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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)

PROFIT WARNING

This announcement is made by HG Semiconductor Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders and potential investors of the Company that, based on a preliminary review of the Group’s latest unaudited consolidated management accounts for the year ended 31 December 2023 (the “**Year**”), and the information currently available to the Board, the Group expects to record a loss in the range of approximately RMB155 million to RMB164 million for the Year, as compared to a net loss of approximately RMB101 million for the year ended 31 December 2022 (the “**Previous Year**”).

The Board considers that the expected increase in loss for the Year as compared to the loss for the Previous Year was primarily attributable to: (i) the impairment loss on intangible assets and property, plant and equipment being recognised for the Year respectively; and (ii) the loss arising from financial liabilities extinguished being recognised during the Year. The loss arising from financial liabilities extinguished was derived from the difference between (a) the closing price of the shares of the Company as at the date of completion of the debt settlement agreement (the “**Debt Settlement Agreement**”) dated 31 May 2023 and entered into between, among others, the Company and a creditor of the Group (the “**Creditor**”) and (b) the issue price of the shares of the Company agreed to be allotted and issued by the Company to the Creditor pursuant to the Debt Settlement Agreement in full settlement of an indebted sum owed by the Group to the Creditor, details of which are set out in the circular of the Company dated 27 June 2023.

As at the date of this announcement, the Company is still in the process of finalising its consolidated results for the Year. The information contained in this announcement is only based on a preliminary assessment made by the Board with reference to the unaudited consolidated management accounts of the Group for the Year, which have not been reviewed or audited by the Company's auditors or the audit committee of the Company and is subject to adjustments. Shareholders and potential investors of the Company are advised to pay attention to the annual results of the Group for the Year which is expected to be approved and published on 28 March 2024.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 26 March 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), Mr. Li Yang and Mr. Leung Kin Pang; the non-executive Director is Dr. Wang David Nin-kou; and the independent non-executive Directors are 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.