HG SEMICONDUCTOR LIMITED
宏 光 半 導 體 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6908)

SUPPLEMENTAL ANNOUNCEMENT TO 2023 ANNUAL REPORT

Reference is made to the annual report of HG Semiconductor Limited (the "**Company**") for the year ended 31 December 2023 (the "**2023 Annual Report**"). Capitalised terms used herein shall have the same meanings as those defined in the 2023 Annual Report unless the context requires otherwise.

The board (the "**Board**") of directors (the "**Directors**") of the Company would like to provide to the shareholders and potential investors of the Company the following additional information on adopted approach and key assumptions of valuation of "Assets Classified as Held for Sale", details of which are set out in Note 31 of the "NOTES TO THE FINANCIAL STATEMENTS" in the 2023 Annual Report.

ASSETS CLASSIFIED AS HELD FOR SALE

Method

The selection of the valuation approach in valuing Fast Charging Limited (the "**Fast-charging CGU**") is based on, among other criteria, the quantity and quality of the information provided, accessibility to available data, availability of relevant market transactions, uniqueness of the Fast-charging CGU's business operations and nature of the industry, professional judgment and technical expertise.

The income approach was adopted in the valuation as it took the future growth potential and firm-specific issues into consideration and derived the fair value of Fast-charging CGU on a continuing-use basis assessed by an independent valuer (the "**Independent Valuer**"). Under the income approach, the discounted cash flow method is adopted.

Key assumptions

In conducting the valuation work, certain major assumptions were adopted in order to sufficiently support the Independent Valuer's opinion of value. In addition, the valuation analyses are also subject to specific representations and certain principal assumptions that the management of the Group considers necessary and appropriate for adoption in the valuation analyses are stated as follows:

- The information provided and the representations made by the management of the Group with regard to the Fast-charging CGU's financial and business affairs are accurate and reliable;
- The Fast-charging CGU will continue to operate as a going concern and has sufficient liquidity and maximize the efficiency of the operation of Fast-charging CGU;
- The Fast-charging CGU has obtained all necessary permits, business certificates, licenses and legal approvals to operate the business and all relevant permits, business certificates, licenses and legal approvals to operate the business in the localities in which the Fast-charging CGU operates or intends to operate would be officially obtained and renewable upon expiry with de minimis expenses;
- The projections outlined in the financial projection provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;
- There will be sufficient supply of technical staff in the industry in which the Fast-charging CGU operates or intends to operate, and the Fast-charging CGU will retain competent management, key personnel and technical staff to support their ongoing operations and developments;
- There will be no major changes in the current taxation laws in the localities in which the Fast-charging CGU operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;
- There will be no major changes in the political, legal, economic or market conditions in the localities in which the Fast-charging CGU operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Fast-charging CGU;
- There will be no material changes in the relevant interest rates and exchange rates that would impact the Fast-charging CGU 's business; and
- There are no undisclosed actual or contingent assets or liabilities, no unusual obligations or substantial commitments, other than in the ordinary course of business and as reflected in the financials, nor any litigation pending or threatened, which would have a material impact on the value of the Fast-charging CGU as at the date of valuation.

The above additional information does not affect any other information contained in the 2023 Annual Report, and save as supplemented by the information disclosed in this announcement, all other information in the 2023 Annual Report remains unchanged.

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

Hong Kong, 30 September 2024

As at the date of this announcement, the executive Directors are Dr. Xu Zhihong, Mr. Zhao Yi Wen, Mr. Lu Kailan, Mr. Li Yang and Mr. Leung Kin Pang; and the independent non-executive Directors are, Mr. Zou Haiyan, Mr. Siu Miu Man, Simon, MH, and Ms. Liu Wanwen.

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