

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



PFC Device Inc.
節能元件有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8231)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2021

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.*

THIRD QUARTERLY RESULTS

The board of Directors (“**the Board**”) of the Company is pleased to announce the unaudited condensed consolidated third quarterly results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the nine months ended 30 September 2021, together with the unaudited comparative figures for the corresponding period in 2020, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021

	<i>Notes</i>	Three months ended 30 September		Nine months ended 30 September	
		2021 <i>US\$'000</i> (unaudited)	2020 <i>US\$'000</i> (unaudited)	2021 <i>US\$'000</i> (unaudited)	2020 <i>US\$'000</i> (unaudited)
Revenue	3	6,891	5,905	18,600	15,289
Cost of sales		(5,347)	(4,519)	(14,507)	(11,538)
Gross profit		1,544	1,386	4,093	3,751
Other income		290	145	345	204
Selling and distribution expenses		(47)	(49)	(132)	(129)
Administrative expenses		(1,085)	(816)	(2,892)	(2,566)
Other operating expenses		(89)	(48)	(165)	(170)
Finance costs		(2)	(2)	(5)	(7)
Other gains/(losses)		41	(171)	46	(144)
Profit before income tax	4	652	445	1,290	939
Income tax (expense)/credit	5	(19)	19	(90)	(84)
Profit for the period attributable to owners of the Company		633	464	1,200	855
Other comprehensive income					
<i>Item that may be reclassified subsequently to profit or loss</i>					
Exchange difference arising from translation of overseas operations		(64)	581	121	459
Total comprehensive income for the period attributable to owners of the Company		569	1,045	1,321	1,314
		<i>US cents</i>	<i>US cents</i> (restated)	<i>US cents</i>	<i>US cents</i> (restated)
Earnings per share	7				
– Basic		0.523	0.553	1.244	1.018
– Diluted		0.523	0.553	1.244	1.018

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2021

	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
Nine months ended 30 September 2020								
(unaudited)								
At 1 January 2020	2,085	21,067	206	905	1,247	(715)	(3,446)	21,349
Profit for the period	-	-	-	-	-	-	855	855
Other comprehensive income for the period								
– Exchange difference arising from translation of overseas operations	-	-	-	-	-	459	-	459
Total comprehensive income for the period	-	-	-	-	-	459	855	1,314
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 September 2020	<u>2,085</u>	<u>21,067</u>	<u>191</u>	<u>905</u>	<u>1,247</u>	<u>(256)</u>	<u>(2,572)</u>	<u>22,667</u>
Nine months ended 30 September 2021								
(unaudited)								
At 1 January 2021	2,085	21,067	143	905	1,247	477	(2,733)	23,191
Profit for the period	-	-	-	-	-	-	1,200	1,200
Other comprehensive income for the period								
– Exchange difference arising from translation of overseas operations	-	-	-	-	-	121	-	121
Total comprehensive income for the period	-	-	-	-	-	121	1,200	1,321
Vested share options forfeited	-	-	(5)	-	-	-	5	-
Transactions with owner:								
Issue of new shares under rights issue, net of transaction costs	1,042	2,988	-	-	-	-	-	4,030
At 30 September 2021	<u>3,127</u>	<u>24,055</u>	<u>138</u>	<u>905</u>	<u>1,247</u>	<u>598</u>	<u>(1,528)</u>	<u>28,542</u>

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

The unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2021 have not been audited but have been reviewed by the Audit Committee, and were approved for issue by the directors on 4 November 2021.

2. BASIS OF PREPARATION

Except for the adoption of new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), which are effective for the Group’s financial year beginning 1 January 2021, the accounting policies applied in preparing these unaudited condensed consolidated financial information for the nine months ended 30 September 2021 are consistent with those of the annual financial statements. The unaudited condensed consolidated financial information should be read in conjunction with the annual financial statements of the Group for the year ended 31 December 2020 (the “**2020 Annual Financial Statements**”) which have been prepared in accordance with HKFRSs.

The Group has not early applied the new and revised HKFRSs that have been issued by the HKICPA but are not yet effective.

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

The unaudited condensed consolidated financial information 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.

3. REVENUE

The Group derives its revenue from contracts with customers within the scope of HKFRS 15, which is recognised at a point in time:

	Three months ended 30 September		Nine months ended 30 September	
	2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)
Sales of power discrete semiconductors	6,891	5,905	18,600	15,289

4. PROFIT BEFORE INCOME TAX

	Three months ended 30 September		Nine months ended 30 September	
	2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)	2021 US\$'000 (unaudited)	2020 US\$'000 (unaudited)
Profit before income tax is arrived after charging:				
Write down of inventories to net realisable value	187	112	94	64
Depreciation of property, plant and equipment	391	401	1,262	1,194
Depreciation of right-of-use assets	62	58	185	172
Employee benefit expenses (including directors' emoluments)				
– Salaries, wages and other benefits	996	773	2,751	2,332
– Contribution to defined contribution retirement plans	49	19	135	62
– Equity-settled share-based payment expense	–	–	–	4
	1,045	792	2,886	2,398

5. INCOME TAX EXPENSE/CREDIT

The amount of income tax expense/(credit) in the unaudited condensed consolidated statement of comprehensive income represents:

	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Current tax				
– Hong Kong profits tax	13	–	36	–
– Other regions of the People's Republic of China (“PRC”)				
– Enterprise Income Tax (“EIT”)	22	(6)	22	94
	<u>35</u>	<u>(6)</u>	<u>58</u>	<u>94</u>
Under provision in prior year				
– Other regions of the PRC				
– EIT	–	–	1	1
Deferred tax	<u>(16)</u>	<u>(13)</u>	<u>31</u>	<u>(11)</u>
Income tax expense/(credit)	<u>19</u>	<u>(19)</u>	<u>90</u>	<u>84</u>

Hong Kong Profits Tax is calculated at 16.5% (2020: 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% (2020: 20%) on the estimated assessable profits for the period. EIT arising from other regions of the PRC is calculated at 25% (2020: 25%) on the estimated assessable income for the period.

6. DIVIDEND

The Board did not declare the payment of any interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: nil).

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	Three months ended 30 September 2021		Nine months ended 30 September 2021	
	<i>US\$'000</i>	2020	<i>US\$'000</i>	2020
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Earnings				
Profit for the period attributable to owners of the Company	633	464	1,200	855
	<u><u>633</u></u>	<u><u>464</u></u>	<u><u>1,200</u></u>	<u><u>855</u></u>
	Three months ended 30 September 2021		Nine months ended 30 September 2021	
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
		(restated)		(restated)
Number of shares				
Weighted average number of ordinary shares in issue for the purpose of calculating basic and diluted earnings per share	120,946	83,976	96,435	83,976
	<u><u>120,946</u></u>	<u><u>83,976</u></u>	<u><u>96,435</u></u>	<u><u>83,976</u></u>

The calculation of the basic earnings per share for the three months and the nine months ended 30 September 2021 are based on the profit attributable to owners of the Company, and the weighted average number of ordinary shares in issue in the respective periods.

The calculation of the basic earnings per share for the three months and the nine months ended 30 September 2020 has been adjusted to take into account on the effect arising from the share consolidation and issue of new issues under rights issue which took place on 27 May 2021 and 2 July 2021 respectively.

The calculation of the diluted earnings per share for the three months and nine months ended 30 September 2021 and 2020 does 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 exceeded the average market price during the respective periods.

8. SHARE CAPITAL

	Par value <i>HK\$</i>	Number of ordinary shares	Amount <i>HK\$'000</i>
Authorised			
At 1 January 2020, 31 December 2020 and 1 January 2021	0.01	3,800,000,000	38,000
Share consolidation		<u>(3,610,000,000)</u>	<u>–</u>
At 30 September 2021	0.20	<u>190,000,000</u>	<u>38,000</u>
Issued and fully paid:			
At 1 January 2020, 31 December 2020 and 1 January 2021	0.01	1,618,032,277	16,180
Share consolidation		<u>(1,537,130,664)</u>	<u>–</u>
Issue of new shares under rights issue, net of transaction costs	0.20	<u>40,450,806</u>	<u>8,090</u>
At 30 September 2021	0.20	<u>121,352,419</u>	<u>24,270</u>
			30 September 2021 <i>US\$'000</i> (unaudited)
Presented in the financial statements in US\$			<u>3,127</u>

At the extraordinary general meeting of the Company held on 25 May 2021, a resolution was passed to approve the share consolidation on the basis that every twenty issued and unissued ordinary shares of par value HK\$0.01 each in the share capital of the Company be consolidated into one ordinary share of par value HK\$0.20 each. The share consolidation was completed and effective on 27 May 2021.

On 2 July 2021, the Company issued 40,450,806 ordinary shares upon completion of the rights issue to the qualifying shareholders on the basis of one rights share for every two consolidated shares held on the record date at a subscription price of HK\$0.80 per rights share. The net proceeds raised from the rights issue were approximately HK\$31.2 million (equivalent to approximately US\$4 million). Details were set out in the Company's prospectus dated 8 June 2021 and the announcement dated 30 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

For the three months ended 30 September 2021, the Group's revenue increased by 16% compared with the corresponding period last year as market demand continued to outstrip supply.

Due to the ongoing Covid situation, the Group continues to face disruption in the supply chain with severe shortage of wafers. Manufacturing operation in our Shunde factory has also been disrupted due to the power shortage impact in China.

The Group rented power generators in order to minimize production disruption and meet customers demand, resulting in higher manufacturing cost. Coupled with sustained rising wafer fabrication and raw material prices, the Group's profit margin is put under huge pressure; sales price increases have barely make up for these cost increases during the period.

For the remaining year, back log demand from all sectors, including PC, TV, mobile, automotive remain strong. Looking ahead, robust product demand may sustain in a post-pandemic scenario, however, supply chain disruption and its associated cost escalation effect will post tremendous pressure on our business. The Group will strive to preserve profitability through cost reduction, vertical integration, and sales price adjustment.

Capital Expenditure Plan

In 2021, the Group initiated a long-term investment plan to develop its own wafer fabrication manufacturing facilities (or refer to as 'fab') to produce its wafers in house. The Group currently estimates the total spending will be around US\$32 million spread over a two-year period to construct and fit out the required fab to process primarily the Group's MOSFET products. Year to date up to 30 September, 2021, the Group has contracted US\$16.8 million of capital expenditures under this fab investment plan, details were set out in the Company's announcement dated 23 September 2021 and the circular dated 26 October 2021.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's operations for the nine months ended 30 September 2021 amounted to US\$18.6 million, representing an increase of US\$3.3 million or 21.6% as compared to US\$15.3 million for the corresponding period in 2020. Such increase was primarily attributable to the increase in the sales volume of power discrete semiconductors.

The Group's gross profit for the nine months ended 30 September 2021 amounted to US\$4.1 million, representing an increase of US\$0.3 million as compared to US\$3.8 million for the corresponding period in 2020. The gross profit margin for the nine months ended 30 September 2021 was 22%, representing a decrease of 2.5 percentage points compared to 24.5% for the corresponding period in 2020. It was mainly attributable to the increase in wafer fabrication and other raw material costs. In addition, the appreciation of Renminbi against US\$ over the period resulted in an increase in the Group's PRC production costs in US dollar terms. These impacts were partly offset by the increased in average selling price along with higher utilisation rate at our factory during the period.

Profit attributable to the owners of the Company for the nine months ended 30 September 2021 was US\$1.2 million (nine months ended 30 September 2020: US\$0.9 million). The increase in profit was mainly attributable to the increase of gross profit as mentioned above.

Rights Issue

On 2 July 2021, 40,450,806 rights shares have been issued pursuant to the rights issue prospectus of the Company dated 8 June 2021 and the allotment results were announced on 30 June 2021. The net proceeds from the rights issue after deducting all necessary expenses were approximately HK\$31.2 million (equivalent to US\$4 million).

Advance to an entity

The information is required to disclose under Rule 18.68(6)(a) of the GEM Listing Rule in relation the Company's advance to an entity.

As at 30 September 2021, the Group has made non-refundable deposits to Main-You Technology Company in the aggregate amount of approximately US\$4.7 million in relation to the purchases of wafer fabrication equipment at an aggregate consideration of approximately of US\$9.4 million. The balances of approximately US\$4.7 million shall be paid in stages upon delivery and installation in accordance with the settlement terms specified in the purchase orders. The deposits were made pursuant to the purchase orders under normal commercial terms, without any interest or collateral. The aggregate deposits exceeds 8% under the assets ratio as defined under Rule 17.15 of the GEM Listing Rules. Details were set out in the Company's announcement dated 23 September 2021.

CORPORATE GOVERNANCE AND OTHER INFORMATION

DISCLOSURE OF INTERESTS

A. Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 September 2021, the Directors and chief executives of the Company and/or any of their respective associates had the following interests and short positions in the shares (the “Shares”), underlying Shares and debentures of the Company and/or any of its associated corporations (which has the same meaning as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”)) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules:

I. Long Positions in the Shares of the Company

Name of Director	Capacity/Nature of interest	Number of Shares held/ interested in the Company	Approximate percentage of shareholding as at 30 September 2021
Mr. Yung Kwok Kee, Billy (“Mr. Yung”)	Interest in a controlled corporation (<i>Note</i>)	85,105,625	70.13%
Mr. Hong James Man-fai (“Mr. Hong”)	Beneficial interest	453,582	0.38%
Mr. Chow Kai Chiu, David (“Mr. Chow”)	Beneficial interest	135,191	0.11%

The number of shares is adjusted to reflect the share consolidation and rights issue which effective on 27 May 2021 and 2 July 2021 respectively.

Note:

Mr. Yung is interested in 100% of the issued share capital of Red Dynasty Investments Limited (“Red Dynasty”). Red Dynasty holds approximately 80.5% interest in Shell Electric Holdings Limited (“Shell Holdings”). Lotus Atlantic Limited (“Lotus Atlantic”) is wholly and beneficially owned by Sybond Venture Limited (“Sybond Venture”), and Sybond Venture is wholly and beneficially owned by Shell Holdings. Mr. Yung is therefore deemed to be interested in 85,105,625 Shares held by Lotus Atlantic which is an indirect wholly-owned subsidiary of Shell Holdings for the purpose of the SFO.

II. Long Positions in the underlying Shares

Name of Director	Capacity	Number of underlying Shares held	Approximate percentage of shareholding as at 30 September 2021
Mr. Hong	Beneficial interest	280,692 (Note 1)	0.23%
Mr. Tang Che Yin (“Mr. Tang”)	Beneficial interest	145,320 (Note 2)	0.12%

The number of shares and exercise price are adjusted to reflect the share consolidation and the rights issue which effective on 27 May 2021 and 2 July 2021 respectively.

Notes:

1. These underlying Shares represent 280,692 Shares to be issued upon exercise of the unlisted physically settled share options granted to Mr. Hong on 22 March 2017 pursuant to the share option scheme of the Company adopted on 19 September 2016 under which the said options can be exercised by Mr. Hong from 1 April 2017 to 31 March 2027 (both days inclusive) at the exercise price of HK\$3.179 per Share.
2. These underlying Shares represent 145,320 Shares to be issued upon exercise of the unlisted physically settled share options granted to Mr. Tang on 22 March 2017 pursuant to the share option scheme of the Company adopted on 19 September 2016 under which the said options can be exercised by Mr. Tang from 1 April 2017 to 31 March 2027 (both days inclusive) at the exercise price of HK\$3.179 per Share.

Save as disclosed above, as at 30 September 2021, none of Directors nor chief executive of the Company and/or any of their respective associates has registered an interest or short positions in the Shares, underlying shares or debentures of the Company and/or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

B. Substantial Shareholders' Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 30 September 2021, the interest and short positions of the person (other than the interest of the Directors or chief executive of the Company as disclosed above) or company which was required to be recorded in the register required to be kept under Section 336 of the SFO were as follows:

Name of Shareholder	Capacity/nature of interest	Number of Shares held/ interested in	Long/short position	Approximate percentage of shareholding as at 30 September 2021
Lotus Atlantic	Beneficial owner	85,105,625 (Note 1)	Long	70.13%
Sybond Venture	Interest in a controlled corporation	85,105,625 (Note 1)	Long	70.13%
Shell Holdings	Interest in a controlled corporation	85,105,625 (Note 1)	Long	70.13%
Red Dynasty	Interest in a controlled corporation	85,105,625 (Note 1)	Long	70.13%
Ms. Vivian Hsu	Interest of spouse	85,105,625 (Note 2)	Long	70.13%

The number of shares is adjusted to reflect the share consolidation and the rights issue which effective on 27 May 2021 and 2 July 2021 respectively.

Notes:

1. Red Dynasty holds approximately 80.5% interest in Shell Holdings. Lotus Atlantic is wholly and beneficially owned by Sybond Venture, and Sybond Venture is wholly and beneficially owned by Shell Holdings. Each of these companies is therefore deemed to be interested in 85,105,625 Shares owned and held by Lotus Atlantic which is an indirect wholly-owned subsidiary of Shell Holdings for the purpose of the SFO.
2. These Shares represent the interest held by Lotus Atlantic which is a controlled corporation of Mr. Yung. Ms. Vivian Hsu (“**Mrs. Yung**”) is the spouse of Mr. Yung. Under the SFO, Mr. Yung is deemed to be interested in all the Shares owned by Lotus Atlantic and Mrs. Yung is deemed to be interested in all the Shares in which Mr. Yung is interested.

Save as disclosed above, as at 30 September 2021 and so far as known to the Directors, no person, other than the Directors and chief executive of the Company whose interests are set out in the section “Directors’ and Chief Executive’s Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations” above, had notified the Company of an interest or short position in the shares or underlying shares of the Company that was required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

Pursuant to the resolution passed by the shareholders of the Company on 19 September 2016, the adoption of the share option scheme of the Company (the “**PFC Device Option Scheme**”) was approved to enable the Company to grant options to eligible persons as incentives or rewards for their contributions or potential contributions to the Group. Eligible participants of PFC Device Option Scheme include the directors, employees, executives or officers of the Group and any suppliers, consultants, agents, advisers and related entities to the Group.

On 22 March 2017, options to subscribe for an aggregate of 41,794,191 shares of the Company, were granted under PFC Device Option Scheme to certain directors, employees and consultants, which shall vest based on the vesting schedules specified in the offer documents of the respective grantees. Share options granted to non-employee participants are for their contribution to the Group in respect of providing services similar to those rendered to its employees.

The movements of the share options granted under PFC Device Option Scheme during the period are as follows:

Grantee	Date of grant	Exercise price (note) HK\$	Numbers of options				
			As at 1 January 2021	Share consolidation and rights issue adjustment	Exercised	Forfeited	As at 30 September 2021
Directors							
Mr. Hong	22 March 2017	3.179	5,408,343	(5,127,651)	–	–	280,692
Mr. Tang	22 March 2017	3.179	2,800,000	(2,654,680)	–	–	145,320
Other employees	22 March 2017	3.179	5,289,375	(5,014,857)	–	(24,912)	249,606
Consultants	22 March 2017	3.179	160,000	(151,696)	–	–	8,304
			<u>13,657,718</u>	<u>(12,948,884)</u>	<u>–</u>	<u>(24,912)</u>	<u>683,922</u>

Note: The exercise price per share option was adjusted upon the completion of share consolidation and rights issue on 27 May 2021 and 2 July 2021 respectively.

The closing price of the Company's shares immediately before the date of grant of share options was HK\$0.172.

The share options granted on 22 March 2017 are valid and effective for a period of 10 years from the date of acceptance on 1 April 2017 subject to vesting requirements by stages which last from 9 months to 3.25 years.

During the nine months ended 30 September 2021, options to subscribe for 24,912 shares were forfeited upon the resignation of an employee of the Group.

As at 30 September 2021, there were options to subscribe for 683,922 shares outstanding under PFC Device Option Scheme (as adjusted for the share consolidation and rights issue on 27 May 2021 and 2 July 2021 respectively) and all of them were vested and exercisable by the grantees by giving notice in writing to the Company. The weighted average remaining contractual life of these option was 5.5 years. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of additional 683,922 shares of the Company.

No option was granted or exercised during the nine months ended 30 September 2021.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Other than the rights issue, at no time during the nine months ended 30 September 2021 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 nine months ended 30 September 2021, 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 OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the nine months ended 30 September 2021, 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 nine months ended 30 September 2021, 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 the 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 nine months ended 30 September 2021.

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 nine months ended 30 September 2021 and this announcement.

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

Hong Kong, 4 November 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 Announcements” 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.