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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)

COMPLETION OF ISSUE OF NEW SHARES UNDER SPECIFIC MANDATE FOR DEBT CAPITALIZATION

References are made to the announcement of HG Semiconductor Limited (the “**Company**”) dated 31 May 2023 and the circular of the Company dated 27 June 2023 (the “**Circular**”) in relation to, among other things, the Capitalization. Unless otherwise stated herein, capitalised terms used in this announcement shall have the same meaning as those defined in the Circular.

COMPLETION OF CAPITALIZATION

The Board is pleased to announce that all the Conditions Precedent set out in the Debt Settlement Agreement have been fulfilled and Completion took place on 23 August 2023. Pursuant to the Debt Settlement Agreement, 129,453,785 Capitalization Shares have been allotted and issued by the Company to the Creditor at HK\$0.80 per Capitalization Share on 23 August 2023 and the Indebted Sum was fully settled accordingly.

EFFECT ON SHAREHOLDING STRUCTURE OF THE COMPANY

The 129,453,785 Capitalization Shares represents (i) approximately 20.83% of the existing issued share capital of the Company immediately before Completion; and (ii) approximately 17.24% of the issued share capital of the Company as enlarged by the allotment and issue of the Capitalization Shares. With effect from Completion, the Creditor holds more than 10% shareholding interests of the Company and thus becomes a substantial shareholder of the Company.

The following table sets out the shareholding structure of the Company (i) immediately before Completion; and (ii) immediately after Completion.

Shareholders	Immediately before Completion		Immediately after Completion	
	<i>Number of issued Shares</i>	<i>Approximate percentage</i>	<i>Number of issued Shares</i>	<i>Approximate percentage</i>
Zhao Yi Wen (<i>Note 1</i>)	56,500,000	9.09%	56,500,000	7.52%
Lyu Xiangrong (<i>Note 2</i>)	834,000	0.13%	834,000	0.11%
Cao Yu (<i>Note 3</i>)	50,000	0.01%	50,000	0.01%
Substantial Shareholders				
Wide Yield Investment Holding Limited (<i>Note 4</i>)	100,500,000	16.17%	100,500,000	13.38%
The Creditor	—	—	129,453,785	17.24%
Public Shareholders	<u>463,717,000</u>	<u>74.60%</u>	<u>463,717,000</u>	<u>61.74%</u>
Total	<u>621,601,000</u>	<u>100.00%</u>	<u>751,054,785</u>	<u>100.00%</u>

Notes:

1. First Global Limited is wholly owned by Mr. Zhao Yi Wen who is an executive Director, and therefore Mr. Zhao Yi Wen and his spouse Ms. Zhuang Chan Ling are deemed to be interested in the 56,500,000 Shares held by First Global Limited under the SFO.
2. Mr. Lyu Xiangrong, being an executive Director, is interested in 834,000 Shares as at the date of this announcement.
3. Dr. Cao Yu, being an ex-director of the Company who has resigned with effect from 21 August 2023, is interested in 50,000 Shares as at the date of this announcement.
4. Wide Yield Investment Holding Limited is wholly owned by Ms. Qin Anqi, and therefore Ms. Qin Anqi is deemed to be interested in the 100,500,000 Shares held by Wide Yield Investment Holding Limited under the SFO.
5. The aggregate percentage may not add up to 100% due to rounding.

By order of the Board
HG Semiconductor Limited
Dr. Xu Zhihong
Chairman and Executive Director

Hong Kong, 23 August 2023

As at the date of this announcement, the executive Directors are Dr. Xu Zhihong, Mr. Zhao Yi Wen, 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. Li Yang, Mr. Zou Haiyan and Mr. Siu Miu Man, Simon, MH.

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