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(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8231)

**(1) MAJOR AND DISCLOSEABLE TRANSACTIONS IN RELATION TO THE PURCHASES OF EQUIPMENT;
(2) ADVANCE TO AN ENTITY; AND
(3) DISCLOSEABLE TRANSACTION IN RELATION TO THE CONSTRUCTION CONTRACT**

PURCHASES FROM MAIN-YOU AND ADVANCE TO AN ENTITY

During the period from 22 March 2021 to 23 September 2021, PFC Device (HK), an indirect wholly-owned subsidiary of the Company, entered into the Main-you Purchase Orders with Main-you, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$9.4 million (equivalent to approximately HK\$73.5 million).

Pursuant to the settlement terms of each of the Main-you Purchase Orders, the Group made non-refundable deposits to Main-you, which are on normal commercial terms, without any interest or collateral. As at the date of this announcement, the aggregate amount of deposits made to Main-you was approximately US\$4.7 million (equivalent to approximately HK\$36.7 million).

PURCHASES FROM CHANGXING

On 26 May 2021 and 31 May 2021, PFC Device (HK) entered into the Changxing Purchase Orders with Changxing, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$3.1 million (equivalent to approximately HK\$23.8 million).

PURCHASES FROM HANDY

On 29 July 2021, PFC Device (HK) entered into the Handy Purchase Orders with Handy, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$1.1 million (equivalent to approximately HK\$8.5 million).

PURCHASES FROM LISHUN

During the period from 14 September 2020 to 3 July 2021, PFC Device (GD), an indirect wholly-owned subsidiary of the Company, entered into the Lishun Purchase Orders with Lishun (HK) and Lishun (SZ), both being an Independent Third Party, for the purchases of semiconductor packaging and/or assembly equipment at an aggregate consideration of approximately HK\$9.7 million.

PURCHASES FROM YOU-YANG

On 23 September 2021, PFC Device (HK) entered into the You-yang Purchase Orders with You-yang, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$13.1 million).

CONSTRUCTION CONTRACT

On 23 September 2021, PFC Device (GD), as the principal, entered into the Construction Contract with Yuhong, an Independent Third Party, as the contractor in relation to the construction of a cleanroom situated at the wafer fabrication manufacturing facility at the Group's factory in Shunde, the PRC for a total contract sum of RMB9,980,000 (equivalent to approximately HK\$11,976,000) (inclusive of applicable value-added tax rate).

GEM LISTING RULES IMPLICATIONS

As the Group entered into the Main-you Purchase Orders with Main-you within a 12-month period, the transactions contemplated under the Main-you Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Main-you Purchase Orders in aggregate exceed(s) 25% but is/are less than 100%, the transactions contemplated under the Main-you Purchase Orders in aggregate constituted a major transaction of the Company and is thus subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the aggregate deposits made to Main-you exceeds 8% under the assets ratio (as defined under the GEM Listing Rules), which constituted advance to an entity under Rule 17.15 of the GEM Listing Rules and is therefore subject to the general disclosure obligations under Rule 17.15 and 17.17 of the GEM Listing Rules.

As the Group entered into the Changxing Purchase Orders with Changxing within a 12-month period, the transactions contemplated under the Changxing Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Changxing Purchase Orders in aggregate exceed(s) 25% but is/are less than 100%, the transactions contemplated under the Changxing Purchase Orders in aggregate constituted a major transaction of the Company and is thus subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Group entered into the Handy Purchase Orders with Handy within a 12-month period, the transactions contemplated under the Handy Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Handy Purchase Orders in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under the Handy Purchase Orders in aggregate constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Group entered into the Lishun Purchase Orders with Lishun (HK) and Lishun (SZ) within a 12-month period and Lishun (HK) and Lishun (SZ) are connected parties with the same ultimate beneficial owner(s), therefore, the transactions contemplated under the Lishun Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Lishun Purchase Orders in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under the Lishun Purchase Orders in aggregate constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Group entered into the You-yang Purchase Orders with You-yang within a 12-month period, the transactions contemplated under the You-yang Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the You-yang Purchase Orders in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under the You-yang Purchase Orders in aggregate constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Construction Contract exceed(s) 5% but is/are less than 25%, the entering into the Construction Contract constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

The Company acknowledged that the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules in respect of the Main-you Purchase Orders, Changxing Purchase Orders, Handy Purchase Orders and Lishun Purchase Orders as disclosed above had been delayed due to the misinterpretation of Chapter 17 and Chapter 19 of the GEM Listing Rules by the management of the Company. To prevent the recurrence of similar incidents and ensure timely compliance with the relevant requirements of the GEM Listing Rules in the future, the Company has taken certain measures as further set out in the section headed "Remedial Measures" in this announcement.

CONTROLLING SHAREHOLDER'S WRITTEN APPROVAL

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder and their respective associates has a material interest in the Main-you Purchase Orders and the Changxing Purchase Orders, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Main-you Purchase Orders and the Changxing Purchase Orders. As at the date of this announcement, Lotus Atlantic Limited is the controlling Shareholder of the Company and beneficially holds 85,105,625 Shares, representing 70.13% of the entire issued Share capital of the Company. Written approval for the Main-you Purchase Orders and the Changxing Purchase Orders has been obtained from Lotus Atlantic Limited on 23 September 2021. Pursuant to Rule 19.44 of the GEM Listing Rules, such written shareholder's approval will be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for approving the Main-you Purchase Orders and the Changxing Purchase Orders.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Main-you Purchase Orders and the Changxing Purchase Orders and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders for information purpose as soon as possible within 15 Business Days after the date of this announcement.

PURCHASES FROM MAIN-YOU AND ADVANCE TO AN ENTITY

During the period from 22 March 2021 to 23 September 2021, PFC Device (HK), an indirect wholly-owned subsidiary of the Company, entered into the Main-you Purchase Orders with Main-you, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$9.4 million (equivalent to approximately HK\$73.5 million). The principal terms of each of the Main-you Purchase Orders are set out as follows.

No.	Date of purchase order	Name of equipment	Consideration <i>(US\$'000)</i>	Settlement terms
1	22 March 2021	Photo Stepper (NSR-2205i12D)	2,575	60% of the consideration as deposit; and the remaining 40% of the consideration to be paid upon delivery

No.	Date of purchase order	Name of equipment	Consideration (US\$'000)	Settlement terms
2	3 May 2021	Ion Implanter (AMAT XR80 LEAP II)	1,980	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
3	15 June 2021	Metal Deposition (AMAT/P5000 SACVD)	1,550	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
4	18 June 2021	Metal Deposition (AMAT/P5000 PECVD)	1,280	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
5	8 July 2021	Rapid Thermal Oxidation System (AG 8810 before metal)	840	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
6	8 July 2021	Rapid Thermal Annealing System (AG 8810 after metal)	680	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
7	23 September 2021	Control Rack (Nikon I12D)	515	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

The amount of consideration of each of the Main-you Purchase Orders includes fees in relation to, inter alia, the purchase and refurbishment of equipment, installation services and delivery and insurance costs. Each of the above considerations payable by the Group is on normal commercial terms and is agreed after arm's length negotiation principally with reference to the market price of each equipment and its corresponding installation. The considerations shall be payable by telegraphic transfer, which will be financed by internal cash resources of the Group and/or shareholders' loans from Shell Electric, the controlling shareholder of the Company and its subsidiaries (other than the Group) and/or net proceeds raised from the Rights Issue.

Pursuant to the settlement terms of each of the Main-you Purchase Orders, the Group made non-refundable deposits to Main-you, which are on normal commercial terms, without any interest or collateral. As at the date of this announcement, the aggregate amount of deposits made to Main-you was approximately US\$4.7 million (equivalent to approximately HK\$36.7 million).

PURCHASES FROM CHANGXING

On 26 May 2021 and 31 May 2021, PFC Device (HK) entered into the Changxing Purchase Orders with Changxing, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$3.1 million (equivalent to approximately HK\$23.8 million). The principal terms of each of the Changxing Purchase Orders are set out as follows.

No.	Date of purchase order	Name of equipment	Consideration (US\$'000)	Settlement terms
1	26 May 2021	Metal Etcher (Metal and Nitride etching)	1,650	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
2	31 May 2021	Metal Etcher (Oxide and Poly etching)	1,400	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

The amount of consideration of each of the Changxing Purchase Orders includes fees in relation to, inter alia, the purchase and refurbishment of equipment, installation services and delivery and insurance costs. Each of the above considerations payable by the Group is on normal commercial terms and is agreed after arm's length negotiation principally with reference to the market price of each equipment and its corresponding installation. The considerations shall be payable by telegraphic transfer, which will be financed by internal cash resources of the Group and/or shareholders' loans from Shell Electric, the controlling shareholder of the Company and its subsidiaries (other than the Group) and/or net proceeds raised from the Rights Issue.

PURCHASES FROM HANDY

On 29 July 2021, PFC Device (HK) entered into the Handy Purchase Orders with Handy, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$1.1 million (equivalent to approximately HK\$8.5 million). The principal terms of each of the Handy Purchase Orders are set out as follows.

No.	Date of purchase order	Name of equipment	Consideration (US\$'000)	Settlement terms
1	29 July 2021	Asher (Gasonic L3510 before metal)	549	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
2	29 July 2021	Asher (Gasonic L3510 after metal)	546	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

The amount of consideration of each of the Handy Purchase Orders includes fees in relation to, inter alia, the purchase and refurbishment of equipment, installation services and delivery and insurance costs. Each of the above considerations payable by the Group is on normal commercial terms and is agreed after arm's length negotiation principally with reference to the market price of each equipment and its corresponding installation. The considerations shall be payable by telegraphic transfer, which will be financed by internal cash resources of the Group and/or shareholders' loans from Shell Electric, the controlling shareholder of the Company and its subsidiaries (other than the Group) and/or net proceeds raised from the Rights Issue.

PURCHASES FROM LISHUN

During the period from 14 September 2020 to 3 July 2021, PFC Device (GD), an indirect wholly-owned subsidiary of the Company, entered into the Lishun Purchase Orders with Lishun (HK) and Lishun (SZ), both being an Independent Third Party, for the purchases of semiconductor packaging and/or assembly equipment at an aggregate consideration of approximately HK\$9.7 million. The principal terms of each of the Lishun Purchase Orders are set out as follows.

No.	Date of purchase order	Name of equipment	Consideration	Settlement terms
1#	14 September 2020	Tester (Azur Xi805)	RMB390,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
2	29 October 2020	DFN5x6 Mold Trim Conversion Kit	US\$162,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
3	2 November 2020	DFN5x6 Mold Conversion Kit	US\$148,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
4	11 December 2020	Die Bonder (ASM SD832D)	US\$179,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
5	11 December 2020	Die Bonder (ASM SD832D)	US\$179,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
6	11 December 2020	Wire Bonder (ASM Hercules)	US\$370,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

No.	Date of purchase order	Name of equipment	Consideration	Settlement terms
7	22 June 2021	DFN5x6 Clip Conversion Kit	US\$43,000	30% of the consideration as deposit; 60% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
8 [#]	3 July 2021	Wire Bonder (K&S)	RMB630,000	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

These purchase orders were entered into by the Group with Lishun (SZ) and the remaining six purchase orders were entered into by the Group with Lishun (HK).

The amount of consideration of each of the Lishun Purchase Orders includes fees in relation to, inter alia, the purchase and refurbishment of equipment, installation services and delivery and insurance costs. Each of the above considerations payable by the Group is on normal commercial terms and is agreed after arm's length negotiation principally with reference to the market price of each equipment and its corresponding installation. The considerations shall be payable by telegraphic transfer or bank transfer, which will be financed by internal cash resources of the Group.

PURCHASES FROM YOU-YANG

On 23 September 2021, PFC Device (HK) entered into the You-yang Purchase Orders with You-yang, an Independent Third Party, for the purchases of wafer fabrication equipment at an aggregate consideration of approximately US\$1.7 million (equivalent to approximately HK\$13.1 million). The principal terms of each of the You-yang Purchase Orders are set out as follows.

No.	Date of purchase order	Name of equipment	Consideration (US\$'000)	Settlement terms
1	23 September 2021	WET Bench (RCA cleaner)	690	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

No.	Date of purchase order	Name of equipment	Consideration (US\$'000)	Settlement terms
2	23 September 2021	WET Bench (PR strip after metal)	545	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation
3	23 September 2021	WET Bench (PR strip/oxide before metal)	445	50% of the consideration as deposit; 40% of the consideration to be paid upon delivery; and the remaining 10% to be paid after installation

The amount of consideration of each of the You-yang Purchase Orders includes fees in relation to, inter alia, the purchase and refurbishment of equipment, installation services and delivery and insurance costs. Each of the above considerations payable by the Group is on normal commercial terms and is agreed after arm's length negotiation principally with reference to the market price of each equipment and its corresponding installation. The considerations shall be payable by telegraphic transfer, which will be financed by internal cash resources of the Group and/or shareholders' loans from Shell Electric, the controlling shareholder of the Company and its subsidiaries (other than the Group) and/or net proceeds raised from the Rights Issue.

CONSTRUCTION CONTRACT

On 23 September 2021, PFC Device (GD), as the principal, entered into the Construction Contract with Yuhong, an Independent Third Party, as the contractor in relation to the construction of a cleanroom situated at the wafer fabrication manufacturing facility at the Group's factory in Shunde, the PRC for a total contract sum of RMB9,980,000 (equivalent to approximately HK\$11,976,000) (inclusive of applicable value-added tax rate).

The principal terms of the Construction Contract are set out below:

- Date : 23 September 2021
- Parties : (i) PFC Device (GD), as the principal; and
(ii) Yuhong, as the contractor.

- Scope of construction : Construction of a class 10/100 cleanroom including HEPA air filtration system, elevated flooring, air conditioning with stringent temperature and humidity control, decontamination area with door interlocks, special chemical piping and air duct, etc.
- Construction period : Not more than 100 days, subject to changes to be mutually agreed between PFC Device (GD) and Yuhong.
- Contract sum : RMB9,980,000 (equivalent to approximately HK\$11,976,000), inclusive of applicable value-added tax rate.
- Payment terms : PFC Device (GD) shall pay the contract sum in cash in the manners set out below:
- (i) 40% of the contract sum shall be paid within seven days upon the signing of the Construction Contract;
 - (ii) 40% of the contract sum shall be paid upon completion of the main construction works;
 - (iii) 15% of the contract sum shall be paid upon the completion of the construction works and passing of the satisfactory inspection by PFC Device (GD); and
 - (iv) the remaining 5% of the contract sum, being the retention money, shall be paid within seven days upon expiry of the one-year quality warranty period.

The contract sum is determined between the parties after arm's length negotiations and on normal commercial terms, taking into account the prevailing market price of construction of similar scale and complexity of the materials, equipment and facilities required and labour costs for the construction of the cleanroom. The contract sum shall be payable by way of bank transfer, which will be financed by the Group's internal cash resources and/or shareholders' loans from Shell Electric, the controlling shareholder of the Company and its subsidiaries (other than the Group) and/or net proceeds raised from the Rights Issue.

REASONS FOR AND BENEFITS OF PURCHASES OF EQUIPMENT AND ENTERING INTO THE CONSTRUCTION CONTRACT

The Group is principally engaged in design, manufacturing and sales of its own branded power discrete semiconductors namely Schottky and MOSFET.

As mentioned in the Prospectus, the Group currently outsources the wafer fabrication process for the production of all of its power discrete semiconductors to external wafer foundries. The Board believes that the increasing demand for high-speed wireless communications in various sectors will continue to raise the demand for 5G devices. Also, the Board is of the view that automotive manufacturers demand more 5G and AI computing devices for the development of more advanced and self-driving vehicles, therefore, 5G and AI computing devices will become the important electronic applications driving growth in semiconductors market in the coming years. As disclosed in the annual report of the Company for the year ended 31 December 2020, due to the strong growth of 5G and AI computing devices, the demand for wafer will continue to outstrip supplies. The Board expects that the global shortage of semiconductors caused by the COVID-19 was likely to be prolonged for years because of the (i) limited production capacity for power discrete semiconductors; and (ii) surge in demand of electronic products driven by the pandemic. As such, the major challenge for the Group is to ensure sufficient supply of wafer. The in-house fabrication capability can alleviate the Company's reliance on external wafer supply which has fallen short of demand globally since the outset of the pandemic. Therefore, as mentioned in the Prospectus, the Group intended to construct a wafer fabrication manufacturing facility at its factory in Shunde, the PRC. The wafer fabrication manufacturing facility will primarily carry out the fabrication process for the Group's MOSFET which is expected to commence operation in 2023.

The wafer fabrication equipment acquired under the Main-you Purchase Orders, Changxing Purchase Orders, Handy Purchase Orders and You-yang Purchase Orders will be deployed at the Group's wafer fabrication manufacturing facility at its factory in Shunde, the PRC.

The semiconductor packaging and/or assembly equipment acquired under the Lishun Purchase Orders are mainly for the packaging assembly operation of the Group's Schottky and MOSFET products. The Directors are of the view that the equipment acquired, upon their commencement of operation, will increase the production capacity of the Group's Schottky and MOSFET products.

Entering into the Construction Contract is for the construction of a cleanroom including HEPA air filtration system, elevated flooring, air conditioning with stringent temperature and humidity control, decontamination area with door interlocks, special chemical piping and air duct, etc. The new cleanroom forms part of the Group's wafer fabrication manufacturing facility at its factory in Shunde, the PRC, which is used for the wafer fabrication process for the Group's MOSFET.

In view of the above, the Board is of the view that the terms of each of the Main-you Purchase Orders, Changxing Purchase Orders, Handy Purchase Orders, Lishun Purchase Orders, You-yang Purchase Orders and Construction Contract are on normal commercial terms and are fair and reasonable. The Board also considers that the Main-you Purchase Orders, Changxing Purchase Orders, Handy Purchase Orders, Lishun Purchase Orders, You-yang Purchase Orders and Construction Contract are in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTIES

Main-you is mainly engaged in the selling and refurbishment of used semiconductor equipment in Taiwan. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Main-you and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

Changxing is mainly engaged in the selling and refurbishment of used semiconductor equipment in Taiwan. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Changxing and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

Handy is mainly engaged in the selling and refurbishment of used semiconductor equipment in Taiwan. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Handy and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

Lishun (HK) is mainly engaged in the selling of new and used semiconductor packaging and/or assembly equipment in the PRC. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Lishun (HK) and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

Lishun (SZ) is mainly engaged in the selling of new and used semiconductor packaging and/or assembly equipment in the PRC. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Lishun (SZ) and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

You-yang is mainly engaged in the selling and refurbishment of used semiconductor equipment in Taiwan. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, You-yang and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

Yuhong is mainly engaged in the material production, equipment production, intelligent control and engineering installation in relation to cleanroom system in the PRC. As at the date of this announcement, to the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, Yuhong and its ultimate beneficial owner(s) are Independent Third Parties to the Company and its connected persons.

GEM LISTING RULES IMPLICATIONS

As the Group entered into the Main-you Purchase Orders with Main-you within a 12-month period, the transactions contemplated under the Main-you Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Main-you Purchase Orders in aggregate exceed(s) 25% but is/are less than 100%, the transactions contemplated under the Main-you Purchase Orders in aggregate constituted a major transaction of the Company and is thus subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As at the date of this announcement, the aggregate deposits made to Main-you exceeds 8% under the assets ratio (as defined under the GEM Listing Rules), which constituted advance to an entity under Rule 17.15 of the GEM Listing Rules and is therefore subject to the general disclosure obligations under Rule 17.15 and 17.17 of the GEM Listing Rules.

As the Group entered into the Changxing Purchase Orders with Changxing within a 12-month period, the transactions contemplated under the Changxing Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Changxing Purchase Orders in aggregate exceed(s) 25% but is/are less than 100%, the transactions contemplated under the Changxing Purchase Orders in aggregate constituted a major transaction of the Company and is thus subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

As the Group entered into the Handy Purchase Orders with Handy within a 12-month period, the transactions contemplated under the Handy Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Handy Purchase Orders in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under the Handy Purchase Orders in aggregate constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Group entered into the Lishun Purchase Orders with Lishun (HK) and Lishun (SZ) within a 12-month period and Lishun (HK) and Lishun (SZ) are connected parties with the same ultimate beneficial owner(s), therefore, the transactions contemplated under the Lishun Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the Lishun Purchase Orders in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under the Lishun Purchase Orders in aggregate constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As the Group entered into the You-yang Purchase Orders with You-yang within a 12-month period, the transactions contemplated under the You-yang Purchase Orders are considered and aggregated as a series of transactions under Chapter 19 of the GEM Listing Rules. As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the transactions contemplated under the You-yang Purchase Orders in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under the You-yang Purchase Orders in aggregate constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

As one or more of the applicable percentage ratio(s) (as defined under the GEM Listing Rules) in respect of the Construction Contract exceed(s) 5% but is/are less than 25%, the entering into the Construction Contract constituted a discloseable transaction of the Company and is thus subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

REMEDIAL MEASURES

The Company acknowledged that the reporting, announcement, circular and shareholders' approval requirements under the GEM Listing Rules in respect of the Main-you Purchase Orders, Changxing Purchase Orders, Handy Purchase Orders and Lishun Purchase Orders as disclosed above had been delayed due to the misinterpretation of Chapter 17 and Chapter 19 of the GEM Listing Rules by the management of the Company. Particularly, the revenue exemption under Rule 19.04(1)(g) of the GEM Listing Rules was misinterpreted in such a way that it would be applicable with respect to the Group's purchases of equipment in its ordinary and usual course of business. The Company would like to stress that the late disclosure was inadvertent and the Company had no intention to withhold any information from disclosure.

In order to prevent the recurrence of similar incidents and ensure timely compliance with the relevant requirements of the GEM Listing Rules in the future, the Company has taken the following remedial measures:

- (i) the Company will organise more frequent training and circulate compliance guidance and materials on a regular basis to staff responsible for purchase of equipment so as to remind and refresh their knowledge and understanding on the requirements of the GEM Listing Rules, especially the requirements under Chapter 17 and 19 of the GEM Listing Rules;
- (ii) the Company will enhance its internal control system by, among other things, (i) adopting and implementing internal policies and guidelines on purchase of equipment; and (ii) monitoring the aggregated transaction amounts within a 12-month period for any transactions to be conducted with same supplier, to ensure that better coordination and reporting arrangements of purchase of equipment will be carried out among various departments of the Company responsible for reporting, monitoring and handling such transaction;
- (iii) the Company will, as and when appropriate and necessary, appoint financial advisers and/or legal advisers to advise on compliance matters under the GEM Listing Rules, especially the requirements under Chapter 17 and 19 of the GEM Listing Rules, if necessary; and
- (iv) the Company will consult the Stock Exchange at an early stage before entering into any proposed transactions if the Company was in doubt as to what disclosure requirements should be applied to the proposed transactions.

Going forward, the Company will make such disclosure in a timely manner to ensure compliance with the GEM Listing Rules.

CONTROLLING SHAREHOLDER'S WRITTEN APPROVAL

To the best of the Directors' knowledge, information and belief after having made all reasonable enquiries, no Shareholder and their respective associates has a material interest in the Main-you Purchase Orders and the Changxing Purchase Orders, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approving the Main-you Purchase Orders and the Changxing Purchase Orders. As at the date of this announcement, Lotus Atlantic Limited is the controlling Shareholder of the Company and beneficially holds 85,105,625 Shares, representing 70.13% of the entire issued Share capital of the Company. Written approval for the Main-you Purchase Orders and the Changxing Purchase Orders has been obtained from Lotus Atlantic Limited on 23 September 2021. Pursuant to Rule 19.44 of the GEM Listing Rules, such written shareholder's approval will be accepted in lieu of holding a general meeting of the Company, and accordingly, no general meeting of the Company will be convened for the approving the Main-you Purchase Orders and the Changxing Purchase Orders.

DESPATCH OF CIRCULAR

A circular containing, among other things, further details of the Main-you Purchase Orders and the Changxing Purchase Orders and other information as required under the GEM Listing Rules is expected to be despatched to the Shareholders for information purpose as soon as possible within 15 Business Days after the date of this announcement.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than a Saturday or a Sunday or public holiday or a day on which a black rainstorm warning or tropical cyclone warning signal number 8 or above is issued in Hong Kong at any time between 9:00 a.m. and 12:00 noon and is not cancelled at or before 12:00 noon) on which licensed banks in Hong Kong are generally open for business
“Changxing”	Changxing International System Co., Ltd., a company established in Taiwan
“Changxing Purchase Orders”	the wafer fabrication equipment purchase orders entered into between PFC Device (HK) and Changxing on 26 May 2021 and 31 May 2021
“Company”	PFC Device Inc., a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Construction Contract”	the construction contract dated 23 September 2021 entered into between PFC Device (GD) and Yuhong in relation to the construction of a cleanroom situated at the wafer fabrication manufacturing facility at the Group’s factory

“controlling shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	GEM operated by the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency for the time being of Hong Kong
“Handy”	Handy Applied Technology Co., Ltd., a company established in Taiwan
“Handy Purchase Orders”	the wafer fabrication equipment purchase orders entered into between PFC Device (HK) and Handy on 29 July 2021
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) or company(ies) and whose ultimate beneficial owner who/which is/are independent of the Directors, chief executive and substantial shareholders of the Company and its subsidiaries and any of their respective associates as defined in the GEM Listing Rules
“Lishun (HK)”	Lishun Technology HK Limited, a company incorporated in Hong Kong
“Lishun (SZ)”	深圳市佳利順貿易有限公司(Shenzhen Jialishun Trading Company Limited*), a company established in the PRC
“Lishun Purchase Orders”	the semiconductor packaging and/or assembly equipment purchase orders entered into between PFC Device (GD), Lishun (HK) and Lishun (SZ) during the period from 14 September 2020 to 3 July 2021
“Main-you”	Main-You Technology Company, a company established in Taiwan

“Main-you Purchase Orders”	the wafer fabrication equipment purchase orders entered into between PFC Device (HK) and Main-you during the period from 22 March 2021 to 23 September 2021
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macau special Administrative Region of the PRC and Taiwan
“PFC Device (GD)”	廣東普福斯節能元件有限公司 (Guangdong PFC Device Limited*), a company established in the PRC with limited liability, and an indirect wholly-owned subsidiary of the Company
“PFC Device (HK)”	PFC Device (HK) Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
“Prospectus”	the prospectus of the Company dated 8 June 2021 in relation to the Rights Issue
“Rights Issue”	the Company’s rights issue on the basis of one (1) rights share for every two (2) shares held on the record date, details of which are set out in the Prospectus
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	ordinary share(s) of HK\$0.2 each in the capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Shell Electric”	Shell Electric Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, and a controlling Shareholder of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States of America
“You-yang”	You-yang Bio-tech Co., Ltd., a company established in Taiwan

“You-yang Purchase Orders”	the wafer fabrication equipment purchase orders entered into between PFC Device (HK) and You-yang on 23 September 2021
“Yuhong”	廣東鉅宏科技股份有限公司 (Guangdong Yuhong Technology Co., Ltd.*), a company established in the PRC
“%”	per cent

For the purpose of this announcement, the exchange rate between US\$ and HK\$ is US\$1 = HK\$7.8 and the exchange rate between RMB and HK\$ is RMB1 = HK\$1.2.

* For identification purposes only

By order of the Board of
PFC Device Inc.
Yung Kwok Kee, Billy
Chairman

Hong Kong, 23 September 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, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM 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 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 7 days from the date of its posting and on the website of the Company.