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

**(Stock code: 8231)**

**DISCLOSEABLE TRANSACTION IN RELATION TO THE  
PURCHASE OF EQUIPMENT  
AND  
CONSTRUCTION SERVICES**

**PURCHASE OF EQUIPMENT**

The Board hereby announces that on 24 January 2022, PFC Device (GD), an indirect wholly-owned subsidiary of the Company, has placed the Purchase Order with Suzhou Rayzher, an Independent Third Party, for the purchase of special gas supply system at the consideration of approximately RMB8.7 million (equivalent to approximately HK\$10.5 million).

**CONSTRUCTION SERVICES**

On 24 January 2022, PFC Device (GD) has placed two Construction Services Orders with Yuhong, an Independent Third Party, as a contractor in respect of the Construction Services for the cleanroom at a total consideration of approximately RMB5.7 million (equivalent to approximately HK\$6.8 million).

**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 with Suzhou Rayzher 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.

Reference is made to the announcement of the Company dated 23 September 2021, PFC Device (GD) as the principal, entered into the Previous Construction Contract with Yuhong in relation to the construction of a cleanroom situated at the wafer fabrication manufacturing facility at the Group's factory in Shunde, the PRC. As the Previous Construction Contract and the two Construction Services Orders (collectively referred to as the "Yuhong Construction Works") were entered into with Yuhong within a 12-month period, the transactions contemplated under the Yuhong Construction Works 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 Yuhong Construction Works in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under Yuhong Construction Works constituted a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

## **PURCHASE OF EQUIPMENT**

The Board hereby announces that on 24 January 2022, PFC Device (GD), an indirect wholly-owned subsidiary of the Company, has placed the Purchase Order with Suzhou Rayzher, an Independent Third Party, for the purchase of special gas supply system at the consideration of approximately RMB8.7 million (equivalent to approximately HK\$10.5 million). The principal terms of the Purchase Order are set out as follows.

<b>Date of Purchase Order:</b>	24 January 2022
<b>Equipment to be purchased:</b>	Special gas supply system
<b>Consideration:</b>	RMB8,739,841
<b>Settlement terms:</b>	30% of the consideration as deposit to be paid within the month after confirmation of the Purchase Order;  55% of the consideration to be paid within the month upon delivery and installation  12% of the consideration to be paid within the month after inspection and acceptance  the remaining 3% of the consideration to be paid within the month after the expiry of the 12-month warranty period after the inspection and acceptance of the installation

The amount of consideration of the Purchase Order also includes fees in relation to, inter alia, delivery and installation services and insurance costs. 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 its corresponding installation. The consideration shall be payable by telegraphic transfer, which will be financed by internal resources of the Group and/or shareholders' loans from Shell Holdings, the controlling shareholder of the Company and its subsidiaries (other than the Group).

Pursuant to the settlement terms of the Purchase Order, a non-refundable deposit of approximately RMB2.6 million is to be paid by PFC Device (GD) to Suzhou Rayzher within the month after confirmation of the Purchase Order, which is on normal commercial terms without any interest or collateral.

**CONSTRUCTION SERVICES**

On 24 January 2022, PFC Device (GD) has placed two Construction Services Orders with Yuhong, an Independent Third Party, as a contractor in respect of the Construction Services for the cleanroom at a total consideration of approximately RMB5.7 million (equivalent to approximately HK\$6.8 million). The principal terms of the Construction Services Orders are set out as follows:

- Date:** 24 January 2022
  
- Parties:**
  - (i) PFC Device (GD), as the principal; and
  - (ii) Yuhong, as the contractor
  
- Scope of construction works:**
  - (i) the process and exhaust gas pipeline engineering services; and
  - (ii) the electrical panel and cable engineering services
  
- Construction period:** The construction period is expected to be three months commencing from 24 January 2022, subject to the changes to be mutually agreed between PFC Device GD and Yuhong
  
- Consideration:** RMB5,680,000
  
- Settlement terms:** 15% of the consideration as deposit to be paid within the month after confirmation of the principal's Construction Services Orders by the contractor;

65% of the consideration to be paid by monthly progressive payments based on 80% of the assessed value of construction works completed for relevant months when such payments are made (the “Monthly Assessed Contract Value”) with the remaining 20% of the Monthly Assessed Contract Value payable on the final monthly progressive payment

15% of the consideration to be paid within the month after inspection and acceptance

the remaining 5% of the consideration to be paid within the month after the expiry of the 12-month warranty period after the inspection and acceptance of the construction works

The consideration 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 Services. The consideration shall be payable by telegraphic transfer, which will be financed by internal resources of the Group and/or shareholders’ loans from Shell Holdings, the controlling shareholder of the Company and its subsidiaries (other than the Group).

## **REASONS FOR AND BENEFITS OF PURCHASE OF EQUIPMENT AND ENTERING INTO THE CONSTRUCTION SERVICES ORDERS**

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 special gas supply system acquired under the Purchase Order will be deployed at the Group's wafer fabrication manufacturing facility at its factory in Shunde, the PRC.

Entering into the two Construction Services Orders for the cleanroom form 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 products.

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

#### **INFORMATION OF THE PARTIES**

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, Suzhou Rayzher is a company incorporated in the PRC with limited liability and is principally engaged in the design, construction and installation of ultra-high purity gas supply system, factory process piping system, cleanroom system and the manufacturing of special gas and chemical equipment. The ultimate beneficial owners of Suzhou Rayzher are Ms. Lin Pingwei\* (林娉薇), Mr. Tao Jinghua\*(陶景華) and Mr. Fong Rong\*(方榮). Suzhou Rayzher and its ultimate beneficial owner are Independent Third Parties to the Company and its connected persons.

As at the date of this announcement, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquires, Yuhong is a company incorporated in the PRC with limited liability and is principally engaged in the material production, equipment production, intelligent control and engineering installation in relation to cleanroom system in the PRC. The ultimate beneficial owners are Mr. Zeng Xiaowei\* (曾小偉), Mr. Xie Yanhui\* (謝燕輝) and Mr. Huang Xianggang\* (黃祥剛). Yuhong and its ultimate beneficial owners are Independent Third Parties to the Company and its connected persons.

#### **GEM LISTING RULES IMPLICATIONS**

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Reference is made to the announcement of the Company dated 23 September 2021, PFC Device (GD) as the principal, entered into the Previous Construction Contract with Yuhong in relation to the construction of a cleanroom situated at the wafer fabrication manufacturing facility at the Group's factory in Shunde, the PRC. As the Previous Construction Contract and the two Construction Services Orders (collectively referred to as the "Yuhong Construction Works") were entered into with Yuhong within a 12-month period, the transactions contemplated under the Yuhong Construction Works 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 Yuhong Construction Works in aggregate exceed(s) 5% but is/are less than 25%, the transactions contemplated under Yuhong Construction Works constituted a discloseable transaction and is subject to the reporting and announcement requirements under Chapter 19 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
"Construction Services"	the construction works in relation the process and exhaust gas pipeline engineering services and the electrical panel and cable engineering services to be carried out by Yuhong pursuant to the Construction Services Orders
"Construction Services Orders"	the two construction services orders placed by PFC Device (GD) to Yuhong dated 24 January 2022
"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
“Previous 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
“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 special gas supply system purchase order placed by PFC Device (GD) to Suzhou Rayzher on 24 January 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the holder(s) 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



“Suzhou Rayzher”	蘇州銳澤系統工程有限公司 (Suzhou Rayzher Industrial Company Limited*), a company established in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 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, 24 January 2022

*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.*