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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)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2020**

**CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED
(THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the “**Directors**”) of PFC Device Inc. (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company and its subsidiaries. The Directors, 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.*

INTERIM RESULTS

The board of Directors (“**the Board**”) of the Company is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the six months ended 30 June 2020, together with the unaudited comparative figures for the corresponding period in 2019, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and the six months ended 30 June 2020

	<i>Notes</i>	Three months ended		Six months ended	
		30 June		30 June	
		2020	2019	2020	2019
		<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
		(unaudited)	(unaudited)	(unaudited)	(unaudited)
Revenue	4	6,165	4,554	9,384	8,044
Cost of sales		(4,262)	(3,860)	(7,019)	(7,098)
Gross profit		1,903	694	2,365	946
Other income		48	2	59	3
Selling and distribution expenses		(46)	(22)	(80)	(49)
Administrative expenses		(874)	(906)	(1,750)	(1,808)
Other operating expenses		(93)	(58)	(122)	(108)
Finance costs		(3)	(16)	(5)	(29)
Other (losses)/gains		(12)	(29)	27	32
Profit/(Loss) before income tax	5	923	(335)	494	(1,013)
Income tax expense	6	(97)	(70)	(103)	(75)
Profit/(Loss) for the period attributable to owners of the Company		826	(405)	391	(1,088)
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange difference arising from translation of overseas operations		84	(291)	(122)	(82)
Total comprehensive income for the period attributable to owners of the Company		910	(696)	269	(1,170)
		<i>US cents</i>	<i>US cents</i>	<i>US cents</i>	<i>US cents</i>
Earnings/(Loss) per share	8				
– Basic		0.051	(0.025)	0.024	(0.067)
– Diluted		0.051	(0.025)	0.024	(0.067)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	<i>Notes</i>	30 June 2020 US\$'000 (unaudited)	31 December 2019 US\$'000 (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,246	6,941
Right-of-use assets		235	142
Prepayments for acquisition of property, plant and equipment		10	23
Deferred tax assets		186	183
		<u>6,677</u>	<u>7,289</u>
Current assets			
Inventories		4,582	3,936
Trade and other receivables, deposits and prepayments	9	4,951	6,160
Amount due from a fellow subsidiary		1	7
Cash and bank balances		8,971	6,803
		<u>18,505</u>	<u>16,906</u>
Current liabilities			
Trade and other payables	10	3,116	2,608
Lease liabilities		175	125
Amounts due to fellow subsidiaries		108	76
Tax payable		100	20
		<u>3,499</u>	<u>2,829</u>
Net current assets		<u>15,006</u>	<u>14,077</u>
Total assets less current liabilities		<u>21,683</u>	<u>21,366</u>
Non-current liabilities			
Lease liabilities		61	17
Net assets		<u>21,622</u>	<u>21,349</u>
CAPITAL AND RESERVES			
Share capital		2,085	2,085
Reserves		19,537	19,264
Total equity		<u>21,622</u>	<u>21,349</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Share capital US\$'000	Share premium* US\$'000	Share option reserve* US\$'000	Merger reserve* US\$'000	Capital contribution* US\$'000	Translation reserve* US\$'000	Accumulated losses* US\$'000	Total equity US\$'000
Six months ended 30 June 2019 (unaudited)								
At 1 January 2019	2,085	21,067	194	905	1,247	(553)	(2,023)	22,922
Loss for the period	-	-	-	-	-	-	(1,088)	(1,088)
Other comprehensive income for the period								
– Exchange difference arising from translation of overseas operations	-	-	-	-	-	(82)	-	(82)
Total comprehensive income for the period	-	-	-	-	-	(82)	(1,088)	(1,170)
Vested share options forfeited	-	-	(2)	-	-	-	2	-
Transactions with owner:								
Share-based payment expense of options granted by the Company in 2017	-	-	10	-	-	-	-	10
At 30 June 2019	2,085	21,067	202	905	1,247	(635)	(3,109)	21,762
Six months ended 30 June 2020 (unaudited)								
At 1 January 2020	2,085	21,067	206	905	1,247	(715)	(3,446)	21,349
Profit for the period	-	-	-	-	-	-	391	391
Other comprehensive income for the period								
– Exchange difference arising from translation of overseas operations	-	-	-	-	-	(122)	-	(122)
Total comprehensive income for the period	-	-	-	-	-	(122)	391	269
Vested share options forfeited	-	-	(19)	-	-	-	19	-
Transactions with owner:								
Share-based payment expense of options granted by the Company in 2017	-	-	4	-	-	-	-	4
At 30 June 2020	2,085	21,067	191	905	1,247	(837)	(3,036)	21,622

* The total of these equity accounts at the end of the reporting period represents “Reserves” in the unaudited condensed consolidated statement of financial position.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 US\$'000 (unaudited)	2019 US\$'000 (unaudited)
Cash flows from operating activities		
Profit/(Loss) before income tax	494	(1,013)
Total non-cash adjustments	657	1,250
Total working capital adjustments	1,287	17
	<hr/>	<hr/>
Cash generated from operations	2,438	254
Income tax paid	(21)	(38)
	<hr/>	<hr/>
Net cash generated from operating activities	2,417	216
	<hr/>	<hr/>
Cash flows from investing activities		
Interest received	17	3
Purchase of property, plant and equipment	(170)	(551)
	<hr/>	<hr/>
Net cash used in investing activities	(153)	(548)
	<hr/>	<hr/>
Cash flows from financing activities		
Interest paid for bank borrowings	–	(27)
Proceeds from bank borrowings	–	1,330
Repayment of bank borrowings	–	(1,330)
Payment of principal element of lease liabilities	(112)	(172)
Payment of interest element of lease liabilities	(5)	(3)
	<hr/>	<hr/>
Net cash used in financing activities	(117)	(202)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	2,147	(534)
Cash and cash equivalents at beginning of the period	6,803	4,305
Effect of foreign exchange rate change	21	(2)
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Cash and cash equivalents at end of the period	8,971	3,769
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. GENERAL INFORMATION

PFC Device Inc. (the “**Company**”) was incorporated in the Cayman Islands as an exempted company with limited liability. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 October 2016.

The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. Its principal place of business is located at 1/F, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong.

The Group, comprising the Company and its subsidiaries, is principally engaged in manufacturing and sales of power discrete semiconductors.

The Company’s holding company is Lotus Atlantic Limited (“**Lotus Atlantic**”), a company incorporated in the British Virgin Islands and the directors of the Company consider its ultimate holding company is Shell Electric Holdings Limited (“**Shell Electric**”), a company incorporated in Bermuda.

The unaudited condensed consolidated financial information of the Group for the six months ended 30 June 2020 have not been audited but have been reviewed by the Audit Committee, and were approved for issue by the directors on 5 August 2020.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) and the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The unaudited condensed consolidated interim financial information do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2019 (the “**2019 Annual Financial Statements**”) which have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”).

The unaudited condensed consolidated interim financial information have been prepared under the historical cost basis.

The unaudited condensed consolidated interim financial information are presented in United States dollars (“**US\$**”), which is the same as the functional currency of the Company. All valued are rounded to the nearest thousand except when otherwise indicated.

The unaudited condensed consolidated interim financial information have been prepared in accordance with the same accounting policies and methods of computation as adopted by the Group in the 2019 Annual Financial Statements except for those new or amended HKFRSs as mentioned in note 3.

In preparing the unaudited condensed consolidated interim financial information, the significant judgment made by the management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those applied to the 2019 Annual Financial Statements.

3. ADOPTION OF NEW OR REVISED HKFRSs

(a) Adoption of new or revised HKFRSs effective on 1 January 2020

During the current period, the Group has applied for the first time the following new standard, amendments and interpretations issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 January 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform

The adoption of the above new or revised HKFRSs in the current period has no material impact on the amounts reported and/or disclosures set out in these unaudited condensed consolidated financial statements.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued but are not yet effective and have not been early adopted by the Group.

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendment to HKFRS 16	COVID-19 Related Rent Concessions

The directors are currently assessing the possible impact of these new or revised standards on the Group's results and financial position in the first year of application. The directors consider that these new standards and amendments are unlikely to have a material impact to the Group's financial statements.

4. REVENUE

The Group is principally engaged in manufacturing and sales of power discrete semiconductors. Revenue from contracts with customers within the scope of HKFRS 15, which is recognised at a point in time comprise:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Sales of power discrete semiconductors	6,165	4,435	9,384	7,694
Trading of raw materials	—	119	—	350
	<u>6,165</u>	<u>4,554</u>	<u>9,384</u>	<u>8,044</u>

5. PROFIT/(LOSS) BEFORE INCOME TAX

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Profit/(Loss) before income tax is arrived after charging/ (crediting):				
(Reversal of write down)/Write down of inventories to net realisable value	(153)	43	(48)	242
Depreciation of property, plant and equipment	391	412	793	830
Depreciation of right-of-use assets	57	174	114	174
Employee benefit expenses (including directors' emoluments)				
– Salaries, wages and other benefits	824	808	1,559	1,606
– Contribution to defined contribution retirement plans	19	45	43	94
– Equity-settled share-based payment expense	1	4	4	10
	<u>844</u>	<u>857</u>	<u>1,606</u>	<u>1,710</u>

6. INCOME TAX EXPENSE

The amount of income tax expense in the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended		Six months ended	
	30 June		30 June	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Other regions of the People’s Republic of China (“PRC”)				
– Enterprise Income Tax (“EIT”)	<u>100</u>	<u>59</u>	<u>100</u>	<u>59</u>
	100	59	100	59
Under provision in prior year				
– Other regions of the PRC				
– EIT	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>
– Taiwan profits tax	<u>–</u>	<u>8</u>	<u>–</u>	<u>8</u>
	1	10	1	10
Deferred tax	<u>(4)</u>	<u>1</u>	<u>2</u>	<u>6</u>
	97	70	103	75
Income tax expense	<u><u>97</u></u>	<u><u>70</u></u>	<u><u>103</u></u>	<u><u>75</u></u>

Hong Kong Profits Tax is calculated at 16.5% (2019: 16.5%) on the estimated assessable profits derived from Hong Kong for the period. Profits Tax arising from operations in Taiwan is calculated at 20% (2019: 20%) on the estimated assessable profits for the period. EIT arising from other regions of the PRC is calculated at 25% (2019: 25%) on the estimated assessable income for the period.

7. DIVIDEND

The Board does not declare the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: nil).

8. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings/(Loss)				
Profit/(Loss) for the period attributable to owners of the Company	<u>826</u>	<u>(405)</u>	<u>391</u>	<u>(1,088)</u>
	Three months ended 30 June		Six months ended 30 June	
	2020	2019	2020	2019
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Number of shares				
Weighted average number of ordinary shares in issue during the period	<u>1,618,032</u>	<u>1,618,032</u>	<u>1,618,032</u>	<u>1,618,032</u>

The calculation of the basic earnings per share for the three months and the six months ended 30 June 2020 is based on the profits for the period attributable to owners of the Company of US\$826,000 and US\$391,000, and the weighted average number of ordinary shares of 1,618,032,000 in issue during the respective periods.

The calculation of the basic loss per share for the three months and the six months ended 30 June 2019 is based on the loss attributable to owners of the Company of US\$405,000 and US\$1,088,000, and the weighted average number of ordinary shares of 1,618,032,000 in issue during the respective periods.

Diluted earnings per share for the three months and the six months ended 30 June 2020 are the same as the basic earnings per share as the Company did not assume the exercise of the outstanding share options granted by the Company on 22 March 2017 since the exercise price of the share options exceeds the average market price during the respective periods.

Diluted loss per share for the three months and the six months ended 30 June 2019 are the same as the basic loss per share as the impact of the potential dilutive ordinary shares outstanding which are the share options granted by the Company on 22 March 2017 has an anti-dilutive effect on the basic loss per share presented for the respective periods.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2020	31 December 2019
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(audited)
Trade receivables	4,635	4,161
Less: Provision for impairment	—	—
	<hr/>	<hr/>
Trade receivables, net	4,635	4,161
Other receivables	112	1,878
Deposits and prepayments	204	121
	<hr/>	<hr/>
	4,951	6,160
	<hr/> <hr/>	<hr/> <hr/>

The Group normally allows a credit period of 30 to 60 days after the month of delivery to its trade customers.

The Group has assessed that the expected credit loss rate was not significant as at 30 June 2020. Accordingly, no loss allowance for trade receivables was recognised.

The ageing analysis of trade receivables (net), based on invoice date, as of the end of the reporting period is as follows:

	30 June 2020	31 December 2019
	<i>US\$'000</i>	<i>US\$'000</i>
	(unaudited)	(audited)
0 to 30 days	1,930	1,614
31 to 60 days	1,791	1,404
61 to 90 days	803	812
Over 90 days	111	331
	<hr/>	<hr/>
	4,635	4,161
	<hr/> <hr/>	<hr/> <hr/>

10. TRADE AND OTHER PAYABLES

	30 June 2020 US\$'000 (unaudited)	31 December 2019 US\$'000 (audited)
Trade payables	1,893	1,401
Other payables and accruals	<u>1,223</u>	<u>1,207</u>
	<u>3,116</u>	<u>2,608</u>

The credit period granted by suppliers is normally 30 to 60 days after the month of delivery.

The ageing analysis of trade payables, based on invoice date, as of the end of the reporting period is as follows:

	30 June 2020 US\$'000 (unaudited)	31 December 2019 US\$'000 (audited)
0 to 30 days	1,215	871
31 to 60 days	617	496
61 to 90 days	55	28
Over 90 days	<u>6</u>	<u>6</u>
	<u>1,893</u>	<u>1,401</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the six months ended 30 June 2020, the Group's revenue increased by 17% compared with the corresponding period of last year. Second quarter comparison to the same period last year recorded an increase of 35% while quarter to quarter revenue increased by 92%.

Increase in revenue is mainly attributed to the surge in demand for computer, laptop, and TV related applications. Due to the Covid-19 and stay-at-home order in many Western countries, demands for PC, laptop, and TV have dramatically increased.

The increased in revenue, higher machine utilization of our assembly plant, and continuous cost control efforts implemented last year resulted in a return to profitability for the Group.

Looking ahead, we are cautious of the recovery prospects of the semiconductor market as the global trade conditions remain uncertain due to the US-China political tension and Covid-19.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's operations for the six months ended 30 June 2020 amounted to US\$9.4 million, representing an increase of US\$1.4 million or 17% as compared to US\$8 million for the corresponding period in 2019. Such increase was primarily attributable to the increase in the sales volume of power discrete semiconductors.

The Group's gross profit for the six months ended 30 June 2020 amounted US\$2.4 million, representing an increase of US\$1.4 million as compared to US\$1 million for the corresponding period in 2019. The gross profit margin for the six months ended 30 June 2020 was 25.2%, representing an increase of 13.4 percentage points compared to 11.8% for the corresponding period in 2019. The increase in the Group's gross profit margin was mainly due to the reversal of provision for slow moving stock in 2020 as compared to an additional provision of slow moving stock in the corresponding period in 2019. Also, the increase in sales volume resulted in a lower manufacturing overhead per unit.

Profit attributable to the owners of the Company for the six months ended 30 June 2020 was US\$0.4 million (six months ended 30 June 2019: loss of US\$1.1 million). The turnaround from loss to profit was mainly attributable to the increase of gross profit as mentioned above.

Liquidity, Financial Resources and Capital Structure

The Group was able to maintain a sound financial position with its financial resources and liquidity position consistently monitored and put in place in a healthy state throughout the period under review. Given the current economic situation, the Group would constantly re-evaluate its operational and investment status with a view to improving its cash flow and minimising its financial risks.

As at 30 June 2020, the Group had a total cash and bank balances of approximately US\$9 million (31 December 2019: US\$6.8 million) which is mainly denominated in United States Dollars.

The capital of the Group comprises only ordinary shares. As at 30 June 2020, there were 1,618,032,277 ordinary shares in issue. There has been no change in the Company's capital structure since the date of listing and up to the date of this announcement.

Foreign Exchange Exposure

Operations of the Group are mainly conducted in United States Dollars, Taiwan Dollars and Renminbi. It is the Group's treasury policy to closely monitor its foreign exchange position and manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, the Group did not engage in any hedging activities.

The Group had adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the period. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Gearing Ratio

The Group targets to maintain a gearing ratio to be in line with expected changes in economic and financial conditions, expressed as a percentage of total bank borrowings net of cash and bank balances to total equity of the Group. The gearing ratio of the Group as at 30 June 2020 was nil (31 December 2019: nil) as the Group had net cash balances at the respective period end.

Capital Commitments

As at 30 June 2020, the Group had total capital commitments of approximately US\$0.01 million (31 December 2019: US\$0.05 million) for the acquisition of property, plant and equipment.

Capital Expenditure

The Group had capital expenditures totalling US\$0.2 million for the six months ended 30 June 2020 (six months ended 30 June 2019: US\$0.5 million) for the acquisition of property, plant and equipment.

Contingent Liabilities

As at 30 June 2020, the Group did not have any significant contingent liabilities. (31 December 2019: nil)

Significant Investments/Material Acquisitions and Disposal

During the six months ended 30 June 2020, the Group had not made any significant investments or material acquisitions and disposal of subsidiaries.

Employees and Remuneration Policies

As at 30 June 2020, the Group had 137 employees (31 December 2019: 129). The pay levels of these employees are commensurate with their responsibilities, performance and market condition. In addition, share option schemes are put in place as a longer term incentive to align interests of employees to those of shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the six months ended 30 June 2020 were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

COMPETING INTERESTS

Save as disclosed in the paragraph headed “Compliance of Non-Competition Undertaking” on pages 54-55 of the 2018 annual report, during the six months ended 30 June 2020, so far as the Directors are aware, none of the Directors, the controlling shareholders and substantial shareholders, neither themselves nor their respective associates (as defined in the GEM Listing Rules) had held any position or had interest in any businesses or companies that were or might be materially competing with the business of the Group, or gave rise to any concern regarding conflict of interests.

PURCHASE, SALES OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests. During the six months ended 30 June 2020, the Company has complied with the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the required standard set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct regarding securities transactions by the Directors in respect of the shares of the Company (the “**Code of Conduct**”). The Company has made specific enquiry to the Directors, and all Directors have confirmed that they have fully complied with the required standards of dealings set out in the Code of Conduct throughout the six months ended 30 June 2020.

AUDIT COMMITTEE

The audit committee of the Company (“**Audit Committee**”) consists of two independent non-executive Directors and one non-executive Director of the Company, namely Mr. Leung Man Chiu, Lawrence (chairman of the Audit Committee), Mr. Fan Yan Hok, Philip and Mr. Yung Kwok Kee, Billy, with written terms of reference in compliance with the GEM Listing Rules. The Audit Committee has reviewed the Group’s financial information for the six months ended 30 June 2020 and this announcement.

CHANGE OF DIRECTORS’ INFORMATION

On 21 July 2020, Mr. LEUNG Man Chiu, Lawrence resigned as a non-executive director of World Super Holdings Limited, whose shares are listed on the GEM of the Stock Exchange (stock code: 8612).

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

Hong Kong, 5 August 2020

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 will remain on the “Latest Company Announcement” page of the GEM’s website at www.hkgem.com for at least 7 days from the date of publication and on the website of the Company at www.pfc-device.com.