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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)

CONNECTED TRANSACTION
EARLY REDEMPTION OF PROMISSORY NOTE

Reference is made to the announcement of the Company dated 1 December 2025 in relation to, among others, the acquisition of the entire equity interest of Red Mont HK Limited by the Company from the Holder involving issue of the Note for the settlement of the consideration.

EARLY REDEMPTION AGREEMENT

On 6 November 2026 (after trading hour), the Company and the Holder entered into the Early Redemption Agreement, pursuant to which the parties have agreed that the Company early redeem the Note in full in consideration of the Company (a) allotting and issuing a total of 115,534,618 Consideration Shares to the Holder (or its nominee(s)) at the Issue Price of HK$0.22 per Consideration Share on the Completion Date, in repayment of HK$25,417,616 of the Total Outstanding Amount; and (b) issuing the Bonds, which may be converted into 61,538,461 Conversion Shares based on the Conversion Price of HK$0.26 per Conversion Share upon full conversion, to the Holder (or its nominee(s)) on the Completion Date, in repayment of the balance of HK$16,000,000 of the Total Outstanding Amount.

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the Completion Date, (a) the Consideration Shares represent (i) approximately 9.86% of the entire issued share capital of the Company as at the date of this announcement; (ii) approximately 8.97% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 8.56% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares; and (b) the Conversion Shares represent (i) approximately 5.25% of the entire issued share capital of the Company as at the date of this announcement; (ii) approximately 4.99% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares; and (iii) approximately 4.56% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhan is a substantial shareholder of the Company and is indirectly interested in 138,442,231 Shares, representing approximately 11.81% of the total issued share capital of the Company as at the date of this announcement and wholly owns the Holder. Accordingly, the Holder is an associate of Mr. Zhan and therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Early Redemption constitutes a connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Consideration Shares and the Conversion Shares upon the exercise of the conversion rights attached to the Bonds will be allotted and issued under the Specific Mandate which are subject to the Independent Shareholders' approval at the EGM. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares that may be issued upon the conversion of the Bonds on the Stock Exchange. No application will be made by the Company for the listing of the Bonds on the Stock Exchange or any other stock exchanges.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Early Redemption Agreement, the transactions contemplated thereunder and the grant of the Specific Mandate.

A circular containing, among other things, (i) further details of the Early Redemption Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Early Redemption Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Early Redemption Agreement and the transactions contemplated thereunder; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 11 December 2026.

Completion is subject to the fulfilment or waiver (as applicable) of the Conditions. Accordingly, the Early Redemption may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares.

Reference is made to the announcement of the Company dated 1 December 2025 in relation to, among others, the acquisition of the entire equity interest of Red Mont HK Limited by the Company from the Holder involving issue of the Note for the settlement of the consideration.

On 6 November 2026 (after trading hour), the Company and the Holder entered into the Early Redemption Agreement in relation to the early redemption of the Note by the Company.

EARLY REDEMPTION AGREEMENT

The principal terms of the Early Redemption Agreement are set out as below:

Date

6 November 2026

Parties

(i) the Company (as issuer); and

(ii) Red Mont Global Limited (as Holder)

The Total Outstanding Amount

For the purposes of the Early Redemption Agreement, the Company and the Holder have agreed and acknowledge that the Total Outstanding Amount is HK$41,417,616. Subject to the Early Redemption taking place, the Note shall cease to accrue any interest after the date of the Early Redemption Agreement.

Early Redemption

Pursuant to the Early Redemption Agreement, the parties thereto have agreed that the Company early redeem the Note in full in consideration of the Company:

(a) allotting and issuing a total of 115,534,618 Consideration Shares to the Holder (or its nominee(s)) at the Issue Price of HK$0.22 per Consideration Share on the Completion Date, in repayment of HK$25,417,616 of the Total Outstanding Amount; and

(b) issuing the Bonds, which may be converted into 61,538,461 Conversion Shares based on the Conversion Price of HK$0.26 per Conversion Share upon full conversion, to the Holder (or its nominee(s)) on the Completion Date, in repayment of the balance of HK$16,000,000 of the Total Outstanding Amount.

Upon the Completion Date, all amounts owed by the Company to the Holder under the Note (including but not limited to the principal amount of the Note and accrued interest thereon) shall be deemed to have been fully repaid and satisfied and the Note shall be considered cancelled for all purposes.

Conditions Precedent

Completion is conditional upon the fulfilment or (where applicable) waiver in full of the following Conditions:

(a) the Company having, in accordance with the relevant requirements of the Listing Rules, obtained the necessary approval(s) from the Independent Shareholders at the EGM for the Early Redemption Agreement and the transactions contemplated thereunder, including but not limited to the grant of the Specific Mandate authorising the Directors to allot and issue the Consideration Shares and the Conversion Shares;

(b) the Listing Committee having granted the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares;

(c) the Holder (or its nominee(s)) having delivered to the Company an application for the Consideration Shares, duly completed and signed by the Holder (or its nominee);

(d) if required, all other necessary approvals, consents and authorisations in relation to the entering into and the performance of the Early Redemption Agreement and all transactions contemplated thereunder having been obtained by the Holder or (as the case may be) the Company from the relevant governmental agencies and/or other authorities and/or other third parties;

(e) the Company not having material breached any representations or warranties made by it under the Early Redemption Agreement; and

(f) the Holder not having material breached any representations or warranties made by it under the Early Redemption Agreement.

The Company may at any time before Completion waive the Condition set out in paragraph (f) above. The Holder may at any time before Completion waive the Condition set out in paragraph (e) above. Save as aforesaid, none of the parties shall be entitled to waive any of the Conditions.

If all of the Conditions are not fulfilled or (where applicable) waived in full on the Long Stop Date, the Early Redemption Agreement shall cease and determine (save and except certain clauses which shall continue to have full force and effect), and neither party shall have any further obligations and liabilities hereunder and neither party shall take any action to claim for damages or to enforce specific performance or any other rights and remedies save for any antecedent breaches of the terms of the Early Redemption Agreement.

Completion

Subject to fulfilment or (where applicable) waiver of all the Conditions, Completion shall take place on the Completion Date.

THE CONSIDERATION SHARES

The 115,534,618 Consideration Shares represent (i) approximately 9.86% of the entire issued share capital of the Company as at the date of this announcement; (ii) approximately 8.97% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares; and (iii) approximately 8.56% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares. The Consideration Shares have an aggregate nominal value of HK$1,155,346.18.

Issue Price

The Issue Price of HK$0.22 per Consideration Share represents:

(a) a premium of approximately 12.24% over the closing price of HK$0.196 per Share as quoted on the Stock Exchange on 6 November 2026, being the date of the Early Redemption Agreement;

(b) a premium of approximately 12.24% over the average closing price of approximately HK$0.196 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Early Redemption Agreement;

(c) a premium of approximately 6.28% over the average closing price of approximately HK$0.207 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Early Redemption Agreement; and

(d) a discount of approximately 47.62% to the net asset value per Share of approximately HK$0.42 (based on the latest published unaudited net assets attributable to owners of the Company of approximately RMB423,243,000 (equivalent to approximately HK$495,194,310) as at 30 June 2026 and 1,171,854,481 Shares in issue as at the date of this announcement).

The Issue Price was determined and negotiated on an arm's length basis between the Company and the Holder having considered and with reference to (i) the recent trading performance of the Shares; (ii) the financial position of the Group; and (iii) the current equity capital market conditions. Having considered the above basis of determining the Issue Price, the Directors (excluding the independent non-executive Directors whose view will be expressed after considering the advice from the Independent Financial Adviser) consider that the Issue Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

The Company will use its internal resources to settle the professional fees and all other related expenses which may be borne by the Company in connection with the Early Redemption. The net issue price per Consideration Share will be HK$0.22.

There will be no proceeds arising from the issue of the Consideration Shares as the aggregate amount of the Issue Price will be set off against HK$25,417,616 of the Total Outstanding Amount owing by the Company to the Holder under the Note.

Ranking of the Consideration Shares

The Consideration Shares, when fully paid, will rank *pari passu* in all respects with the Shares in issue on the Completion Date, including the right to any dividends or distributions the record date of which falls on or after the date of allotment.

PRINCIPAL TERMS AND CONDITIONS OF THE BONDS

The principal terms and conditions of the Bonds are summarised as follows:

Issuer

The Company

Principal amount

The aggregate principal amount of the Bonds is limited to HK$16,000,000.

Issue price

100% at the full face value of the Bonds free from any interest, claim or equity of any person (including any right to acquire, option or right of pre-emption or conversion) or any mortgage, charge, pledge, lien, encumbrances, assignment, hypothecation, security interest, title retention or any other security agreement or arrangement, or any agreement to create any of the above.

Status

The Bonds constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and each Bondholder shall at all times rank *pari passu* with other Bondholders and without any preference among themselves. The payment obligations of the Company under the Bonds shall, save for such exceptions as may be provided by applicable legislation, at all times rank at least equally with all its other present and future unsecured and unsubordinated obligations. No application will be made for the listing of the Bonds on the Stock Exchange or any other stock exchanges.

Form and denomination

The Bonds are issued in registered form in the denomination of HK$1,000,000 each. A certificate will be issued to each Bondholder in respect of its registered holding of the Bonds. Each Convertible Bond and each certificate will be numbered serially with an identifying number which will be recorded on the relevant certificate and in the register of Bondholders kept by or on behalf of the Company.

Interest and the Maturity Date

The Bonds shall bear interest from and including the date of its issue at the rate of 1.6% per annum of the outstanding principal amount of the Bonds. Interest is payable on the Maturity Date.

Conversion Price

HK$0.26 per Conversion Share (subject to adjustments as set out and in accordance with the terms and conditions of the Bonds).

The initial Conversion Price of HK$0.26 per Conversion Share represents:

(a) a premium of approximately 32.65% over the closing price of HK$0.196 per Share as quoted on the Stock Exchange on 6 November 2026, being the date of the Early Redemption Agreement;

(b) a premium of approximately 32.65% over the average closing price of approximately HK$0.196 per Share as quoted on the Stock Exchange for the last five (5) trading days immediately prior to the date of the Early Redemption Agreement;

(c) a premium of approximately 25.60% over the average closing price of approximately HK$0.207 per Share as quoted on the Stock Exchange for the last ten (10) trading days immediately prior to the date of the Early Redemption Agreement; and

(d) a discount of approximately 38.10% to the net asset value per Share of approximately HK$0.42 (based on the latest published unaudited net assets attributable to owners of the Company of approximately RMB423,243,000 (equivalent to approximately HK$495,194,310) as at 30 June 2026 and 1,171,854,481 Shares in issue as at the date of this announcement).

The Conversion Price was determined and negotiated on an arm's length basis between the Company and the Holder having considered and with reference to (i) the recent trading performance of the Shares; (ii) the financial position of the Group; and (iii) the current equity capital market conditions. Having considered the above basis of determining the Conversion Price, the Directors (excluding the independent non-executive Directors whose view will be expressed after considering the advice from the Independent Financial Adviser) consider that the Conversion Price is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

Adjustment events

The Conversion Price is subject to customary adjustments in accordance with the terms and conditions set out in the Bonds if any of the following specific events occurs:

(a) if and whenever the Shares by reason of any consolidation or sub-division become of a different nominal amount;

(b) if and whenever the Company shall issue (other than in lieu of a cash dividend) any Shares credited as fully paid by way of capitalisation of profits or reserves (including any share premium account or capital redemption reserve fund);

(c) if and whenever the Company shall make any capital distribution (including distributions in cash or specie, and any dividend charged or provided for in the accounts for any financial period) to Shareholders (whether on a reduction of capital or otherwise) or shall grant to the Shareholders rights to acquire for cash assets of the Company or any of its subsidiaries;

(d) if and whenever the Company shall offer to the Shareholders new Shares for subscription by way of rights, or shall grant to the Shareholders any options or warrants to subscribe for new Shares, at a price which is less than ninety per cent. (90%) of the market price (as defined in the conditions of the Bonds) at the date of the announcement of the terms of the offer or grant;

(e) if and whenever the Company shall issue wholly for cash any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares, and the total effective consideration per Share (as defined in the conditions of the Bonds) initially receivable for such securities is less than ninety per cent. (90%) of the market price (as defined in the conditions of the Bonds) at the date of the announcement of the terms of issue of such securities;

(f) if and whenever the rights of conversion or exchange or subscription attached to any such securities as are mentioned in sub paragraph (e) above are modified so that the total effective consideration per Share (as defined in the conditions of the Bonds) initially receivable for such securities shall be less than ninety per cent. (90%) of the market price (as defined in the conditions of the Bonds) at the date of announcement of the proposal to modify such rights of conversion or exchange or subscription;

(g) if and whenever the Company shall issue wholly for cash any Shares at a price per Share which is less than ninety per cent. (90%) of the market price (as defined in the conditions of the Bonds) at the date of the announcement of the terms of such issue;

(h) if and whenever the Company shall issue Shares for the acquisition of asset at a total effective consideration per Share (as defined in the conditions of the Bonds) which is less than ninety per cent. (90%) of the market price (as defined in the conditions of the Bonds) at the date of the announcement of the terms of such issue; and

(i) if and whenever the Company shall issue any Shares at a price less than the Conversion Price, or issue any securities which by their terms are convertible into or exchangeable for or carry rights of subscription for new Shares and the total effective consideration per Share (as defined in the conditions of the Bonds) initially receivable for such securities is less than the Conversion Price, or the rights of conversion or exchange or subscription attached to any such securities are modified so that the total effective consideration per Share (as defined in the conditions of the Bonds) initially receivable for such securities shall be less than the Conversion Price.

The Company will make announcement(s) on any adjustment to the Conversion Price.

Assuming conversion of the Bonds into Conversion Shares in full at the initial Conversion Price, the net price per Conversion Share to the Company is HK$0.26.

Conversion Rights

Each Bondholder shall, subject to compliance with the procedures set out in Bonds, have the right at any time during the period commencing from 3:00 p.m. (Hong Kong time) on the date of issue of the Convertible Bond up to 4:00 p.m. (Hong Kong time) on the Maturity Date to convert the whole or part of the principal amount of the Bonds into Shares provided that:

(a) any conversion shall be made in amounts of not less than a whole multiple of HK$1,000,000 on each conversion, unless a conversion is being made in the entire outstanding amount of the Convertible Bond(s) held by the relevant Bondholder; and

(b) no conversion right may be exercised, to the extent that following such exercise, either:

(i) a Bondholder would result in a mandatory general offer for the Shares being triggered under the Hong Kong Code on Takeovers and Mergers (the "**Takeovers Code**"); or

(ii) the Company would no longer meet the requirement (the "**Public Float Requirement**") under the Listing Rules applicable to the Company that not less than a specified percentage of the Shares which are listed on the Stock Exchange shall be held by the public for the purpose of the Listing Rules,

then the number of Conversion Shares to be issued pursuant to such conversion shall be limited to the maximum number of Shares issuable by the Company which would not in the reasonable opinion of the Company result in a mandatory general offer being triggered under the Takeovers Code or a breach of the Public Float Requirement (as the case may be).

Conversion Shares

Based on the initial Conversion Price of HK$0.26 per Conversion Share, a maximum number of 61,538,461 Conversion Shares will be allotted and issued upon exercise of the conversion rights attaching to the Bonds in full, which represent (i)approximately 5.25% of the entire issued share capital of the Company as at the date of this announcement; (ii) approximately 4.99% of the entire issued share capital of the Company as enlarged by the issue of the Conversion Shares; and (iii) approximately 4.56% of the entire issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares and the Conversion Shares.

Redemption

The Company shall redeem the Bonds by repaying the Bondholder(s) all outstanding principal amount together with interest accrued until payment in full on the Maturity Date.

The Company shall have the right at any time after the Completion Date to redeem the whole or part of the outstanding Bonds. The Bondholders shall have no right to request the Company to early redeem the whole or part of the outstanding Bonds, except where any of specified default events as set out in the conditions of the Bonds occurs, the Bondholders may request the Company to redeem the outstanding Bonds in whole.

Transfer

The Bonds may only be assigned or transferred:

(a) to an associate of Holder on terms that if such transferee ceases to be an associate of the Holder, it will have to transfer the Bonds to another associate of the Holder; or

(b) to such other transferee (which in any event shall not be a connected person of the Company) as may be consented to in advance by the Company and (if so required), subject in each case to the prior approval of the Stock Exchange.

Subject to the foregoing, the Bonds may be assigned or transferred in whole or in part of its outstanding principal amount and the Company shall facilitate any such assignment or transfer of the Bonds, including making any necessary applications to the Stock Exchange for the said approval.

Ranking of the Conversion Shares

The Conversion Shares will in all respects rank *pari passu* with the Shares in issue on the relevant conversion date as if the Shares issued on conversion had been issued on such date and accordingly shall entitle the holders to participate in all dividends or other distributions declared, paid or made on or after the relevant conversion date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be on or before the relevant conversion date.

Listing

No application will be made by the Company for the listing of the Bonds on the Stock Exchange or any other stock exchanges. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

INFORMATION ABOUT THE PARTIES

The Company

The Company is an exempt company incorporated in the Cayman Islands. The Group is principally engaged in the design, development, manufacturing, subcontracting service and sales of semiconductor products, including light-emitting diode beads, GaN chips, devices and power modules in the PRC.

The Holder

The Holder is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Zhan and is principally engaged in investment holding. As at the date of this announcement, Mr. Zhan and his associates are interested in a total of 138,442,231 Shares, representing approximately 11.81% of the entire issued share capital of the Company as at the date of this announcement.

REASONS AND BENEFITS FOR THE DEBT RESTRUCTURING

On 10 February 2026, the Company issued the Note to the Holder as the consideration for the acquisition of the entire equity interest of Red Mont HK Limited, which will mature in August 2027.

As disclosed in the interim report of the Company for the six months ended 30 June 2026, the Group has been allocating substantial financial resources to enhance its product portfolio and expand its production capacity. In particular, the Group intends to apply its financial resources to (i) the research and development of new semiconductor products and (ii) the acquisition of production equipment to increase its production capacity and meet anticipated customer demand.

The Early Redemption offers the Group a valuable chance of reaching a full settlement of the Note without utilizing existing financial resources of the Company. Upon Completion, substantial part of the Total Outstanding Amount will be satisfied through the issuance and allotment of Consideration Shares without any cash outflow, thereby preserving capital for research and development on semiconductor and equipment procurement. The cashless settlement through Consideration Shares strengthens the Group's capital base, improves its net asset position, and significantly reduces its debt which will in turn improve the gearing ratio. The Consideration Shares represent approximately 9.86% of the existing total number of issued Shares and approximately 8.97% of the total number of issued Shares as enlarged by the allotment and issue of the Consideration Shares. Therefore, the improvement in financial position is achieved without materially diluting the interests of the existing Shareholders. Furthermore, replacing the original Note with two-year Bonds extends the debt maturity by over a year and halves the interest rate from 2% to 1% per annum, thereby granting the Group additional buffer and time to manage its debt profile while lowering the Group's ongoing financing costs.

In view of the above, the Directors (excluding the independent non-executive Directors whose view will be expressed after considering the advice from the Independent Financial Adviser) consider that the terms of the Early Redemption Agreement are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

To the best of the Directors' knowledge, information and belief after having made all reasonable enquires, the shareholding structure of the Company (i) as at the date of this announcement; (ii) immediately after allotment and issue of the Consideration Shares; and (iii) immediately after allotment and issue of the Consideration Shares and upon full conversion of the Bonds at the initial Conversion Price:

Shareholders	**As at the date of this announcement**		**Immediately after the allotment and issue of the Consideration Shares**		**Immediately after the allotment and issue of the Consideration Shares and upon full conversion of the Bonds at the initial Conversion Price**	
	Number of issued Shares	*Approximate percentage*	*Number of issued Shares*	*Approximate percentage*	*Number of issued Shares*	*Approximate percentage*
Jovial Star International Limited[(1)]	138,442,231	11.81%	138,442,231	10.75%	138,442,231	10.26%
The Holder	—	—	115,534,618	8.97%	177,073,079	13.13%
Sub-total	138,442,231	11.81%	253,976,849	19.73%	315,515,310	23.39%
Wide Yield Investment Holding Limited[(2)]	125,625,000	10.72%	125,625,000	9.76%	125,625,000	9.31%
New Rainbow Developments Limited[(3)]	146,745,442	12.52%	146,745,442	11.40%	146,745,442	10.88%
Rosyfeild Limited[(3)]	22,918	0.00%	22,918	0.00%	22,918	0.00%
Wise Spring Global Limited[(3)]	7,640	0.00%	7,640	0.00%	7,640	0.00%
Ms. Qin Xiaolu	6,485,500	0.55%	6,485,500	0.50%	6,485,500	0.48%
Sub-total	278,886,500	23.80%	278,886,500	21.66%	278,886,500	20.67%
Directors						
Dr. Xu Zhihong[(4)]	937,500	0.08%	937,500	0.07%	937,500	0.07%
Mr. Zhao Yiwen[(4)(5)]	21,156,250	1.81%	21,156,250	1.64%	21,156,250	1.57%
Mr. Li Yang[(4)]	937,500	0.08%	937,500	0.07%	937,500	0.07%
Mr. Zou Haiyan[(6)]	250,000	0.02%	250,000	0.02%	250,000	0.02%
Mr. Siu Miu Man[(6)]	250,000	0.02%	250,000	0.02%	250,000	0.02%
Ms. Liu Wanwen[(6)]	250,000	0.02%	250,000	0.02%	250,000	0.02%
Other public Shareholders	730,744,500	62.36%	730,744,500	56.76%	730,744,500	54.17%
Total	1,171,854,481	100.00%	1,287,389,099	100.00%	1,348,927,560	100.00%

Notes:

1. Jovial Star International Limited is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Zhan.

2. Wide Yield Investment Holding Limited is a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Ms. Qin Anqi, the daughter of Ms. Qin Xiaolu.

3. New Rainbow Developments Limited, Rosyfeild Limited and Wise Spring Global Limited are all incorporated in the British Virgin Islands with limited liability, which are wholly owned by Ms. Qin Xiaolu.

4. 937,500 new Shares were allotted and issued to each of these Directors on 29 January 2026 pursuant to the Company's Share Award Scheme adopted on 29 December 2023.

5. The 21,156,250 Shares in which Mr. Zhao Yiwen was interested included 20,218,750 Shares held by First Global Limited, a company wholly owned by Mr. Zhao Yiwen, in which Mr. Zhao Yiwen is deemed to be interested under the SFO.

6. 250,000 new Shares were allotted and issued to each of these Directors on 29 January 2026 pursuant to the Company's Share Award Scheme adopted on 29 December 2023.

7. The percentage figures are subject to rounding adjustments and may not add up to 100%.

FUNDRAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities in the past twelve (12) months immediately preceding the date of this announcement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Zhan is a substantial shareholder of the Company and is indirectly interested in 138,442,231 Shares, representing approximately 11.81% of the total issued share capital of the Company as at the date of this announcement and wholly owns the Holder. Accordingly, the Holder is an associate of Mr. Zhan and therefore a connected person of the Company under Chapter 14A of the Listing Rules. The Early Redemption constitutes a connected transaction for the Company under the Listing Rules and is subject to announcement, reporting and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Consideration Shares and the Conversion Shares upon the exercise of the conversion rights attached to the Bonds will be allotted and issued under the Specific Mandate which are subject to the Independent Shareholders' approval at the EGM. An application will be made by the Company to the Listing Committee for the listing of, and permission to deal in, the Consideration Shares and the Conversion Shares that may be issued upon the conversion of the Bonds on the Stock Exchange. No application will be made by the Company for the listing of the Bonds on the Stock Exchange or any other stock exchanges.

The Independent Board Committee comprising all the independent non-executive Directors has been established to advise the Independent Shareholders in respect of the Early Redemption Agreement and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, approve the Early Redemption Agreement, the transactions contemplated thereunder and the grant of the Specific Mandate. Mr. Zhan, his associates and other Shareholders who are involved in or interested in the Early Redemption Agreement and the transactions contemplated thereunder will be required to abstain from voting in respect of the resolution(s) to approve the Early Redemption Agreement, the transactions contemplated thereunder and the grant of the Specific Mandate at the EGM. To the best of the Director's knowledge, information and belief after having made all reasonable enquiries, save for Mr. Zhan and his associates, no other Shareholder is involved in or interested in the Early Redemption Agreement and the transactions contemplated thereunder and will be required to abstain from voting on the resolution(s) to approve the Early Redemption Agreement, the transactions contemplated thereunder and the grant of the Specific Mandate at the EGM.

A circular containing, among other things, (i) further details of the Early Redemption Agreement and the transactions contemplated thereunder; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Early Redemption Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Early Redemption Agreement and the transactions contemplated thereunder; (iv) a notice convening the EGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 11 December 2026.

Completion is subject to the fulfilment or waiver (as applicable) of the Conditions. Accordingly, the Early Redemption may or may not proceed. Shareholders and potential investors of the Company should exercise extreme caution when dealing in the Shares.

DEFINITIONS

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

"associates"	has the meaning as ascribed thereto under the Listing Rules
"Board"	the board of Directors
"Bondholder(s)"	holder(s) of the Bonds

"Bonds"	1.6% unsecured convertible bonds in the principal amount of HK$16,000,000 due on the second anniversary of the Completion Date in registered form to be created and issued by the Company to the Holder (or its nominee(s)) for the purpose of the settlement of part of the Total Outstanding Amount
"Business Day"	a day (excluding Saturday, Sunday, public holiday and any day on which a tropical cyclone warning no. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 5:00 p.m. and is not lowered at or before 5:00 p.m. or on which an "extreme conditions" or a "black" rainstorm warning is in force or remains in effect between 9:00 a.m. and 5:00 p.m. and is not discontinued at or before 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"Company"	HG Semiconductor Limited, a company incorporated in Cayman Islands with limited liability, the Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 6908)
"Completion"	completion of the Early Redemption Agreement
"Completion Date"	the date falling on the fifth Business Day (or such other date as the Holder and the Company may agree in writing) after all the Conditions have been fulfilled or (where applicable) waived in full
"Conditions"	the conditions precedent to Completion as set out in the Early Redemption Agreement
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Consideration Share(s)"	115,534,618 new Shares to be allotted and issued to the Holder (or its nominee(s)) at the Issue Price pursuant to the Early Redemption Agreement
"Conversion Price"	HK$0.26 per Conversion Share
"Conversion Share(s)"	the Share(s) which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Bonds
"Director(s)"	the director(s) of the Company
"Early Redemption"	the early redemption by the Company of the Note in full by allotting and issuing the Consideration Shares and issuing the Bonds

"Early Redemption Agreement"	the early redemption agreement dated 6 November 2026 entered into between the Company and the Holder in relation to, among others, the Early Redemption
"EGM"	the extraordinary general meeting of the Company to be convened for the purpose of considering, among other things, and if thought fit, approving the Early Redemption Agreement, the transactions contemplated thereunder and the grant of the Specific Mandate
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollar, the lawful currency of Hong Kong
"Holder"	Red Mont Global Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by Mr. Zhan
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	an independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders on the Early Redemption Agreement and the transactions contemplated thereunder
"Independent Financial Adviser"	the independent financial adviser to be appointed to advise the Independent Board Committee and the Independent Shareholders on the Early Redemption Agreement and the transactions contemplated thereunder
"Independent Shareholders"	Shareholders who are not required to abstain from voting in respect of the Early Redemption Agreement and the transactions contemplated thereunder
"Issue Price"	HK$0.22 per Consideration Share
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	28 February 2027 or such later date as the parties may from time to time agree in writing
"Maturity Date"	second anniversary of the Completion Date

"Mr. Zhan"	Mr. Zhan Haisu (詹海栗先生), being a substantial shareholder of the Company, holding approximately 11.81% of the entire issued share capital of the Company as at the date of this announcement and the sole ultimate beneficial owner of the Holder
"Note"	the interest bearing promissory note in the amount of HK$40,816,000 issued by the Company to the Holder on 10 February 2026
"PRC"	the People's Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"RMB"	Renminbi, the lawful currency of the PRC
"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
"Shareholder(s)"	the shareholder(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder(s)"	has the meaning ascribed to it in the Listing Rules
"Total Outstanding Amount"	the total amount outstanding under the Note, being its principal amount plus interest accrued up to and including the date of the Early Redemption Agreement
"%"	per cent.

For illustration purpose, amounts in RMB in this announcement have been translated into HK$ at the rate of RMB1= HK$1.17. Such exchange rate is for the purpose of illustration only and does not constitute a representation that any amounts in HK$ or RMB have been, could have been or may be converted at such or any other rate or at all.

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

Hong Kong, 6 November 2026

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