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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your Shares in HG Semiconductor Limited (the “Company”), you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, stockbroker, registered dealer in securities or other agents through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

PROPOSALS FOR
(1) ADOPTION OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND REPORTS OF DIRECTORS AND AUDITORS,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) RE-APPOINTMENT OF AUDITORS,
(4) GENERAL MANDATE, REPURCHASE MANDATE AND EXTENSION MANDATE,
(5) PROPOSED ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF 2022 ANNUAL GENERAL MEETING

A notice convening the 2022 annual general meeting of the Company (“2022 AGM”) to be held at 2:00 p.m. on Tuesday, 17 May 2022 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, People’s Republic of China is set out on pages 25 to 29 of this circular. A form of proxy for use by the shareholders at the 2022 AGM is enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited at www.hkexnews.hk and the Company at www.hg-semiconductor.com.

Whether or not you are able to attend the 2022 AGM, you are advised to read this circular and to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the branch share registrar and transfer office of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for holding the 2022 AGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2022 AGM or any adjournment thereof should you so wish.

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DEFINITIONS

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

“2021 Annual Report”	the annual report of the Company for the financial year ended 31 December 2021 despatched to the Shareholders together with this circular
“2022 AGM”	the 2022 annual general meeting of the Company to be held at 2:00 p.m. on Tuesday, 17 May 2022 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, People’s Republic of China, for the purpose of considering and if thought fit, approving, <i>inter alia</i> , the resolutions proposed in this circular
“Associate(s)”	has the meaning ascribed to this term under the Listing Rules
“Auditors”	the auditors of the Company
“Board”	the board of Directors
“Cayman Companies Act”	the Companies Act (as revised) of the Cayman Islands as amended from time to time
“close associate(s)”	has the meaning as defined in the Listing Rules
“Company”	HG Semiconductor Limited (宏光半導體有限公司), previously known as HongGuang Lighting Holdings Company Limited (宏光照明控股有限公司), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 6908)
“Controlling shareholder(s)”	has the meaning ascribed to this term under the Listing Rules
“core connected person(s)”	has the meaning as defined in the Listing Rules
“Core Shareholder Protection Standards”	the 14 core shareholder protection standards set out in Appendix 3 to the Listing Rules
“Director(s)”	the director(s) of the Company
“Extension Mandate”	a general and unconditional mandate proposed to be granted to the Directors to the effect that any Shares repurchased under the Repurchase Mandate will be added to the total number of Shares which may be allotted and issued under the General Mandate

DEFINITIONS

“General Mandate”	a general unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to allot, issue and deal with new Shares with the aggregate nominal value not exceeding 20% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing of the relevant resolution at the 2022 AGM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HongGuang Hong Kong”	HongGuang Lighting (Hong Kong) Holdings Limited (宏光照明(香港)控股有限公司), previously known as HongGuang Lighting (Hong Kong) Limited (宏光照明(香港)有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“HongGuang International”	HongGuang Lighting (International) Limited (宏光照明(國際)有限公司), previously known as Day Harvest International Limited (日發國際有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“HongGuang Lighting”	HongGuang Lighting Group Company Limited (宏光照明集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a direct wholly-owned subsidiary of the Company
“Latest Practicable Date”	6 April 2022, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“Listing Date”	30 December 2016, being the date on which dealing in the Company’s Shares first commenced on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Memorandum and Articles of Association”	the memorandum and articles of association of the Company

DEFINITIONS

“PRC”	the People’s Republic of China, which shall exclude Hong Kong, the Macau Special Administrative Region and Taiwan for the purpose of this circular
“Proposed Amendments”	the proposed amendments to the current Memorandum and Articles of Association as set out in Appendix III to this circular
“Repurchase Mandate”	a general unconditional mandate proposed to be granted to the Directors to exercise the power of the Company to repurchase the Shares of the aggregate nominal value not exceeding 10% of the aggregate nominal value of the share capital of the Company in issue as at the date of passing the relevant resolution at the 2022 AGM
“Second Amended and Restated Memorandum and Articles of Association”	the set of the second amended and restated memorandum and articles of association of the Company incorporating and consolidating all the Proposed Amendments to be considered and approved for adoption by way of a special resolution at the 2022 AGM
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers published by SFC of Hong Kong as amended from time to time
“Zhuhai HongGuang”	珠海宏光半導體有限公司 (Zhuhai HongGuang Semiconductor Company Limited*), previously known as 珠海宏光照明器材有限公司 (Zhuhai HongGuang Lighting Fixture Company Limited*), a limited liability company established in the PRC and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* For identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Zhao Yi Wen (*Chairman and
Chief Executive Officer*)

Mr. Lin Qi Jian

Mr. Chan Wing Kin

Non-executive Director:

Dr. Wang David Nin-kou

Independent Non-executive Directors:

Professor Chow Wai Shing, Tommy

Mr. Wu Wing Kuen, *B.B.S.*

Mr. Chan Chung Kik, Lewis

Registered office in the Cayman Islands:

Windward 3

Regatta Office Park

P.O. Box 1350

Grand Cayman KY1-1108

Cayman Islands

Headquarter and principal place of

business in People's Republic of China:

The North Side

2nd Floor

No. 8 Pinggong Er Road

Nanping Technology Industrial Park

Zhuhai

People's Republic of China

12 April 2022

To the Shareholders,

Dear Sirs or Madams,

PROPOSALS FOR
(1) ADOPTION OF AUDITED CONSOLIDATED FINANCIAL
STATEMENTS AND REPORTS OF DIRECTORS AND AUDITORS,
(2) RE-ELECTION OF RETIRING DIRECTORS,
(3) RE-APPOINTMENT OF AUDITORS,
(4) GENERAL MANDATE, REPURCHASE MANDATE AND
EXTENSION MANDATE,
(5) PROPOSED ADOPTION OF THE SECOND AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION
AND
NOTICE OF 2022 ANNUAL GENERAL MEETING

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to give you notice of the 2022 AGM and to provide you with details of the resolutions to be proposed at the 2022 AGM relating to:

- (a) the adoption of audited consolidated financial statements and the reports of the Directors and the Auditors for the year ended 31 December 2021;
- (b) the proposed re-election of the retiring Directors;
- (c) the proposed re-appointment of the Auditors;
- (d) the granting of the General Mandate to the Directors;
- (e) the granting of the Repurchase Mandate to the Directors;
- (f) the granting of the Extension Mandate to the Directors; and
- (g) the proposed adoption of the Second Amended and Restated Memorandum and Articles of Association.

RESOLUTION (1) ADOPTION OF THE AUDITED CONSOLIDATED FINANCIAL STATEMENTS AND THE REPORTS OF THE DIRECTORS AND THE AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2021

The audited consolidated financial statements of the Company for the year ended 31 December 2021 together with the reports of the Directors and the Auditors, are set out in the 2021 Annual Report which will be sent to the Shareholders on 12 April 2022. The 2021 Annual Report may then be viewed and downloaded from the Company's website (www.hg-semiconductor.com) and the Hong Kong Exchanges and Clearing Limited's website (www.hkexnews.hk). The audited consolidated financial statements have been reviewed by the Audit Committee of the Company.

RESOLUTION (2) RE-ELECTION OF RETIRING DIRECTORS

The Board currently consists of seven Directors, namely Mr. Zhao Yi Wen (Chairman and Chief Executive Officer), Mr. Lin Qi Jian and Mr. Chan Wing Kin (Executive Directors); Dr. Wang David Nin-kou (Non-executive Director); Professor Chow Wai Shing, Tommy, Mr. Wu Wing Kuen, *B.B.S.* and Mr. Chan Chung Kik, Lewis (Independent Non-executive Directors).

Pursuant to article 108(a) of the current Memorandum and Articles of Association, at each annual general meeting one-third of the Directors for the time being (or if their number is not a multiple of three(3), the number nearest to but not less than one-third) shall retire from office by rotation. Accordingly, Mr. Zhao Yi Wen and Mr. Chan Chung Kik, Lewis shall retire at the 2022 AGM and being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

Pursuant to article 112 of the current Memorandum and Articles of Association, Dr. Wang David Nin-kou (“**Dr. Wang**”) (appointed by the Board on 17 June 2021) shall hold office only until the first general meeting of the Company after his appointment. Accordingly, Dr. Wang shall retire at the 2022 AGM and being eligible, offer himself for re-election.

The re-election of Directors has been reviewed by the Nomination Committee of the Company which recommended to the Board that the re-election be proposed for Shareholders’ approval at the 2022 AGM. The nominations were made in accordance with the Nomination Policy of the Company and the objective criteria for the nominations include but not limited to, gender, age, cultural and educational background, professional experience, skills, knowledge and length of service, with due regard for the benefits of diversity as set out under the Board Diversity Policy of the Company.

In recommending Mr. Zhao Yi Wen to stand for re-election as Executive Director, Dr. Wang David Nin-kou to stand for re-election as Non-executive Director and Mr. Chan Chung Kik, Lewis to stand for re-election as an Independent Non-executive Director, the Nomination Committee has considered the following backgrounds and attributes of the nominees concerned:

- (a) Mr. Zhao Yi Wen has substantial experience in the design, development, manufacturing and sales of LED beads and LED lighting products in the PRC.
- (b) Dr. Wang David Nin-kou is a well-known executive and innovator with over 40 years of experience in the global semiconductor industry with more than 100 patents under his name. Dr. Wang was honored with the first ever lifetime achievement award from Semiconductor Equipment and Materials International (“**SEMI**”).
- (c) Mr. Chan Chung Kik, Lewis has more than 24 years experience in auditing, accounting and corporate finance. He has obtained a Bachelor degree of Commerce in Accounting from the University of Canberra in Australia in September 1997.

The Nomination Committee considered that in view of their diverse background and knowledge and experience in the manufacturing and sales of LED beads and LED lighting products in the PRC, research and development in semiconductor technology, auditing, accounting and corporate finance as set out in Appendix II to this circular, the appointment of Mr. Zhao Yi Wen as Executive Director, the appointment of Dr. Wang David Nin-kou as Non-executive Director and the appointment of Mr. Chan Chung Kik, Lewis as an Independent Non-executive Director will bring valuable perspectives, knowledge, skills and experiences to the Board for its efficient and effective functioning and their appointments will contribute to the diversity of the Board appropriate to the requirements of the Company’s business.

The Nomination Committee has also assessed the independence of all the Independent Non-executive Directors (“**INEDs**”). All the INEDs of the Company satisfy the Independence Guidelines as set out in Rule 3.13 of the Listing Rules and has each provided to the Company an annual written confirmation of his independence.

LETTER FROM THE BOARD

The biographical details of the Directors proposed to be re-elected at the 2022 AGM are set out in Appendix II to this circular.

RESOLUTION (3) RE-APPOINTMENT OF AUDITORS

The Board (which agreed with the view of the Audit Committee of the Company) recommended that, subject to the approval of the Shareholders at the 2022 AGM, BDO Limited be re-appointed as the external Auditors of the Company for 2022.

RESOLUTION (4) GENERAL MANDATE

The Directors have been granted a general unconditional mandate to allot, issue and deal with Shares pursuant to the ordinary resolutions of the Shareholders passed at the 2021 annual general meeting held on 28 May 2021. The general mandate would expire: (a) at the conclusion of the next annual general meeting of the Company; (b) at the expiration of the period within which the Company is required by the Articles or any other applicable laws of the Cayman Islands to hold its next annual general meeting; or (c) when revoked, varied or renewed by an ordinary resolution of Shareholders in general meeting, whichever is the earliest.

As disclosed in the announcements of the Company dated 15 June 2021, 22 July 2021, 4 November 2021 and 1 December 2021 in relation to the placing of new shares under the existing general mandate, a total of 83,591,000 Shares had been allotted and issued. An ordinary resolution will therefore be proposed at the 2022 AGM that the Directors be granted a general unconditional mandate to allot, issue and deal with new Shares with the aggregate nominal value not exceeding 20% of the aggregate nominal value of the issued share capital of the Company on the date of passing the relevant resolution (i.e. a maximum of 112,718,200 Shares to be issued by the Company, on the basis that the total issued share capital of the Company of 563,591,000 Shares remains unchanged from the Latest Practicable Date to the date of the 2022 AGM).

Details of the aforesaid ordinary resolution are set out in ordinary resolution no. 4 in the Notice of the 2022 AGM.

RESOLUTION (5) REPURCHASE MANDATE

The Directors have been granted a general unconditional mandate to exercise the power of the Company to repurchase Shares pursuant to the ordinary resolutions of the Shareholders passed at the 2021 annual general meeting held on 28 May 2021. The repurchase mandate would expire: (a) at the conclusion of the next annual general meeting of the Company; (b) at the expiration of the period within which the Company is required by the Articles or any other applicable laws of the Cayman Islands to hold its next annual general meeting; or (c) when revoked, varied or renewed by an ordinary resolution of Shareholders in general meeting, whichever is the earliest.

As at the Latest Practicable Date, the existing repurchase mandate has not been utilised and will lapse at the conclusion of the 2022 AGM. Therefore, an ordinary resolution will be proposed at the 2022 AGM that the Directors be granted a general mandate to exercise all the powers of the

LETTER FROM THE BOARD

Company to purchase or repurchase Shares with the aggregate nominal value not exceeding 10% of the aggregate nominal value of the issued share capital of the Company on the date of passing the relevant resolution (i.e. a maximum of 56,359,100 Shares to be repurchased by the Company, on the basis that the total issued share capital of the Company of 563,591,000 Shares remains unchanged from the Latest Practicable Date to the date of the 2022 AGM).

Details of the aforesaid ordinary resolution are set out in ordinary resolution no. 5 in the Notice of the 2022 AGM.

An explanatory statement giving the particulars required under Rule 10.06(1)(b) of the Listing Rules in respect of the Repurchase Mandate to provide the Shareholders with all the information reasonably necessary to enable them to make an informed decision whether to vote for or against the resolution is set out Appendix I to this circular.

RESOLUTION (6) EXTENSION MANDATE

In addition, subject to the passing of the resolutions to grant the General Mandate and the Repurchase Mandate, an ordinary resolution will be proposed at the 2022 AGM to authorise the Directors to extend the General Mandate to allot and issue Shares by an amount of Shares representing the aggregate nominal value of Shares of the Company purchased or repurchased by the Company pursuant to the authority granted to the Directors under the Repurchase Mandate provided that such extended amount shall not exceed 10% of the aggregate number of the issued Shares as at the date of passing the resolution for approving the Repurchase Mandate.

The General Mandate and the Repurchase Mandate would expire at the earliest of: (a) the conclusion of the next annual general meeting of the Company following the 2022 AGM; or (b) the expiration of the period within which the next annual general meeting of the Company is required by the Articles, the Cayman Companies Act or the applicable laws of Cayman Islands to be held; or (c) revocation or variation by an ordinary resolution of the Shareholders in a general meeting prior to the next annual general meeting of the Company.

Details of the aforesaid ordinary resolution are set out in ordinary resolution no. 6 in the Notice of the 2022 AGM.

RESOLUTION (7) PROPOSED ADOPTION OF THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

Reference is made to the announcement of the Company dated 11 April 2022 in relation to the proposed adoption of the Second Amended and Restated Memorandum and Articles of Association.

The Stock Exchange has recently announced various amendments to the Listing Rules to implement the proposals under the “Consultation Conclusion Paper on Listing Regime for Overseas Issuers” published on 19 November 2021. The amendments to the Listing Rules have already taken effect from 1 January 2022 and include the introduction of the Core Shareholder Protection Standards that will apply to all listed issuers to provide the same level of protection to all investors.

LETTER FROM THE BOARD

To conform with the Core Shareholder Protection Standards, the Board proposes that the Company adopts the Second Amended and Restated Memorandum and Articles of Association incorporating the Proposed Amendments to conform with the Core Shareholder Protection Standards.

The Board proposes that the Company adopts a set of the Second Amended and Restated Memorandum and Articles of Association in substitution for, and to the exclusion of, the current Memorandum and Articles of Association. Details of the Proposed Amendments are set out in Appendix III to this circular.

The legal advisers to the Company as to Hong Kong laws and the Cayman Islands laws have respectively confirmed that the Proposed Amendments comply with the applicable requirements of the Listing Rules and are not inconsistent with the laws of the Cayman Islands. The Company also confirms that there is nothing unusual in the Proposed Amendments from the perspective of a company listed on the Stock Exchange.

The Proposed Amendments are prepared in the English language and the Chinese translation is for reference only. In case there are any inconsistencies between the English version and the Chinese version of the Proposed Amendments, the English version shall prevail. The proposed adoption of the Second Amended and Restated Memorandum and Articles of Association is subject to the approval of the Shareholders by way of a special resolution at the 2022 AGM.

2022 ANNUAL GENERAL MEETING AND PROXY ARRANGEMENT

The notice convening the 2022 AGM to be held at 2:00 p.m. on Tuesday, 17 May 2022 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, People's Republic of China is set out on pages 25 to 29 of this circular. At the 2022 AGM, six ordinary resolutions and one special resolution will be proposed to approve, among other matters, the adoption of the audited consolidated financial statements for the year ended 31 December 2021 and the reports of the Directors and Auditors, the re-election of retiring Directors, the re-appointment of Auditors, the granting of the General Mandate, the granting of the Repurchase Mandate, the granting of the Extension Mandate and the proposed adoption of the Second Amended and Restated Memorandum and Articles of Association.

A form of proxy for use in connection with the 2022 AGM is enclosed herewith. Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the branch share registrar and transfer office of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong as soon as possible but in any event not later than 48 hours before the time appointed for the holding of the 2022 AGM or any adjourned meeting thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the 2022 AGM (or any adjourned meeting thereof) should you so wish and in such event, the form of proxy shall be deemed to be revoked.

LETTER FROM THE BOARD

VOTING AT THE 2022 ANNUAL GENERAL MEETING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting of the Company must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions to be considered and, if thought fit, approved at the 2022 AGM will be voted by way of a poll by the Shareholders. An announcement on the poll results will be made by the Company after the 2022 AGM, in the manner prescribed under Rule 13.39(5) of the Listing Rules, on the results of the 2022 AGM.

RECOMMENDATION

At the 2022 AGM, six ordinary resolutions and one special resolution will be proposed to approve, among other matters, the adoption of audited consolidated financial statements and Reports of Directors and Auditors; the re-election of retiring Directors; the re-appointment of Auditors; the granting of the General Mandate, the Repurchase Mandate and the Extension Mandate and the adoption of the Second Amended and Restated Memorandum and Articles of Association.

The Directors believe that the proposed grant of the General Mandate, the Repurchase Mandate, the Extension Mandate, the re-election of retiring Directors, the re-appointment of the Auditors and the adoption of the Second Amended and Restated Memorandum and Articles of Association are in the best interests of the Company and the Shareholders. The Directors believe that an exercise of the General Mandate will enable the Company to take advantage of market conditions to raise additional capital for the Company. The Repurchase Mandate may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be exercised when the Directors believe that such repurchase of Shares will benefit the Company and the Shareholders. An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and/or gearing position of the Company. The Directors do not, however, intend to make any repurchase in circumstances that would have a material adverse impact on the working capital requirements or the gearing levels of the Company. Accordingly, the Directors recommend that the Shareholders vote in favour of all resolutions to be proposed at the 2022 AGM.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company for the 2022 AGM will be closed from Wednesday, 11 May 2022 to Tuesday, 17 May 2022, both days inclusive, during which no transfer of Shares will be registered. In order to qualify for attending and voting at the 2022 AGM or any adjournment thereof, all transfers of Shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited, at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 4:30 p.m. on Tuesday, 10 May 2022.

LETTER FROM THE BOARD

RESPONSIBILITY OF DIRECTORS

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

GENERAL INFORMATION

The Board confirms that to the best of their knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder is required to abstain from voting on any resolution to be proposed at the 2022 AGM.

Your attention is also drawn to the additional information set out in the appendices to this circular.

LANGUAGE

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

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

Appendix I serves as an explanatory statement, as required pursuant to Rule 10.06(1)(b) and other relevant provisions of the Listing Rules, to provide you with the requisite information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolution to approve the grant of the Repurchase Mandate.

1. LISTING RULES RELATING TO THE REPURCHASE OF SHARES

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange and any other stock exchange on which securities of the company are listed and such exchange is recognised by the SFC subject to certain restrictions. Among such restrictions, the Listing Rules provide that the shares of such company must be fully paid up and all repurchases of shares by such company must be approved in advance by an ordinary resolution of shareholders, either by way of a general mandate or by specific approval of a particular transaction.

2. SHARE CAPITAL

As at the Latest Practicable Date, a total of 563,591,000 Shares were in issue. As at the Latest Practicable Date, the Company did not have any outstanding options, warrants and convertible securities to subscribe for the Shares.

Assuming that no further Shares are issued or repurchased during the period from the Latest Practicable Date until the 2022 AGM, exercise in full of the Repurchase Mandate, on the basis of 563,591,000 Shares in issue as at the Latest Practicable Date, could result in up to a maximum of 56,359,100 Shares being repurchased by the Company.

3. REASONS FOR REPURCHASE

The Directors have no present intention to repurchase any Shares but consider that the Repurchase Mandate will provide the Company with the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases, depending on market conditions and funding arrangements at the time, may lead to enhancement of the net asset value of the Company and/or the earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and the Shareholders as a whole. The number of Shares to be repurchased on any occasion and the price and other terms on which the same are repurchased will be decided by the Directors at the relevant time, having regard to the circumstances then pertaining.

4. SOURCE OF FUNDS

The Company is empowered by the Articles to repurchase its Shares. In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with the Articles, the Cayman Companies Act, the Listing Rules and/or other applicable laws, rules and regulations, as the case may be.

Any repurchases by the Company may only be made out of profits of the Company or out of the proceeds of a fresh issue of Shares made for the purpose or, if authorized by the Articles and subject to the Cayman Companies Act and/or other applicable laws, rules and regulations, out of capital. The premium, if any, payable on repurchase must be provided for out of the profits of the Company or out of the Company's share premium account before or at the time the Shares are repurchased or, if authorized by the Articles and subject to Cayman Companies Act and/or other applicable laws, rules and regulations, out of capital. The Shares so repurchased will be treated as cancelled but the aggregate amount of authorized share capital will not be reduced.

The Company may not repurchase its own shares on the Stock Exchange for a consideration other than cash or settlement otherwise than in accordance with the trading rules of the Stock Exchange.

5. IMPACT ON WORKING CAPITAL OR GEARING POSITION

An exercise of the Repurchase Mandate in full may have a material adverse impact on the working capital and gearing position of the Company compared with those as at 31 December 2021, being the date of its latest published audited consolidated financial statements. The Directors do not, however, intend to make any repurchase in the circumstances that would have a material adverse impact on the working capital or gearing position of the Company.

6. DISCLOSURE OF INTERESTS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates (as defined in the Listing Rules) has any present intention, in the event that the Repurchase Mandate is approved by Shareholders and exercised, to sell any of their Shares to the Company or its subsidiaries pursuant to the Repurchase Mandate.

No core connected person (as defined in the Listing Rules) of the Company has notified the Company that he/she/it has a present intention to sell any of his/her/its Shares to the Company or has undertaken not to sell any of the Shares held by him/her/it to the Company, in the event that the Company is authorized to make repurchases of the Shares.

7. THE TAKEOVERS CODE

If, on the exercise of the power to repurchase Shares pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase may be treated as an acquisition for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code for all the Shares not already owned by such Shareholder or group of Shareholders.

APPENDIX I EXPLANATORY STATEMENT ON THE REPURCHASE MANDATE

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of the SFO and so far as is known to, or can be ascertained after reasonable enquiry by the Directors, the following persons were directly or indirectly interested in 5% or more of the issued share capital of the Company. Their respective interest as at the Latest Practicable Date is shown under the column “Approximate % of the issued share capital before a possible exercise of the Repurchase Mandate” while the respective interest in the event that the Directors exercise in full the power to repurchase Shares in accordance with the terms of the ordinary resolutions in relation to the Repurchase Mandate to be proposed at the 2022 AGM (and assuming that the issued share capital of the Company remains unchanged up to the date of the 2022 AGM) is shown under the column “Approximate % of the issued share capital should the Repurchase Mandate be exercised in full”:

Name of Shareholder	Number of Shares Interested	Approximate % of the issued share capital before a possible exercise of the Repurchase Mandate	Approximate % of the issued share capital should the Repurchase Mandate be exercised in full
Mr. Lin Qi Jian (Note 2, 4)	201,960,000	35.83%	39.82%
Ms. Xie Wan (Note 6)	201,960,000	35.83%	39.82%
Mr. Zhao Yi Wen (Note 1, 4)	201,960,000	35.83%	39.82%
Ms. Zhuang Chan Ling (Note 5)	201,960,000	35.83%	39.82%
First Global Limited (Note 1, 4)	201,000,000	35.66%	39.63%
Star Eagle Enterprises Limited (Note 2, 4)	201,000,000	35.66%	39.63%
Mr. Chiu Kwai San (Note 3)	92,480,000	16.41%	18.23%
Ms. Wong Ching Ming (Note 7)	92,480,000	16.41%	18.23%
Bigfair Enterprises Limited (Note 3)	92,000,000	16.32%	18.14%
GoldenSand Capital Ltd (Note 8)	56,000,000	9.94%	11.04%
GSR Capital Special Opportunity Fund L.P.	56,000,000	9.94%	11.04%
Wu Sonny (Note 9)	56,000,000	9.94%	11.04%

The above are calculated based on 563,591,000 shares in issue as at the Latest Practicable Date.

Notes:

1. The aggregate 201,960,000 Shares in which Mr. Zhao Yi Wen is interested consist of (i) 100,500,000 Shares held by First Global Limited, a company wholly owned by Mr. Zhao Yi Wen, in which Mr. Zhao Yi Wen is deemed to be interested under the SFO; (ii) 480,000 Shares held by Mr. Zhao Yi Wen and (iii) 100,980,000 Shares in which Mr. Zhao Yi Wen is deemed to be interested as a result of being a party acting-in-concert with Mr. Lin Qi Jian.
2. The aggregate 201,960,000 Shares in which Mr. Lin Qi Jian is interested consist of (i) 100,500,000 Shares held by Star Eagle Enterprises Limited, a company wholly owned by Mr. Lin Qi Jian, in which Mr. Lin Qi Jian is deemed to be interested under the SFO; (ii) 480,000 Shares held by Mr. Lin Qi Jian and (iii) 100,980,000 Shares in which Mr. Lin Qi Jian is deemed to be interested as a result of being a party acting-in-concert with Mr. Zhao Yi Wen.
3. The aggregate 92,480,000 Shares in which Mr. Chiu Kwai San is interested consist of (i) 92,000,000 Shares held by Bigfair Enterprises Limited, a company wholly owned by Mr. Chiu Kwai San, in which Mr. Chiu Kwai San is deemed to be interested under the SFO and (ii) 480,000 shares held by Mr. Chiu Kwai San.
4. On 27 January 2022, Mr. Zhao Yi Wen, Mr. Lin Qi Jian and Mr. Chiu Kwai San (“Mr. Chiu”) entered into an amendment deed to amend the concert parties confirmatory deed dated 8 June 2016. After the amendment deed, Mr. Chiu is no longer bound to comply with the concert parties confirmatory deed and is no longer acting-in-concert and is no longer deemed to be interested in the interest of shares of Mr. Zhao Yi Wen, Mr. Lin Qi Jian, First Global Limited and Star Eagle Enterprises Limited.
5. Ms. Zhuang Chan Ling is the spouse of Mr. Zhao Yi Wen and is deemed, or taken to be, interested in the Shares in which Mr. Zhao Yi Wen has interest under the SFO.
6. Ms. Xie Wan is the spouse of Mr. Lin Qi Jian and is deemed, or taken to be, interested in the Shares in which Mr. Lin Qi Jian has interest under the SFO.
7. Ms. Wong Ching Ming is the spouse of Mr. Chiu Kwai San and is deemed, or taken to be, interested in the Shares in which Mr. Chiu Kwai San has interest under the SFO.
8. 56,000,000 Shares held by GSR Capital Special Opportunity Fund L.P., a company owned by GoldenSand Capital Ltd in 50%, in which GoldenSand Capital Ltd is deemed to be interested under the SFO.
9. 56,000,000 Shares held by GoldenSand Capital Ltd, a company wholly owned by Mr. Sonny Wu, in which Mr. Sonny Wu is deemed to be interested under the SFO.

On the basis of the shareholding held by the Shareholders named above, an exercise of the Repurchase Mandate in full will result in Mr. Lin Qi Jian and Mr. Zhao Yi Wen becoming obliged to make a mandatory offer under Rules 26 and 323 of the Takeovers Code.

However, the Directors do not intend to exercise the power to Repurchase Shares to an extent which would render any Shareholder or group of Shareholders obliged to make a mandatory offer under Rules 26 and 32 of the Takeovers Code.

8. SHARE PRICES

The highest and lowest traded prices at which the Shares were traded on the Stock Exchange in each of the previous twelve months preceding the Latest Practicable Date were as follows:

	Price per Share	
	Highest (HK\$)	Lowest (HK\$)
2021		
April	8.20	6.30
May	7.51	5.32
June	8.99	6.98
July	8.60	6.70
August	8.08	7.35
September	7.77	6.78
October	7.73	6.80
November	7.75	6.62
December	7.35	6.51
2022		
January	7.27	5.61
February	6.36	5.85
March	6.20	4.47
April (up to the Latest Practicable Date)	4.92	4.35

9. SHARE REPURCHASES MADE BY THE COMPANY

No repurchase of Shares had been made by the Company during the 6 months preceding the Latest Practicable Date (whether on the Stock Exchange or otherwise).

10. DIRECTORS' UNDERTAKING

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the power of the Company to make repurchases pursuant to the Repurchase Mandate in accordance with the Listing Rules, the Articles and all applicable laws of the Cayman Islands.

Set out below are the biographical details of the Directors who will retire at the conclusion of the 2022 AGM and will be proposed to be re-elected at the 2022 AGM.

EXECUTIVE DIRECTOR

Mr. ZHAO Yi Wen (趙奕文) (“**Mr. Zhao**”), aged 52, is the Chairman of the Board and the Chief Executive Officer of the Company. He was appointed as a Director on 27 May 2015 and was subsequently re-designated as an Executive Director on 13 May 2016. He is one of the founders of the Group and is primarily responsible for formulating overall corporate strategies and handling day to day management of the Group. Mr. Zhao is also a director of each of HongGuang Lighting Group Company Limited (“**HongGuang Lighting**”) and HongGuang Lighting (International) Limited (“**HongGuang International**”) and the chairman and legal representative of Zhuhai HongGuang.

Prior to establishing the Group in May 2010, Mr. Zhao had years of management experience of electronic parts business. During the period between January 2004 and May 2010, Mr. Zhao was employed by Zhuhai Kedie Digital Technology Co., Ltd.* (珠海市科碟數碼科技有限公司) which mainly manufactures and sells compact disks in the PRC, as a general manager and was responsible for the overall management of its business operation.

Since 2012, Mr. Zhao has been a director of Zhuhai Ridong Weiye Technology Company Limited* (珠海日東偉業科技有限公司), a limited liability company incorporated in the PRC which mainly manufactures and trades Indium Tin Oxide films, where Mr. Zhao is responsible for the overall management of the company. Mr. Zhao attended secondary school education up to year 3 in the PRC.

As at the Latest Practicable Date, Mr. Zhao held a long position of 201,960,000 Shares, representing 35.83% of the total issued Shares.

Mr. Zhao has entered into a service contract with the Company for an initial term of three years commencing from the Listing Date, which will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Articles and the termination provisions of the service contract. Mr. Zhao is entitled to a remuneration of HK\$360,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company’s performance and current market situation.

NON-EXECUTIVE DIRECTOR

Dr. WANG David Nin-kou (王寧國) (“**Dr. Wang**”), aged 75, was appointed as a Non-executive Director on 17 June 2021. Dr. Wang is primarily responsible for monitoring the executive activities and providing strategic advice to the Group.

Dr. Wang received his Doctoral Degree in Materials Science and Engineering from the University of California, Berkeley.

He is a well-known executive and innovator with over 40 years of experience in the global semiconductor industry with more than 100 patents under his name. Dr. Wang began his semiconductor career at Bell Laboratories, where he conducted research and made a number of breakthroughs in semiconductor technology. In 1980, Dr. Wang joined Applied Materials, Inc. (a company listed on NASDAQ, stock code: AMAT), one of the world's largest semiconductor equipment & solution provider, where he led a number of key strategic technology initiatives and revolutionary breakthroughs in semiconductor manufacturing equipment technology. The Precision 5000 Workstation that he co-developed became the industry's successful product, which was inducted into the permanent collection of the Smithsonian Institution in Washington, D.C in 1993. In recognition of his outstanding contributions to the semiconductor industry, Dr. Wang was honored with the first ever lifetime achievement award from Semiconductor Equipment and Materials International (“SEMI”).

Dr. Wang was the chief executive officer of Huahong (Group) Co., Ltd. (“**Huahong Group**”) and the chairman of Huahong NEC, a subsidiary of the Huahong Group between September 2005 and June 2007. Between November 2009 and June 2011, Dr. Wang served as the executive director, president and chief executive officer of Semiconductor Manufacturing International Corporation (中芯國際集成電路製造有限公司*) (a company listed on The Stock Exchange of Hong Kong Limited, stock code: 0981). In 2017, Dr. Wang was inducted into Silicon Valley Engineering Council Hall of Fame. Dr. Wang served as the chief executive director of Innotron Memory Co., Ltd.* (睿力集成電路有限公司) and chairman of the board of directors of ChangXin Memory Technologies, Inc.* (合肥長鑫存儲有限公司) from June 2016 to July 2018. Dr. Wang was a board member of the Global Semiconductor Alliance. He has served in numerous industry organizations and advisory roles, including as a board member of SEMI, chairman of SEMI's China Regional Advisory Board, overseas advisor to the Ministry of Science and Technology of the People's Republic of China, and chairman of the board of Monte Jade Science and Technology Association (West Coast).

As at the Latest Practicable Date, Dr. Wang held a long position of 4,800,000 Shares, representing 0.85% of the total issued Shares.

Dr. Wang has entered into a service contract with the Company for an initial term of three years commencing from 17 June 2021, which will continue thereafter but subject to retirement by rotation and eligible for re-election pursuant to the Articles and the termination provisions of the service contract. Dr. Wang is entitled to a remuneration of HK\$800,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company's performance and current market situation.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. CHAN Chung Kik, Lewis (陳仲戟) (“**Mr. Chan**”), aged 49, was appointed as an Independent Non-executive Director on 2 December 2016 and is responsible for providing independent advice to the Board. Mr. Chan is also the chairman of each of the Audit Committee, the Remuneration Committee and the Nomination Committee.

Mr. Chan obtained a Bachelor’s Degree of Commerce in Accounting from the University of Canberra in Australia in September 1997. He is currently a fellow of the Hong Kong Institute of Certified Public Accountants and a member of CPA Australia. Mr. Chan has more than 24 years of experience in auditing, accounting and corporate finance.

Mr. Chan has also been/is an independent non-executive director of (i) Kwan On Holdings Limited between March 2015 and September 2016, a company which was previously listed on GEM (Stock Code: 8305) and was subsequently transferred to the Main Board (Stock Code: 1559) on 15 August 2016; (ii) Shandong Xinhua Pharmaceutical Company Limited between May 2014 and June 2018, a company listed on the Main Board of the Stock Exchange (Stock Code: 719) and the Shenzhen Stock Exchange (Stock Code: 000756); (iii) Hong Kong Aerospace Technology Group Limited (formerly known as “Eternity Technology Holdings Limited”) between July 2018 and July 2021, a company listed on the Main Board of the Stock Exchange (Stock Code: 1725); (iv) Peking University Resources (Holdings) Company Limited between March 2017 and September 2021, a company listed on the Main Board of the Stock Exchange (Stock Code: 618); (v) Founder Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 418) since March 2017; and (vi) Wing Chi Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 6080) since September 2017.

As at the Latest Practicable Date, Mr. Chan held a long position of 120,000 Shares, representing 0.02% of the total issued Shares.

Mr. Chan has entered into a letter of appointment with the Company for a term of two years commencing from 2 December 2020, subject to retirement by rotation and eligible for re- election pursuant to the Articles and the termination provisions of the letter of appointment. Mr. Chan is entitled to a remuneration of HK\$156,000 per annum, which was determined by the Board on the recommendation of the Remuneration Committee by reference to his duties and responsibilities with the Company, the Company’s performance and current market situation.

GENERAL

Save as disclosed above, none of the above Directors:

- (i) held any other positions in any members of the Group as at the Latest Practicable Date;
- (ii) had any other relationship with any Directors, senior management or substantial shareholders or controlling shareholders of the Company as at the Latest Practicable Date;
- (iii) held any other directorships in listed public companies in the three years prior to the Latest Practicable Date; and
- (iv) had any interest in the Shares within the meaning of Part XV of the SFO.

Save as disclosed above, there is no information in relation to the above Directors that needs to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, and there are no other matters that need to be brought to the attention of the Shareholders pursuant to Rule 13.51(2)(w) of the Listing Rules.

* *For identification purpose only*

APPENDIX III CHANGES INTRODUCED BY THE SECOND AMENDED AND RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION

The following are the changes made to the current Memorandum and Articles of Association introduced by the Second Amended and Restated Memorandum and Articles of Association. Unless otherwise specified, clauses, paragraphs and article numbers referred to herein are clauses, paragraphs and article numbers of the Second Amended and Restated Memorandum and Articles of Association.

All capitalised terms in the proposed amendments contained in this appendix are terms defined in the current Memorandum and Articles of Association which shall have the corresponding meanings ascribed to them in the current Memorandum and Articles of Association.

No.	Provisions in the Second Amended and Restated Memorandum of Association (showing changes to the current Memorandum of Association)	Remark
5	If the Company is registered as an exempted company as defined in the Cayman Islands Companies Act <u>(as revised)</u> , it shall have the power, subject to the provisions of the Cayman Islands Companies Act <u>(as revised)</u> and with the approval of a special resolution, to continue as a body incorporated under the laws of any jurisdiction outside of the Cayman Islands and to be de-registered in the Cayman Islands.	

Article No.	Provisions in the Second Amended and Restated Articles of Association (showing changes to the current Articles of Association)	Remark
1 (d)	At all times during the Relevant Period a resolution shall be a Special Resolution when it has been passed by a majority of not less than $\frac{3}{4}$ of the votes cast by such Shareholders as, being entitled so to do, vote in person or by proxy or, in the cases of Shareholders which are corporations, by their respective duly authorized representatives at a general meeting <u>held in accordance with these Articles</u> of which notice specifying the intention to propose the resolution as a special resolution has been duly given <u>and of which not less than 21 days' notice has been duly given.</u>	
1 (e)	A resolution shall be an Ordinary Resolution when it has been passed by a simple majority of <u>the votes cast by</u> such Shareholders as, being entitled so to do, vote in person or, where proxies are allowed, by proxy or, in the case of any Shareholder being a corporation, by its duly authorized representative at a general meeting held in accordance with these Articles and of which not less than 14 days' notice has been duly given.	
5 (a)	If at any time the share capital of the Company is divided into different classes of Shares, all or any of the special rights attached to any class (unless otherwise provided for by the terms of issue of the Shares of that class) may, subject to the provisions of the Companies Act, be varied or abrogated either <u>(i) with the consent in writing of the holders of not less than $\frac{3}{4}$ in nominal value of the issued Shares of that class at least three-fourths of the voting rights of the Shares of that class present and voting in person (or in the case of any Shareholder being a corporation, by its duly authorised representatives) and/or by proxy or (ii) with the sanction of a Special Resolution passed at a separate general meeting of the holders of the Shares of that class. To every such separate general meeting the provisions of these Articles relating to general meetings shall <i>mutatis mutandis</i> apply, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons holding (or, in the case of a Shareholder being a corporation, by its duly authorised representative) or representing by proxy one-third in nominal value of the issued Shares of that class, that the quorum for any meeting adjourned for want of quorum shall be two Shareholders present in person (or in the case of the Shareholder being a corporation, by its duly authorized representative) or by proxy (whatever the number of Shares held by them) and that any.</u>	
5 (b)	<u>Any</u> holder of Shares of the class present in person (or in the case of the Shareholder being a corporation, by its duly authorised representative) or by proxy may demand a poll.	Split from Article 5(a) and renumber as Article 5(b)

**APPENDIX III CHANGES INTRODUCED BY THE SECOND AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

Article No.	Provisions in the Second Amended and Restated Articles of Association (showing changes to the current Articles of Association)	Remark
5 (c)	The provisions of this Article shall apply to the variation or abrogation of the rights attached to the Shares of any class as if each group of Shares of the class differently treated formed a separate class the rights whereof are to be varied or abrogated.	Renumber Article 5(b) as Article 5(c)
5 (d)	The special rights conferred upon the holders of any Shares or class of Shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such Shares be deemed to be altered by the creation or issue of further Shares ranking <i>pari passu</i> therewith.	Renumber Article 5(c) as Article 5(d)
17 (c)	During the Relevant Period (except when the Register is closed <u>in accordance with the Companies Ordinance</u>), any Shareholder may inspect during business hours any Register maintained in Hong Kong without charge and require the provision to him of copies or extracts thereof in all respects as if the Company were incorporated under and were subject to the Companies Ordinance.	
17 (d)	The Register may be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine <u>(or such longer period as the Shareholders of the Company may by Ordinary Resolution determine, provided that such period shall not be extended beyond 60 days in any year).</u>	
62	At all times during the Relevant Period, the Company shall in each <u>financial</u> year hold a general meeting as its annual general meeting in addition to any other meeting in that year and shall specify the meeting as such in the notice calling it; and not more than 15 Months (or such longer period as may be authorised by the HK Stock Exchange) shall elapse between the date of one annual general meeting of the Company and that of the next. The annual general meeting shall be held <u>within six months after the end of the Company's financial year and</u> in the Relevant Territory or elsewhere as may be determined by the Board and at such time and place as the Board shall appoint. A meeting of the Shareholders or any class thereof may be held by means of such telephone, electronic or other communication facilities as permit all persons participating in the meeting to communicate with each other simultaneously and instantaneously, and participation in such a meeting shall constitute presence at such meetings.	
64	The Board may, whenever it thinks fit, convene an extraordinary general meeting. Extraordinary general meetings shall also be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the <u>voting rights (on a one vote per share basis) in the paid-up capital of the Company</u> having the right of voting at general meeting. Such requisition shall be made in writing to the Board or the Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board <u>and adding resolutions to the agenda of the meeting</u> for the transaction of any business specified in such requisition. Such meeting shall be held within two Months after the deposit of such requisition. If within 21 days of such deposit, the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.	
65 (b)	in the case of any other meeting, by a majority in number of the Shareholders having a right to attend and vote at the meeting, being a majority together holding not less than 95% of the total voting rights at the meeting of all the Shareholders <u>members</u> of the Company.	

**APPENDIX III CHANGES INTRODUCED BY THE SECOND AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

Article No.	Provisions in the Second Amended and Restated Articles of Association (showing changes to the current Articles of Association)	Remark
67	<p>All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed ordinary business:</p> <p>(i) the declaration and sanctioning of Dividends;</p> <p>(ii) the consideration and adoption of the accounts and balance sheets and the reports of the Directors and Auditors and other documents required to be annexed to the balance sheets;</p> <p>(iii) the election of Directors in place of those retiring;</p> <p>(iv) the appointment of Auditors;</p> <p>(v) the fixing of, or the determining of the method of fixing of the remuneration of the Directors and of the Auditors;</p> <p>(vi) the granting of any mandate or authority to the Board to offer, allot, grant options over, or otherwise dispose of the unissued Shares representing not more than 20% (or such other percentage as may from time to time be specified in the Listing Rules) in nominal value of its then existing issued share capital and the number of any securities repurchased pursuant to paragraph (vii) of this Article; and</p> <p>(vii) the granting of any mandate or authority to the Board to repurchase securities of the Company.</p>	Renumber Article 67(a) as Article 67
67A	<u>All Shareholders have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a Shareholder is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.</u>	New Article
92 (b)	<p>Where a Shareholder is a Clearing House (or its nominee(s)), it may (subject to Article 93) authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the Company or at any meeting of any class of Shareholders <u>or at any creditors' meeting</u> provided that if more than one person is so authorised, the authorisation shall specify the number and class of Shares in respect of which each such representative is so authorised. A person so authorised pursuant to the provisions of this Article shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House (or its nominee(s)) which he represents as that Clearing House (or its nominee(s)) could exercise as if such person were an individual Shareholder, including the right to vote individually on a show of hands <u>and the right to speak</u>.</p>	
112	<p>The Board shall have power from time to time and at any time to appoint any person as a Director either to fill a casual vacancy or as an additional Director but so that the number of Directors so appointed shall not exceed the maximum number determined from time to time by the Shareholders in general meeting. Any Director appointed by the Board to fill a casual vacancy shall hold office only until the first <u>annual</u> general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the exiting Board shall hold office only until the next following first <u>annual general meeting of the Company after his appointment</u> and shall then be eligible for re-election. Any Director appointed under this Article shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.</p>	

**APPENDIX III CHANGES INTRODUCED BY THE SECOND AMENDED AND
RESTATED MEMORANDUM AND ARTICLES OF ASSOCIATION**

Article No.	Provisions in the Second Amended and Restated Articles of Association (showing changes to the current Articles of Association)	Remark
113	No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director <u>signed by a Shareholder</u> and notice in writing <u>signed</u> by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office. <u>The Company shall include the particulars of such proposed person for election as a Director in an announcement or a supplementary circular, and shall give the Shareholders at least seven days to consider the relevant information disclosed in such announcement or supplementary circular prior to the date of the meeting of the election.</u> The period for lodgment of the notices required under this Article will commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven days prior to the date of such general meeting and the minimum length of the period during which such notices to the Company may be given will be at least seven days.	
172	The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipts and expenditure take place; and of the assets and liabilities of the Company and of all other matters required by the Companies Act necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions. <u>The financial year end of the Company shall be 31 December in each calendar year or as otherwise determined by the Board.</u>	
176 (a)	The Company shall at each annual general meeting <u>Shareholders may by Ordinary Resolution</u> appoint one or more firms of auditors to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board, but if an appointment is not made, the Auditors in office shall continue in office until a successor is appointed. A Director, officer or employee of any such Director, officer or employee shall not be appointed Auditors of the Company. The Board may fill any casual vacancy in the office of Auditors, but while any such vacancy continues the surviving or continuing Auditors (if any) may act. The remuneration of the Auditors shall be fixed by or on the authority of the Company <u>the Shareholders in the annual general meeting by Ordinary Resolution in such manner as the Shareholders may determine</u> except that in any particular year the Company in general meeting may delegate the fixing of such remuneration to the Board and the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Board.	
176 (b)	The Shareholders may, at any general meeting convened and held in accordance with these Articles, remove the Auditors by Special <u>Ordinary</u> Resolution at any time before the expiration of the term of office and shall, by Ordinary Resolution, at that meeting appoint new auditors in its place for the remainder of the term.	
Annexure	<u>ANNEX TO THE ARTICLES</u> <u>FINANCIAL YEAR END</u> Unless the Directors otherwise prescribe, the financial year of the Company shall end on 31 December in each year and, following the year of incorporation, shall begin on 1 January in each year.	



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)

NOTICE IS HEREBY GIVEN that the 2022 annual general meeting (the “**2022 AGM**”) of HG Semiconductor Limited (the “**Company**”) will be held at 2:00 p.m. on Tuesday, 17 May 2022 at The North Side, 2nd Floor, No. 8 Pinggong Er Road, Nanping Technology Industrial Park, Zhuhai, People’s Republic of China for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions as ordinary and special resolutions:

ORDINARY RESOLUTIONS

1. To receive and consider the audited consolidated financial statements of the Company and the reports of the Directors and the Auditors of the Company for the year ended 31 December 2021;
2. To re-elect Directors and to fix the Directors’ remuneration;
 - (a) To re-elect Mr. Zhao Yi Wen as an Executive Director;
 - (b) To re-elect Dr. Wang David Nin-kou as a Non-executive Director;
 - (c) To re-elect Mr. Chan Chung Kik, Lewis as an Independent Non-executive Director;
 - (d) To authorise the board of Directors (the “**Board**”) to fix the Directors’ remuneration;
3. To re-appoint BDO Limited as the Auditors of the Company and authorise the Board to fix their remuneration; and

as special business, to consider and, if thought fit, pass the following resolutions (with or without amendments) as ordinary resolutions:

4. “**THAT:**
 - (a) subject to paragraph (c) below, the exercise by the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with new shares in the capital of the Company and to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or

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conversion which might require the exercise of such powers, subject to and in accordance with all applicable laws and requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (as amended from time to time) (the “**Listing Rules**”) be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) above shall authorise the Directors of the Company during the Relevant Period (as defined in paragraph (d) below) to make or grant offers, agreements, options (including bonds, warrants and debentures convertible into shares of the Company) and rights of exchange or conversion which would or might require the exercise of such powers either during or after the end of the Relevant Period (as defined in paragraph (d) below);
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in paragraphs (a) and (b) above, otherwise than pursuant to (i) a Rights Issue (as defined in paragraph (d) below); (ii) the exercise of the rights of subscription or conversion under the terms of any warrants which may be issued by the Company or any securities which are convertible into shares; (iii) the exercise of options granted under any share option scheme or similar arrangement adopted by the Company for the grant or issue to the employees, officers, Directors and/or any of its subsidiaries and/or other eligible participants specified thereunder of options to subscribe for or rights to acquire shares of the Company; and (iv) any scrip dividend or similar arrangement providing for allotment and issue of shares in lieu of the whole or part of a dividend on the shares of the Company in accordance with the articles of association of the Company from time to time, shall not exceed 20% of the aggregate nominal amount of the existing issued share capital of the Company as at the date of passing of this resolution and the said approval shall be limited accordingly; and
- (d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable laws of the Cayman Islands to be held; and
- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking or varying such mandate.

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“Rights Issue” means an offer of shares of the Company or offer or issue of warrants or options or other securities giving rights to subscribe for the shares of the Company open for a period fixed by the Directors to holders of shares of the Company whose names appear on the register of members of the Company on a fixed record date in proportion to their then holding of such shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements, or having regard to any restrictions or obligations under the laws of, or the requirements of, or the expense or delay which may be involved in determining the existence or extent of any restrictions or obligations under the laws of, or the requirements of, any jurisdiction outside Hong Kong or any recognized regulatory body or any stock exchange, in any territory outside Hong Kong, applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (c) below) of all the powers of the Company to purchase or repurchase shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company on the Stock Exchange or on any other stock exchange on which the shares or securities of the Company may be listed and is recognised by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and/or the requirements of the Securities and Futures Commission, the Companies Act (as revised) of the Cayman Islands, the Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the shares of all classes and securities which carry a right to subscribe or purchase shares issued directly or indirectly by the Company which may be purchased or repurchased by the Company pursuant to the approval in paragraph (a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of the passing of this resolution, and the said approval shall be limited accordingly; and
- (c) for the purpose of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company, or any applicable laws of the Cayman Islands to be held; and

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- (iii) the passing of an ordinary resolution of the shareholders of the Company in general meeting revoking or varying such mandate.”
6. “THAT conditional upon resolutions no. 4 and no. 5 above being passed (with or without amendments), the general and unconditional mandate granted to the Directors of the Company to exercise the powers of the Company to allot, issue and deal with shares of the Company pursuant to the resolution set out in resolution no. 4 above be and is hereby extended by the addition thereto an amount of shares representing the aggregate nominal amount of shares of the Company purchased or repurchased by the Company pursuant to the authority granted to the Directors of the Company under resolution no. 5 above, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of this resolution.”
7. As special business to consider and, if thought fit, pass with or without modifications, the following resolution as a special resolution:

SPECIAL RESOLUTION

“THAT the second amended and restated memorandum and articles of association of the Company (the “**Second Amended and Restated Memorandum and Articles of Association**”), a copy of which has been produced to this meeting marked “A” and for identification purpose signed by the Chairman of the meeting, be and is hereby approved and adopted in substitution for and to the exclusion of the current memorandum and articles of association of the Company with immediate effect after the close of this meeting and that the Directors of the Company be and are hereby authorized to do all things necessary to implement the adoption of the Second Amended and Restated Memorandum and Articles of Association.”

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

Hong Kong, 12 April 2022

As at the date of this Notice, 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.

Notes:

1. A member of the Company entitled to attend and vote at the 2022 AGM shall be entitled to appoint one or if he/she is a holder of two or more shares of the Company, more than one proxies to attend and vote in his/her stead. A proxy need not be a member of the Company but must be present in person in the 2022 AGM to represent the

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member. Completion and return of the form of proxy will not preclude a member of the Company from attending the 2022 AGM and voting in person should he/she so wish. In such event, his form of proxy will be deemed to have been revoked.

2. Where there are joint registered holders of any share, any one of such persons may vote at the 2022 AGM, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the 2022 AGM personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such share shall alone be entitled to vote in respect thereof.
3. A form of proxy for the 2022 AGM is enclosed. In order to be valid, the form of proxy together with the power of attorney or other authority, if any, under which it is signed, or a notarially certified copy of such power or authority, must be deposited at the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong not later than 48 hours before the time for holding the 2022 AGM or any adjournment thereof.
4. To ascertain the members' entitlement to attend and vote at the meeting, the register of members will be closed from Wednesday, 11 May 2022 to Tuesday, 17 May 2022, 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 and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 10 May 2022.
5. An explanatory statement containing further details regarding resolution no. 5 above is set out in Appendix I to the circular of the Company dated on 12 April 2022.
6. Biographical details of the retiring Directors of the Company are set out in Appendix II to the circular of the Company dated on 12 April 2022.
7. Changes introduced by the Second Amended and Restated Memorandum and Articles of Association are set out in Appendix III to the circular of the Company dated 12 April 2022.
8. Members of the Company or their proxies shall produce documents of their proof of identity when attending the 2022 AGM.
9. If Typhoon Signal No. 8 or above, or a "black" rainstorm warning is in effect any time after 7:00 a.m. on the date of the 2022 AGM, the meeting will be postponed. The Company will post an announcement on the website of Company at www.hg-semiconductor.com and on the HKExnews website of the Stock Exchange at www.hkexnews.hk to notify Shareholders of the date, time and place of the rescheduled meeting.