

---

## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

---

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

If you have sold or transferred all your shares in **HG Semiconductor Limited**, you should at once hand the Prospectus Documents to the purchaser or the transferee or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of the Prospectus Documents, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

A copy of each of the Prospectus Documents, having attached thereto the documents specified in the paragraph headed "16. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, has been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Registrar of Companies in Hong Kong, The Stock Exchange of Hong Kong Limited and the Securities and Futures Commission of Hong Kong take no responsibility for the contents of any of the Prospectus Documents.

Dealings in the Shares and the Rights Shares in both nil-paid and fully-paid forms may be settled through CCASS established and operated by HKSCC and you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from their respective commencement dates of dealings on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time.

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong and the distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should acquaint themselves with and observe any such restrictions. Any failure to comply with those restrictions may constitute a violation of the securities laws of any such jurisdiction for which the Company will not accept any liability. In particular, subject to certain exceptions as determined by the Company, the Prospectus Documents should not be distributed, forwarded to or transmitted in, into or from any jurisdiction where such release or distribution might be unlawful.

---



### HG SEMICONDUCTOR LIMITED

宏光半導體有限公司

*(Incorporated in the Cayman Islands with limited liability)*

(Stock Code: 6908)

## RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company



Placing Agent



---

Capitalised terms used in this cover page have the same meanings as those defined in this Prospectus, unless the context requires otherwise. The latest time for acceptance of and payment for the Rights Shares is 4:00 p.m. on Wednesday, 15 January 2025 (or such other time and date as may be determined by the Company). The procedures for acceptance, splitting of provisional allotment and payment and/or transfer of the Rights Shares are set out on pages 13 to 19 of this Prospectus.

It should be noted that the Shares have been dealt on an ex-rights basis from Wednesday, 18 December 2024. Dealings in the Rights Shares in the nil-paid form will take place from Friday, 3 January 2025 to Friday, 10 January 2025 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Placing Agreement is terminated by the Placing Agent, the Rights Issue will not proceed. Any person contemplating dealing in the nil-paid Rights Shares during the period from Friday, 3 January 2025 to Friday, 10 January 2025 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional and/or may not proceed. Any person contemplating dealing in the Shares and/or the Rights Shares in their nil-paid form are recommended to consult his/her/its own professional advisers.

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares and is subject to the fulfilment of conditions set out in the sections headed "Letter from the Board — Rights Issue — Conditions of the Rights Issue" and "Letter from the Board — The Placing Agreement" in this Prospectus. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise extreme caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers. In the event that the Rights Issue is not fully subscribed, the Rights Shares not taken up by the Qualifying Shareholders will be placed to independent places under the Compensatory Arrangements. The Placing Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly. There is no minimum amount to be raised under the Rights Issue.

31 December 2024

---

## CONTENTS

---

	<i>Page</i>
<b>Definitions</b> .....	1
<b>Expected timetable</b> .....	6
<b>Letter from the Board</b> .....	9
<b>Appendix I — Financial information of the Group</b> .....	I-1
<b>Appendix II — Unaudited pro forma financial information of the Group</b> .....	II-1
<b>Appendix III — General Information</b> .....	III-1

---

## DEFINITIONS

---

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

“Announcement”	the announcement of the Company dated 12 November 2024, in relation to, among other things, the Rights Issue and the Change in Board Lot Size
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day(s)”	a day (excluding Saturday, Sunday, public holiday and any day on which “extreme conditions” caused by super typhoons is announced by the Government of Hong Kong or a tropical cyclone warning signal no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Change in Board Lot Size”	the change in board lot size of the issued Shares for trading from 1,000 Shares to 5,000 Shares
“close associate(s)”	has the meaning ascribed to it under the Listing Rules
“Company”	HG Semiconductor Limited (宏光半導體有限公司), 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)
“Compensatory Arrangements”	placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent on a best effort basis pursuant to the Placing Agreement in accordance with Rule 7.21(1)(b) of the Listing Rules
“Director(s)”	the director(s) of the Company
“General Rules of HKSCC”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures

---

## DEFINITIONS

---

“Group”	the Company and its subsidiaries
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the Operational Procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as amended from time to time
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), who are parties independent of the Company and its connected persons within the meaning of the Listing Rules
“Last Trading Day”	12 November 2024, being the last trading day of the Shares on the Stock Exchange before the release of the Announcement
“Latest Practicable Date”	24 December 2024, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained this Prospectus
“Latest Time for Acceptance”	4:00 p.m. on Wednesday, 15 January 2025 (or such other time and date as may be determined by the Company), being the latest time for acceptance of and payment for the Rights Shares
“Latest Time for Termination”	4:00 p.m. on Wednesday, 5 February 2025 or such later time or date as may be agreed between the Placing Agent and the Company, being the latest time to terminate the Placing Agreement
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Nil-paid Rights”	rights to subscribe for Rights Shares (in the form of Rights Shares in nil paid form) before the Subscription Price is paid

---

## DEFINITIONS

---

“Net Gain”	the aggregate of any premium (being the aggregate amount paid by the placees after deducting (i) the aggregate amount of the Subscription Price for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares placed by the Placing Agent; and (ii) the aggregate amount of the expenses of the Placing Agent and any other related expenses/fees under the Placing Agreement) under the Compensatory Arrangements
“No Action Shareholder(s)”	those Qualifying Shareholder(s) who do not subscribe for the Rights Issue (whether partially or fully) (under the PAL or their renounces or such person who hold any Nil-paid Rights at the time such Nil-paid Rights lapse) or Non-Qualifying Shareholders (as the case may be)
“Non-Qualifying Shareholder(s)”	those Overseas Shareholder(s) to whom the Directors, after making enquiries, consider it necessary, or expedient not to offer the Rights Issue on account either of legal restrictions under the laws of the relevant place(s) or the requirements of the relevant regulatory body or stock exchange in that place
“NQS Unsold Rights Shares”	the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in nil-paid form that have not been sold by the Company
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose registered address(es) as shown on such register at that time is (are) in (a) place(s) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Placing”	arrangements to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares on a best effort basis pursuant to the Placing Agreement
“Placing Agent”	Kingkey Securities Group Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO

---

## DEFINITIONS

---

“Placing Agreement”	the placing agreement dated 12 November 2024 entered into between the Company and the Placing Agent in relation to the placing of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares (as supplemented and amended by a supplemental agreement dated 29 November 2024)
“PRC”	the People’s Republic of China, which for the purpose of this Prospectus excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Prospectus”	this prospectus (including any supplementary prospectus, if any) despatched by the Company to the Qualifying Shareholders (and the Non-Qualifying Shareholders for information only) in connection with the Rights Issue
“Prospectus Documents”	this Prospectus and the PAL
“Prospectus Posting Date”	Tuesday, 31 December 2024 (or such other date as may be determined by the Company), being the date on which the Prospectus Documents will be made available to the Qualifying Shareholders and this Prospectus for information only to the Non-Qualifying Shareholders
“Qualifying Shareholder(s)”	Shareholder(s), other than the Non-Qualifying Shareholders, whose name(s) appear(s) on the register of members of the Company on the Record Date
“Record Date”	Monday, 30 December 2024, the record date for the determination of the entitlements under the Rights Issue
“Registrar”	Boardroom Share Registrars (HK) Limited, the address of which is at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, the branch share registrar and transfer office of the Company in Hong Kong
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every four (4) Shares in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the section headed “LETTER FROM THE BOARD — RIGHTS ISSUE — CONDITIONS OF THE RIGHTS ISSUE” in this Prospectus
“Rights Share(s)”	187,763,696 new Shares to be allotted and issued by the Company pursuant to the Rights Issue

---

## DEFINITIONS

---

“RMB”	Renminbi, the lawful currency of the PRC
“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)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Share Award(s)”	share award(s) granted by the Company pursuant to the share award scheme of the Company adopted by the Shareholders on 29 December 2023
“Share Option(s)”	share option(s) granted by the Company pursuant to the Share Option Scheme
“Share Option Scheme”	the share option scheme of the Company adopted by the Shareholders on 2 December 2016
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.48 per Rights Share
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Unsubscribed Rights Shares”	such number of Rights Shares in respect of which duly completed PAL(s) have not been lodged for acceptance or not fully paid by the Latest Time for Acceptance
“US\$”	United States dollar, the lawful currency of the United States of America
“Vested Share Options”	Share Options to subscribe for an aggregate of 9,411,250 Shares which are exercisable by the holders thereof on or before the Record Date
“%”	per cent.

*For the purpose of this Prospectus, the exchange rate at RMB1.00 = HK\$1.085 has been used, where applicable, for purpose of illustration only.*

---

## EXPECTED TIMETABLE

---

*Set out below is the expected timetable for the implementation of the Rights Issue and the Placing. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate. All times and dates in this Prospectus refer to the Hong Kong local times and dates.*

<b>Event</b>	<b>Hong Kong Date and Time</b>
Last day of dealings in the Shares on a cum-entitlement basis . . . . .	Tuesday, 17 December 2024
First day of dealings in the Shares on an ex-entitlement basis . . . . .	Wednesday, 18 December 2024
Latest time for the Shareholders to lodge transfers of the Shares in order to be qualified for the Rights Issue . . . . .	4:30 p.m. on Thursday, 19 December 2024
Closure of register of members to determine the entitlements to the Rights Issue . . . . .	Friday, 20 December 2024 to Monday, 30 December 2024 (both days inclusive)
Record Date for the Rights Issue . . . . .	Monday, 30 December 2024
Re-opening of the register of members of the Company . . . . .	Tuesday, 31 December 2024
Despatch of Prospectus Documents (including this Prospectus and the PAL; in the case of the Non-Qualifying Shareholders, this Prospectus only) . . . . .	Tuesday, 31 December 2024
Effective date of change in board lot size from 1,000 Shares to 5,000 Shares . . . . .	Tuesday, 31 December 2024
Designated broker starts to stand in the market to provide matching services for odd lots of Shares . . . . .	9:00 a.m. on Tuesday, 31 December 2024
First day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares . . . . .	Friday, 3 January 2025
Latest time for splitting nil-paid Rights Shares . . . . .	4:30 p.m. on Tuesday, 7 January 2025
Last day of dealings in nil-paid Rights Shares in the board lot size of 5,000 Rights Shares . . . . .	Friday, 10 January 2025



---

## EXPECTED TIMETABLE

---

Latest time for lodging transfer documents of nil-paid Rights Shares in order to qualify for the payment of Net Gain.....	4:00 p.m. on Wednesday, 15 January 2025
Latest time for acceptance of and payment for the Rights Shares.....	4:00 p.m. on Wednesday, 15 January 2025
Designated broker ceases to stand in the market to provide matching services for odd lots of Shares .....	4:00 p.m. on Tuesday, 21 January 2025
Announcement of the number of the Unsubscribed Rights Shares and NQS Unsold Shares subject to the Placing.....	Wednesday, 22 January 2025
Commencement of the Placing (if there are any Unsubscribed Rights Shares and NQS Unsold Shares available), on best effort basis .....	Thursday, 23 January 2025
Latest time for placing the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by the Placing Agent .....	6:00 p.m. on Tuesday, 4 February 2025
Latest Time for the termination of the Placing Agreement.....	4:00 p.m. on Wednesday, 5 February 2025
Announcement of the results of the Rights Issue (including the results of the Placing and the Net Gain).....	Thursday, 6 February 2025
Despatch of share certificates for the Rights Shares and/or refund cheques (if the Rights Issue is terminated) .....	Friday, 7 February 2025
Commencement of dealings in the fully-paid Rights Shares.....	9:00 a.m. on Monday, 10 February 2025
Payment of Net Gain to relevant No Action Shareholders (if any).....	Tuesday, 18 February 2025

---

## EXPECTED TIMETABLE

---

### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE**

The Latest Time for Acceptance of and payment for Rights Shares will not take place at the time indicated above if there is a tropical cyclone warning signal number 8 or above, or “extreme conditions” caused by super typhoon as announced by the Government of Hong Kong, or a “black” rainstorm warning:

- (i) in force in Hong Kong at any local time before 12:00 noon but no longer in force after 12:00 noon on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the day on which the Latest Time for Acceptance is initially scheduled to fall. Instead, the latest time for acceptance of and payment for the Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the Latest Time for Acceptance does not take place on or before 4:00 p.m. on Wednesday, 15 January 2025, the dates mentioned herein may be affected. The Company will notify the Shareholders by way of announcement(s) on any change to the expected timetable of the Rights Issue as soon as practicable.

---

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:*

Dr. Xu Zhihong  
Mr. Zhao Yi Wen  
Mr. Li Yang  
Mr. Leung Kin Pang

*Registered office in the Cayman Islands:*

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

*Independent non-executive Directors:*

Mr. Zou Haiyan  
Mr. Siu Miu Man, Simon, *MH.*  
Ms. Liu Wanwen

*Principal place of business in Hong Kong:*

Room 2607, 26/F  
West Tower, Shun Tak Centre  
200 Connaught Road Central  
Hong Kong

31 December 2024

*To the Qualifying Shareholders and, for information purpose only,  
the Non-Qualifying Shareholders*

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF  
ONE (1) RIGHTS SHARE FOR EVERY FOUR (4) SHARES  
HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS**

**INTRODUCTION**

Reference is made to the Announcement and the announcement of the Company dated 29 November 2024 in relation to, among other things, the Rights Issue on the basis of one (1) Rights Share for every four (4) Shares held on Record Date at the Subscription Price of HK\$0.48 per Rights Share and the Placing Agreement.

The purpose of this Prospectus is to provide you with, among other things, further details of (i) the Rights Issue, including information on dealing in, transfer and acceptance of the Rights Shares; (ii) the financial information of the Group; and (iii) general information of the Group.

---

## LETTER FROM THE BOARD

---

### RIGHTS ISSUE

Details of the Rights Issue are set out as follows:

#### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every four (4) Shares held by the Qualifying Shareholders at the close of business on the Record Date
Subscription Price	:	HK\$0.48 per Rights Share
Net price per Rights Share (i.e. Subscription Price less cost and expenses incurred in the Rights Issue)	:	Approximately HK\$0.474 per Rights Share
Number of Shares in issue as at the Latest Practicable Date and the Record Date	:	751,054,785 Shares
Number of Rights Shares to be issued pursuant to the Rights Issue	:	Up to 187,763,696 Rights Shares
Total number of Shares in issue upon completion of the Rights Issue assuming full subscription of the Rights Shares	:	Up to 938,818,481 Shares
Gross proceeds from the Rights Issue	:	Up to approximately HK\$90.1 million before expenses

As at the Latest Practicable Date, (i) the Company had Share Options entitling the holders thereof the right to subscribe for an aggregate of 15,962,500 Shares, of which Vested Share Options to subscribe for an aggregate of 9,411,250 Shares are exercisable on or before the Record Date at the exercise prices ranging from HK\$1.4 to HK\$7.5 per Share (subject to adjustments); and (ii) the Company had Share Awards entitling the grantees thereof to be allotted and issued an aggregate of 74,355,478 Shares at nil consideration (other than the payment of their nominal value), all of which have a vesting period ending on a date after the Record Date. Save as aforementioned, the Company did not have any options outstanding under any share option scheme of the Company,

---

## LETTER FROM THE BOARD

---

any share awards outstanding under any share award scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares as at the Latest Practicable Date.

The aggregate 187,763,696 Rights Shares to be issued pursuant to the terms of the Rights Issue represent 25.0% of the total number of issued Shares becoming effective and 20.0% of the total number of issued Shares as enlarged by the issue of the Rights Shares.

As at the Latest Practicable Date, the Board had not received any information or irrevocable undertaking from any Shareholder of his/her/its intention to take up the Rights Shares to be provisionally allotted to him/her/it under the Rights Issue.

### **Subscription Price**

The Subscription Price of HK\$0.48 per Rights Share is payable in full when a Qualifying Shareholder accepts the relevant provisional allotment of Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares accepts the provisional allotment of the relevant Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 18.6% to the closing price of HK\$0.59 per Share as quoted on the Stock Exchange on the Latest Practicable Date;
- (ii) a discount of approximately 36.0% to the closing price of HK\$0.750 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 41.5% to the average closing price of HK\$0.820 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 40.5% to the average closing price of HK\$0.807 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including the Last Trading Day;
- (v) a discount of approximately 31.0% to the theoretical ex-rights price of approximately HK\$0.696 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of a discount of approximately 8.3% represented by the theoretical diluted price of approximately HK\$0.752 to the benchmarked price of approximately HK\$0.820 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the closing price on the Last Trading Day of HK\$0.750 per Share and the average closing price of the Shares in the five trading days immediately prior to the date of the Announcement of HK\$0.820 per Share); and

---

## LETTER FROM THE BOARD

---

(vii) a discount of approximately 44.2% to the consolidated net asset value per share attributable to the Shareholders as at 30 June 2024 of approximately HK\$0.86 calculated based on the unaudited consolidated net assets of the Group attributable to the Shareholders of approximately RMB597,559,000 (approximately HK\$648,351,515) as at 30 June 2024 and 751,054,785 Shares in issue as at the Latest Practicable Date.

The Rights Issue will not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

The Subscription Price was determined after taking into consideration the following:

(i) *the current business performance and financial position of the Group*

The Group recorded net loss attributable to Shareholders of RMB150.7 million for the latest financial year ended 31 December 2023 although its revenue remained stable, while the net assets attributable to the Shareholders decreased by approximately 12.6% from RMB683.7 million as at 31 December 2023 to RMB597.6 million as at 30 June 2024;

(ii) *the recent market price of the Shares*

The Directors have considered the market price of the Shares traded on the Stock Exchange in the past six months prior to and including the Last Trading Day (the “**Relevant Period**”) as a benchmark to reflect the prevailing market conditions and recent market sentiment. During the Relevant Period, the closing price of the Shares ranged from HK\$0.355 to HK\$1.60 per Share with a median and average closing price of approximately HK\$0.425 per Share and HK\$0.520 per Share respectively;

(iii) *the prevailing market conditions*

The capital market in Hong Kong is volatile recently and the borrowing costs is high which adversely affects investors’ confidence in the market;

(iv) *the low trading volume of the Shares*

During the Relevant Period, the trading volume of the Shares ranged from 0.00% to 33.22% of the total number of issued Shares with a median and average trading volume of approximately 0.09% and 1.49% of the total number of issued Shares respectively; and

---

## LETTER FROM THE BOARD

---

- (v) *the amount of funds the Company intends to raise under the Rights Issue for the purposes described in the section headed “LETTER FROM THE BOARD — REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” in this Prospectus*

As mentioned in the section headed “REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS” of this letter, the Directors consider the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position for the development of its semiconductor business segment, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. The Directors consider that the Subscription Price at a discount to the current market price of the Shares would enhance the attractiveness of the Rights Issue, and in turn encourage the Shareholders to participate in the Rights Issue, and accordingly allow them to maintain their shareholdings in the Company and participate in the future growth and development of the Group.

The Directors consider that, in view of prevailing market conditions and factors as described above, the terms of the Rights Issue, including the Subscription Price, are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The net price per Rights Share (i.e. the Subscription Price less the estimated cost and expenses to be incurred in the Rights Issue) upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.474 per Rights Share.

### **Basis of provisional allotment**

Under the Rights Issue, the basis of the provisional allotment shall be one (1) Rights Share for every four (4) Shares held by the Shareholders as at the close of business on the Record Date at the Subscription Price. Application for all or any part of a Qualifying Shareholder’s provisional allotment should be made by completing a PAL and lodging the same with a cheque or a banker’s cashier order for the sum payable for the Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance.

### **Procedures for acceptance and payment or transfer**

A PAL will be sent to the Qualifying Shareholders in printed form which entitles the Qualifying Shareholder(s) to whom it is addressed to subscribe for the number of the Rights Shares shown therein. If the Qualifying Shareholders wish to accept all the Rights Shares provisionally allotted to them as specified in the PAL, they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, by no later than 4:00 p.m. on Wednesday, 15 January 2025 (or, under bad weather conditions and/or extreme conditions, such later time or date as mentioned in the section headed “EXPECTED TIMETABLE — EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE” in this Prospectus). All remittances must be made in Hong Kong dollars by cheques which must be drawn on an account with, or by banker’s cashier orders which must be issued by, a licensed bank in Hong

---

## LETTER FROM THE BOARD

---

Kong and made payable to “**HG SEMICONDUCTOR LIMITED**” and crossed “**Account Payee Only**”. It should be noted that unless the PAL, together with the appropriate remittance, have been lodged with the Registrar by no later than 4:00 p.m. on Wednesday, 15 January 2025, whether by the original allottee or any person to whom the provisional allotment has been validly transferred, the relevant provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled. The Company is not obliged to but may, at its sole absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if the PAL is not completed in accordance with the relevant instructions. The Company may require such incomplete PAL to be completed by the relevant applicants at a later stage.

If the Qualifying Shareholders wish to accept only part of their provisional allotment or transfer part of their rights to subscribe for the Rights Shares provisionally allotted to them under the PAL or to transfer part or all of their rights to more than one person, the original PAL must be surrendered and lodged for cancellation by no later than 4:30 p.m. on Tuesday, 7 January 2025 to the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Registrar’s address set out above after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly referred to as “splitting” of nil-paid rights. It should be noted that Hong Kong stamp duty is payable in connection with a transfer of rights to subscribe for the Rights Shares.

If the Qualifying Shareholders wish to transfer all of their nil-paid Rights Shares under the PAL(s) (or a split PAL(s), as the case may be) to another person, they must complete and sign Form B in the PAL(s) and hand the PAL(s) to the person(s) to or through whom they are transferring their nil-paid rights. The transferee must then complete and sign Form C in the PAL(s) and lodge the PAL(s) intact together with a remittance for the full amount payable on acceptance with the Registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong so as to be received by no later than 4:00 p.m. on Wednesday, 15 January 2025 to effect the transfer. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of rights to subscribe for the Rights Shares to the transferee(s) and the acceptance by the transferee(s) of such rights.

The Company reserves the right to refuse to register any transfer in favour of any person in respect of which the Company believes such transfer may violate applicable securities or other laws or regulations of any jurisdiction.

The PAL contains the full information regarding the procedures to be followed for Qualifying Shareholders who wish to: (i) accept their provisional allotment in full; (ii) accept only part of their provisional allotment; or (iii) renounce/transfer all or part of their provisional allotment to other party/parties. Qualifying Shareholders are advised to study the procedures set out in the PAL carefully. If any of the conditions of the Rights Issue as set out in the section headed “LETTER FROM THE BOARD — RIGHTS ISSUE — CONDITIONS OF THE RIGHTS ISSUE” in this Prospectus is not fulfilled at or before 4:00 p.m. on Wednesday, 5 February 2025, the Rights Issue will not proceed. Under such circumstances, the monies received in respect of application for the



---

## LETTER FROM THE BOARD

---

Rights Shares will be returned to the relevant applicants or, in the case of joint applicants, to the first-named person without interest, by means of cheques despatched by ordinary post at the risk of such Qualifying Shareholders to their registered addresses by the Registrar on or about Friday, 7 February 2025. No receipt will be given for such remittance.

### **Cheques and banker's cashier orders**

All cheques or banker's cashier orders will be presented for payment immediately upon receipt and all interest earned on such monies (if any) will be retained for the benefit of the Company. Completion and lodgment of a PAL together with a cheque or banker's cashier order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or banker's cashier order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right and is in its absolute discretion to reject any PAL in respect of which the cheque or banker's cashier order is dishonoured upon first presentation, and in that event the provisional allotment and all rights and all such assured entitlements thereunder will be deemed to have been declined and will be cancelled.

### **Beneficial owners' instructions to their intermediary**

For beneficial owners whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, if they wish to subscribe for the Rights Shares provisionally allotted to them, or sell their nil-paid Rights Shares or "split" their nil-paid rights by accepting part of their provisional allotment and selling/transferring the remaining part, they should contact their intermediary and provide their intermediary with instructions or make arrangements with their intermediary in relation to the acceptance, transfer and/or "splitting" of the rights to subscribe for the Rights Shares which have been provisionally allotted to them in respect of the Shares in which they are beneficially interested. Such instructions and the relevant arrangements should be given or made in advance of the relevant dates stated in the "Expected timetable" in this Prospectus and otherwise in accordance with the requirements of their intermediary in order to allow their intermediary sufficient time to ensure that their instructions are given effect. The procedures for acceptance, transfer and/or "splitting" in these cases shall be in accordance with the General Rules of HKSCC, the HKSCC Operational Procedures and any other applicable requirements of HKSCC.

### **Fractional provisional allotment of the Rights Shares**

On the basis of the entitlement to subscribe for one (1) Rights Share for every four (4) Shares held by the Qualifying Shareholders on the Record Date, no fractional entitlements of the Shares to the Rights Shares will arise from the Rights Issue.

### **Status of the Rights Shares**

The Rights Shares (when allotted, fully paid or credited as fully paid and issued) will rank *pari passu* in all respects among themselves and with the Shares in issue on the date of allotment and issue of the Rights Shares. Holders of the fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record dates for which fall on or after the date of

---

## LETTER FROM THE BOARD

---

allotment and issue of the fully-paid Rights Shares. Dealings in the Rights Shares in both their nil-paid and fully-paid forms will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

### Qualifying Shareholders

The Rights Issue will only be available to the Qualifying Shareholders. The Company will make available the Prospectus Documents to the Qualifying Shareholders. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company may make available copies of the Prospectus to the Non-Qualifying Shareholders for their information only but will not send any PAL to them.

To qualify for the Rights Issue, a Shareholder must:

- (i) be registered as a member of the Company at the close of business on the Record Date; and
- (ii) be a Qualifying Shareholder.

Qualifying Shareholders who take up their pro-rata entitlement in full under the Rights Issue will not suffer any dilution to their interests in the Company.

**If a Qualifying Shareholder does not take up any of his/her/its entitlement in full under the Rights Issue, his/her/its proportionate shareholding in the Company will be diluted.**

### Rights of Overseas Shareholders

The Prospectus Documents have not been, and will not be, registered or filed under the securities law of any jurisdiction other than Hong Kong. If there are Overseas Shareholders at the close of business on the Record Date, the Overseas Shareholders may not be eligible to take part in the Rights Issue as explained below.

As at the Latest Practicable Date, there were three Overseas Shareholders, two with registered addresses situated in the British Virgin Islands and one with registered address situated in the PRC. The Company has, in compliance with Rule 13.36(2)(a) of the Listing Rules, made necessary enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders under the laws of the relevant overseas jurisdiction and the requirements of the relevant regulatory bodies or stock exchanges. Based on legal advices provided by the legal advisers as to PRC law and British Virgin Islands law engaged by the Company and having considered the circumstances, the Board is of the opinion that the relevant PRC or British Virgin Islands legal restrictions and requirements of the relevant body or the Stock Exchange do not make it necessary or expedient to exclude the Overseas Shareholders with registered address in the PRC or the British Virgin Islands from the Rights Issue. Accordingly, the Rights Issue will be offered to the Overseas Shareholders in the PRC and the British Virgin Islands.

---

## LETTER FROM THE BOARD

---

As at the Latest Practicable Date, there was no Non-Qualifying Shareholders. Since the register of members is closed from Friday, 20 December 2024 to Monday, 30 December 2024 (both dates inclusive), there will be no Non-Qualifying Shareholders as at the Record Date. Accordingly, there will be no Non-Qualifying Shareholders for the purpose of the Rights Issue. Should there be any Non-Qualifying Shareholders that appear on the register of members of the Company on the Record Date, subject to the advice of legal advisers in the relevant jurisdictions in respect of applicable local laws and regulations, the Company will make available the Prospectus (without the PAL) and a letter explaining the circumstances in which the Non-Qualifying Shareholders are not permitted to participate in the Rights Issue to the Non-Qualifying Shareholders for their information only.

**Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2) of the Listing Rules. The Company reserves the right to treat as invalid any acceptances of, or applications for, the Rights Shares where it believes that such acceptance or application would violate the applicable securities or other laws or regulations of any territory or jurisdiction. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their own professional advisers.**

### **Non-underwritten basis**

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptances of the provisionally allotted Rights Shares. In the event the Rights Issue is not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders will be placed to independent placees under the Compensatory Arrangements.

### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares, and the Compensatory Arrangements**

The Company will make arrangements described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of the No Action Shareholders. There are no excess application arrangements in relation to the Rights Issue as stipulated under Rule 7.21(1)(a) of the Listing Rules.

The Company has therefore appointed the Placing Agent to place the Unsubscribed Rights Shares and the NQS Unsold Rights Shares after the Latest Time for Acceptance to independent placees on a best effort basis, and any premium over the aggregate amount of (i) the Subscription Price for those Rights Shares; and (ii) the expenses of the Placing Agent (including any other related expenses/fees), that is realised from the Placing will be paid to the No Action Shareholders on a pro-rata basis. The Placing Agent will, on a best effort basis, procure, by not later than 6:00 p.m. on Monday, 20 January 2025, acquirers for all (or as many as possible) of those Unsubscribed Rights Shares and the NQS Unsold Rights Shares at a price not less than the Subscription Price.

---

## LETTER FROM THE BOARD

---

Any Unsubscribed Rights Shares and the NQS Unsold Rights Shares which are not placed under the Compensatory Arrangements will not be issued by the Company and the size of the Rights Issue will be reduced accordingly.

Net Gain (if any) will be paid (without interest) on a pro-rata basis (based on all Unsubscribed Rights Shares and NQS Unsold Rights Shares) to the No Action Shareholders (but rounded down to the nearest cent) as set out below:

- (i) the relevant Qualifying Shareholders (or such persons who hold any Nil-paid Rights at the time such Nil-paid Rights lapse) whose Nil-paid Rights are not validly applied for in full, by reference to the extent that Shares in his/her/its Nil-paid Rights are not validly applied for; and
- (ii) the relevant Non-Qualifying Shareholders with reference to their shareholdings in the Company on the Record Date.

Net Gain to any of the No Action Shareholder(s) mentioned above which is in an amount of HK\$100 or more will be paid to them in Hong Kong Dollars only and the Company will retain individual amounts of less than HK\$100 for its own benefit. Shareholders are reminded that Net Gain may or may not be realised, and accordingly the No Action Shareholders may or may not receive any Net Gain.

### **Certificates of the Rights Shares and refund cheques for the Rights Issue**

Subject to fulfillment of the conditions of the Rights Issue, share certificates for all fully-paid Rights Shares are expected to be sent on or about Friday, 7 February 2025 by ordinary post to those entitled thereto, at their own risk, to their registered addresses. Refund cheques for refunds, if the Rights Issue does not proceed, are expected to be sent on or about Friday, 7 February 2025 by ordinary post to the applicants without interest, at their own risk, to their registered addresses, or in case of joint applicants, to the address of the first-named person.

### **Taxation**

Shareholders are advised to consult their professional advisers if they are in any doubt as to the taxation implications of the receipt, purchase, holding, exercising, disposing of or dealing in, the nil-paid Rights Shares or the Rights Shares and, regarding the Non-Qualifying Shareholders, their receipt of the net proceeds, if any, from sale of the nil-paid Rights Shares on their behalf.

It is emphasised that none of the Company, the Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

---

## LETTER FROM THE BOARD

---

### **Application for listing in nil-paid and fully-paid forms**

The Company has made an application to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Rights Shares (in both nil-paid and fully-paid forms) to be allotted and issued pursuant to the Rights Issue. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Dealing in the Rights Shares in both their nil-paid and fully-paid forms will be in the board lots of 5,000 Rights Shares.

### **Rights Shares will be eligible for admission into CCASS**

Subject to the granting of the listing of, and the permission to deal in, the Rights Shares (in both their nil-paid and fully-paid forms) on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares (in both their nil-paid and fully-paid forms) will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange, or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of HKSCC and HKSCC Operational Procedures in effect from time to time. Shareholders should seek advice from their licensed securities dealer(s) or other professional adviser(s) for details of those settlement arrangements and how such arrangements will affect their rights and interests.

### **Procedures in respect of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares and the Placing**

The Company will make arrangements as described in Rule 7.21(1)(b) of the Listing Rules to dispose of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares by offering the Unsubscribed Rights Shares and the NQS Unsold Rights Shares to independent placees for the benefit of Shareholders to whom they were offered by way of the Rights Issue. There are no excess application arrangements in relation to the Rights Issue.

### **Conditions of the Rights Issue**

The Rights Issue are conditional upon fulfillment of the following conditions:

- (i) the Listing Committee granting or agreeing to grant (subject to allotment) and not having withdrawn or revoked the listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms);

---

## LETTER FROM THE BOARD

---

- (ii) the submission to the Stock Exchange and registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by resolution of the Directors (and all other documents required to be attached thereto) not later than the Prospectus Posting Date and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong);
- (iii) the Prospectus Documents being made available to the Qualifying Shareholders and the posting of the Prospectus bearing a “For Information Only” stamp to the Non-Qualifying Shareholders, if any, for information purpose only on or before the Prospectus Posting Date;
- (iv) the Placing Agreement not being terminated on or before the Latest Time for Termination in accordance with the provisions thereof, including force majeure events; and
- (v) the compliance with any other mandatory requirements under the applicable laws and regulations of Hong Kong and the Cayman Islands.

As at the Latest Practicable Date, none of the conditions set out above had been fulfilled. All conditions set out above cannot be waived. If any of the conditions precedent are not satisfied by the Latest Time for Termination (or such other date as may be agreed between the Company and the Placing Agent), the Rights Issue will not proceed.

### THE PLACING AGREEMENT

On 12 November 2024 (after trading hours), the Company and the Placing Agent entered into the Placing Agreement, pursuant to which the Placing Agent has conditionally agreed as agent of the Company (either by themselves or through their sub-placing agents) to procure independent placees, on a best effort basis, to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares. A supplemental agreement to the Placing Agreement was entered into between the Company and the Placing Agent on 29 November 2024 for revising certain dates contained in the Placing Agreement to align with the existing expected timetable for the Rights Issue and the Placing. Principal terms of the Placing Agreement are as follow:

Date : 12 November 2024

Placing Agent : Kingkey Securities Group Limited was appointed as the Placing Agent to procure, on a best effort basis, independent placees to subscribe for the Unsubscribed Rights Shares and the NQS Unsold Rights Shares.

---

## LETTER FROM THE BOARD

---

To the best knowledge, information and belief of the Directors, after making reasonable enquiries, the Placing Agent is an Independent Third Party and neither the Placing Agent nor any of its associates hold any Shares as at the Latest Practicable Date.

- Placing fee and expenses : (i) placing commission of 1% of the aggregate placing price of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares successfully placed by or on behalf of the Placing Agent, and (ii) a non-refundable fixed fee of HK\$100,000 payable upon the signing of the Placing Agreement which (in case any placing commission under (i) above becomes payable) shall be applied on a dollar-for-dollar basis towards the satisfaction of such placing commission (to the extent of the amount of such fixed fee).
- Placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) : The final price determination will be dependent on the demand for and market conditions of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares.
- The placing price of the Unsubscribed Rights Shares and/or the NQS Unsold Rights Shares (as the case may be) shall be not less than the Subscription Price.
- Placees : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares are expected to be placed to placees who and whose ultimate beneficial owner(s) are Independent Third Parties and that the voting rights of the Company of each of the Placees shall not, together with its associates, be at such level that prevents the Company from fulfilling the public float requirements under Rule 8.08 of the Listing Rules; and each of the Placees shall not, together with any party acting in concert (within the meaning of the Takeovers Code) with it, hold 30.00% or more of the voting rights of the Company upon completion of the Rights Issue or otherwise trigger any obligation to make a general offer for Shares under the Takeovers Code upon completion of the Rights Issue.
- Ranking of Unsubscribed Rights Shares and the NQS Unsold Rights Shares : The Unsubscribed Rights Shares and the NQS Unsold Rights Shares (when placed, allotted, issued and fully paid) shall rank *pari passu* in all respects among themselves and with the Shares then in issue.

---

## LETTER FROM THE BOARD

---

Conditions precedent : The obligations of the Placing Agent under the Placing Agreement are conditional upon:

- (i) the Listing Committee granting the approval for the listing of, and the permission to deal in, the Rights Shares, including the Unsubscribed Rights Shares and the NQS Unsold Rights Shares;
- (ii) (where required) the passing of all necessary resolutions to be proposed at an extraordinary general meeting of the Company to be convened to consider and, approve, among others, the Rights Issue, the Placing Agreement and the transactions contemplated thereunder;
- (iii) none of the representations, warranties or undertakings contained in the Placing Agreement being or having become untrue, inaccurate or misleading in any material respect at any time before the completion, and no fact or circumstance having arisen and nothing having been done or omitted to be done which would render any of such undertakings, representations or warranties untrue or inaccurate in any material respect if it was repeated as at the time of completion; and
- (iv) the Placing Agreement not having been terminated in accordance with the provisions thereof.

In the event the conditions of the Placing Agreement are not fulfilled on or before the Latest Time for Termination (or such later date as may be agreed between the parties in writing), the Placing Agent may, in its absolute discretion, waive the fulfillment of all or any or any part of the conditions (other than those set out in paragraphs (i) and (ii) above) by notice in writing to the Company, failing which all rights, obligations and liabilities of the parties of the Placing Agreement in relation to the Placing shall cease and determine and neither of the parties shall have any claim against the other in respect of the Placing save for any accrued rights or obligations which may accrue under the Placing Agreement prior to such termination.



---

## LETTER FROM THE BOARD

---

Completion date : Subject to the fulfillment of the conditions set out above, the third Business Day after the Latest Time for Termination or such other date as the Company and the Placing Agent may agree in writing.

Termination : The Placing Agent may terminate the Placing Agreement without any liability to the Company, by giving notice in writing to the Company at any time prior to 10:00 a.m. one day before the Latest Time for Termination upon the occurrence of the following events which, in the absolute opinion of the Placing Agent, has or may have a material adverse effect on the business or financial conditions of the Group taken as a whole or the success of the Placing or otherwise makes it inappropriate to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement:

(a) there develops, occurs or comes into force:

- i. any event, development or change and including an event or change in relation to or a material adverse development of an existing state of affairs of a political, military, industrial, financial, economic, fiscal, regulatory or other nature, resulting in a change in, or which may result in a material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions in Hong Kong, national or international or forming part of a series of events, developments or changes occurring or continuing the date of the Placing Agreement; or
- ii. the imposition of any moratorium, suspension (for more than seven (7) trading days) or restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- iii. any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group; or

---

## LETTER FROM THE BOARD

---

- iv. a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong; or
  - v. any litigation or claim being instigated against any member of the Group, which has or may have a material adverse effect on the business or financial position of the Group as a whole and which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing; or
- (b) any material breach of any of the representations and warranties set out in the Placing Agreement comes to the knowledge of the Placing Agent or any event occurs or any matter arises on or after the date of the Placing Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Placing Agreement would have rendered any of such representations and warranties untrue or incorrect in any material respect or there has been a material breach by the Company of any other provision of the Placing Agreement; or
- (c) there is any adverse change in the financial position of the Company which is material in the context of the Placing; or
- (d) there is any adverse change in market conditions which makes it inexpedient or inadvisable to proceed with the Placing or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than thirty (30) consecutive Business Days, excluding any suspension in connection with the clearance of any announcement, circular or other documents in connection with the Rights Issue and/or the Placing; or
- (e) the Unsubscribed Rights Shares and the NQS Unsold Rights Shares are not approved by the relevant regulatory bodies and/or regulatory authorities to be placed to any places as contemplated in the Placing Agreement.

---

## LETTER FROM THE BOARD

---

The terms of the Placing Agreement (including the placing fee) were determined after arm's length negotiation between the Placing Agent and the Company and are on normal commercial terms. To assess the fairness and reasonableness of the placing fee, the Company had reviewed the terms of all nine rights issue transactions with placing of shares as compensatory arrangements announced by companies listed on the Stock Exchange within the three months immediately prior to the date of the Announcement (the “**Comparables**”) to assess the prevailing market rate of the placing fee.

Among the Comparables, the placing commission rate fell between nil and 3.5% of the gross proceeds from the relevant rights issues, or with a minimum fee ranging from HK\$100,000 to HK\$250,000. Given that the placing fee charged by the Placing Agent is at 1% of the gross proceeds which was set at a level close to the lower end of the range of the Comparables with a minimum fee of HK\$100,000, the Directors consider that the placing fee charged by the Placing Agent is no less favourable to the Company than the market rate in recent placing transactions and are therefore of the view that the terms of the Placing Agreement are on normal commercial terms.

Given that the Compensatory Arrangements would provide (i) a distribution channel of the Unsubscribed Rights Shares and the NQS Unsold Rights Shares for the Company; and (ii) a channel of participation in the Rights Issue for independent investors, the Directors consider that the Compensatory Arrangements are fair and reasonable and would provide adequate safeguard to protect the interest of the Shareholders. The Company will ensure that it will continue to comply with the public float requirement under Rule 8.08(1) of the Listing Rules after the Placing and the Rights Issue.

### REASONS FOR AND BENEFITS OF THE RIGHTS ISSUE AND USE OF PROCEEDS

The Company is an exempt company incorporated in the Cayman Islands. The Group is principally engaged in the design, development, manufacturing, subcontracting and sales of semiconductor products, including light-emitting diode (“**LED**”) beads, new generation of semiconductor gallium nitride (“**GaN**”) chips, and GaN device related application products in the PRC.

As mentioned in the interim report of the Company for the six months ended 30 June 2024, in the first half of 2024, the Company continued to fully deploy the third-generation semiconductor industry chain while maintaining its solid foundation in initial LED bead business. The Group is committed to accelerating the pace of GaN production. The Group completed the production and commissioning of GaN epitaxial wafer equipment at the beginning of 2024 and met the conditions for epitaxial wafer production in its semiconductor factory in the Xuzhou Economic and Technological Development Zone (徐州經濟技術開發區), Jiangsu Province, the PRC (“**Xuzhou Factory**”). The Group also completed the purchase, installation and commissioning of the core equipment of the wafer production line, leading to the establishment of the wafer production line.

Currently, China's economy is in a critical period of a new round of industrial transformation, with semiconductors widely used in integrated circuits, consumer electronics, communication systems, photovoltaic power generation and other fields. With the rise of technologies such as 5G

---

## LETTER FROM THE BOARD

---

and artificial intelligence, the research and application of third-generation semiconductors represented by GaN have also been included in national strategic planning. According to market analysis firm Yole Développement's prediction, with the increasing demand for green energy generation, electric vehicles, charging piles and energy storage, the GaN power device market is expected to grow from US\$46 million in 2020 to US\$1.1 billion in 2026, with a compound annual growth rate of 70%.

Benefiting from the huge market demand in consumer electronics, new energy and new-energy vehicles, coupled with the general trend of industrial upgrading and process substitution, as well as the strong demand for GaN power products in the market, the GaN power market has become the fastest growing segment of the third-generation semiconductor industry in terms of output value. Among these products, new-energy vehicles represent the main growth driver, with brands in China accounting for more than 80% of PRC's electric vehicle market and increasingly expanding their exports. This trend offers huge business opportunities across the whole supply chain, and has spurred PRC electric vehicle manufacturers to accelerate the development of third-generation semiconductor devices in the automotive field. With national policy support and solid market demand, the further development of GaN power products is expected to be rapid.

The Group will continue to make increased efforts to develop the third-generation semiconductor GaN industry chain in order to accelerate the pace of R&D, and to expand the applications of GaN-related products. Following the successful development of GaN epitaxial wafers, along with the upgrade of the Xuzhou Factory and the production lines and machines being well in place, the Group's R&D team and experts will continue to focus on production research, aiming to accelerate the realization of production capacity.

The gross proceeds from the Rights Issue are expected to be HK\$90.1 million. The maximum net proceeds from the Rights Issue after deducting related expenses are estimated to be approximately HK\$87.8 million. The Company intends to apply the net proceeds from the Rights Issue as follows:

- (a) as to approximately HK\$52.7 million for strengthening research and development capabilities of LED, Mini LED, GaN devices and related semiconductor products, which includes setting up of research and development centers, recruitment of research and development professionals, and the procurement of equipment and materials with an aim to develop and/or capture patent and technology which will be used over the course of the next twelve months; and
- (b) as to approximately HK\$35.1 million for provision of general working capital and strengthening the financial position of the Group.

---

## LETTER FROM THE BOARD

---

In the event that there is an under-subscription of the Rights Issue, the net proceeds of the Rights Issue as reduced by such under-subscription will be utilised in proportion to the above uses and the Group would swiftly alter its development plan and schedule for the research and development of the LED, Mini LED, GaN devices and related semiconductor products so that the development goals would be achieved in different stages. Should the Group require additional funding for the development plan as mentioned above, the Group may seek for other financing alternatives, including but not limited to, debt financing or equity financing, if necessary. It is expected that any change in the Group's development plan and/or the schedule, if any, would not adversely affect the business operations of the Group.

### **Other Fund-raising Alternatives**

Other than the Rights Issue, the Company has considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. However, the Board considers that debt financing will result in an additional interest burden and a higher gearing ratio of the Group. In addition, debt financing may not be achievable on favourable terms or may require pledge of other kind of assets or securities which may reduce the Group's flexibility. As for equity fund raising, such as placing of new Shares, it is relatively smaller in scale as compared to fund raising through rights issue and it would lead to immediate dilution in the shareholding interest of existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. As for open offer, while it is similar to a rights issue, offering qualifying shareholders to participate, it does not allow free trading of rights entitlements in the open market. The Directors are of the view that the Rights Issue provides better financial flexibility for the Company as it will strengthen the capital base of the Company, thus enhancing the overall working capital to fulfil the development plan of the Group without further increasing the financial burden to the Group. The Rights Issue also offers all Qualifying Shareholders the opportunity to maintain their pro rata shareholding interests in the Company and avoid shareholding dilution for those Shareholders who take up their entitlement under the Rights Issue in full.

Having considered the above-mentioned alternatives, the Directors consider raising funds by way of the Rights Issue is more appropriate as the Rights Issue will enable the Company to strengthen its working capital base and enhance its financial position for the development of its semiconductor business segment, while at the same time, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company, and thus, in the interests of the Company and the Shareholders as a whole.

### **FUND RAISING EXERCISE OF THE COMPANY IN THE PAST 12 MONTHS**

The Company did not conduct any equity fund raising activities during the 12 months immediately before the Latest Practicable Date.

## LETTER FROM THE BOARD

### EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

Assuming there is no further issue or repurchase of Shares from the Latest Practicable Date up to and including the date of completion of the Rights Issue, the table below sets out the shareholding structure of the Company (i) as at the Latest Practicable Date; (ii) immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders; and (iii) immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent:

Name of Shareholders	As at the Latest Practicable Date		Immediately upon completion of the Rights Issue assuming full acceptance by all Qualifying Shareholders		Immediately upon completion of the Rights Issue assuming no acceptance by any Qualifying Shareholder and all the Unsubscribed Rights Shares and the NQS Unsold Rights Shares have been placed by the Placing Agent	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Jovial Star International Limited ( <i>Note 1</i> )	129,453,785	17.24	161,817,231	17.24	129,453,785	13.79
Wide Yield Investment Holding Limited ( <i>Note 2</i> )	100,500,000	13.38	125,625,000	13.38	100,500,000	10.70
Zhao Yi Wen ( <i>Note 3</i> )	<u>33,375,000</u>	<u>4.44</u>	<u>41,718,750</u>	<u>4.44</u>	<u>33,375,000</u>	<u>3.56</u>
Sub-total	263,328,785	35.06	329,160,981	35.06	263,328,785	28.05
Places	—	—	—	—	187,763,696	20.00
Other public Shareholders	<u>487,726,000</u>	<u>64.94</u>	<u>609,657,500</u>	<u>64.94</u>	<u>487,726,000</u>	<u>51.95</u>
<b>Total</b>	<u><u>751,054,785</u></u>	<u><u>100.00</u></u>	<u><u>938,818,481</u></u>	<u><u>100.00</u></u>	<u><u>938,818,481</u></u>	<u><u>100.00</u></u>

*Notes:*

- Jovial Star International Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly-owned by Mr. Zhan Haisu.
- 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.
- The 33,375,000 Shares in which Mr. Zhao Yi Wen is interested include 21,500,000 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.
- The aggregate percentage may not add up to 100% due to rounding.

---

## LETTER FROM THE BOARD

---

### **CHANGE IN BOARD LOT SIZE**

The Board has resolved that the board lot size of the Shares for trading on the Stock Exchange will be changed from 1,000 Shares to 5,000 Shares with effect from 9:00 a.m. on Tuesday, 31 December 2024.

Pursuant to the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by The Hong Kong Exchange and Clearing Limited, the expected value per board lot should be greater than HK\$2,000 taking into account the minimum transaction costs for a securities trade.

Based on the theoretical ex-rights price of HK\$0.696 per Share (calculated based on the closing price of HK\$0.75 per Share as quoted on the Stock Exchange on the Last Trading Day), the market value of each existing board lot is HK\$696 which is less than HK\$2,000. Assuming the Change in Board Lot Size becomes effective, the estimated market value of each new board lot is HK\$3,480 which is greater than HK\$2,000 and therefore complies with the requirements set out in the guide.

Given the Change in Board Lot Size would (i) represent a multiple of five of the existing board lot size which will cause less impact on the creation of odd lots; (ii) increase the market value of each new board lot, with a buffer for any future price fluctuations, for the purpose of compliance with the requirements set out in the guide; (iii) reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks/securities houses will charge a minimum transaction cost for each securities trade; and (iv) maintain the trading amount for each board lot at a reasonable level which will increase the attractiveness of investing the Shares from a broader range of institutional and professional investors and thus would help to further broaden the shareholder base of the Company and improve the value of the Shares in the long run, the Board is of the opinion that the Change in Board Lot Size is in the interests of the Company and its Shareholders as a whole and that will not have any material adverse effect on the financial position of the Group nor result in any changes in the relative rights of the Shareholders. Shareholders should take note that Shareholders’ approval is not required for the Change in Board Lot Size.

All existing share certificates in board lot of 1,000 Shares will remain good evidence of the legal title to the Shares and continue to be valid for delivery, transfer, trading and settlement purposes. No new share certificates for existing Shareholders will be issued as a result of the Change in Board Lot Size, and therefore no arrangement for free exchange of existing share certificates in board lot size of 1,000 Shares to new share certificate in board lot size of 5,000 Shares is necessary.

### **Arrangement on odd lot trading and matching services**

To alleviate the difficulties in trading odd lots of the Shares arising from the Change in Board Lot Size, the Company will procure an arrangement with an agent to stand in the market to provide matching services for sale and purchase of odd lots of the Shares on a best effort basis.

---

## LETTER FROM THE BOARD

---

Shareholders of odd lots of the Shares who wish to take advantage of this facility should contact Prudential Brokerage Limited at 901-904, 9/F, World-wide House, 19 Des Voeux Road C, Central, Hong Kong (contact person: Mr. CY Tam (譚灼耀); telephone number: 2143 3808) from 9:00 a.m. on Tuesday, 31 December 2024 to 4:00 p.m. on Tuesday, 21 January 2025 (both days inclusive). Shareholders of odd lots of the Shares should note that successful matching of the sale and purchase of odd lots of the Shares are not warranted. Any Shareholder who is in any doubt about the odd lot arrangement is recommended to consult his/her/its own professional advisers.

### **LISTING RULES IMPLICATIONS**

As the Rights Issue will not increase the number of issued Shares or the market capitalization of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the Company (i) within the 12 month period immediately preceding the Announcement or (ii) prior to such 12 month period where dealing in respect of the Shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to Shareholders as part of such rights issues or open offers), the Rights Issue is not conditional upon approval by the Shareholders.

The Rights Issue does not result in a theoretical dilution effect of 25% or more on its own. As such, the theoretical dilution impact of the Rights Issue is in compliance with Rule 7.27B of the Listing Rules.

### **WARNING OF THE RISKS OF DEALING IN THE SHARES AND NIL-PAID RIGHTS**

**Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among others, the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should note that if the conditions to the Rights Issue are not satisfied, the Rights Issue will not proceed.**

**Any Shareholder or other person dealing in the Shares and/or the Nil-paid Rights up to the date on which all the conditions to which the Rights Issue is subject are fulfilled will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed. Shareholders or other persons contemplating any dealing in the Shares or Rights Shares in their nil-paid form are recommended to consult their professional advisers.**

**Subject to the fulfillment of the conditions of the Rights Issue, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of the provisionally allotted Rights Shares.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Nil-paid Rights. Any party (including Shareholders and potential investors of the Company) who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s).**



---

## LETTER FROM THE BOARD

---

### ADDITIONAL INFORMATION

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

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

## 1. SUMMARY OF FINANCIAL INFORMATION

Financial information of the Group for each of the three financial years ended 31 December 2021, 2022 and 2023 and six months ended 30 June 2024, together with the relevant notes thereto, were disclosed in the relevant annual and interim reports of the Company which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company ([www.hg-semiconductor.com](http://www.hg-semiconductor.com)), the links to which are shown below for reference:

- (i) annual report of the Company for the year ended 31 December 2021:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0412/2022041200391.pdf>;
- (ii) annual report of the Company for the year ended 31 December 2022:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0424/2023042401215.pdf>;
- (iii) annual report of the Company for the year ended 31 December 2023:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0429/2024042900783.pdf>; and
- (iv) interim report of the Company for the six months ended 30 June 2024:  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0927/2024092702179.pdf>.

The management discussion and analysis of the Company for each of the years ended 31 December 2021, 2022 and 2023 and the six month ended 30 June 2024, are disclosed in the annual reports of the Company for the years ended 31 December 2021, 2022 and 2023 and the interim report of the Company for the six months ended 30 June 2024, respectively.

## 2. INDEBTEDNESS STATEMENT

As at the close of business on 30 November 2024, being the latest practicable date for the purpose of ascertaining information contained in this statement of indebtedness prior to the printing of this Prospectus, the details of the Group's indebtedness are as follows:

### **Bank borrowing**

As at 30 November 2024, the Group had outstanding bank borrowing of approximately RMB10,000,000. The bank borrowing was unsecured, with interest rate of 3.35% per annum.

### **Leases liabilities**

As at 30 November 2024, the Group had current portion of lease liabilities of approximately RMB1,474,000 and non-current portion of lease liabilities of approximately RMB807,000.

Save as aforesaid and apart from intra-group liabilities and normal trade payables and other payables and accruals in the ordinary course of business, at the close of business on 30 November 2024, the Group did not have any debt securities issued and outstanding or agreed to be issued but

unissued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade payables) or acceptance credits, debentures, mortgages, charges, finance lease, hire purchases commitments, guarantees or material contingent liabilities.

### **3. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirmed that there has been no material adverse change in the financial or trading position of the Company since 31 December 2023, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### **4. WORKING CAPITAL**

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances, and after taking into account the Group's business prospects, present internal resources and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its business operations for at least the next twelve months from the date of this Prospectus. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

### **5. FINANCIAL AND TRADING PROSPECT OF THE GROUP**

As mentioned in the interim report of the Company for the six months ended 30 June 2024, total revenue was approximately RMB34.3 million, representing a decrease of approximately 25.3% as compared with the six months ended 30 June 2023. The decrease was mainly attributable to the decrease in revenue from the sales of LED products. In the first half of 2024, the Company continued to fully deploy the third-generation semiconductor industry chain while maintaining its solid foundation in initial LED bead business. The Group is committed to accelerating the pace of GaN production. The Group completed the production and commissioning of GaN epitaxial wafer equipment at the beginning of 2024 and met the conditions for epitaxial wafer production in Xuzhou Factory. The Group also completed the purchase, installation and commissioning of the core equipment of the wafer production line, leading to the establishment of the wafer production line.

Currently, China's economy is in a critical period of a new round of industrial transformation, with semiconductors widely used in integrated circuits, consumer electronics, communication systems, photovoltaic power generation and other fields. With the rise of technologies such as 5G and artificial intelligence, the research and application of third-generation semiconductors represented by GaN have also been included in national strategic planning. According to market analysis firm Yole Développement's prediction, with the increasing demand for green energy generation, electric vehicles, charging piles and energy storage, the GaN power device market is expected to grow from US\$46 million in 2020 to US\$1.1 billion in 2026, with a compound annual growth rate of 70%.

Benefiting from the huge market demand in consumer electronics, new energy and new-energy vehicles, coupled with the general trend of industrial upgrading and process substitution, as well as the strong demand for GaN power products in the market, the GaN power market has become the fastest growing segment of the third-generation semiconductor industry in terms of output value. Among these products, new-energy vehicles represent the main growth driver, with brands in China accounting for more than 80% of PRC's electric vehicle market and increasingly expanding their exports. This trend offers huge business opportunities across the whole supply chain, and has spurred PRC electric vehicle manufacturers to accelerate the development of third-generation semiconductor devices in the automotive field. With national policy support and solid market demand, the further development of GaN power products is expected to be rapid.

The Group will continue to make increased efforts to develop the third-generation semiconductor GaN industry chain in order to accelerate the pace of R&D, and to expand the applications of GaN-related products. Following the successful development of GaN epitaxial wafers, along with the upgrade of the Xuzhou Factory and the production lines and machines being well in place, the Group's R&D team and experts will continue to focus on production research, aiming to accelerate the realization of production capacity.

As mentioned in the announcement of the Company dated 28 September 2023, on 28 September 2023, Shenzhen Jiahong Semiconductor Company Limited\* (深圳鎳宏半導體有限公司) (the "**Target Company**"), an indirect non-wholly owned subsidiary of the Company, entered into the capital injection agreement with Xuzhou Semiconductor, Swift Power, Join Gain HK Limited, and 台州匯融嘉能友創股權投資合夥企業(有限合夥) (Taizhou Huirong Jianeng Youchuang Investment Management Partnership (Limited Partnership)\*) (the "**Investor**") pursuant to which, among others, the Investor has conditionally agreed to pay RMB100 million to the Target Company to subscribe for new registered capital of the Target Company (as supplemented and amended by a memorandum of understanding dated 15 June 2024 between the same parties to extend the date of payment by the Investor of the second contribution amount of RMB45 million (the "**Second Contribution Amount**") towards the new registered capital of the Target Company to 31 December 2024). As at the Latest Practicable Date, the Second Contribution Amount has yet to be received by the Target Company. Should there be any delay in the receipt of the Second Contribution Amount or if such amount is not received, the operation of the Target Company would not be adversely affected.

The Group will also actively seek strategic partners and upgrade its industrial chain while upholding the principle of achieving synergy in the use of resources and win-win cooperation. The Group will continue to strengthen its R&D capabilities and bring in outstanding experts and talents in the field of semiconductor to enhance its production and R&D, striving to become an IDM enterprise integrating R&D, manufacturing, packaging and package testing, and sales in the whole GaN industry chain. In addition, the Group will steadily develop its existing LED bead business. As the impact of the pandemic gradually subsides, the LED bead business is expected to stabilize progressively. The Group will continue to identify more licensed patents in the market in order to expand its product scope.

\* For identification purpose only

Securing independent control of the chip sector has been elevated by the Chinese Government to the level of national key strategy so that the PRC can accelerate the pace of replacing imported components with domestic substitute products and independent innovation, providing strong, long-term support for the semiconductor segment. Buoyed by three factors — the PRC Government’s favourable policies, the extensive downstream application market, and the opportunities for component replacement using domestic substitute products — the Group will benefit from tailwinds in further exploring and developing third-generation semiconductor products and applications with GaN at their core, and continue its enhancement of production capacity and the progress of product R&D to boost quality and efficiency, maximising value for the shareholders of the Company.

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

### 1. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP

The following is the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company (the “**Unaudited Pro Forma Financial Information**”) which has been prepared by the Directors in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants to illustrate the effect of the Rights Issue on the consolidated net tangible assets of the Group attributable to the owners of the Company as if the Rights Issue had been completed on 30 June 2024 and taking into account of certain assumptions.

The Unaudited Pro Forma Financial Information is prepared based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024, as extracted from the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024 set out in the published interim report of the Company, after incorporating the unaudited pro forma adjustments described in the accompanying notes.

The Unaudited Pro Forma Financial Information has been prepared by the Directors for illustrative purposes only, based on the judgements and assumptions of the Directors, and because of its hypothetical nature, may not give a true picture of the consolidated net tangible assets of the Group attributable to the owners of the Company had the Rights Issue been completed as at 30 June 2024 or at any future date.

Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company immediately after the completion of the Rights Issues	Unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the completion of the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share immediately after the completion of the Rights Issue
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>RMB</i>	<i>HKD</i>
<i>(Note 1)</i>	<i>(Note 2 &amp; 5)</i>		<i>(Note 3)</i>	<i>(Note 4 &amp; 5)</i>	<i>(Note 5)</i>
Based on 187,763,696 Rights Shares (excluding the new shares to be allotted and issued upon the full exercise of the vested share options) to be issued at the Subscription Price of HK\$0.48 per Rights Share					
592,735	81,699	674,434	0.79	0.72	0.77

---

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

---

*Notes:*

1. The amount of unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 was approximately RMB592,735,000, which is based on the unaudited consolidated net assets of the Group attributable to owners of the Company as at 30 June 2024 of RMB597,559,000, adjusted by intangible assets of RMB4,824,000 as shown on the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2024, as extracted from the published interim report of the Company for the six months ended 30 June 2024.
2. The estimated net proceeds from the Rights Issue are based on the issuance of 187,763,696 Rights Shares at HK\$0.48 each, after deducting the estimated cost directly attributable to the Rights Issue of RMB2,140,000 to be incurred by the Group assuming full subscription under the Rights Issue (excluding the new shares to be allotted and issued upon the full exercise of the vested share options).
3. The unaudited consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 before the completion of the Rights Issue is calculated based on the unaudited consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 of RMB592,735,000 divided by 751,054,785 shares in issue as at 30 June 2024.
4. The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company per Share as at 30 June 2024 immediately after the completion of the Rights issue is calculated based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 of RMB674,434,000 divided by 938,818,481 shares in issue upon completion of the Rights Issue as at 30 June 2024, which comprises 751,054,785 shares in issue as at 30 June 2024 according to the number of Shares before the Rights Issue and 187,763,696 Rights Shares (excluding the new shares to be allotted and issued upon the full exercise of the vested share options) to be issued under the Rights Issue.
5. For the purpose of the Unaudited Pro Forma Financial Information, conversion of RMB and HK\$ is calculated at the exchange rate of RMB1.0 to HK\$1.075 at 19 November 2024. The exchange rate is for illustrative purpose only and does not constitute a representation that any amount has been, could have been, may be exchanged at this or any other rate at all.
6. Save as disclosed in the above notes, no adjustments have been made to reflect any trading or other transactions of the Group entered into subsequent to 30 June 2024.

**2. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION****To the directors of HG Semiconductor Limited**

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of HG Semiconductor Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 June 2024 and related notes as set out on pages 1 to 2 of Appendix II of the Company’s prospectus dated 31 December 2024 (the “**Prospectus**”) in connection with the proposed rights issue of the Company on the basis of one rights share for every four shares held on the record date (the “**Proposed Rights Issue**”). The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Appendix II of the Prospectus.

The unaudited pro forma financial information has been compiled by the directors of the Company to illustrate the impact of the Proposed Rights Issue on the Group’s consolidated financial position as at 30 June 2024 as if the Proposed Rights Issue had taken place at 30 June 2024. As part of this process, information about the Group’s consolidated financial position has been extracted by the directors of the Company from the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2024, on which an interim report (with no audit or review report) has been published.

**Directors’ Responsibility for the Unaudited Pro Forma Financial Information**

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

**Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.



Our firm applies Hong Kong Standard on Quality Management 1 “Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements” issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountants’ Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of the Proposed Rights Issue on unadjusted financial information of the entity as if the Proposed Rights Issue had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Proposed Rights Issue at 31 December 2024 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

---

## APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

---

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the entity, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Opinion**

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**BDO Limited**

*Certified Public Accountants*

Hong Kong

31 December 2024

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

## 2. SHARE CAPITAL

The authorised and issued share capital of the Company (i) as at the Latest Practicable Date; and (ii) immediately upon completion of the Rights Issue (assuming full acceptance of the Rights Shares and no further issue or repurchase of Shares from the Latest Practicable Date up to the completion of the Rights Issue) are set out as follows:

(i)	As at the Latest Practicable Date:	<i>HK\$</i>
	<i>Authorised:</i>	
	10,000,000,000 Shares of HK\$0.01 each	100,000,000.00
	<i>Issued and paid-up share capital:</i>	
	751,054,785 Shares of HK\$0.01 each	7,510,547.85
(ii)	Immediately upon completion of the Rights Issue:	
	<i>Authorised:</i>	
	10,000,000,000 Shares of HK\$0.01 each	100,000,000.00
	<i>Issued and paid-up share capital:</i>	
	751,054,785 Shares of HK\$0.01 each	7,510,547.85
	187,763,696 Rights Shares to be allotted and issued upon completion of the Rights Issue	<u>1,877,636.96</u>
	938,818,481 Shares in issue immediately after completion of the Rights Issue	<u><u>9,388,184.81</u></u>

All of the Shares in issue are fully-paid and rank *pari passu* with each other in all respects including the rights as to voting, dividends and return of capital. The Rights Shares, when allotted, issued and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions the record

dates for which fall on or after the date of allotment and issue of the Rights Shares. As at the Latest Practicable Date, there was no treasury Share held by the Company or its subsidiaries or through their agents or nominees.

The Shares and the Rights Shares to be issued will be listed on the Stock Exchange. No part of the securities of the Company is listed or dealt in, and no listing of or permission to deal in any such securities is being or is proposed to be sought, on any other stock exchanges.

Save as disclosed in the paragraphs headed “3. SHARE OPTION SCHEME” and “4. SHARE AWARDS” in this appendix below, as at the Latest Practicable Date, the Company did not have any options outstanding under any share option scheme of the Company, any share awards outstanding under any share award scheme of the Company or any other derivatives, options, warrants and conversion rights or other similar rights which are convertible or exchangeable into Shares.

As at the Latest Practicable Date, there was no arrangement under which future dividends are waived or agreed to be waived.

### 3. SHARE OPTION SCHEME

As at the Latest Practicable Date, the Company had outstanding Share Options granted under the Share Option Scheme carrying rights for the holders thereof to subscribe for an aggregate of 15,962,500 Shares, of which Vested Share Options to subscribe for an aggregate of 9,411,250 Shares are exercisable on or before the Record Date, details of which are set out below:

Grantee	Date of grant	Vesting period	Exercise period	Exercise price per Share (HK\$)	Number of underlying Shares
Senior management and other employees in aggregate	17 Jun 2021	17 Jun 2021 to 16 Jun 2029	17 Jun 2021 to 16 Jun 2029	7.5	10,640,000
	28 Jul 2023	28 Jul 2023 to 30 Jun 2026	1 Sep 2023 to 30 Jun 2026	1.4	5,322,500
Total					<u>15,962,500</u>

The Board may, at its absolute discretion, offer Share Options to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to Directors and employees of any member of the Group (including persons who are granted Share Options under the Share Option Scheme as an inducement to enter into employment contracts with any member of the Group), based on their potential and/or actual contribution to the business and development of the Group.

#### 4. SHARE AWARDS

As at the Latest Practicable Date, the Company had Share Awards entitling the grantees thereof to be allotted and issued an aggregate of 74,355,478 Shares at nil consideration (other than the payment of their nominal value), all of which have a vesting period ending on a date after the Record Date, details of the interests of the grantees in the Share Awards are set out below:

Grantee	Category of grantees	Date of grant	Number of awarded Shares	Vesting period	Number of awarded Shares as at the Latest Practicable Date
Other employees in aggregate	Employee Participants	31 January 2024	7,540,000	31 January 2024 to 30 January 2025	7,540,000
Dr. Xu Zhihong ( <i>Note 1</i> )	Employee	4 December 2024	750,000	4 December 2024 to	750,000
Mr. Zhao Yi Wen ( <i>Note 1</i> )	Participants		750,000	3 December 2026	750,000
Mr. Li Yang ( <i>Note 1</i> )			750,000	( <i>Note 2</i> )	750,000
Mr. Zou Haiyan ( <i>Note 1</i> )			200,000		200,000
Mr. Siu Miu Man ( <i>Note 1</i> )			200,000		200,000
Ms. Liu Wanwen ( <i>Note 1</i> )			200,000		200,000
Other employees in aggregate			63,965,478		<u>63,965,478</u>
				Total	<u><u>74,355,478</u></u>

*Notes:*

1. They are Directors.
2. All the awarded Shares involved will be vested on the expiry of 12 months from the date of grant (except for one employee grantee where 50% of the awarded Shares involved in the award granted to him will be vested on the expiry of 12 months from the date of grant and the remaining 50% will be vested on the expiry of 24 months from the date of grant).

## 5. DISCLOSURE OF INTERESTS

### (a) Interests and short positions of Directors and chief executive in the shares, underlying shares and debentures of the Group and its associated corporations

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO) or required to be entered in the register of the Company pursuant to section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules were as follows:

#### *Long positions in the Shares and underlying Shares*

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding (Note 1)
Dr. Xu Zhihong	Beneficial owner	750,000 (Note 2)	0.10%
Mr. Zhao Yi Wen	Interest in a controlled corporation (Note 3)	21,500,000	1.58%
	Beneficial owner	11,875,000	2.86%
	Beneficial owner	750,000 (Note 2)	0.10%
Mr. Li Yang	Beneficial owner	750,000 (Note 2)	0.10%
Mr. Zou Haiyan	Beneficial owner	200,000 (Note 2)	0.03%
Mr. Siu Miu Man	Beneficial owner	200,000 (Note 2)	0.03%
Ms. Liu Wanwen	Beneficial owner	200,000 (Note 2)	0.03%

#### *Notes:*

- There were 751,054,785 Shares in issue as at the Latest Practicable Date.
- These are the underlying Shares of a Share Award granted to the Director on 4 December 2024. These underlying Shares are subject to a vesting period ending on the date of expiry of 12 months from 4 December 2024, being the date of grant of the Share Award.
- These Shares are 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.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO) which were required to be (i) notified to the Company and the Stock Exchange under Divisions 7 and 8 of Part XV of the SFO (including any interests or short positions which they are taken or deemed to have under such provisions of the SFO); (ii) entered in the register of the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

**(b) The interests of substantial shareholders and the interests and short position of other persons in the shares and underlying Shares**

As at the Latest Practicable Date, so far as the Directors are aware, the interests or short positions owned by the following persons (other than the Directors or chief executive of the Company) in the Shares or underlying Shares which are required to be notified to the Company under Divisions 2 and 3 of Part XV of the SFO, or which are required to be recorded in the register of the Company required to be kept under section 336 of the SFO are as follows:

*Long position in the Shares and underlying Shares*

Name	Capacity/Nature of interest	Number of Shares held/ interested	Approximate percentage of shareholding (Note 1)
Jovial Star International Limited	Beneficial owner (Note 2)	129,453,785	17.24%
Mr. Zhan Haisu	Interest in a controlled corporation (Note 2)	129,453,785	17.24%
Wide Yield Investment Holding Limited	Beneficial owner (Note 3)	100,500,000	13.38%
Ms. Qin Anqi	Interest in a controlled corporation (Note 3)	100,500,000	13.38%
GSR Capital Special Opportunity Fund L.P. (“GSR”)	Beneficial owner (Note 4)	56,000,000	7.46%
GoldenSand Capital Ltd (“GoldenSand”)	Interest in a controlled corporation (Note 4)	56,000,000	7.46%
Wu Sonny	Interest in a controlled corporation (Note 4)	56,000,000	7.46%

*Notes:*

1. There were 751,054,785 Shares in issue as at the Latest Practicable Date.
2. The 129,453,785 Shares in which Mr. Zhan Haisu is interested consist of 129,453,785 Shares in which Jovial Star International Limited is interested in. Jovial Star International Limited is a company wholly owned by Mr. Zhan Haisu, in which Mr. Zhan Haisu is deemed to be interested under the SFO.
3. The 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.
4. GSR is an exempted limited partnership with GoldenSand (a company which is wholly owned by Sonny Wu and being the general partner of GSR) and Sonny Wu (being the limited partner of GSR) holding 50% and 50% of the total capital contribution to GSR respectively, and therefore GoldenSand and Sonny Wu are deemed to be interested in the 56,000,000 Shares held by GSR under SFO.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any interests or short positions owned by any persons (other than the Directors or chief executive of the Company) in the shares or underlying shares of the Company which were required to be disclosed under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

## **6. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered into any service agreement with any member of the Group which is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

## **7. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP**

As at the Latest Practicable Date, none of the Directors (i) had any direct or indirect interest in any assets which have been, since 31 December 2023 (being the date up to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group and (ii) was materially interested in any contract or arrangement entered into by any member of the Group which was subsisting and significant in relation to the business of the Group.

## **8. COMPETING INTERESTS**

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or controlling shareholders (within the meaning as ascribed thereto under the Listing Rules) of the Company or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.



## 9. LITIGATION

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## 10. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion or advice which is contained in this Prospectus:

Name	Qualifications
BDO Limited	Certified Public Accountants

The above expert has given and has not withdrawn its written consent to the inclusion of its report as set out in Appendix II to this Prospectus and the references to its name in the form and context in which they are included.

As at the Latest Practicable Date, the expert did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any interest, direct or indirect, in any assets which had been acquired or disposed of by or leased to any member of the Group, or which were proposed to be acquired or disposed of by or leased to any member of the Group since 31 December 2023, being the date to which the latest published audited accounts of the Company were made up.

## 11. MATERIAL CONTRACTS

Saved as disclosed below, there are no material contracts (not being contracts entered into in the ordinary course of business carried on or intended to be carried on by the Group) which had been entered into by members of the Group within the two years immediately preceding and up to (and including) the date of this Prospectus:

- (i) the second supplemental agreement (第二份補充協議) dated 3 March 2023 between the Company and Profit Act Limited (“**Profit Act**”) to further extend the long stop date of (i) the share subscription agreement dated 29 September 2022 between the Company and Profit Act and (ii) the warrant subscription agreement dated 29 September 2022 between the Company and Profit Act;

- (ii) the share transfer agreement (股權轉讓協議) dated 28 April 2023 between Swift Power and Xuzhou Diheng Semiconductor Technology Partnership\* (徐州地恆半導體科技合夥企業(有限合夥)) (the “**Employee Shareholding Platform**”) pursuant to which Swift Power transferred to the Employee Shareholding Platform 21.01% of the entire registered capital of Xuzhou Semiconductor at a consideration of US\$3,514,200;
- (iii) a memorandum of understanding (一億元貸款債轉股意向備忘錄) dated 23 May 2023 between Jovial Star International Limited (the “**Creditor**”), the Company and two of its subsidiaries, FastPower Holding Limited and Swift Power Limited (“**Swift Power**”), (collectively, the “**Borrowers**”) as borrowers in relation to a proposal to settle outstanding loan due to the Creditor by the Borrowers;
- (iv) the conditional placing agreement dated 23 May 2023 between the Company and VC Brokerage Limited as placing agent in relation to the placing of up to 40,000,000 new Shares by the Company at a placing price of HK\$0.90 per Share;
- (v) the debt settlement agreement (貸款償還協議) dated 31 May 2023 between the Borrowers and the Creditor pursuant to which, among others, the Borrowers and the Creditor have conditionally agreed that the total indebted sum of HK\$103,563,028 due to the Creditor by the Borrowers shall be fully settled by the Company allotting and issuing 129,453,785 new Shares to the Creditor;
- (vi) the capital injection agreement (增資協議) dated 28 September 2023 between the Target Company, Xuzhou Semiconductor, Swift Power, Join Gain HK Limited, and the Investor pursuant to which, among others, the Investor has conditionally agreed to pay RMB100,000,000 to the Target Company to subscribe for new registered capital of the Target Company in the amount of US\$1,672,656.51 (as supplemented and amended by a memorandum of understanding (第二筆增資款支付的備忘錄) dated 15 June 2024 between the same parties to extend the date of payment by the Investor of the second contribution amount of RMB45,000,000 towards the new registered capital of the Target Company to 31 December 2024); and
- (vii) the Placing Agreement (including the supplemental agreement thereto dated 29 November 2024 between the Company and the Placing Agent for revising certain dates contained therein to align with the existing expected timetable for the Rights Issue and the Placing).

## 12. EXPENSES

The expenses in connection with the Rights Issue, including but not limited to the financial advisory fees, printing, registration, translation, legal and accounting fees are estimated to be approximately HK\$2.3 million, which are payable by the Company.

**13. CORPORATE INFORMATION OF THE COMPANY AND PARTIES INVOLVED IN THE RIGHTS ISSUE**

<b>Registered office</b>	Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Principal place of business in Hong Kong</b>	Room 2607, 26/F West Tower, Shun Tak Centre 200 Connaught Road Central Hong Kong
<b>Principal place of business in the PRC</b>	The North Side 2nd Floor No. 8 Pinggong Er Road Nanping Technology Industrial Park Zhuhai PRC
<b>Authorised representative of the Company</b>	Mr. Zhao Yi Wen (趙奕文) Ms. Tsang Ngo Yin (曾傲嫻)
<b>Company secretary</b>	Ms. Tsang Ngo Yin (曾傲嫻) <i>(member of the Hong Kong Institute of Certified Public Accountants and member of the American Institute of Certified Public Accountants)</i>
<b>Auditors and reporting accountants</b>	BDO Limited Certified Public Accountants 25th Floor Wing On Centre 111 Connaught Road Central Hong Kong

<b>Principal Bankers</b>	Bank of China Zhuhai Xiangzhou Sub-branch 1st Floor Anping Building 274 Cuixiang Road Xiangzhou, Zhuhai PRC  Industrial and Commercial Bank of China Zhuhai Gongbei Sub-branch ICBC Tower 36 Guihuanan Road Gongbei, Zhuhai PRC
<b>Principal share registrar and transfer office</b>	Ocorian Trust (Cayman) Limited Windward 3 Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
<b>Hong Kong Branch share registrar and transfer office</b>	Boardroom Share Registrars (HK) Limited Room 2103B, 21/F 148 Electric Road North Point Hong Kong
<b>Legal advisers to the Company as to Hong Kong laws</b>	Loeb & Loeb LLP 2206–19 Jardine House 1 Connaught Place Central Hong Kong
<b>Financial adviser</b>	Octal Capital Limited 801–805, 8/F, Nan Fung Tower 88 Connaught Road Central Hong Kong
<b>Placing Agent</b>	Kingkey Securities Group Limited 13/F, 88 Lockhart Road Wan Chai Hong Kong

## 14. PARTICULAR OF THE DIRECTORS

### Executive Directors

**Dr. XU Zhihong** (徐志宏) (“**Dr. Xu**”), aged 61, was appointed as an Executive Director and Vice Chairman of the Company on 6 February 2023 and subsequently as Chairman of the Company on 5 June 2023. Dr. Xu is also the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Board.

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 general manager of the Financial Markets Department of Industrial and Commercial Bank of China (“**ICBC**”), 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.

**Mr. ZHAO Yi Wen** (趙奕文) (“**Mr. Zhao**”), aged 54, was appointed as a Director on 27 May 2015 and was subsequently redesignated as an Executive Director on 13 May 2016. He is one of the founders of the Group and is primarily responsible for handling the day-to-day management of certain subsidiaries of the Group. Mr. Zhao is also a director of a number of subsidiaries of the Group.

Prior to establishing the Group in May 2010, Mr. Zhao had years of management experience of electronic parts business.

During the period between January 2004 and May 2010, Mr. Zhao was employed by Zhuhai Kedie Digital Technology Co.,Ltd.\* (珠海市科碟數碼科技有限公司) which mainly manufactures and sells compact disks in the PRC, as a general manager and was responsible for the overall management of its business operation.

Since 2012, Mr. Zhao has been a director of Zhuhai Ridong Weiye Technology Company Limited\* (珠海日東偉業科技有限公司), a limited liability company incorporated in the PRC which mainly manufactures and trades Indium Tin Oxide films, where Mr. Zhao is responsible for the overall management of the company. Mr. Zhao attended secondary school education up to year 3 in the PRC.

**Mr. LI Yang (李陽) (“Mr. Li”)**, aged 53, was re-designated from an Independent Non-executive Director to an Executive Director of the Company on 9 February 2024. Mr. Li ceased to be a member of the audit committee of the Board (the “**Audit Committee**”) on 9 February 2024.

Mr. Li was an Independent Non-executive Director of the Company and also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board between 19 April 2022 and 8 February 2024.

Mr. Li obtained a diploma from the Shenzhen University (深圳大學) in 1992 and a Master of Business Administration from Shenzhen Economic and Management Institute (深圳經濟管理學院) in 2000. Mr. Li also completed a Master’s Degree programme in 2001 at the Graduate School of Chinese Academy of Social Sciences (中國社會科學院研究生院), majoring in World Economics.

Mr. Li has over 20 years of experience in investment activities and business management, and has extensive industry experience in fashion apparel, trendy brand promotion, information technology and other businesses. He has held directorships in several companies listed on the Main Board of the Stock Exchange and a public company listed on the stock market of the People’s Republic of China. From September 2014 to June 2018, Mr. Li acted as the deputy chairman and an executive director of China Best Group Holding Limited (stock code: 370). From July 2015 to September 2016, he acted as the chairman and a director of Shanxi Guanghe Landscape Culture Communication Co., Ltd.\* (山西廣和山水文化傳播股份有限公司), the shares of which are listed on the Shanghai Stock Exchange (stock code: 600234). From February 2017 to December 2018, he also served as an independent non-executive director of Sino Haijing Holdings Limited (stock code: 1106). From November 2018 to December 2020, he acted as the deputy chairman and an executive director of Leyou Technologies Holdings Limited (stock code: 1089), which was privatized by way of a scheme of arrangement under the Companies Act of its place of incorporation and its listing was withdrawn on 24 December 2020. From August 2020 to February 2021, he also acted as an executive director of CT Environmental Group Limited (stock code: 1363), the listing of which was cancelled under Rule 6.01A of the Listing Rules. On 19 January 2022, Mr. Li was appointed as the chairman of the board and an executive director of Virtual Mind Holding Company Limited (formerly known as CEFC Hong Kong Financial Investment Company Limited) (stock code: 1520). On 21 March 2023, Mr. Li was appointed as an executive director and deputy chairman of IBO Technology Company Limited, a company whose shares are listed on the Stock Exchange (stock code: 2708).

\* For identification purpose only

**Mr. LEUNG Kin Pang (梁健鵬) (“Mr. Leung”)**, aged 43, was appointed as an Executive Director of the Company on 22 June 2022. Mr. Leung obtained his Bachelor’s Degree in Economics and Finance from the University of Hong Kong, a Master’s Degree in Economics from the University of Hong Kong, a Master’s Degree in Global History from the London School of Economics and Political Science, and a Master’s Degree in Politics of the World Economy from the London School of Economics and Political Science. Mr. Leung has over 16 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.

#### **Independent non-executive Directors**

**Mr. ZOU Haiyan (鄒海燕) (“Mr. Zou”)**, aged 59, was appointed as an Independent Non-executive Director of the Company on 5 June 2023 and is responsible for providing independent advice to the Board. Mr. Zou is also the chairman of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee of the Board.

Mr. Zou graduated from Guangdong Provincial Finance School in Taxation\* (廣東省財政學校) with a Bachelor’s degree of Taxation, from University of Electronic Science and Technology with a Bachelor’s degree of Human Resources Management, from European Business School in the Netherlands with a Master’s degree of EMBA and from Shanxi Normal University with a Bachelor’s degree of Law. He has obtained the qualifications of Chinese Institute of Certified Public Accountant (CICPA), a Fellow of the Institute of Public Accountants of Australia (FIPA), a Fellow of the Institute of Financial Accountants of British (FFA), an Associate member of International Accountants (AAIA), a member of the Institute of Cost Accountants of India (ACMA), and a Certified Financial Planner (FChFP), as well as who has over 30 years of experience in the financial and accounting services industry.

Mr. Zou is currently an independent non-executive director of Universal Health International Group Holding Limited (stock code: 02211), a company listed on the Stock Exchange of Hong Kong. He also is an independent director of Shenzhen AVDisplay Co., Ltd. (stock code: 300939), Shenzhen Yanmade Technology Co., Ltd. (stock code: 688312) and Inner Mongolia Xianhong Science Co., Ltd. (stock code: 836619), which is listed on the China growth enterprise market, the China Science and Technology Innovation Board and the China NEEQ respectively. Meanwhile, Mr. Zou is a Managing Partner of Shenzhen Guangshen Certified Public Accountants, and managing Director of China Tax And Business Consultants Limited and Kaowick Financial And Listing Services Limited.

Mr. Zou has been a training instructor and guest lecturer of the Association of Chartered Certified Accountants (ACCA) Hong Kong, Associate of International Accountants (AIA) Hong Kong, Hong Kong Chinese Accountants Association, The Hong Kong Institute of Chartered Secretaries (HKICS) continuing education of Shanghai University of Finance and Economics Institute, City University of Hong Kong, The University of Hong Kong and The Hong Kong Polytechnic University. He was an Adjunct Associate Professor of The Hong Kong Polytechnic University, and a distinguished Professor at the School of Continuing Education of Shanghai University of Finance and Economics.

**Mr. SIU Miu Man, Simon, MH (蕭妙文)** (“**Mr. Siu**”), aged 67, was appointed as an Independent Non-executive Director of the Company on 5 June 2023 and is responsible for providing independent advice to the Board. Mr. Siu is also a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Board.

Mr. Siu graduated from The Hong Kong Polytechnic University with a Polytechnic Associateship in Building Technology and Management and a Master of Science in Electronic Commerce. He is a corporate member of the Hong Kong Institution of Engineers, Hong Kong Institute of Surveyors (General Practice Stream), Royal Institution of Chartered Surveyors (General Practice Stream) and Chartered Institute of Arbitrator. Mr. Siu is an Authorized Person under the Hong Kong Building Ordinance of the Government of the HKSAR. He is also a Registered Professional Engineer (Building Stream) and a Registered Professional Surveyor (General Practice Stream).

Mr. Siu was an independent non-executive director of Excalibur Global Financial Holdings Limited (Stock Code: 8350) between December 2017 and December 2023, a company listed on the Stock Exchange of Hong Kong. He is currently an independent non-executive director of Value Convergence Holdings Limited (Stock Code: 821), a company listed on the Stock Exchange of Hong Kong. He is also a director of DBG Technology Co., Ltd. (Stock Code: 300735), a company listed on Shenzhen Stock Exchange. Meanwhile, Mr. Siu is also a director of a consultancy firm and engineering firm. He had served in many public listed companies as senior management and has over 25 years of managerial experience in general management, commerce, banking, finance, real estate development and construction business. Due to Mr. Siu’s dedicated service to local community, he was conferred the Medal of Honour (M.H.) by The Government of the Hong Kong Special Administrative Region in 2019.

Mr. Siu is actively participating in public affairs and charitable activities. He is the vice president of the Association of Hong Kong Professionals and the Hong Kong Real Property Federation, the honorary president of the Hong Kong Kowloon City Industry and Commerce Association and the chairman of the Building Healthy Kowloon City Association.

**Ms. Liu Wanwen (劉皖文)** (“**Ms. Liu**”), aged 55, graduated from Anhui University with a bachelor’s degree in arts. Ms. Liu is currently an independent non-executive director of Shandong International Trust Co., Ltd. (Stock Code: 1697), which is a company listed on the Stock Exchange. She also has been the managing director of the private wealth management department of UOB Kay Hian (Hong Kong) Limited since November 2014. From December 2011 to November 2014, she served as a director and head of the Chinese local large enterprises department at the Shanghai branch of Standard Chartered Bank (China) Co., Ltd.. From December 2006 to December 2011, she worked at the Shenzhen branch of Standard Chartered Bank (China) Co., Ltd., where she successively served as the head of the multinational enterprise department and a member of the management committee, the deputy branch manager of the Shenzhen branch and the head of private bank division of the South China region. Ms. Liu has over 25 years of experience in the banking and asset management sectors.



**Business address of the Directors**

The business address of the Directors is the same as the Company's principal place of business in Hong Kong at Room 2607, 26/F, West Tower, Shun Tak Centre, 200 Connaught Road Central, Hong Kong.

**15. BINDING EFFECT**

The Prospectus Documents and all acceptances of any offer or application contained therein are governed by and shall be construed in accordance with the laws of Hong Kong. The Prospectus Documents shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) so far as applicable.

**16. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

A copy of each of the Prospectus Documents and the written consent as referred to the paragraph headed "10. EXPERT AND CONSENT" in this appendix, have been registered by the Registrar of Companies in Hong Kong pursuant to section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong).

**17. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.hg-semiconductor.com](http://www.hg-semiconductor.com)) for the period of 14 days from the date of this Prospectus:

- (i) the annual reports of the Company for each of the years ended 31 December 2021, 2022 and 2023;
- (ii) the interim report of the Company for the six months ended 30 June 2024;
- (iii) the letter issued by BDO Limited regarding the unaudited pro forma financial information of the Group as set out in Appendix II to this Prospectus;
- (iv) the written consent as referred to in the paragraph headed "10. EXPERT AND CONSENT" in this appendix;
- (v) the material contracts referred to in the paragraph headed "11. MATERIAL CONTRACTS" in this appendix; and
- (vi) the Prospectus Documents.

**18. MISCELLANEOUS**

- (i) The company secretary of the Company is Ms. Tsang Ngo Yin, who joined the Group as such on 2 June 2023. Ms. Tsang is a member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants.
- (ii) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside Hong Kong.
- (iii) The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, there was no voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any Shareholder and there was no obligation or entitlement of any Shareholder whereby he/she/it has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his/her/its Shares to a third party, either generally or on a case-by-case basis.
- (iv) In the event of inconsistency, the English text of this Prospectus shall prevail over the Chinese text unless otherwise specified.