HG SEMICONDUCTOR LIMITED
宏光半導體有限公司

(formerly known as HongGuang Lighting Holdings Company Limited 宏光照明控股有限公司)

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6908)

VOLUNTARY ANNOUNCEMENT
(1) NON-LEGALLY BINDING MEMORANDUM OF UNDERSTANDING IN RESPECT OF A POSSIBLE BUSINESS COOPERATION AND (2) STRATEGIC COOPERATION AGREEMENT

This announcement is made by HG Semiconductor Limited (the "**Company**", together with its subsidiaries, the "**Group**") on a voluntary basis.

MEMORANDUM OF UNDERSTANDING

The board (the "**Board**") of directors (the "**Directors**") of the Company is pleased to announce that on 24 March 2022, the Company entered into a non-legally binding memorandum of understanding (the"**MOU**") with GUH Holdings Berhad ("**GUH**"). Pursuant to the MOU, the Company and GUH intend to collaborate jointly in respect of (i) provision of construction plan of a battery cell factory and procurement of relevant equipment for GUH; (ii) provision to GUH of the full modular equipment of 100 MWh energy storage station; and (iii) sale of the Company's fast charge ebike products in Malaysia and South East Asia.

The MOU is not legally binding save for provisions relating to noticing, confidentiality, governing laws, jurisdiction and settlement of disputes. The proposed cooperation under the MOU shall have duration of an initial period of one (1) year commencing from the date of MOU and may be extended by mutual agreement of the parties.

INFORMATION OF GUH

To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, GUH is a company incorporated in Malaysia and is principally engaged in the business of manufacture of printed circuit boards and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

REASONS FOR AND BENEFITS OF THE MOU

The Group is principally engaged in the design, development, manufacturing, subcontracting service and sales of semiconductor products, including light-emitting diode ("**LED**") beads, GaN (gallium nitride) chip, GaN components and related application products, and fast charging products in the PRC. The Group's long term strategy is to develop and expand its semiconductor business.

The MOU provides an opportunity for the parties to cooperate under the areas of fast charge battery products and energy storage facilities and represents a further development of the Group's fast charging products business. The transactions under the MOU, if materialise, will enable the Group to broaden its income stream and expand the sales of its fast charge battery products and GaN components to Malaysia and South East Asia. The Board therefore considers that entering into the MOU is beneficial to the business development of the Group and is beneficial to the Group and its Shareholders as a whole in the long run.

In light of the above, the Board is of the view that entering into the MOU is in the ordinary and usual course of business of the Company and the terms of the MOU are based on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

GENERAL

The Company wishes to emphasize that the MOU is not legally binding (save for the provisions referred to above). The terms of the transactions contemplated under the MOU are subject to the terms of any definitive agreement(s) which the parties may subsequently enter into from time to time. As such, the possible cooperation under the MOU may or may not materialise. If the transactions contemplated under the MOU materialise, the Group will make further announcement(s) as and when appropriate in accordance with the Listing Rules.

STRATEGIC COOPERATION AGREEMENT

The Board of Directors of the Company is pleased to announce that on 24 March 2022, the Company entered into a strategic cooperation agreement (the "**Strategic Cooperation Agreement**") with Cogobuy Group 科通芯城集團, a company incorporated in the Cayman Islands and the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 400) (the "**Cooperating Party**").

To the best of the knowledge, information and belief of the Directors having made reasonable enquiries, the Cooperating Party is principally engaged in operating an enterprise service platform that trades IC and related products and provides services to AIoT sectors in the PRC, and the Cooperating Party and its ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons (as defined under the Listing Rules).

Pursuant to the Strategic Cooperation Agreement, the Cooperating Party will assist the Company in selling the chips produced by the Group in the PRC. Both parties will jointly promote the application and development of the chips, with the Cooperating Party being the Company's long-term strategic partner for market development. The Directors take the view that through the cooperation with a listed global technology services company under the Strategic Cooperation Agreement, the existing business of the Group will be further strengthened. The Board believes that the cooperation under the Strategic Cooperation Agreement would enable the parties to leverage on their respective technology strength, resources and expertise and provide a growth opportunity to the Group's business, which is beneficial to the Company and its shareholders in long run.

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

By order of the Board
HG Semiconductor Limited
Zhao Yi Wen
Chairman and Executive Director

Hong Kong, 24 March 2022

As at the date of this announcement, the executive Directors are Mr. Zhao Yi Wen, Mr. Lin Qi Jian and Mr. Chan Wing Kin; the non-executive Director is Dr. Wang David Nin-kou; and the independent non-executive Directors are Professor Chow Wai Shing, Tommy, Mr. Wu Wing Kuen, B.B.S. and Mr. Chan Chung Kik, Lewis.

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