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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)

GRANT OF AWARDS PURSUANT TO SHARE AWARD SCHEME

This announcement is made pursuant to rule 17.06A of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The board (the “**Board**”) of directors (the “**Director(s)**”) of HG Semiconductor Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) announces that on 31 January 2024 (the “**Date of Grant**”), awards (the “**Awards**”) in respect of a total of 7,540,000 ordinary shares (the “**Awarded Shares**”) of HK\$0.01 each in the share capital of the Company (the “**Shares**”) were granted to the eligible participants set forth below (collectively, the “**Grantees**”) pursuant to the the share award scheme of the Company adopted by the Shareholders on 29 December 2023 (the “**Share Award Scheme**”), subject to acceptance by the Grantees.

Details of the Awards granted are as follows:

Date of grant: 31 January 2024

Number of Awarded Shares involved under the Awards granted: 7,540,000

Category of grantees: Employee Participants

Number of grantees: 25 individuals with employment contracts with the Group

Purchase price of the Awards: Nil

Closing price of the Shares on the Date of Grant: HK\$0.69 per Share

Vesting period: Subject to acceptance of the Awards by the Grantees, all the Awarded Shares involved under the Awards granted to the Grantees will be vested in the Grantees on the expiry of 12 months from the Date of Grant

Performance targets: There are no performance targets attached to the Awards.

Clawback mechanism: No clawback mechanism is stipulated.

The Awards will be satisfied by the allotment and issue of new Shares within the scheme mandate limit (the “**Scheme Mandate Limit**”) of the Share Award Scheme.

The 7,540,000 Awarded Shares involved under the Awards granted to the Grantees represent approximately 1% of the issued share capital of the Company as at the date of this announcement. The 7,540,000 Awarded Shares involved under the Awards represent the value of approximately HK\$5.20 million, taking into account the closing price of HK\$0.69 per Share as stated in the daily quotation sheets issued by the Stock Exchange on the Date of Grant.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, each of the Grantees is a third party independent of the Company and its connected persons (as defined under the Listing Rules).

REASONS FOR AND BENEFITS OF THE AWARDS

The purposes of granting the Awards are to reward the Grantees for their past contributions and to retain them to contribute and share the future growth of the Group. The Board considers that the grant of the Awards serves to align the interests of the Grantees with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares, encouraging the Grantees to make contributions to the long-term growth and profits of the Group which is consistent with the purposes of the Share Award Scheme.

LISTING RULES IMPLICATIONS

To the best knowledge of the Directors, as at the date of this announcement, (i) none of the Grantees is a director, chief executive, substantial shareholder or senior management of the Company or an associate (as defined under the Listing Rules) of any of them; (ii) none of the Grantees is a related entity participant (as defined under Rule 17.03A(1) of the Listing Rules) or a service provider (as defined under Rule 17.03A(1) of the Listing Rules); and (iii) none of the Grantees has been granted awards under the Share Award Scheme and (if any) awards and options under other share award schemes and share option schemes of the Company which exceed the 1% individual limit under Rule 17.03D(1) of the Listing Rules. None of the Awards is subject to approval by the Shareholders.

NUMBER OF SHARES AVAILABLE FOR FUTURE GRANT

After the grant of the Awards, the numbers of Shares available for future grant of awards under the Scheme Mandate Limit and the service provider sublimit (as defined in the Share Award Scheme) are 67,565,478 and 7,510,547 respectively.

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

Hong Kong, 31 January 2024

As at the date of this announcement, the executive Directors are Dr. Xu Zhihong, Mr. Zhao Yi Wen, Mr. Lu Kailin (formerly known as Mr. Lyu Xiangrong) and Mr. Leung Kin Pang; the non-executive Director is Dr. Wang David Nin-kou; and the independent non-executive Directors are Mr. Li Yang, Mr. Zou Haiyan and Mr. Siu Miu Man, Simon, MH.

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

* *For illustration purposes only*