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## HG SEMICONDUCTOR LIMITED

宏光半導體有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6908)

### ANNOUNCEMENT OF AUDITED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

<b>FINANCIAL HIGHLIGHTS</b>			
<b>Year ended 31 December (RMB'000)</b>	<b>2025</b>	<b>2024</b>	<b>Percentage Change</b>
Revenue	<b>97,759</b>	75,282	29.9%
Cost of sales	<b>(93,347)</b>	(67,491)	38.3%
Gross profit	<b>4,412</b>	7,791	-43.4%
Loss before income tax	<b>(134,007)</b>	(178,477)	-24.9%
Net loss	<b>(134,016)</b>	(183,076)	-26.8%
Loss per share (RMB)	<b>(0.1221)</b>	(0.1960)	-37.7%
Total assets	<b>558,076</b>	629,614	-11.4%
Total equity	<b>504,761</b>	577,789	-12.6%
<b>Key Financial Ratios</b>			
Gross profit margin (%)	<b>4.5</b>	10.3	
Current ratio	<b>4.7</b>	5.2	
Gearing ratio (%)	<b>2.0</b>	1.7	

## ANNUAL RESULTS

The board (the “**Board**”) of Directors (the “**Directors**”) of HG Semiconductor Limited (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the year ended 31 December 2024, as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2025*

	<i>Notes</i>	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue</b>	5	<b>97,759</b>	75,282
Cost of sales		<u><b>(93,347)</b></u>	<u>(67,491)</u>
<b>Gross profit</b>		<b>4,412</b>	7,791
Other income, gains and losses, net	5	<b>(1,672)</b>	7,577
Selling and distribution expenses		<b>(2,879)</b>	(3,441)
Administrative and other expenses		<b>(111,875)</b>	(114,399)
Impairment loss recognised on trade and bills receivables and other receivable	11, 12	<b>(17,020)</b>	(42,918)
Impairment loss of property, plant and equipment		<b>(3,876)</b>	(11,466)
Impairment loss of intangible assets		—	(3,981)
Impairment loss of assets classified as held for sale		—	(16,552)
Finance costs	7	<u><b>(1,097)</b></u>	<u>(1,088)</u>
<b>Loss before income tax</b>	6	<b>(134,007)</b>	(178,477)
Income tax expense	8	<u><b>(9)</b></u>	<u>(4,599)</u>
<b>Loss for the year</b>		<u><b>(134,016)</b></u>	<u>(183,076)</u>
<b>Other comprehensive (expense) income</b>			
<b>Item that may be reclassified to profit or loss:</b>			
Exchange difference on translation of financial statements of oversea subsidiaries		<b>(10,124)</b>	10,177
<b>Item that will not be reclassified to profit or loss:</b>			
Change in fair value of financial assets at fair value through other comprehensive income (“FVTOCI”)		<b>(46,035)</b>	(32,664)
Tax related to items that will not be reclassified		<u>—</u>	<u>2,308</u>
<b>Total comprehensive expense for the year</b>		<u><b>(190,175)</b></u>	<u>(203,255)</u>

	<i>Note</i>	<b>2025</b> <b><i>RMB'000</i></b>	2024 <i>RMB'000</i>
<b>Loss for the year attributable to:</b>			
Owners of the Company		<b>(112,892)</b>	(156,819)
Non-controlling interests		<u><b>(21,124)</b></u>	<u>(26,257)</u>
		<u><b>(134,016)</b></u>	<u>(183,076)</u>
<b>Total comprehensive expense attributable to:</b>			
Owners of the Company		<b>(169,051)</b>	(173,748)
Non-controlling interests		<u><b>(21,124)</b></u>	<u>(29,507)</u>
		<u><b>(190,175)</b></u>	<u>(203,255)</u>
			(restated)
<b>Loss per share attributable to owners of the Company</b>			
— Basic and diluted (RMB cents)	9	<u><b>(12.21)</b></u>	<u>(19.60)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>RMB'000</b>	2024 <b>RMB'000</b>
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>194,370</b>	189,979
Intangible assets		<b>238</b>	448
Financial assets at FVTOCI		<b>129,100</b>	181,926
Prepayments and deposits	<i>12</i>	<b>—</b>	1,411
Deferred tax assets		<b>4,177</b>	4,186
		<b>327,885</b>	377,950
<b>Current assets</b>			
Inventories		<b>61,454</b>	59,018
Trade and bills receivables	<i>11</i>	<b>62,600</b>	67,242
Prepayments, deposits and other receivables	<i>12</i>	<b>58,060</b>	81,994
Financial assets at fair value through profit or loss		<b>33,460</b>	34,631
Cash and cash equivalents		<b>14,617</b>	8,779
		<b>230,191</b>	251,664
<b>Current liabilities</b>			
Trade payables	<i>13</i>	<b>15,158</b>	19,347
Other payables and accruals		<b>21,607</b>	15,824
Bank borrowings	<i>14</i>	<b>10,000</b>	10,000
Lease liabilities		<b>2,214</b>	3,036
		<b>48,979</b>	48,207
<b>Net current assets</b>		<b>181,212</b>	203,457
<b>Total assets less current liabilities</b>		<b>509,097</b>	581,407

	<i>Note</i>	<b>2025</b> <b>RMB'000</b>	2024 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Lease liabilities		<u>4,336</u>	<u>3,618</u>
		<u>4,336</u>	<u>3,618</u>
<b>Net assets</b>		<u><b>504,761</b></u>	<u><b>577,789</b></u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	<i>15</i>	8,419	6,664
Reserves		<u>481,603</u>	<u>534,173</u>
		490,022	540,837
<b>Non-controlling interests</b>		<u>14,739</u>	<u>36,952</u>
<b>Total equity</b>		<u><b>504,761</b></u>	<u><b>577,789</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

### 1. GENERAL AND CORPORATE INFORMATION

HG Semiconductor Limited (the “**Company**”) was incorporated with limited liability in the Cayman Islands. The shares of the Company (the “**Shares**”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) with stock code “6908”.

The address of the Company’s registered office is Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred to as the “**Group**”) is located in the People’s Republic of China (the “**PRC**”) at the North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, the PRC.

The Company’s principal activity is investment holding. 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.

In the opinion of the directors of the Company, as at 31 December 2025, the Company’s ultimate parents are Jovial Star International Limited, a company incorporated in the British Virgin Islands (the “**BVI**”) and Wide Yield Investment Holding Limited, a company incorporated in the BVI.

### 2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

#### (a) Amendments to an HKFRS Accounting Standards — effective 1 January 2025

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

*Amendments to HKAS 21*

*Lack of Exchangeability*

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective**

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments <sup>1</sup>
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity <sup>1</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>3</sup>
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume II <sup>1</sup>
HKFRS 18	Presentation and Disclosure in Financial Statements <sup>2</sup>
Hong Kong Interpretation 5	Amendments to Hong Kong Interpretation <sup>2</sup> Presentation of Financial Statements — Classification by the borrower of a Term Loan that contains a Repayment on Demand clause <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027.

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

***HKFRS 18 Presentation and Disclosure in Financial Statements***

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (the title of which will be changed to “Basis of Preparation of Financial Statements” upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss. Additional disclosures required for the Group’s MPMs will be disclosed in a separate note to the consolidated financial statements.

### 3. BASIS OF PREPARATION

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with all applicable HKFRS Accounting Standards, which include all Hong Kong Financial Reporting Standards (“**HKFRS**”), Hong Kong Accounting Standards (“**HKASs**”) and HK(IFRIC) Interpretations, HK Interpretations and HK(SIC) Interpretations (collectively referred to as “**Interpretations**”), as issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

#### (b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for the financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income, which are measured at fair value as explained in the accounting policies below.

#### (c) Functional and presentation currency

The financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and all values are rounded to the nearest thousand (“**RMB’000**”) except when otherwise indicated.

#### (d) Going concern assessment

The directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

#### 4. SEGMENT INFORMATION

The chief operating decision makers are identified as executive Directors of the Company. The Group has identified its operating segment based on the regular internal financial information reported to the Company's executive Directors for their decisions about resources allocation and review of performance. The Group is principally engaged in design, development, manufacturing, subcontracting and sales of semiconductor products, including LED beads, GaN chips, GaN device related application products in the PRC. The executive Directors determined there were two reportable and operating segments which are (i) LED products and (ii) GaN and other semiconductor products.

##### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

	2025			2024		
	LED products	GaN and other semiconductor products	Total	LED products	GaN and other semiconductor products	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue	<u>68,167</u>	<u>29,592</u>	<u>97,759</u>	<u>73,922</u>	<u>1,360</u>	<u>75,282</u>
Segment result	<u>(20,243)</u>	<u>(64,706)</u>	<u>(84,949)</u>	<u>(34,335)</u>	<u>(114,669)</u>	<u>(149,004)</u>
<b>Other unallocated</b>						
Other income and gains			4			33
Administrative expenses			(49,056)			(29,491)
Finance costs			<u>(6)</u>			<u>(15)</u>
Loss before income tax			<u>(134,007)</u>			<u>(178,477)</u>

## Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

	2025			2024		
	LED products RMB'000	GaN and other semiconductor products RMB'000	Total RMB'000	LED products RMB'000	GaN and other semiconductor products RMB'000	Total RMB'000
<b>Segment assets</b>	<b>145,027</b>	<b>406,513</b>	<b>551,540</b>	159,494	464,347	623,841
Corporate and other unallocated assets ( <i>Note</i> )			<u>6,536</u>			<u>5,773</u>
Total assets			<u><b>558,076</b></u>			<u>629,614</u>
<b>Segment liabilities</b>	<b>(31,479)</b>	<b>(15,087)</b>	<b>(46,566)</b>	(31,211)	(13,108)	(44,319)
Corporate and other unallocated liabilities ( <i>Note</i> )			<u>(6,749)</u>			<u>(7,506)</u>
Total liabilities			<u><b>(53,315)</b></u>			<u>(51,825)</u>

## Other segment information:

### Depreciation charge

— Owned property, plant and equipment	(3,882)	(15,496)	(19,378)	(4,152)	(8,948)	(13,100)
— Right-of-use-assets	(237)	(1,334)	(1,571)	(246)	(1,334)	(1,580)
Amortisation of intangible assets	—	(210)	(210)	(1,022)	(138)	(1,160)
Impairment loss recognised on trade and bills receivables and other receivable	(6,020)	(11,000)	(17,020)	(8,918)	(34,000)	(42,918)
Reversal of write down on inventories	—	36	36	—	162	162
Impairment loss recognised on property, plant and equipment	(3,876)	—	(3,876)	(11,466)	—	(11,466)
Impairment loss recognised on intangible assets	—	—	—	(3,981)	—	(3,981)
Impairment loss recognised on assets classified as held for sale	—	—	—	—	(16,552)	(16,552)
Fair value gain (loss) on financial asset at FVTPL	—	348	348	—	(785)	(785)

*Note:* Corporate and other unallocated assets mainly include property, plant and equipment in head office, deferred tax assets, prepayment in head office, deposit and other receivable, cash and cash equivalents in head office and corporate and other unallocated liabilities mainly include lease liabilities in head office, and other payables and accruals in head office.

No geographical information is presented as most of the Group's operations are located in the PRC.

Revenue from customers of the Group's LED products segment who contributed over 10% of the Group's revenue for the corresponding years are as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Client A	12,859	19,704
Client B	N/A*	10,341
Client C	N/A*	8,669

\* Revenue did not contribute over 10% of the Group's revenue for the corresponding years.

## 5. REVENUE, OTHER INCOME, GAINS AND LOSSES, NET

Revenue, which is also the Group's turnover, represents the net invoiced value of goods and services sold, less value added tax and other applicable local taxes during the year. The Group is principally engaged in the design, development, manufacturing and sales of semiconductor products, including LED beads, GaN chips and GaN components and related application products in the PRC.

The sales contract terms do not allow rebate, discount, warranties and return on revenue. During the years ended 31 December 2025 and 2024, there were no rebate, discount, warranties and return on revenue.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
<b>Revenue recognised at a particular point in time</b>		
Sales of LED beads	68,167	73,922
Sales of GaN and fast-charging products	29,592	1,360
	<u>97,759</u>	<u>75,282</u>
<b>Other income, gains and losses, net</b>		
Bank interest income	60	45
Government grants ( <i>Note</i> )	—	4,614
(Loss) gain on disposal of property, plant and equipment	(2,839)	495
Net exchange gain (loss)	271	(545)
Other income	836	2,968
	<u>(1,672)</u>	<u>7,577</u>

*Note:* Government grants include various subsidies received by the Group from relevant government bodies in connection with certain subsidies to support the Group's businesses. There are no unfulfilled conditions or contingencies relating to these grants.

## 6. LOSS BEFORE INCOME TAX

The Group's loss before income tax credit is arrived at after crediting:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Cost of inventories sold	74,616	53,429
Depreciation charge:		
— Owned property, plant and equipment	19,378	13,100
— Right-of-use-assets included in property, plant and equipment	2,978	2,398
Amortisation of intangible assets, included in cost of sales	210	1,160
Reversal of write down on inventories	36	162
Auditor's remuneration	645	1,290
Fair value gain (loss) of financial assets at FVTPL	348	(785)
Research and development costs, included in administrative and other expenses	37,936	23,961
Employee costs (including Directors' remuneration)		
— Wages, salaries and other benefits	17,036	21,574
— Contribution to defined contribution pension plans	1,779	2,497
— Share-based payment	33,119	35,325

## 7. FINANCE COSTS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on borrowings	480	348
Interest on lease liabilities	617	740
	<u>1,097</u>	<u>1,088</u>

## 8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profit arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI.

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong for the years ended 31 December 2025 and 2024. For the year ended 31 December 2025, the first HK\$2,000,000 of profits earned by one of the group companies will be taxed at a rate of 8.25% whilst the remaining profits will continue to be taxed at 16.5%. No provision for Hong Kong profits tax has been made as the Group's Hong Kong subsidiaries had no estimated assessable profits for the year (2024: Nil).

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current income tax — HK		
— Tax for the year	—	46
Deferred tax	<u>9</u>	<u>4,553</u>
	<u>9</u>	<u>4,599</u>

## 9. LOSS PER SHARE

The calculation of basic and diluted loss per share attributable to owners of the Company is based on the following data:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i> (restated)
<b>Loss</b>		
Loss for the year attributable to owners of the Company	<u>(112,892)</u>	<u>(156,819)</u>
	2025	2024 (restated)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purpose of basic loss per share	924,543,296	800,181,999
Effect of dilutive potential ordinary shares in respect of the Company's share option schemes ( <i>Note (ii)</i> )	<u>—</u>	<u>—</u>
<b>Weighted average number of ordinary shares for the purpose of diluted loss per share</b>	<u>924,543,296</u>	<u>800,181,999</u>

*Notes:*

- (i) Basic loss per share is calculated by dividing loss for the year attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

The weighted average number of ordinary shares for the years ended 31 December 2025 and 2024 for the purposes of calculating the basic earnings per share, had adjusted to account for the effect of the bonus element of the rights issue of the Company which was completed on 7 February 2025.

- (ii) For the years ended 31 December 2025 and 2024, the potential ordinary shares to be issued from the exercise of the share options were not included in the calculation of loss per share as their inclusion would be anti-dilutive.

## 10. DIVIDEND

No dividend has been paid or declared by the Company for the years ended 31 December 2025 and 2024.

## 11. TRADE AND BILLS RECEIVABLES

The information about trade and bills receivables after ECLs are as follows:

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	<b>55,671</b>	54,267
Bills receivable	<b>6,929</b>	12,975
	<b>62,600</b>	67,242

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 days to 90 days, extending up to 120 days for major customers. The Group seeks to maintain control over its outstanding receivables and overdue balances which are reviewed regularly by senior management. The business model of the Group related to the bills receivable is "hold to collect".

Included in trade and bills receivables are trade debtors (net of impairment losses) with the following ageing analysis, based on invoice dates, as of the end of reporting period.

	<b>2025</b> <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 30 days	<b>31,213</b>	34,573
31 to 60 days	<b>14,529</b>	8,858
61 to 90 days	<b>5,036</b>	6,719
91 to 120 days	<b>5,646</b>	4,945
121 to 365 days	<b>6,898</b>	7,264
Over 1 year	<b>20,685</b>	20,270
	<b>84,007</b>	82,629
Less: Impairment of trade and bills receivables	<b>(21,407)</b>	(15,387)
	<b>62,600</b>	67,242

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Other receivables ( <i>Note i</i> )	14,049	36,490
Prepayments and deposits ( <i>Note ii</i> )	<u>44,011</u>	<u>46,915</u>
	58,060	83,405
Less: non-current portion		
Prepayments and deposits ( <i>Note iii</i> )	<u>—</u>	<u>(1,411)</u>
Current portion	<u><u>58,060</u></u>	<u><u>81,994</u></u>

### Notes:

- (i) The balance of other receivables prior to the year ended 31 December 2024 previously included receivables from a non-controlling interest (the “**Investor**”) amounting to approximately RMB45,000,000 in relation to its capital injection to Shenzhen Jiahong Semiconductor Company Limited (“**Shenzhen Jiahong**”), an indirect non-wholly owned subsidiary of the Company. On 1 January 2025, the Group and all the investors of Shenzhen Jiahong entered into a termination agreement pursuant to which the Investor was no longer required to pay the remaining investment amount of RMB45,000,000 (the “**Remaining Investment Amount**”) to Shenzhen Jiahong and the registered capital of Shenzhen Jiahong was adjusted based on the amount actually paid by the Investor (the “**Reduction of Share Capital**”). Please refer to the announcement of the Company dated 2 January 2025 for details.

As the Remaining Investment Amount was yet to be settled as at 31 December 2024, the management of the Group assessed the expected credit loss related to the Remaining Investment Amount due from the Investor by estimating the recoverable amount with reference to the fair value of the equity interests of Shenzhen Jiahong held by the Investor to be deregistered (the “**Relevant Equity Interests**”). The fair value of the ordinary shares of Shenzhen Jiahong was used in estimating the fair value of the Other Receivables because it was expected that as a result of the Reduction of Share Capital, the percentage of equity interests to be held by other shareholders of Shenzhen Jiahong, who are holding ordinary shares of Shenzhen Jiahong, would be increased.

As at 31 December 2024, the fair value of the Relevant Equity Interests was approximately RMB11,000,000 which was made with reference to the valuation report of the ordinary shares of Shenzhen Jiahong dated 28 March 2025 prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer.

- (ii) The amount includes the prepayment to the independent third parties suppliers amounting to approximately RMB33,150,000 (2024: approximately RMB42,792,000) for the purchase of raw material and the prepayment disclosed in note (iii) below.
- (iii) The amount includes the prepayment of approximately RMB1,411,000 as at 31 December 2024 for the purchase of machinery. The machinery was delivered to the Company during the year ended 31 December 2025.

### 13. TRADE PAYABLES

The credit period granted from suppliers normally ranges from 0 to 120 days. The aging analysis of trade payables, based on invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0 to 30 days	13,981	7,364
31 to 60 days	395	4,273
61 to 90 days	339	2,852
91 to 120 days	107	1,283
121 to 365 days	114	1,718
Over 1 year	<u>222</u>	<u>1,857</u>
	<u><b>15,158</b></u>	<u><b>19,347</b></u>

### 14. BANK BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank loans — unsecured ( <i>Note</i> )	<u><b>10,000</b></u>	<u><b>10,000</b></u>

*Notes:*

As at 31 December 2025, the effective interest rates of the unsecured interest – bearing bank loans were 2.68% (2024: 3.35%) per annum.

No banking facilities are subject to the fulfilment of covenants in lending arrangements with financial institutions.

## 15. SHARE CAPITAL

	Number of ordinary shares	RMB'000
<b>Issued and fully paid:</b>		
At 1 January 2024 and 31 December 2025	751,054,785	6,664
Issue of shares by way of rights issue, net of transaction costs ( <i>Note (i)</i> )	<u>187,763,696</u>	<u>1,755</u>
At 31 December 2025	<u><u>938,818,481</u></u>	<u><u>8,419</u></u>

### Notes:

- (i) On 12 November 2024, the Company announced to raise gross proceeds of up to approximately HK\$90.1 million before expenses by way of a rights issue by issuing up to 187,763,696 new Shares (“**Rights Shares**”) (excluding the new Shares that may be allotted and issued upon the full exercise of the vested share options) at the subscription price of HK\$0.48 per Rights Share on the basis of one Rights Share for every four shares held on 16 December 2024 (“**Rights Issue**”).

The Rights Issue was completed on 7 February 2025 and a total of 187,763,696 Rights Shares were issued. The gross and net proceeds were approximately HK\$90.1 million and HK\$87.8 million respectively. The net price was approximately HK\$0.47 per Rights Share. The proceeds from the Rights Issue will be applied for (i) 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 equipments and materials with an aim to develop and/or capture patent and technology; and (ii) provision of general working capital and strengthening the financial position of the Group.

## 16. EVENT AFTER THE REPORTING PERIOD

On 1 December 2025, (i) the Company entered into a sale and purchase agreement with three entities whose ultimate beneficial owner is Ms. Qin Xiaolu (“Vendors A”) for the acquisition of the entire issued share capital of Join Gain which in turn holds approximately 8.34% equity interest in Shenzhen Jiahong (“Acquisition A”), for a total consideration of HK\$73,388,000 (“Consideration A”); and (ii) the Company entered into a sale and purchase agreement with an entity wholly owned by Mr. Zhan Haisu (“Vendor B”) for the acquisition of the entire issued share capital of Red Mont which in turn holds approximately 4.64% equity interest in Shenzhen Jiahong (“Acquisition B”), for a total consideration of HK\$40,816,000 (“Consideration B”).

Consideration A shall be satisfied by the Company by way of allotment and issue of a total of 146,776,000 shares of the Company, credited as fully paid, to Vendors A and Consideration B shall be satisfied by the Company by way of issue of a promissory note in the amount of HK\$40,816,000 to Vendor B. Completion of Acquisition A and Acquisition B took place on 29 January 2026 and 10 February 2026 respectively. Upon completion of the aforesaid acquisitions, Shenzhen Jiahong is owned by the Group as to approximately 73.28% and it remains as an indirect non wholly-owned subsidiary of the Company. 146,776,000 shares of the Company were issued to New Rainbow Developments Limited, being one of the Vendors A wholly owned by Ms. Qin for the settlement of Consideration A.

For details, please refer to the circular of the Company dated 7 January 2026 and the completion announcements of the Company dated 29 January 2026 and 10 February 2026 respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Board hereby presents the annual results of the Group for the year ended 31 December 2025 (the “**Year**” or “**2025**”), together with the comparative figures for the corresponding year ended 31 December 2024 (the “**Previous Year**” or “**2024**”).

### Introduction

HG Semiconductor Limited (the “**Company**”, together with its subsidiaries, 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 China. With the Group’s expertise in LED manufacturing, strong scientific research team and research and development (“**R&D**”) capability, the Group has in recent years devoted itself to the application of GaN-related products in the third-generation of semiconductors and has gradually achieved business transformation.

The Group has continued to propel its overall business development and accelerate the realisation of chip manufacturing and production capacity, with the aim to become a semiconductor integrated device manufacturing (“**IDM**”) enterprise that spans the whole industry chain, including research and development, manufacturing, packaging and package testing, and sales, with a particular focus on semiconductor design and manufacturing, to capture market opportunities and to strive to become a leading third generation semiconductor supplier in the Greater China region.

### Industry Review

In the 2025, the LED lighting industry, which is widely connected with fields of architectural lighting and electronic consumer products, suffered continuous negative impacts due to factors such as the sluggish real estate market and weak consumer demand for electronic products. Meanwhile, the competition in the LED industry was increasingly intensified. Many large LED manufacturers and suppliers had competitive advantages in technology research and development, product quality, and pricing. All of the abovementioned had an impact on the overall demand for the Group’s products.

In the semiconductor industry, according to the 2025 Factbook released by the Semiconductor Industry Association (“**SIA**”), China is the largest single country market in the world, and its market demand has shown good growth momentum in various segments, including technological innovation, power devices, automotive electronics, artificial intelligence, and the Internet of Things. Favorable government policies and industrial development strategies have also provided good development opportunities for China’s semiconductor industry, especially in the fields of new energy and new energy vehicle electronics. China’s new energy investment has grown rapidly, along with leading position in photovoltaic, wind power generation, energy storage, batteries, and other industries globally. China’s new energy vehicle market is experiencing rapid development, and the market demand for related automotive intelligent driving chips and power chips is growing quickly.

According to the Autumn 2025 Semiconductor Market Forecast Update released by the WSTS, the global semiconductor market is expected to grow by more than 25 percent, reaching USD 975 billion. Growth is expected across all regions and product categories. Memory and Logic are again projected to lead, both increasing by over 30 percent year over year, supported by demand for data center infrastructure and the emergence of initial AI edge applications.

In 2025, the tech war and tariff-based confrontation between China and the United States continued to intensify. The semiconductor industry has become the most visible arena in the China and United States tech war. China's semiconductor imports declined by 12% year-over-year in the first quarter of 2025 according to Chinese Customs data. The United States successively imposed export control sanctions on Chinese enterprises involved in manufacturing chips and related technologies, and restricted the sales of high-end chips by enterprises in the United States to China, so as to curb the development of China's semiconductor industry. The United States and allies implement export control measures on semiconductor manufacturing equipment such as extreme ultraviolet (EUV) lithography, deep ultraviolet (DUV) lithography, and chemical materials, to restrict the export of such equipment to China, which jointly have constrained China's advanced node production capabilities. Nevertheless, the various restrictions imposed by various countries on China's semiconductor industry have transformed into China's driving force. As the world's largest importer of semiconductor chips as well as an important chip consumption market, to overcome the restrictions imposed by various countries, China has invested more resources and funds in scientific research, causing the semiconductor industry to undergo rapid development. In addition to the accelerated domestic manufacturing of semiconductor materials, downstream wafer fabs have also expanded their productivity rapidly, and the number of China's integrated circuit enterprises also continued to grow.

As a key member of the third-generation of semiconductors, GaN can operate at high frequencies and maintain high performance and efficiency with lower loss than previously used silicon transistors. As the development of the third-generation semiconductor enters into a booming period, the demand for third-generation semiconductor materials in different fields is surging, semiconductor products are becoming more diversified and the speed of iteration and innovation continues to accelerate. New energy and new energy vehicles (“NEVs”) will bring sustained application space for GaN. According to the data released by the China Association of Automobile Manufacturers (CAAM), China's new energy vehicle wholesale sales surged to 1.823 million units in November 2025, up 20.6% year-on-year and 6.3% month-on-month, driven by record battery electric vehicles (“BEVs”) and plug-in hybrid electric vehicles (“PHEVs”) deliveries and a 260% leap in NEV exports. Exports of NEVs continued their rapid expansion, surging 260 percent year-on-year to a record 300,000 units in November 2025. Excluding exports, domestic NEV wholesale volumes totaled 1.522 million units, an increase of 6.5 percent compared with November 2024 and a 4.3 percent rise from October 2025. New energy vehicles are one of the most core key application markets for third-generation semiconductor materials, which contribute strong demand continuously for third-generation semiconductor power devices.

In recent years, China has been giving great support and encouragement to innovative high-tech enterprises, in particular the new energy and third-generation semiconductors as the representatives of the technological innovation enterprises are gradually becoming a vital driving force for economic

development. In the Outline of the Fourteenth Five-Year Plan and Long-Range Objectives Through the Year 2035 (《十四五規劃和2035年遠景目標綱要》), China advocates accelerating the industrialisation process of new materials and technologies for third-generation semiconductors, so as to create a new batch of fast-growing new material enterprises.

## **Business Review**

In 2025, the Group 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 during the Year. The Group completed the production and commissioning of GaN epitaxial wafer equipment at the beginning of the Year and met the conditions for epitaxial wafer production. 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. As the third-generation semiconductor business is still in the investment and R&D stage, the Group's revenue for the Year was 70% derived from the LED bead business and 30% derived from the GaN business. During the Year, the weak real estate and consumer electronics markets in China also affected the industrial chain of the Group's LED bead business. During the Year, revenue of the Group was approximately RMB97.8 million, representing an increase of approximately 29.9% as compared with that for the Previous Year, but gross profit decreased by approximately 43.4% to approximately RMB4.4 million.

During the Year, China's economic recovery was slow due to the sharp tightening of monetary policies in the European and American countries, the continuous downturn of the real estate market sentiment and the lack of market confidence, which indirectly affected the Group's performance. The Group's revenue for the Year was approximately RMB97.8 million, representing an increase of approximately RMB22.5 million from approximately RMB75.3 million for the Previous Year. The loss for the Year attributable to owners of the Company was approximately RMB112.9 million.

## **Outlook**

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 the prediction of the market analysis firm Yole Développement, 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. 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.

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.

## Financial Review

### Revenue

For the Year, total revenue was approximately RMB97.8 million, representing an increase of approximately 29.9% as compared with that for the Previous Year (2024: approximately RMB75.3 million). The increase was mainly attributable to the increase in revenue from the sales of GaN and other semiconductor products.

The following table sets forth the breakdown of the Group's revenue by segment:

	2025		2024	
	RMB'000	%	RMB'000	%
LED products	68,167	69.7	73,922	98.2
GaN and other semiconductor products	<u>29,592</u>	<u>30.3</u>	<u>1,360</u>	<u>1.8</u>
Total	<u><u>97,759</u></u>	<u><u>100.0</u></u>	<u><u>75,282</u></u>	<u><u>100.0</u></u>

For the Year, revenue from LED products amounted to approximately RMB68.2 million (2024: approximately RMB73.9 million), accounting for approximately 69.7% of the total revenue (2024: approximately 98.2%). The decrease in revenue was mainly due to the decrease in the sales volume and the average selling price of LED beads during the Year. Such decrease was attributable to the weakened economy with negative consumer sentiment in China. Cautious consumer approach to spending on electronic products has continued to negatively impact the sales of LED beads of the Group.

Revenue from GaN and other semiconductor products during the Year was approximately RMB29.6 million (2024: approximately RMB1.4 million), accounting for approximately 30.3% of the total revenue (2024: approximately 1.8%). This significant increase is due to the mass production and bulk shipments of gallium nitride products this year, as well as increased sales of other related semiconductor products.

### Cost of Sales

Cost of sales of the Group primarily consisted of cost of material used, direct labour and production overheads. It increased by approximately 38.3% from approximately RMB67.5 million for the Previous Year to approximately RMB93.3 million for the Year, reflecting an increase in the sales volume of the GaN and other semiconductor products, which mainly led to the increase in the cost of material used.

### ***Gross Profit and Gross Profit Margin***

The gross profit decreased from approximately RMB7.8 million for the Previous Year to approximately RMB4.4 million for the Year. The gross profit margin decreased from approximately 10.3% for the Previous Year to approximately 4.5% for the Year. The following table sets forth a breakdown of the gross profit and gross profit margin by segment for the periods indicated:

	2025		2024	
	Gross profit	Gross profit	Gross profit	Gross profit
	RMB'000	margin	RMB'000	margin
		%		%
LED products	1,767	2.6	7,833	10.6
GaN and other semiconductor products	<u>2,645</u>	<u>8.9</u>	<u>(42)</u>	<u>(3.1)</u>
Total gross profit/gross profit margin	<u><u>4,412</u></u>	<u><u>4.5</u></u>	<u><u>7,791</u></u>	<u><u>10.3</u></u>

The gross profit margin of LED products decreased from approximately 10.6% for the Previous Year to approximately 2.6% for the Year. Such decrease was mainly attributable to the decrease in the average selling price of the LED beads and also the increase in the cost of material used, especially gold wires.

### ***Other Income, Gains and Losses, Net***

The Group recorded a negative other income of approximately RMB1.7 million for the Year, compared to that of a positive other income of approximately RMB7.6 million for the Previous Year, which was mainly due to the decrease in government grants from the PRC Government during the Year.

### ***Selling and Distribution Expenses***

The selling and distribution expenses decreased by approximately 14.7% from approximately RMB3.4 million for the Previous Year to approximately RMB2.9 million for the Year. The decrease in selling and distribution expenses was mainly attributable to the decrease in sales and marketing staff costs, traveling expenses and entertainment expenses.

### ***Administrative and Other Expenses***

The Group's administrative and other expenses decreased by approximately 2.2% from approximately RMB114.4 million for the Previous Year to approximately RMB111.9 million for the Year. The administrative and other expenses mainly included administrative staff costs, research and development costs, professional services expenses and equity-settled share-based payment expenses. The decrease in administrative and other expenses was mainly due to the decrease in administrative staff costs and professional services expenses.

The equity-settled share-based payment expenses were approximately RMB33.1 million for the Year (Previous Year: approximately RMB35.3 million).

The research and development costs were approximately RMB37.9 million for the Year (Previous Year: approximately RMB24.0 million).

### ***Finance Costs***

The Group's finance costs were approximately RMB1.1 million for the Year (Previous Year: approximately RMB1.1 million).

### ***Income Tax Expense***

Income tax expense of the Group for the Year was approximately RMB9,000 (Previous Year: approximately RMB4.6 million).

### ***Loss for the Year***

The loss for the Year was approximately RMB134.0 million, as compared to a loss of approximately RMB183.1 million for the Previous Year. The decrease in loss for the Year was mainly attributable to the decrease of (i) impairment loss recognised on trade and bills receivables and other receivable and (ii) impairment loss of property, plant and equipment, and the absence of one-off impairment loss of (i) intangible assets and (ii) assets classified as held for sale.

### ***Net Margin***

The Group recorded a negative net margin of approximately 137.1% for the Year, compared to that of a negative net margin of approximately 243.2% for the Previous Year. The improved net margin for the Year was mainly attributable to the decrease of (i) impairment loss recognised on trade and bills receivables and other receivable and (ii) impairment loss of property, plant and equipment, and the absence of one-off impairment loss of (i) intangible assets and (ii) assets classified as held for sale.

### ***Dividend***

The Directors do not recommend the payment of a final dividend for the Year (Previous Year: Nil), in order to cope with the future business development of the Group.

### ***Liquidity, Financial Resources and Capital Structure***

For the Year, the amount of net cash used by the Group in its operating activities was approximately RMB28.9 million as compared to that of approximately RMB69.7 million for the Previous Year, primarily due to the decrease in (i) trade and bills receivables and (ii) prepayments, deposits and other receivables.

As at 31 December 2025, the Group had net current assets of approximately RMB181.2 million (31 December 2024: approximately RMB203.5 million).

As at 31 December 2025, the Group had total cash and bank balances of approximately RMB14.6 million (31 December 2024: approximately RMB8.8 million). The increase in total cash and bank balances was mainly due to the proceeds received from the Company's rights issue in February 2025.

As at 31 December 2025, the total available facilities of the Group were RMB10.0 million (31 December 2024: RMB10.0 million). The total drawn down of the facilities as at 31 December 2025 was RMB10.0 million (31 December 2024: RMB10.0 million).

The share capital of the Company comprises only ordinary shares. As at 31 December 2025, the equity attributable to owners of the Company amounted to approximately RMB490.0 million (2024: approximately RMB540.8 million).

### **Return on Equity**

Return on equity (i.e. net loss/profit for the year divided by total equity of the year and multiplied by 100%) improved from approximately  $-31.7\%$  for the Previous Year to approximately  $-26.6\%$  for the Year. Such improvement was mainly attributable to the decrease of (i) impairment loss recognised on trade and bills receivables and other receivable and (ii) impairment loss of property, plant and equipment, and the absence of one-off impairment loss of (i) intangible assets and (ii) assets classified as held for sale.

### **Return on Assets**

Return on assets (i.e. net loss/profit for the year divided by total assets of the year and multiplied by 100%) improved from approximately  $-29.1\%$  for the Previous Year to approximately  $-24.0\%$  for the Year. Such improvement was mainly attributable to the decrease of (i) impairment loss recognised on trade and bills receivables and other receivable and (ii) impairment loss of property, plant and equipment, and the absence of one-off impairment loss of (i) intangible assets and (ii) assets classified as held for sale.

### **Current Ratio**

Current ratio (i.e. total current assets at the end of the year divided by total current liabilities at the end of the year) decrease from approximately 5.2 times as at 31 December 2024 to approximately 4.7 times as at 31 December 2025, primarily due to the decrease in prepayments, deposits and other receivables.

### **Gearing Ratio**

The Group's gearing ratio (i.e. total debt at the end of the year divided by total equity at the end of the year and multiplied by 100%) as at 31 December 2025 was approximately 2.0% (31 December 2024: approximately 1.7%).

## **Significant Investments, Future Plans for Material Investment and Capital Assets**

### ***VisIC Technologies Limited (“VisIC”)***

On 24 June 2021, the Company’s wholly-owned subsidiary, FastSemi Holding Limited (“**FastSemi**”), acquired 349,992 series E preferred shares of VisIC, an unlisted company in Israel principally engaged in the development of GaN-related products, which include high-power transistors and modules, at the consideration of approximately USD5 million. On 23 August 2021, FastSemi further acquired 1,399,969 series E preferred shares of VisIC, at the consideration of approximately USD20 million. In 2021, the total number of shares acquired was 1,749,961 with an investment cost of approximately USD25 million. The total number of shares acquired represented approximately 17.38% of the enlarged issued share capital of VisIC as at 31 December 2025. Such investment was classified as an equity instrument at fair value through other comprehensive income amounting to approximately RMB129.1 million as at 31 December 2025, representing approximately 23.1% of the Group’s consolidated total assets as at 31 December 2025. Fair value loss of approximately RMB46.0 million was recognised through other comprehensive income during the Year. There was no dividends received from this investment for the Year. As VisIC is one of the largest players in the third-generation field of GaN devices, the Group plans to hold VisIC as a long-term investment.

### ***Beijing Hongzhi Electric Technology Co., Ltd.\* (“Beijing Hongzhi”)***

On 6 August 2021, the then Company’s wholly-owned subsidiary, Xuzhou GSR Semiconductor Co., Ltd.\* (“**Xuzhou GSR**”), invested in 10% of the ordinary shares of Beijing Hongzhi with a consideration of RMB15 million. Such investment was classified as an equity instrument at fair value through other comprehensive income amounting to zero as at 31 December 2025. No fair value gain or loss was recognised through other comprehensive income during the Year. There was no dividends received from this investment for the Year.

### ***HighTec SP2 Fund (the “Fund”)***

In December 2021, FastSemi subscribed 4,000 shares of the Fund at a consideration of USD4 million. The Fund’s investment strategies are principally to invest directly or through other investment vehicles in the equity securities of the world’s leading semiconductor design and production companies, which include technology companies focusing on providing fast-charging solutions, R&D companies with technical knowledge and product experience, R&D companies focusing on power devices in electric vehicle applications, and technology companies focusing on high-power automotive solutions.

In January 2022, FastSemi further subscribed 1,002,466 shares of the Fund at a consideration of approximately USD1 million.

Such investment was classified as an equity instrument at fair value through profit or loss amounting to approximately RMB33.5 million as at 31 December 2025, representing approximately 6.0% of the Group’s consolidated total assets as at 31 December 2025. Fair value loss of approximately

RMB348,000 was recognised through profit or loss during the Year. As the Fund's main focus is on investing in the semiconductor industry and semiconductors have a wide range of applications in a huge and growing market, the outlook for the Fund remains positive.

Save as disclosed above, as at 31 December 2025, the Group did not hold any significant investments, future plans for material investment and capital assets.

## **Material Acquisitions and Disposals**

### *Termination of Capital Injection Agreement*

On 28 September 2023, Taizhou Huirong Jianeng Youchuang Investment Management Partnership (Limited Partnership)\* (台州匯融嘉能友創股權投資合夥企業(有限合夥)) as subscriber (the “**Investor**”), (i) Shenzhen Jiahong Semiconductor Company Limited\* (深圳鎔宏半導體有限公司) (the “**Shenzhen Jiahong**”), (ii) Jiangsu Jiahong Semiconductor Co., Ltd\* (江蘇鎔宏半導體有限公司) (formerly known as Xuzhou GSR Semiconductor Co., Ltd.\* (徐州金沙江半導體有限公司)) (the “**Project Company**”), (iii) Swift Power Limited (“**Swift Power**”) (all three of which are subsidiaries of the Company) and (iv) Join Gain HK Limited (“**Join Gain**”) as guarantors entered into a capital injection agreement (the “**Capital Injection Agreement**”), pursuant to which the Investor has conditionally agreed to inject RMB100 million into the Shenzhen Jiahong (the “**Capital Injection**”), of which approximately US\$1,672,656.51 (approximately RMB11,860,807.31) will be contributed towards the registered capital of Shenzhen Jiahong, which accounts for approximately 9.0909% of the enlarged equity interest in Shenzhen Jiahong, and the balance will be contributed towards the capital reserve of Shenzhen Jiahong.

As a condition precedent to the Capital Injection Agreement, the Company, Shenzhen Jiahong, Swift Power, Join Gain, Red Mont HK Limited (“**Red Mont**”) and the Investor will enter into the shareholders' agreement (the “**Shareholders Agreement**”), which sets out, among others, the rights and obligations of the shareholders of Shenzhen Jiahong and the governance structure of Shenzhen Jiahong.

The first contribution amount of the Capital Injection of RMB55 million had been paid by the Investor and Completion took place upon satisfaction of all the conditions precedent to the Capital Injection Agreement.

The payment conditions for the second contribution amount of the Capital Injection (as defined below) specified in the Capital Injection Agreement have been fully met and Shenzhen Jiahong has issued written payment notices to the Investor on 5 January 2024 and 25 March 2024, respectively. On 15 June 2024, the same parties to the Capital Injection Agreement entered into a memorandum of understanding (the “**Extension Memorandum**”) 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 Shenzhen Jiahong to 31 December 2024. However, the Investor was unable to complete the payment of the Second Contribution Amount within the extended period.

Pursuant to the Extension Memorandum, Shenzhen Jiahong, the Project Company, the Investor, Xuzhou Diheng Semiconductor Technology Partnership\* (徐州地恆半導體科技合夥企業(有限合夥)), Swift Power, Join Gain and Red Mont entered into the termination agreement (the “**Termination Agreement**”) which became effective on 1 January 2025, pursuant to which, among others, the parties have agreed and confirmed that the Capital Injection Agreement together with its appendices (including but not limited to the Shareholders’ Agreement) and the Extension Memorandum have been terminated on the date of the Termination Agreement and the parties have also agreed that the Investor is no longer required to pay the Second Contribution Amount. It is further agreed and confirmed under the Termination Agreement, among others, that the Investor shall bear no liabilities to the other parties in connection with its non-payment of the Second Contribution Amount. In addition, the Investor has acknowledged and confirmed that Shenzhen Jiahong, the Project Company, Swift Power, Join Gain and Red Mont had committed no breaches of the Capital Injection Agreement in their execution and performance of the Capital Injection Agreement together with its appendices (including but not limited to the Shareholders’ Agreement) and the Extension Memorandum and that there are no forms of liability for breach of contract.

According to the Termination Agreement, the parties have agreed and confirmed to calculate and adjust Shenzhen Jiahong’s registered capital after the Capital Injection, based on the amount actually paid by the parties (including the first contribution amount of RMB55 million paid by the Investor) (the “**Adjustment**”). The parties have agreed and authorized the board of directors of Shenzhen Jiahong to handle the relevant procedures for the Adjustment with the relevant registration authority and other procedures to effect the Adjustment.

For details, please refer to the announcements of the Company dated 28 September 2023, 13 October 2023 and 2 January 2025.

#### *Acquisition of indirect interests in Shenzhen Jiahong*

On 1 December 2025, (i) the Company entered into a sale and purchase agreement with three entities whose ultimate beneficial owner is Ms. Qin Xiaolu (“**Vendors A**”) for the acquisition of the entire issued share capital of Join Gain which in turn holds approximately 8.34% equity interest in Shenzhen Jiahong (“**Acquisition A**”), for a total consideration of HK\$73,388,000 (“**Consideration A**”); and (ii) the Company entered into a sale and purchase agreement with an entity wholly owned by Mr. Zhan Haisu (“**Vendor B**”) for the acquisition of the entire issued share capital of Red Mont which in turn holds approximately 4.64% equity interest in Shenzhen Jiahong (“**Acquisition B**”), for a total consideration of HK\$40,816,000 (“**Consideration B**”).

Consideration A shall be satisfied by the Company by way of allotment and issue of a total of 146,776,000 shares of the Company, credited as fully paid, to Vendors A and Consideration B shall be satisfied by the Company by way of issue of a promissory note in the amount of HK\$40,816,000 to Vendor B. Completion of Acquisition A and Acquisition B took place on 29 January 2026 and 10 February 2026 respectively. Upon completion of the aforesaid acquisitions, the Group’s interest in

Shenzhen Jiahong increased from approximately 60.30% to approximately 73.28% and it remains as an indirect non wholly-owned subsidiary of the Company. On 29 January 2026, 146,776,000 shares of the Company were issued to New Rainbow Developments Limited, being one of the Vendors A wholly owned by Ms. Qin for the settlement of Consideration A.

For details, please refer to the circular of the Company dated 7 January 2026 and the completion announcements of the Company dated 29 January 2026 and 10 February 2026 respectively.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries and associated companies during the Year.

### **Capital Commitments**

As at 31 December 2025, the Group has capital commitments for the acquisition of property, plant and equipment, the amount contracted for amounted to approximately RMB9.2 million (31 December 2024: approximately RMB18.0 million).

### **Charge on the Group's assets**

As at 31 December 2025 and 31 December 2024, the Group did not have any charge on its assets.

### **Contingent Liabilities**

As at 31 December 2025, the Group did not have any significant contingent liabilities.

### **Foreign Exchange Exposure**

The Group's main operations are in the PRC with most of its transactions settled in RMB. The Directors are of the opinion that the Group's exposure to foreign exchange risk is insignificant. During the year ended 31 December 2025, the Group did not hedge any exposure to foreign exchange risk.

### **Employees and Remuneration Policies**

As at 31 December 2025, the Group employed 162 employees (31 December 2024: 161 employees). Employee costs (including Directors' remuneration, wages, salaries, performance related bonuses, other benefits and contribution to defined contribution pension plans) amounted to approximately RMB51.9 million for the Year (Previous Year: approximately RMB59.4 million). As at 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years. Apart from basic remuneration, share options and/or share awards may be granted under the share option scheme and/or share award scheme of the Company to eligible employees by reference to the Group's performance as well as the individual's contribution. The employee costs for the Year have included the share-based payment expenses of approximately RMB33.1 million (Previous Year: approximately RMB35.3 million), in relation to the incentives provided under the Group's share option scheme, share award scheme and employee share incentive scheme. The Group will endeavor to ensure

that the employees' salary levels are in line with industry practice and prevailing market conditions and that the employees' overall remuneration is determined based on the performance of the Company and the employees.

## USE OF PROCEEDS

### 2024 Rights Issue

In order to strengthen the Group's research and development capabilities, and provide general working capital to meet the needs of its business development plan, on 12 November 2024, the Company proposed to conduct a rights issue on the basis of one Rights Share for every four Shares at the subscription price of HK\$0.48 per Rights Share (the "2024 Rights Issue"). In February 2025, the 2024 Rights Issue was completed and the Company allotted and issued an aggregate of 187,763,696 new ordinary Shares thereunder. The net price for such Shares was approximately HK\$0.468 per Share and the aggregate nominal value of such Shares was HK\$1,877,636.96. The 2024 Rights Issue generated net proceeds of approximately HK\$87.8 million (the "2024 Rights Issue Proceeds"). Details of the 2024 Rights Issue were set out in the Company's announcements dated 12 November 2024, 15 November 2024, 29 November 2024, 22 January 2025, 6 February 2025 and in the Company's prospectus dated 31 December 2024.

As at 31 December 2025, the Group's planned application and the actual utilisation of the 2024 Rights Issue Proceeds are set out below:

	<b>Net proceeds</b> <i>HK\$ million</i>	<b>Utilised</b> <i>HK\$ million</i>	<b>Unutilised</b> <i>HK\$ million</i>
Strengthening research and development capabilities	52.7	52.7	—
Provision of general working capital	<u>35.1</u>	<u>35.1</u>	<u>—</u>
	<u><u>87.8</u></u>	<u><u>87.8</u></u>	<u><u>—</u></u>

The 2024 Rights Issue Proceeds have been fully utilised as at 31 December 2025.

### Purchase, Sales or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

### Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors (the "Model Code"). The Company had also made specific enquiry of all the Directors and the Company is not aware of any non-compliance with the Model Code regarding securities transactions by the Directors for the Year.

## **Corporate Governance and Compliance with the Corporate Governance Code**

The Company adopted the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules as its own code of corporate governance. The Board is satisfied that the Company had complied with the CG Code for the Year.

### **CLOSURE OF REGISTER OF MEMBERS**

To ascertain the members’ entitlement to attend and vote at the forthcoming annual general meeting of the Company to be held on Wednesday, 27 May 2026, the register of members will be closed from Friday, 22 May 2026 to Wednesday, 27 May 2026, both days inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the meeting, all transfers of shares, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Wednesday, 20 May 2026.

### **AUDIT COMMITTEE AND REVIEW OF ACCOUNTS**

The audit committee of the Company (the “**Audit Committee**”) has discussed and reviewed with management and the Group’s auditor, Rongcheng (Hong Kong) CPA Limited, the annual consolidated financial statements of the Group for the Year. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Zou Haiyan, Mr. Siu Miu Man, Simon, *MH* and Ms. Liu Wanwen. Mr. Zou Haiyan, is the chairman of the Audit Committee who has appropriate professional qualifications and experience as required by the Listing Rules.

### **REVIEW OF THIS FINAL RESULTS ANNOUNCEMENT**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and comprehensive income and the related notes thereto for the Year as set out in the preliminary announcement have been agreed by the Group’s auditor, Rongcheng (Hong Kong) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the Year. The work performed by Rongcheng (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Rongcheng (Hong Kong) CPA Limited on the preliminary announcement.

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

Hong Kong, 31 March 2026

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

\* *For illustration purposes only*