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PFC Device Inc.
節能元件有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8231)

HIGH CONCENTRATION OF SHAREHOLDING

This announcement is made at the request of the Stock Exchange in respect of the high concentration of shareholding of the Company in the hands of a limited number of Shareholders as at 20 April 2017.

In view of the high concentration of shareholding where Shares may have been concentrated in the hands of a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

This announcement is made at the request of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in respect of the high concentration of shareholding of PFC Device Inc. (the “**Company**”) in the hands of a limited number of shareholders of the Company (the “**Shareholders**”) as at 20 April 2017.

HIGH CONCENTRATION OF SHAREHOLDING

The Company noted that an announcement (the “**SFC Announcement**”) was published by the Securities and Futures Commission (the “**SFC**”) on 10 May 2017.

As disclosed in the SFC Announcement, the SFC has recently completed an enquiry into the shareholding of the Company. The findings suggested that as at 20 April 2017, 20 Shareholders held an aggregate of 284,252,873 Shares, representing 17.77% of the issued shares of the Company (the “**Shares**”). Such shareholding, together with 1,157,839,775 Shares (representing 72.36% of the issued Shares) held by one substantial Shareholder and two executive directors of the Company, represented 90.13% of the issued Shares. Therefore, only 157,907,352 Shares (representing approximately 9.87% of the issued Shares) were held by other Shareholders as at 20 April 2017. To the best knowledge of the board (the “**Board**”) of the directors (the “**Directors**”) of the Company after making all reasonable enquiries, the Board confirmed that it has no further knowledge of the identities of the 20 Shareholders referred to above other than the information provided in the SFC Announcement.

According to the SFC Announcement, as at 20 April 2017, the shareholding structure of the Company was as follows:

	Number of Shares held <i>(Shares)</i>	% of total number of issued Shares <i>(%)</i>
Lotus Atlantic Limited (<i>Note 1 & 2</i>)	1,152,177,939	72.01
Mr. Hong James Man-fai (<i>Note 3</i>)	2,957,998	0.18
Mr. Chow Kai Chiu David (<i>Note 4</i>)	2,703,838	0.17
A group of 20 Shareholders	284,252,873	17.77
Other Shareholders	<u>157,907,352</u>	<u>9.87</u>
Total	<u><u>1,600,000,000</u></u>	<u><u>100.00</u></u>

Note 1: Among the 1,152,177,939 Shares, 22,574,612 Shares were charged by 5 individuals (including Mr. Hong James Man-fai) pursuant to the share charges dated 7 October 2016 in favour of Lotus Atlantic Limited.

Note 2: Lotus Atlantic Limited is an indirectly wholly-owned subsidiary of Shell Electric Holdings Limited, which is owned as to 80.5% by Red Dynasty Investments Limited. Mr. Yung Kwok Kee Billy, the Chairman and non-Executive Director of the Company, is interested in 100% of the issued share capital of Red Dynasty Investments Limited.

Note 3: Mr. Hong James Man-fai is the Chief Executive Officer and an Executive Director of the Company. He held an interest of 12,531,657 Shares of which 9,573,659 Shares were charged in favour of Lotus Atlantic Limited (refer to Note 1).

Note 4: Mr. Chow Kai Chiu David is an Executive Director of the Company.

As stated in the SFC Announcement:

The Company was listed on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited on 7 October 2016 by way of placing a total of 417,249,675 Shares, representing 26.08% of the issued Shares, at HK\$0.20 per Placing Share.

In the first quarter of 2017, the Share Price of the Company traded between HK\$0.145 and HK\$0.219. During the period, the Company had made, *inter alia*, the following announcements:

- On 21 March 2017, the Company announced its Annual Results for the year ended 31 December 2016 with a reported loss of US\$82,000 as compared to a reported profit of US\$687,000 for the year ended 31 December 2015; and
- On 22 March 2017, the Company announced that an aggregate of 41,794,191 share options with an exercise price of HK\$0.165 per Share were granted to Directors, chief executive, members of senior management, employees and consultants of the Company.

Since 6 April 2017, the Share Price of the Company started to increase substantially. On 20 April 2017, the Shares closed at HK\$0.40, which was 145% higher than the closing price of HK\$0.163 on 5 April 2017. On 2 May 2017, a profit warning was announced by the Company. It was expected that the Company would record an increase in loss for the three months ended 31 March 2017 as compared to the corresponding period in 2016.

As of 9 May 2017, the Shares closed at HK\$0.395, which was 142% higher than the closing price of HK\$0.163 on 5 April 2017.

The information above is extracted from the SFC Announcement and the Board has not independently verified such information other than the shareholding held by Lotus Atlantic Limited, Mr. Hong James Man-fai and Mr. Chow Kai Chiu David based on disclosure of interests filing with the Company. Please refer to the SFC Announcement for further details.

PUBLIC FLOAT

Based on the information available and to the best knowledge of the Board after making all reasonable enquires, the Company confirms that as at 20 April 2017 and the date of this announcement, not less than 25% of the issued Shares were held in the public hands, and the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange (the “**GEM Listing Rules**”).

In view of the high concentration of shareholding where Shares may have been concentrated in the hands of a small number of Shareholders, Shareholders and prospective investors should be aware that the price of the Shares could fluctuate substantially even with a small number of Shares traded, and should exercise extreme caution when dealing in the Shares.

By order of the Board
PFC Device Inc.
CHOW Kai Chiu, David
Executive Director

Hong Kong, 10 May 2017

As at the date of this announcement, the Board comprises two executive Directors, namely, Mr. HONG James Man-fai and Mr. CHOW Kai Chiu, David; two non-executive Directors, namely, Mr. YUNG Kwok Kee, Billy and Mr. TANG Che Yin; and three independent non-executive Directors, namely, Mr. LAM, Peter, Mr. LEUNG Man Chiu, Lawrence and Mr. FAN Yan Hok, Philip.

This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM for the purpose of giving information with regard to the Company. The Directors of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement 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 announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the day of its posting and on the Company’s website at <http://www.pfc-device.com>.