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**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 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.*

ANNUAL RESULTS

The board of Directors (“**the Board**”) of the Company is pleased to announce the annual results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2020, together with the comparative figures for the year ended 31 December 2019, as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	<i>Notes</i>	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Revenue	4	21,098	17,997
Cost of sales		<u>(16,194)</u>	<u>(15,398)</u>
Gross profit		4,904	2,599
Other income		162	20
Selling and distribution expenses		(175)	(124)
Administrative expenses		(3,525)	(3,533)
Other operating expenses		(314)	(227)
Finance costs		(8)	(38)
Other losses		<u>(375)</u>	<u>(12)</u>
Profit/(Loss) before income tax	5	669	(1,315)
Income tax expense	6	<u>(23)</u>	<u>(110)</u>
Profit/(Loss) for the year attributable to owners of the Company		646	(1,425)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Exchange difference arising from translation of overseas operations		<u>1,192</u>	<u>(162)</u>
Other comprehensive income for the year		<u>1,192</u>	<u>(162)</u>
Total comprehensive income for the year		<u>1,838</u>	<u>(1,587)</u>
		<i>US cents</i>	<i>US cents</i>
Earnings/(Loss) per share	8		
– Basic		0.040	(0.088)
– Diluted		<u>0.040</u>	<u>(0.088)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	<i>Notes</i>	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		6,163	6,941
Right-of-use assets		244	142
Prepayments for acquisition of property, plant and equipment		196	23
Deferred tax assets		241	183
		<u>6,844</u>	<u>7,289</u>
Current assets			
Inventories		5,252	3,936
Trade and other receivables, deposits and prepayments	9	5,293	6,160
Amount due from a fellow subsidiary		5	7
Cash and bank balances		9,594	6,803
		<u>20,144</u>	<u>16,906</u>
Current liabilities			
Trade and other payables	10	3,330	2,608
Lease liabilities		244	125
Amounts due to fellow subsidiaries		182	76
Tax payable		41	20
		<u>3,797</u>	<u>2,829</u>
Net current assets		<u>16,347</u>	<u>14,077</u>
Total assets less current liabilities		23,191	21,366
Non-current liabilities			
Lease liabilities		<u>–</u>	<u>17</u>
Net assets		<u>23,191</u>	<u>21,349</u>
CAPITAL AND RESERVES			
Share capital		2,085	2,085
Reserves		21,106	19,264
Total equity		<u>23,191</u>	<u>21,349</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 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
At 1 January 2019	2,085	21,067	194	905	1,247	(553)	(2,023)	22,922
Loss for the year	-	-	-	-	-	-	(1,425)	(1,425)
Other comprehensive income for the year								
– Exchange difference arising from translation of overseas operations	-	-	-	-	-	(162)	-	(162)
Total comprehensive income for the year	-	-	-	-	-	(162)	(1,425)	(1,587)
Vested share options forfeited	-	-	(2)	-	-	-	2	-
Transactions with owner:								
Share-based payment expense of options granted by the Company in 2017	-	-	14	-	-	-	-	14
At 31 December 2019 and 1 January 2020	2,085	21,067	206	905	1,247	(715)	(3,446)	21,349
Profit for the year	-	-	-	-	-	-	646	646
Other comprehensive income for the year								
– Exchange difference arising from translation of overseas operations	-	-	-	-	-	1,192	-	1,192
Total comprehensive income for the year	-	-	-	-	-	1,192	646	1,838
Vested share option forfeited	-	-	(67)	-	-	-	67	-
Transactions with owner:								
Share-based payment expense of options granted by the Company in 2017	-	-	4	-	-	-	-	4
At 31 December 2020	2,085	21,067	143	905	1,247	477	(2,733)	23,191

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 Windward 3, Regatta Office Park, PO Box 1350, 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 (“**BVI**”) and the directors of the Company consider its ultimate holding company is Shell Electric Holdings Limited (“**Shell Holdings**”), a company incorporated in Bermuda.

The financial statements for the year ended 31 December 2020 were approved and authorised for issue by the directors of the Company on 18 March 2021.

2. BASIS OF PREPARATION

The financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The financial statements have been prepared under the historical cost basis.

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

It should be noted that accounting estimates and assumptions are used in the preparation of the financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW OR REVISED HKFRSs

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

In the current year, the Group has applied for the first time the following new standards, 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 HKAS 39, HKFRS 7 And HKFRS 9	Interest Rate Benchmark Reform

The adoption of the above new or amended HKFRSs that are effective from 1 January 2020 did not have any significant impact on the Group's accounting policies or financial results and financial position.

(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 HKAS 1 HK Interpretation 5 (2020)	Classification of Liabilities as Current or Non-Current ⁴ Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 16	Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ¹
Amendments to HKFRS 16	Covid-19 - Related Rent Concessions ⁵
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 9 Financial Instruments and Amendments to Illustrative Examples accompanying HKFRS 16 Lease ²

¹ Effective for annual periods beginning on or after 1 January 2021

² Effective for annual periods beginning on or after 1 January 2022

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022

⁴ Effective for annual periods beginning on or after 1 January 2023

⁵ Effective for annual periods beginning on or after 1 June 2020

The directors anticipate that all the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. 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 is 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. Sales from the principal activities represent revenue from contracts with customers within the scope of HKFRS 15, which is recognised at a point in time and comprises:

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Sales of power discrete semiconductors	21,098	17,463
Trading of raw materials	–	534
	<u>21,098</u>	<u>17,997</u>

5. PROFIT/(LOSS) BEFORE INCOME TAX

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Profit/(Loss) before income tax is arrived at after charging:		
Auditors' remuneration#		
Current year	93	90
Carrying amount of inventories sold	16,043	14,992
Write down of inventories to net realisable value	151	406
Write-off of property, plant and equipment	12	–
Research and development expenses*^	243	190
Depreciation of property, plant and equipment	1,610	1,653
Depreciation of right-of use assets	232	345
Employee benefit expenses (including directors' emoluments)	3,310	3,355
Payments not included in the measurement of lease liabilities relating to lease of low value assets – office equipment	–	3
	<u>–</u>	<u>3</u>

fees for audit services rendered by the auditor of the Company amounted to US\$83,000 (2019: US\$81,000)

* included in other operating expenses

^ exclude staff costs and depreciation of property, plant and equipment incurred for research and development activities

6. INCOME TAX EXPENSE

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

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Current tax		
– Hong Kong profits tax	27	–
– Other regions of the People’s Republic of China (the “ PRC ”)		
– Enterprise Income Tax (“ EIT ”)	44	55
	<u>71</u>	<u>55</u>
Under provision in prior year		
– Other region of the PRC		
– EIT	1	1
– Taiwan profits tax	–	19
	<u>1</u>	<u>20</u>
Deferred tax	<u>(49)</u>	<u>35</u>
Income tax expense	<u><u>23</u></u>	<u><u>110</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 year. Profits Tax arising from operations in Taiwan is calculated at 20% (2019: 20%) on the estimated assessable profit for the year. EIT arising from other regions of the PRC is calculated at 25% (2019: 25%) on the estimated assessable income for the year.

7. DIVIDEND

No dividend was paid or proposed during the year ended 31 December 2020, nor has any dividend been proposed since the end of the reporting period (2019: nil).

8. EARNINGS/(LOSS) PER SHARE

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

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Profit/(Loss)		
Profit/(Loss) for the year attributable to owners of the Company	646	(1,425)
	2020	2019
	Number	Number
	of shares	of shares
	'000	'000
Number of shares		
Weighted average number of ordinary shares in issue during the year	1,618,032	1,618,032

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of US\$646,000 (2019: loss of US\$1,425,000), and the weighted average number of ordinary shares in issue during the year of 1,618,032,000 (2019: 1,618,032,000).

Diluted earnings per share for the year ended 31 December 2020 is 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 is higher than the average market price of the Company for the year.

Diluted loss per share for the year ended 31 December 2019 is 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 year ended 31 December 2019.

9. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
Trade receivables	4,304	4,161
Less: Provision for impairment	<u>—</u>	<u>—</u>
Trade receivables, net	4,304	4,161
Other receivables	114	1,878
Deposits and prepayments	<u>875</u>	<u>121</u>
	<u>5,293</u>	<u>6,160</u>

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

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

	2020	2019
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 30 days	1,760	1,614
31 to 60 days	1,778	1,404
61 to 90 days	723	812
Over 90 days	<u>43</u>	<u>331</u>
	<u>4,304</u>	<u>4,161</u>

10. TRADE AND OTHER PAYABLES

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
Trade payables	1,938	1,401
Other payables and accruals	<u>1,392</u>	<u>1,207</u>
	<u>3,330</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:

	2020 <i>US\$'000</i>	2019 <i>US\$'000</i>
0 to 30 days	808	871
31 to 60 days	1,019	496
61 to 90 days	105	28
Over 90 days	<u>6</u>	<u>6</u>
	<u>1,938</u>	<u>1,401</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The year 2020 saw a robust V-shaped recovery for the semiconductor industry. Worldwide stay-at-home measures resulted in strong demand for TV, gaming, and computing systems (such as PC, laptops, tablet, and servers) to support home-based working, learning, and entertainment. As a result, the Group experienced an increase of 17.2% in revenue and 88.5% in gross profit over the year. Demand outstripped supplies as the Group's revenue was limited by the wafer output capacity of our partnered foundries.

Production output at the Shunde factory was impacted in Q1 due to Covid-19 lock-down and the extended CNY closure and it resumed back to normal with minimal impact for the remaining year. As such, the Group's revenue for the first two months of 2020 was affected, resulting in a drop by approximately 33% compared to similar period in 2019. As a result of the stay-at-home order in many countries surged the demand for consumer electronics products, the Group's annual total revenue for 2020 increased by US\$3.1 million. With previously implemented cost and expenses control measures along with higher overall production utilization rate at the factory resulted in a gross margin improvement of 8.8% from the prior year period.

Business Outlook

We forecast 2021 to be a strong growth year for the semiconductor industry. Major growth comes from 5G and AI computing devices and we expect that demand will continue to outstrip supplies. As such, a major challenge for the Group is to ensure sufficient wafer supplies for the year. The Group is currently exploring and qualifying additional foundry which we hope to bring into production in Q2.

With China being able to control the spread of the coronavirus and as more people are getting vaccinated, the Group does not expect the coronavirus will have much negative impact to our business and operations. Suppliers and customers of the Group are principally located across China while a majority of our customers' completed end products are exported to the US and Europe.

The Directors consider the business environment to remain challenging. In addressing the adverse impact resulted from any uncertainties, we will endeavor to identify areas for cost savings and devote resources to enhance productivity and operating efficiencies.

Principal Risk and Uncertainties

The principal risks and uncertainties in implementing the Group's business strategies include the followings:

1. *Customer base*

Our five largest customers accounted for a significant portion of our revenue. If any of the key customer reduces, delays or cancels its orders to the Group, our profit level may be adversely affected.

2. *Supply of materials*

We are dependent on the continuous supply of epitaxy and wafer foundry capacities from a few suppliers. Any shortage or delay in the supply of the necessary materials and foundry capacities, or any significant change in these costs in which the Group may not be able to shift the costs to its customers, resulting in adverse impact on our business and results of operation.

3. *Research and development*

The Group maintains its own research and development team, primarily focusing on improvement of product performance, new product models and technology improvement. Failure to launch new products to the market to meet customers' demand may results in adverse impact on the Group competitive edge.

4. *Packaging production capacity*

The Group relies on stable operation of its production facilities and adequate labour force for production. Any equipment failure, industrial accidents and other catastrophic events, which could have a material adverse effect on our business and results of operations.

In addressing these risks and uncertainties, the Group continues to implement its strategies to expand its products portfolio and strives to explore potential customers. The Group makes great effort to establish good relationship with our suppliers. The production facilities of the Group are subject to regular inspection, maintenance and part replacement, as well as appropriate training is provided to all operating and administrative staff on safety matters.

Financial Review

Revenue and Operating Results

Revenue from the Group's operations for the year ended 31 December 2020 amounted to approximately US\$21.1 million, representing an increase of US\$3.1 million or 17.2% compared to US\$18 million for 2019. Such increase was primarily attributable to the increase in sales volume of the power discrete semiconductors.

The Group's gross profit for the year ended 31 December 2020 amounted to US\$4.9 million, representing an increase of US\$2.3 million as compared to US\$2.6 million for the year ended 31 December 2019. The gross profit margin for the year ended 31 December 2020 was 23.2%, representing an increase of 8.8 percentage points as compared to 14.4% for 2019. The increase in the Group's gross profit was mainly due to the increase in sales volume resulted in a lower manufacturing overhead per unit. In addition, there was a reversal of US\$0.4 million slow moving stock consumed back in manufacturing of the Group's products, the overall provision for inventories significantly reduced as compared to 2019.

Profit attributable to the owners of the Company for the year ended 31 December 2020 was US\$0.6 million as compared to a loss attributable to owners of the Company of US\$1.4 million in 2019. The turnaround from loss to profit was mainly attributable to the increase in gross profit 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.

Despite the COVID-19 challenging environment this year, the Group have sufficient working capital to meet its financial obligations. As at 31 December 2020, the Group had a total cash and bank balances of approximately US\$9.6 million, which is mainly denominated in Renminbi (2019: approximately US\$6.8 million, which is mainly denominated in United States dollars).

The Group had no bank borrowing as at 31 December 2020 (31 December 2019: Nil). During the year, the interest coverage calculated as operating profit divided by total interest expenses from bank borrowings net of interest income, stood at nil as at 31 December 2020 (2019: 41 times).

The capital of the Group comprises only ordinary shares. As at 31 December 2020, there were 1,618,032,277 ordinary shares in issue. There has been no change in the Company's capital structure since 7 October 2016 (the "**Listing Date**").

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 year ended 31 December 2020, the Group did not engage in any hedging activities.

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the year ended 31 December 2020. 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 31 December 2020 was nil (31 December 2019: nil) as the Group had net cash balances at the respective year end.

Capital Commitments

As at 31 December 2020, the Group had total capital commitments of approximately US\$1.01 million (2019: US\$0.05 million) for the acquisition of property, plant and equipment.

Capital Expenditure

The Group had capital expenditures on property, plant and equipment totalling US\$0.6 million during the year ended 31 December 2020 (2019: US\$0.3 million).

Contingent Liabilities

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

Significant Investments/Material Acquisitions and Disposal

During the year ended 31 December 2020, the Group had not made any significant investments or material acquisitions and disposal of any subsidiaries.

Employees and Remuneration Policies

As at 31 December 2020, the Group had 138 employees (2019: 129). The Group's total employee benefit expenses for the year ended 31 December 2020 amounted to approximately US\$3.3 million (2019: US\$3.4 million). 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.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

All the independent non-executive directors (the "INED") were delegated with the authority to review on an annual basis the compliance with the non-competition undertaking given by each of Lotus Atlantic, Sybond Venture Limited, Shell Holdings, Red Dynasty Investments Limited and Mr. Yung Kwok Kee, Billy, the controlling shareholders of the Company (collectively, the "Covenantors") in favour of the Company dated 19 September 2016 (the "Non-Competition Deed"). The Covenantors have provided to the Company all information necessary for the annual review by the INEDs and the Covenantors have confirmed to the Company that each of the Covenantors and his/its associates have not breached the terms of the undertakings contained in the Non-Competition Deed. All INEDs confirmed that they are not aware of any non-compliance with the Non-Competition Deed by the Covenantors since the effective date of the Non-Competition Deed and up to the date of this announcement, including a transaction approved by them as disclosed in the paragraph headed "Compliance of Non-Competition Undertaking" on pages 54-55 of the 2018 annual report.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the listed shares of the Company during the year ended 31 December 2020.

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.

The Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) set out in Appendix 15 to the GEM Listing Rules have been duly adopted by the Board as the code on corporate governance practices of the Company.

Throughout the year ended 31 December 2020, the Company had complied with the applicable code provisions of the CG Code as set out in Appendix 15 of the GEM Listing Rules.

CODE OF CONDUCT FOR 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 all Directors, and all Directors have confirmed that they have fully complied with the required standard of dealings set out in the Code of Conduct throughout the year ended 31 December 2020.

AUDIT COMMITTEE AND REVIEW OF ACCOUNTS

The Company established an audit committee (“**Audit Committee**”) on 19 September 2016 with its written terms of reference in compliance with paragraphs C3.3 and C3.7 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control and risk management systems of the Group, nominate and monitor external auditors and to provide advice and comment to the Board on matters related to corporate governance. The Audit Committee consists of two independent non-executive directors and one non-executive director, namely Mr. LEUNG Man Chiu, Lawrence, Mr. FAN Yan Hok, Philip and Mr. YUNG Kwok Kee, Billy. Mr. LEUNG Man Chiu, Lawrence currently serves as the chairman of the Audit Committee.

The Audit Committee has discussed and reviewed with management the annual results and consolidated financial statements for the year ended 31 December 2020.

REVIEW OF THIS ANNUAL RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 31 December 2020 as set out in this preliminary announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by BDO Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO Limited on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the members' entitlement to attend and vote at the forthcoming annual general meeting, the register of members will be closed from Friday, 30 April 2021 to Thursday, 6 May 2021, both days inclusive, during which period no transfer of the Company's shares will be effected. Shareholders are reminded to ensure that all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. Thursday, 29 April 2021.

By order of the Board
PFC Device Inc.
YUNG Kwok Yee, Billy
Chairman

Hong Kong, 18 March 2021

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.