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PFC Device Inc.
節能元件有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8231)

**DISCLOSEABLE TRANSACTION IN RELATION TO
THE PURCHASE OF EQUIPMENT
AND
ADVANCE TO AN ENTITY**

PURCHASE OF EQUIPMENT

The Board hereby announces that on 14 December 2021, PFC Device (GD), an indirect wholly-owned subsidiary of the Company, has placed the Purchase Order with Shanghai Yindeng, an Independent Third Party, for the purchase of wafer fabrication equipment at the consideration of approximately RMB25.6 million (equivalent to approximately HK\$30.8 million).

ADVANCE TO AN ENTITY

Pursuant to the settlement terms of the Purchase Order, a non-refundable deposit of approximately RMB23 million is to be paid by PFC Device (GD) to Shanghai Yindeng within one week after confirmation of the Purchase Order, which is on normal commercial terms without any interest or collateral.

GEM LISTING RULES IMPLICATIONS

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

As the amount of the deposit to be paid by PFC Device (GD) to Shanghai Yindeng exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, which constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules, the Company is under the general disclosure obligations under Rule 17.15 and 17.17 of the GEM Listing Rules.

PURCHASE OF EQUIPMENT AND ADVANCE TO AN ENTITY

The Board hereby announces that on 14 December 2021, PFC Device (GD), an indirect wholly-owned subsidiary of the Company, has placed the Purchase Order with Shanghai Yindeng, an Independent Third Party, for the purchases of wafer fabrication equipment at the consideration of approximately RMB25.6 million (equivalent to approximately HK\$30.8 million). The principal terms of the Purchase Order are set out as follows.

Date of Purchase Order:	14 December 2021
Equipment to be purchased:	Four sets furnace
Consideration:	RMB25,640,000
Settlement terms:	90% of the consideration as deposit to be paid within one week after confirmation of the Purchase Order; 10% of the consideration to be paid within the month upon delivery and installation

The amount of consideration of the Purchase Order also includes fees in relation to, inter alia, delivery and installation services, insurance costs and provision of training on the equipment use. The above consideration 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 equipment and their corresponding installation. The consideration shall be payable by telegraphic transfer, which will be financed by internal resources of the Group.

Pursuant to the settlement terms of the Purchase Order, a non-refundable deposit of approximately RMB23 million is to be paid by PFC Device (GD) to Shanghai Yindeng within one week after confirmation of the Purchase Order, which is on normal commercial terms without any interest or collateral.

REASONS FOR AND BENEFITS OF PURCHASE OF EQUIPMENT

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 Purchase Order will be deployed at the Group's wafer fabrication manufacturing facility at its factory in Shunde, the PRC.

In view of the above, the Board is of the view that the terms of Purchase Order are on normal commercial terms and are fair and reasonable. The Board also considers that the Purchase Order is in the interests of the Company and the Shareholders as a whole.

INFORMATION OF THE PARTY

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, Shanghai Yindeng is a company incorporated in the PRC with limited liability and is principally engaged in integrated circuit design, electronic components manufacturing and processing, electronic products wholesale and retail. Shanghai Yindeng is also engaged as agency for selling and servicing of semiconductor equipment. The ultimate beneficial owner of Shanghai Yindeng is Ms. Chen Qin* (陳琴). Shanghai Yindeng and its ultimate beneficial owner are Independent Third Parties to the Company and its connected persons.

GEM LISTING RULES IMPLICATIONS

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As the amount of the deposit to be paid by PFC Device (GD) to Shanghai Yindeng exceeds 8% under the assets ratio as defined under Rule 19.07(1) of the GEM Listing Rules, which constitutes an advance to an entity pursuant to Rule 17.15 of the GEM Listing Rules, the Company is under the general disclosure obligations under Rule 17.15 and 17.17 of the GEM Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“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
“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\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“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
“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, an indirect wholly-owned subsidiary of the Company
“Prospectus”	the prospectus of the Company dated 8 June 2021 in relation to the rights issue

“Purchase Order”	the wafer fabrication equipment purchase order placed by PFC Device (GD) to Shanghai Yindeng on 14 December 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) of the share(s)
“Shanghai Yindeng”	上海胤登集成電路有限公司 (Shanghai Yindeng Integrated Circuit Company Limited*), a company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

For the purpose of this announcement, 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, 14 December 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.