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*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8231)**

**CONNECTED TRANSACTIONS AND  
CONTINUING CONNECTED TRANSACTIONS  
RENEWAL OF AGREEMENTS  
DUE TO EXPIRE IN DECEMBER 2021**

**BACKGROUND**

Reference is made to the Announcement in relation to, among others, the Existing Agreements. Given each of the Existing Agreements will expire on 31 December 2021, the Group entered into the 2<sup>nd</sup> Renewed Tenancy Agreements and the Other Agreements for a term of one year up to 31 December 2022.

**IMPLICATIONS UNDER THE GEM LISTING RULES**

As at the date of this announcement, Shell Holdings indirectly holds approximately 70.1% of the issued share capital of the Company and is accordingly a controlling shareholder of the Company. Each of (i) Shunde Multi-Media; (ii) Xunsu Asset Management; and (iii) Guangdong Zhaoao, is an indirect wholly-owned subsidiary of Shell Holdings, a controlling shareholder of the Company. SMC Electric HK is wholly-owned by SMC Electric Limited, of which Shell Holdings holds 75% issued shares in SMC Electric Limited. As such, the above companies are the associates of Shell Holdings and are thus the connected persons of the Company under Chapter 20 of the GEM Listing Rules.

### **Connected Transactions**

In accordance with HKFRS 16 “Leases” applicable to the Group, the Group will recognise the rental payments derived from the 2<sup>nd</sup> Renewed Tenancy Agreements as an acquisition of right-of-use assets in the consolidated statement of financial position of the Group. Accordingly, such acquisition of right-of-use assets under the aforesaid tenancy agreements will constitute one-off connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The estimated value of the right-of-use asset to be recognised by the Group under the 2<sup>nd</sup> Renewed Tenancy Agreements is unaudited and Shareholders should note that such figures may be subject to adjustment in the future.

As all the applicable percentage ratios (other than profits ratio) with respect to the aggregate value of the right-of-use assets to be recognised under the 2<sup>nd</sup> Renewed Tenancy Agreements are less than 5% and less than HK\$3,000,000, the rental payments under the 2<sup>nd</sup> Renewed Tenancy Agreements constitute de minimis transactions pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

### **Continuing Connected Transactions**

The Group previously entered into the Other Agreements and the Dormitory Rental Agreement with the associates of Shell Holdings, which constituted continuing connected transactions for the Company. Under Chapter 20 of the GEM Listing Rules, the relevant annual caps for the year ending 31 December 2022 in respect of the Other Agreements and the Dormitory Rental Agreement shall be aggregated in the calculation of the applicable percentage ratios.

Save for the aforesaid, the Group has not entered into any prior transaction with Shell Holdings and/or any of its associates that is required to be aggregated.

As the applicable percentage ratios (other than profits ratio) in respect of the aggregated annual caps for the abovementioned continuing connected transactions for the year ending 31 December 2022 are less than 25% and the annual consideration is below HK\$10,000,000, pursuant to Chapter 20 of the GEM Listing Rules, the Company is required to comply with the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and independent shareholders’ approval requirements.

**THE RENEWED AGREEMENTS**

Set out below are the details of the 2<sup>nd</sup> Renewed Tenancy Agreements and the Other Agreements that are entered into in succession of the Existing Agreements that will expire on 31 December 2021.

**1. 2<sup>nd</sup> Renewed Tenancy Agreement 1**

- Date: 23 December 2021
  
- Parties: Landlord – Shunde Multi-Media  
Tenant – PFC Device (GD)
  
- Property: Factory spaces at 1st and 4th Floors, Block B and 1st Floor, Block A, Bei Jiao Industrial Park, No.18 San Le Dong Road, Bei Jiao County, Shunde District, Foshan, the PRC
  
- Term: From 1 January 2022 to 31 December 2022
  
- Rent: RMB79,980 per calendar month (inclusive of VAT)
  
- Basis of pricing: With reference to market rent of the properties nearby and on normal commercial terms

The factory spaces at 1st and 4th Floors, Block B, Bei Jiao Industrial Park was the subject property under the New Tenancy Agreement 2 (as defined in the Announcement). For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical rent and management fee paid by PFC Device (GD) to Shunde Multi-Media under the New Tenancy Agreement 2 (as referred to in the Announcement) was RMB772,800 and RMB708,400, respectively.

The factory spaces situated at 2nd Floor, Block A, Bei Jiao Industrial Park was the subject property under the New Tenancy Agreement 1 (as defined in the Announcement). Such tenancy will expire on 31 December 2021 and the parties confirm not to renew the New Tenancy Agreement 1. For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical rent and management fee paid by PFC Device (GD) to Shunde Multi-Media under the New Tenancy Agreement 1 (as referred to in the Announcement) was RMB222,000 and RMB203,500, respectively.

As the factory space in respect of 1st Floor, Block A, Bei Jiao Industrial Park was newly leased to PFC Device (GD), there was no historical rent and management fee paid by PFC Device (GD) to Shunde Multi-Media.

Save for the change in the subject property, the terms of the 2<sup>nd</sup> Renewed Tenancy Agreement 1 are substantially the same as the New Tenancy Agreement 2.

The aggregate rental payment for the year ending 31 December 2022 under the 2<sup>nd</sup> Renewed Tenancy Agreement 1 is RMB959,760 (equivalent to approximately HK\$1,160,000).

Pursuant to HKFRS 16, the property leased under the 2<sup>nd</sup> Renewed Tenancy Agreement 1 will be recognised as right-of-use assets for the amount of approximately RMB922,000 (equivalent to HK\$1,110,000), being the present value of the aggregate rental payment for the year ending 31 December 2022, excluding the VAT.

## **2. 2<sup>nd</sup> Renewed Xunsu Tenancy Agreement 1**

Date:	23 December 2021
Parties:	Landlord – Xunsu Asset Management Tenant – PFC Device (GD)
Property:	Room 612-613, Block A, Xintian Century Business Centre, Shizia North 2 <sup>nd</sup> Street, Futian District, Shenzhen, the PRC
Term:	From 1 January 2022 to 31 December 2022
Rent:	RMB44,000 per calendar month (inclusive of VAT)
Basis of pricing:	With reference to market rent of the properties nearby and on normal commercial terms

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical rent paid by PFC Device (GD) to Xunsu Asset Management was RMB528,000 and RMB484,000, respectively.

The aggregate rental payment for the year ending 31 December 2022 under the 2<sup>nd</sup> Renewed Xunsu Tenancy Agreement 1 is RMB528,000 (equivalent to approximately HK\$640,000).

Pursuant to HKFRS 16, the property leased under the 2<sup>nd</sup> Renewed Xunsu Tenancy Agreement 1 will be recognised as right-of-use assets for the amount of approximately RMB492,000 (equivalent to approximately HK\$600,000), being the present value of the aggregate rental payment for the year ending 31 December 2022, excluding the VAT.

### **3. 2<sup>nd</sup> Renewed Xunsu Tenancy Agreement 2**

Date:	23 December 2021
Parties:	Landlord – Xunsu Asset Management Tenant – PFC Device (GD)
Property:	Room 1006, Block C, Xintian, Century Business Centre, Shizia North 2 <sup>nd</sup> Street, Futian District, Shenzhen, the PRC
Term:	From 1 January 2022 to 31 December 2022
Rent:	RMB15,750 per calendar month (inclusive of VAT)
Basis of pricing:	With reference to market rent of the properties nearby and on normal commercial terms

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical rent paid by PFC Device (GD) to Xunsu Asset Management was RMB189,000 and RMB173,250, respectively.

The aggregate rental payment for the year ending 31 December 2022 under the 2<sup>nd</sup> Renewed Xunsu Tenancy Agreement 2 is RMB189,000 (equivalent to approximately HK\$230,000).

Pursuant to HKFRS 16, the property leased under the 2<sup>nd</sup> Renewed Xunsu Tenancy Agreement 2 will be recognised as right-of-use assets for the amount of approximately RMB176,000 (equivalent to approximately HK\$220,000), being the present value of the aggregate rental payment for the year ending 31 December 2022, excluding the VAT.

### **4. 2<sup>nd</sup> Renewed Shell Tenancy Agreement**

Date:	23 December 2021
Parties:	Landlord – Shell Holdings Tenant – PFC Device (HK)
Property:	A portion of 1st Floor and a portion of 4th Floor, Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong
Term:	From 1 January 2022 to 31 December 2022
Rent:	HK\$20,700 per calendar month
Basis of pricing:	With reference to market rent of the properties nearby and on normal commercial terms

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical rent and management fee paid by PFC Device (HK) to Shell Holdings was HK\$248,400 and HK\$227,700, respectively.

The aggregate rental payment for the year ending 31 December 2022 under the 2<sup>nd</sup> Renewed Shell Tenancy Agreement is HK\$248,400.

Pursuant to HKFRS 16, the property leased under the 2<sup>nd</sup> Renewed Shell Tenancy Agreement will be recognised as right-of-use assets for the amount of HK\$246,525, being the present value of the aggregate rental payment for the year ending 31 December 2022.

## **5. 2<sup>nd</sup> Renewed Subcontracting Agreement**

Date: 23 December 2021

Parties: Guangdong Zhaoao  
PFC Device (GD)

Description of transaction: Provision of wafer backside process services by Guangdong Zhaoao to PFC Device (GD)

Term: From 1 January 2022 to 31 December 2022

Basis of pricing: After arm's length negotiations between the parties from time to time with reference to the then market price of similar services in the market and shall be no less favourable than the price the Group procure such services from its suppliers who are independent third parties.

As the wafer backside process services from Guangdong Zhaoao are readily available in the market, the Group will obtain and compare the subcontracting fee offered by Guangdong Zhaoao with quotations from two other independent third parties. Based on the quotations provided by the suppliers who are independent third parties, the Group will be able to ensure that the subcontracting fee to be paid to Guangdong Zhaoao represents the market price on normal commercial terms.

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical amount paid by PFC Device (GD) to Guangdong Zhaoao was RMB2,360,960 and RMB2,990,543, respectively.

The annual cap in respect of the 2<sup>nd</sup> Renewed Subcontracting Agreement for the year ending 31 December 2022 is RMB5,980,000 (equivalent to approximately HK\$7,176,000), which is the same as the annual cap for the year ending 31

December 2021 in respect of the New Subcontracting Agreement (as defined in the Announcement). The basis of the annual cap in respect of the 2<sup>nd</sup> Renewed Subcontracting Agreement is determined with reference to the (i) the annual cap for the year ending 31 December 2021; (ii) the expected increase in demand for the wafer backside process services by the Group; and (iii) the capacity of wafer foundries of other independent third party suppliers is expected to be tight in the foreseeable future and may not be able to satisfy the Group's demand for wafer backside process services.

The Directors are of the view to engage Guangdong Zhaoao to provide wafer backside process services in 2022 is beneficial to the Group since (i) it enables the Group to have stable supply of wafer backside process services; (ii) Guangdong Zhaoao can offer competitive price which is no less favourable than the price the Group procures such services from the external wafer foundries who are independent third parties; and (iii) it enables the Group to have better quality control over the wafer backside process.

## **6. New Supply Agreement**

Date: 23 December 2021

Parties: SMC Electric HK  
PFC Device (HK)

Description of transaction: PFC Device (HK) and/or its fellow subsidiaries agree to sell the Group's power discrete semiconductors or other products to SMC Electric HK and/or its subsidiaries

Term: From 1 January 2022 to 31 December 2022

Basis of pricing: After arm's length negotiations between the parties from time to time with reference to the then market price of similar products in the market available to independent third parties.

The price at which the Group sells its power discrete semiconductors or other products to SMC Electric HK shall not be lower than the price charged by the Group to customers who are independent third parties for the sales of same type of power discrete semiconductors or other products. Hence, the Group will be able to ensure that the selling price of power discrete semiconductors or other products to SMC Electric HK represents the market price on normal commercial terms.

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical amount paid by SMC Electric HK to PFC Device (HK) was US\$23,280 and US\$22,620, respectively.

The annual cap in respect of the New Supply Agreement for the year ending 31 December 2022 is US\$30,000 (equivalent to approximately HK\$234,000). The basis of the annual cap in respect of the New Supply Agreement is determined with reference to (i) the historical figures; and (ii) the anticipated amount of supply of power discrete semiconductors to SMC Electric HK.

#### 7. New Catering Service Agreement

Date:	23 December 2021
Parties:	Shunde Multi-Media PFC Device (GD)
Description of transaction:	Provision of catering services by Shunde Multi-Media to the staff of PFC Device (GD)
Term:	From 1 January 2022 to 31 December 2022
Service fees:	Monthly fee of RMB500 per person
Basis of pricing:	Market price available to independent third parties on arm's length basis based on normal commercial terms in the ordinary and usual course of business

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical amount paid by PFC Device (GD) to Shunde Multi-Media was RMB30,000 and RMB27,500, respectively.

The annual cap in respect of the New Catering Service Agreement for the year ending 31 December 2022 is RMB30,000 (equivalent to approximately HK\$36,000). The basis of the annual cap in respect of the New Catering Service Agreement is determined with reference to (i) the historical figures; and (ii) anticipated number of staff using the catering services after considering the expected manpower for production.

#### THE DORMITORY RENTAL AGREEMENT

Apart from the 2<sup>nd</sup> Renewed Tenancy Agreements and the Other Agreements, as disclosed in the Announcement, Shunde Multi-Media as landlord and PFC Device (GD) as tenant entered into the Dormitory Rental Agreement on 31 December 2019 in relation to certain dormitory rooms at Bei Jiao Industrial Park, No.18 San Le Dong Road, Bei Jiao County, Shunde District, Foshan, the PRC (the “**Dormitory Premises**”) for a term of three years from 1 January 2020 to 31 December 2022.

The rent is RMB1,000 and RMB3,000 per month respectively for a single room and an en suite at Block A of the Dormitory Premises; RMB1,000 and RMB600 per month respectively for an en suite room at Block B and a single room at Block C. PFC Device (GD) are charged based on actual number of dormitory rooms used. The basis of pricing was determined with reference to market rent of the properties nearby and on normal commercial terms.

For the year ended 31 December 2020 and the eleven months ended 30 November 2021, the historical amount paid by PFC Device (GD) to Shunde Multi-Media was RMB135,200 and RMB110,100, respectively.

As disclosed in the Announcement, the annual cap in respect of the Dormitory Rental Agreement for the year ending 31 December 2022 is RMB172,000 (equivalent to approximately HK\$206,000). The basis of the annual cap in respect of the Dormitory Rental Agreement is determined with reference to (i) the historical figures; and (ii) anticipated number of dormitory rooms used by PFC Device (GD) after considering the expected manpower for production.

## **REASONS FOR AND BENEFITS OF THE RENEWAL OF TENANCY AGREEMENTS AND THE OTHER AGREEMENTS**

The leased properties under the 2<sup>nd</sup> Renewed Tenancy Agreements are the production workshop, factory, office and staff dormitory currently operated by the Group for its business. The Board considers that it would be beneficial to renew the tenancy agreements for the business operation of the Group, which would also save relocation and related costs. The wafer backside process service is essential for the Group's production. Due to the close proximity of the operation of the Group and Guangdong Zhaoao, Guangdong Zhaoao can fulfil the Group's demands for wafer backside process services in terms of volume and quality in a timely manner. Hence, the Board considers that it would be beneficial to enter into the 2<sup>nd</sup> Renewed Subcontracting Agreement. The New Supply Agreement can ensure stable supply of power discrete semiconductors.

Based on the foregoing, the Board (including all independent non-executive Directors but excluding Mr. Yung Kwok Kee Billy) is of the view that (i) the 2<sup>nd</sup> Renewed Tenancy Agreements; and (ii) the Other Agreements are entered into in the ordinary and usual course of the business of the Group, on normal commercial terms or better, the terms of which are fair and reasonable and are in the best interests of the Company and its Shareholders as a whole.

## **INFORMATION OF THE PARTIES**

The Group is principally engaged in the design, manufacturing and sales of power discrete semiconductors under its own brand.

Shell Holdings is principally engaged in investment holding, securities trading and property leasing.

Shunde Multi-Media is principally engaged in the manufacturing and trading of laser printer components.

Xunsu Asset Management is principally engaged in property investment.

SMC Electric HK is principally engaged in the trading of electric fans and electric tools.

Guangdong Zhaoao is principally engaged in the provision of wafer backside process services.

## **GENERAL**

As at the date of this announcement, Mr. Yung Kwok Kee Billy holds approximately 80.55% interest in Shell Holdings, he has a material interest in the above connected transactions and continuing connected transactions. Mr. Yung Kwok Kee Billy has abstained from voting on the Board resolutions approving the 2<sup>nd</sup> Renewed Tenancy Agreements and the Other Agreements. Save as disclosed above, none of the Directors has a material interest in the connected and/or continuing connected transactions and is required to abstain from voting on the relevant Board resolutions.

## **IMPLICATIONS UNDER THE GEM LISTING RULES**

As at the date of this announcement, Shell Holdings indirectly holds approximately 70.1% of the issued share capital of the Company and is accordingly a controlling shareholder of the Company. Each of (i) Shunde Multi-Media; (ii) Xunsu Asset Management; and (iii) Guangdong Zhaoao, is an indirect wholly-owned subsidiary of Shell Holdings, a controlling shareholder of the Company. SMC Electric HK is wholly-owned by SMC Electric Limited, of which Shell Holdings holds 75% issued shares in SMC Electric Limited. As such, the above companies are the associates of Shell Holdings and are thus the connected persons of the Company under Chapter 20 of the GEM Listing Rules.

### **Connected Transactions**

In accordance with HKFRS 16 “Leases” applicable to the Group, the Group will recognise the rental payments derived from the 2<sup>nd</sup> Renewed Tenancy Agreements as an acquisition of right-of-use assets in the consolidated statement of financial position of the Group. Accordingly, such acquisition of right-of-use assets under the aforesaid tenancy agreements will constitute one-off connected transactions for the Company under Chapter 20 of the GEM Listing Rules. The estimated value of the right-of-use asset to be recognised by the Group under the 2<sup>nd</sup> Renewed Tenancy Agreements is unaudited and Shareholders should note that such figures may be subject to adjustment in the future.

As all the applicable percentage ratios (other than profits ratio) with respect to the aggregate value of the right-of-use assets to be recognised under the 2<sup>nd</sup> Renewed Tenancy Agreements are less than 5% and less than HK\$3,000,000, the rental payments under the 2<sup>nd</sup> Renewed Tenancy Agreements constitute de minimis transactions pursuant to Rule 20.74(1)(c) of the GEM Listing Rules.

## **Continuing Connected Transactions**

The Group previously entered into the Other Agreements and the Dormitory Rental Agreement with the associates of Shell Holdings, which constituted continuing connected transactions for the Company. Under Chapter 20 of the GEM Listing Rules, the relevant annual caps for the year ending 31 December 2022 in respect of the Other Agreements and the Dormitory Rental Agreement shall be aggregated in the calculation of the applicable percentage ratios.

Save for the aforesaid, the Group has not entered into any prior transaction with Shell Holdings and/or any of its associates that is required to be aggregated.

As the applicable percentage ratios (other than profits ratio) in respect of the aggregated annual caps for the abovementioned continuing connected transactions for the year ending 31 December 2022 are less than 25% and the annual consideration is below HK\$10,000,000, pursuant to Chapter 20 of the GEM Listing Rules, the Company is required to comply with the reporting, announcement and annual review requirements, but is exempt from the circular (including independent financial advice) and independent shareholders' approval requirements.

## **DEFINITIONS**

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

“2 <sup>nd</sup> Renewed Shell Tenancy Agreement”	the agreement dated 23 December 2021 entered into between PFC Device (HK) and Shell Holdings in relation to lease of a portion of 1st Floor and a portion of 4th Floor of Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong
“2 <sup>nd</sup> Renewed Subcontracting Agreement”	the agreement dated 23 December 2021 entered into between PFC Device (GD) and Guangdong Zhaoao in relation to provision of wafer backside process services by Guangdong Zhaoao
“2 <sup>nd</sup> Renewed Tenancy Agreements”	collectively, (i) 2 <sup>nd</sup> Renewed Tenancy Agreement 1; (ii) 2 <sup>nd</sup> Renewed Xunsu Tenancy Agreement 1; (iii) 2 <sup>nd</sup> Renewed Xunsu Tenancy Agreement 2; and (iv) 2 <sup>nd</sup> Renewed Shell Tenancy Agreement
“2 <sup>nd</sup> Renewed Tenancy Agreement 1”	the agreement dated 23 December 2021 entered into between PFC Device (GD) and Shunde Multi-Media in relation to rental of certain production spaces to PFC Device (GD) by Shunde Multi-Media

“2 <sup>nd</sup> Renewed Xunsu Tenancy Agreement 1”	the agreement dated 23 December 2021 entered into between PFC Device (GD) and Xunsu Asset Management in relation to rental of office space to PFC Device (GD) by Xunsu Asset Management
“2 <sup>nd</sup> Renewed Xunsu Tenancy Agreement 2”	the agreement dated 23 December 2021 entered into between PFC Device (GD) and Xunsu Asset Management in relation to rental of residential space to PFC Device (GD) by Xunsu Asset Management
“Announcement”	the announcement of the Company dated 5 November 2020 in relation to, among others, the entering into of the Existing Agreements
“associate(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Board”	the board of Directors of the Company
“Company”	PFC Device Inc., company incorporated in the Cayman Islands with limited liability, the shares of which are listed on GEM of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Dormitory Rental Agreement”	the agreement dated 31 December 2019 entered into between PFC Device (GD) and Shunde Multi-Media in relation to provision of dormitory rooms by Shunde Multi-Media to staff of PFC Device (GD)

“Existing Agreements”	collectively, (i) the agreement dated 5 November 2020 entered into between PFC Device (GD) and Shunde Multi-Media in relation to rental of certain production spaces to PFC Device (GD) by Shunde Multi-Media; (ii) the agreement dated 5 November 2020 entered into between PFC Device (GD) and Xunsu Asset Management in relation to rental of office space to PFC Device (GD) by Xunsu Asset Management; (iii) the agreement dated 5 November 2020 entered into between PFC Device (GD) and Xunsu Asset Management in relation to rental of residential space to PFC Device (GD) by Xunsu Asset Management; (iv) the agreement dated 5 November 2020 entered into between PFC Device (HK) and Shell Holdings in relation to lease of a portion of 1st Floor and a portion of 4th Floor of Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong; (v) the agreement dated 5 November 2020 entered into between PFC Device (GD) and Guangdong Zhaoao in relation to provision of wafer backside process services by Guangdong Zhaoao; (vi) the agreement dated 7 January 2019 entered into between PFC Device (HK) and SMC Electric HK in relation to sale of power discrete semiconductors or other products to SMC Electric HK and/or its subsidiaries; and (vii) the agreement dated 31 December 2018 entered into between PFC Device (GD) and Shunde Multi-Media in relation to provision of catering services by Shunde Multi-Media to staff of PFC Device (GD)
“GEM Listing Rules”	the Rule Governing the Listing of Securities on GEM made by the Stock Exchange from time to time
“Group”	the Company together with its subsidiaries from time to time
“Guangdong Zhaoao”	廣東兆傲電子有限公司 (Guangdong Zhaoao Electronics Company Limited*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of Shell Holdings
“HK\$”	Hong Kong Dollars, the lawful currency of Hong Kong
“HKFRS(s)”	Hong Kong Financial Reporting Standard(s) issued by the Hong Kong Institute of Certified Public Accountants from time to time

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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
“New Catering Service Agreement”	the agreement dated 23 December 2021 entered into between PFC Device (GD) and Shunde Multi-Media in relation to provision of catering services by Shunde Multi-Media to staff of PFC Device (GD)
“New Supply Agreement”	the agreement dated 23 December 2021 entered into between PFC Device (HK) and SMC Electric HK in relation to sale of power discrete semiconductors or other products to SMC Electric HK
“Other Agreements”	collectively, (i) the 2 <sup>nd</sup> Renewed Subcontracting Agreement; (ii) the New Supply Agreement; and (iii) the New Catering Service Agreement
“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
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excluding Hong Kong, the Macao Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	Share(s) of HK\$0.20 each in the capital of the Company
“Shareholders”	holder of the Share(s)
“Shell Holdings”	Shell Electric Holdings Limited, a company incorporated under the laws of Bermuda with limited liability, and a controlling shareholder of the Company

“Shunde Multi-Media	佛山市順德區蜆華多媒體製品有限公司(Shunde SMC Multi-Media Products Company Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of Shell Holdings
“SMC Electric HK”	SMC Electric (HK) Limited, a company incorporated under the laws of Hong Kong and an indirect wholly-owned subsidiary of SMC Electric Limited (stock code: 2381) in which Shell Holdings holds 75% of its issued shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States Dollars, the lawful currency of the United States of America
“VAT”	value-added tax
“Xunsu Asset Management”	迅速資產管理(深圳)有限公司 (Xunsu Asset Management (Shenzhen) Limited*), a company established in the PRC and an indirect wholly-owned subsidiary of Shell Holdings
“%”	per cent

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

\* For identification purposes only

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

Hong Kong, 23 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's website at [www.hkgem.com](http://www.hkgem.com) on the "Latest Company Announcements" page for at least 7 days from the date of its posting and on the website of the Company at [www.pfc-device.com](http://www.pfc-device.com).*