auditors**”) for the year ended 31 December 2022;
2. To re-elect Directors and to fix the Directors’ remuneration;
 - (a) To re-elect Dr. Xu Zhihong as an Executive Director;
 - (b) To re-elect Dr. Cao Yu as an Executive Director;
 - (c) To re-elect Mr. Leung Kin Pang as an Executive Director;
 - (d) To re-elect Dr. Chen Zhen as an Executive Director;
 - (e) To re-elect Dr. Wang David Nin-kou as a Non-executive Director;
 - (f) To re-elect Professor Chow Wai Shing, Tommy as an Independent Non-executive Director;
 - (g) To re-elect Mr. Wu Wing Kuen, B.B.S. as an Independent Non-executive Director;
 - (h) To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
3. To re-appoint BDO Limited as the Auditors and authorise the Board to fix their remuneration; and

NOTICE OF THE 2023 AGM

as special business, to consider and, if thought fit, pass the following resolutions (with or without amendments) as ordinary resolutions:

4. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with new shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (as amended from time to time) (the “**Listing Rules**”) be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall authorise the Directors during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which would or might require the exercise of such powers either during or after the end of the Relevant Period (as defined in paragraph (d) below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); (ii) the exercise of the rights of subscription or conversion under the terms of any warrants which may be issued by the Company or any securities which are convertible into shares; (iii) the exercise of options granted under any share option scheme or similar arrangement adopted by the Company for the grant or issue to the employees, officers, Directors and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company; and (iv) any scrip dividend or similar arrangement providing for allotment and issue of shares in lieu of the whole or part of a dividend on the shares of the Company in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the existing issued share capital of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and

NOTICE OF THE 2023 AGM

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking or varying such mandate.

“Rights Issue” means an offer of shares of the Company or offer or issue of warrants or options or other securities giving rights to subscribe for the shares of the Company open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holding of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange, in any territory outside Hong Kong, applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to purchase or repurchase shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company on the Stock Exchange or on any other stock exchange on which the shares or securities of the Company may be listed and is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Securities and Futures Commission, the Companies Act (as revised) of the Cayman Islands, the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company which may be purchased or repurchased by the Company pursuant to the approval

NOTICE OF THE 2023 AGM

in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and

(c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking or varying such mandate.”

6. “**THAT** conditional upon resolutions no. 4 and no. 5 above being passed (with or without amendments), the general and unconditional mandate granted to the Directors to exercise the powers of the Company to allot, issue and deal with shares of the Company pursuant to the resolution set out in resolution no. 4 above be and is hereby extended by the addition thereto an amount of shares representing the aggregate nominal amount of shares of the Company purchased or repurchased by the Company pursuant to the authority granted to the Directors under resolution no. 5 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”

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

Hong Kong, 24 April 2023

As at the date of this Notice, the Executive Directors are Mr. Zhao Yi Wen, Dr. Xu Zhilong, Dr. Cao Yu, Mr. Lyu Xiangrong, Mr. Leung Kin Pang and Dr. Chen Zhen; the Non-executive Director is Dr. Wang David Nin-kou; 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.

Notes:

1. A member of the Company entitled to attend and vote at the 2023 AGM shall be entitled to appoint one or if he/she is a holder of two or more shares of the Company, more than one proxies to attend and vote in his/her stead. A proxy need not be a member of the Company but must be present in person in the 2023 AGM to represent the member. Completion and return of the form of proxy will not preclude a member of the Company from attending the 2023 AGM and voting in person should he/she so wish. In such event, his form of proxy will be deemed to have been revoked.

NOTICE OF THE 2023 AGM

2. Where there are joint registered holders of any share, any one of such persons may vote at the 2023 AGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the 2023 AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. A form of proxy for the 2023 AGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited with Boardroom Share Registrars (HK) Limited the Company's Hong Kong branch share registrar and transfer office, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 48 hours before the time for holding the 2023 AGM or any adjournment thereof.
4. To ascertain the members' entitlement to attend and vote at the meeting, the register of members will be closed from Monday, 22 May 2023 to Thursday, 25 May 2023, both days inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with Boardroom Share Registrars (HK) Limited the Company's Hong Kong branch share registrar and transfer office, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Friday, 19 May 2023.
5. An explanatory statement containing further details regarding resolution no. 5 above is set out in Appendix I to the circular of the Company dated 24 April 2023.
6. Biographical details of the retiring Directors are set out in Appendix II to the circular of the Company dated 24 April 2023.
7. Members of the Company or their proxies shall produce documents of their proof of identity when attending the 2023 AGM.
8. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the 2023 AGM, the meeting will be postponed. The Company will post an announcement on the website of the Company at www.hg-semiconductor.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify shareholders of the Company of the date, time and place of the rescheduled meeting.