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Lotus Atlantic Limited
*(Incorporated in the British Virgin Islands
with limited liability)*

 **PFC Device Inc.**
節能元件有限公司
*(Incorporated in the Cayman Islands with limited liability)
(Stock code: 8231)*

Financial Adviser to the Offeror

 **SOMERLEY CAPITAL LIMITED**

Independent Financial Adviser to the Independent Board Committee

ALTUS CAPITAL LIMITED

JOINT ANNOUNCEMENT

**DESPATCH OF SCHEME DOCUMENT
AND OPTION OFFER LETTER**

RELATING TO

**(1) THE PROPOSAL FOR THE PRIVATISATION OF
PFC DEVICE INC. BY LOTUS ATLANTIC LIMITED
BY WAY OF A SCHEME OF ARRANGEMENT UNDER
SECTION 86 OF THE COMPANIES ACT OF THE CAYMAN ISLANDS**

(2) OPTION OFFER

AND

(3) PROPOSED WITHDRAWAL OF LISTING

INTRODUCTION

Reference is made to (i) the joint announcement issued by Lotus Atlantic Limited (the “**Offeror**”) and PFC Device Inc. (the “**Company**”) dated 11 November 2021 (the “**Joint Announcement**”) in relation to, among other things, the proposed privatisation of the Company by the Offeror by way of a scheme of arrangement under Section 86 of the Companies Act of the Cayman Islands; (ii) the joint announcement issued by the Offeror and the Company dated 1 December 2021 in relation to the delay in despatch of the Scheme Document; (iii) the announcement issued by the Company dated 1 December 2021 in relation to the appointment of Independent Financial Adviser; (iv) the joint announcement issued by the Offeror and the Company dated 30 December 2021 in relation to the monthly update on the status and progress in relation to the Proposal; and (v) the scheme document jointly issued by the Company and the Offeror dated 21 January 2022 in relation to, among others, the Proposal and the Scheme (the “**Scheme Document**”).

Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Scheme Document.

DESPATCH OF THE SCHEME DOCUMENT AND THE OPTION OFFER LETTER

The Scheme Document together with the notices of the Court Meeting and the EGM to be held on Wednesday, 16 February 2022 and the related proxy forms will be despatched to the Shareholders on Friday, 21 January 2022.

The Option Offer Letter for the Option Offer and the Form of Acceptance will also be despatched to the Option Holders on Friday, 21 January 2022.

The Scheme Document contains, among other things, further details of the Scheme, the Proposal, the expected timetable, the explanatory memorandum of the Scheme as required under the rules of the Grand Court, general information regarding the Company and the Offeror, the letters from the Board, the Independent Board Committee and the Independent Financial Adviser, a notice of the Court Meeting and a notice of the EGM.

RECOMMENDATIONS OF THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, which comprises the independent non-executive Directors, namely Mr. LAM, Peter, Mr. LEUNG Man Chiu, Lawrence and Mr. FAN Yan Hok, Philip, has been established by the Board to make a recommendation to the Disinterested Shareholders and the Option Holders in respect of the Proposal (including the Option Offer) and the Scheme.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee in connection with the Proposal (including the Option Offer) and the Scheme.

The Independent Financial Adviser has stated that it considers the terms of the Proposal and the Scheme as well as the Option Offer are fair and reasonable so far as the Disinterested Shareholders and the Option Holders are concerned, and it advises the Independent Board Committee to advise (i) the Disinterested Shareholders to vote in favour of the relevant resolutions to approve the Scheme at the Court Meeting and the EGM; and (ii) the Option Holders to accept the Option Offer.

The Independent Board Committee, having considered the terms of the Proposal (including the Option Offer) and the Scheme, and having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Proposal (including the Option Offer) and the Scheme are fair and reasonable so far as the Disinterested Shareholders and the Option Holders are concerned. Accordingly, the Independent Board Committee recommends the Disinterested Shareholders to vote in favour of the relevant resolutions to be proposed at the Court Meeting and the EGM to approve and implement the Proposal and the Scheme and the Option Holders to accept the Option Offer.

Shareholders are urged to read carefully the recommendations of the Independent Board Committee and the advice of the Independent Financial Adviser in relation to the Scheme and the Proposal as set out in the letters from the Independent Board Committee and the Independent Financial Adviser as contained in the Scheme Document.

COURT MEETING AND EGM

The Court Meeting and the EGM are scheduled to be held at 9 a.m. (Hong Kong time) and 10 a.m. (Hong Kong time) (or, if later, as soon as practicable after the conclusion or adjournment of the Court Meeting), respectively, at 1/F., Shell Industrial Building, 12 Lee Chung Street, Chai Wan, Hong Kong on Wednesday, 16 February 2022.

In accordance with the directions of the Grand Court, the Court Meeting will be held for the purpose of considering and, if thought fit, passing a resolution to approve the Scheme (with or without modifications).

Immediately following the conclusion of the Court Meeting, the EGM will be held for the purpose of considering and, if thought fit, passing, among others, (i) a special resolution to approve and give effect to the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares as a result of the Scheme; and (ii) an ordinary resolution to immediately thereafter increase the number of Shares in the issued share capital of the Company to the number prior to the cancellation and extinguishment of the Scheme Shares to pay up in full at par such number of new Shares as is equal to the number of Scheme Shares cancelled and extinguished as a result of the Scheme, credited as fully paid, to be allotted and issued to the Offeror.

Notices of the Court Meeting and the EGM are contained in the Scheme Document and are available on the GEM's website (www.hkgem.com) and the Company's website (www.pfc-device.com) (together with the relevant proxy forms).

An announcement will be issued by the Company and the Offeror in relation to the results of the Court Meeting and the EGM by no later than 7:00 p.m. on Wednesday, 16 February 2022.

If all the resolutions are passed at the Court Meeting and the EGM, the Company and the Offeror will make further announcement(s) of the results of the hearing of the petition seeking the sanction of the Scheme and confirmation of the issued share capital reduction from the Grand Court (and, if the Scheme is sanctioned by the Grand Court, the Scheme Record Date, the Effective Date and the date of withdrawal of the listing of the Shares on GEM of the Stock Exchange).

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the entitlements of the Disinterested Shareholders to attend and vote at the Court Meeting and the entitlements of the Shareholders to attend and vote at the EGM, the register of members of the Company will be closed from Friday, 11 February 2022 to Wednesday, 16 February 2022 (both days inclusive) and during such period, no transfer of Shares will be effected. In order to qualify to vote at the Court Meeting and/or the EGM, all transfers accompanied by the relevant share certificates must be lodged with the Share Registrar at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Thursday, 10 February 2022. This book closure period is not for determining entitlements under the Scheme.

CONDITIONS OF THE PROPOSAL AND THE SCHEME

Shareholders and potential investors should be aware that the implementation of the Proposal and the Scheme are subject to conditions being fulfilled or waived, as applicable. All of the Conditions will have to be fulfilled or waived, as applicable, on or before the Long Stop Date (or such later date as the Offeror, the Company and Somerley may agree or, to the extent applicable, as the Grand Court may direct and in all cases, as permitted by the Executive), failing which the Proposal and the Scheme will lapse.

Assuming that the Conditions are satisfied or waived (as applicable), it is expected that the Scheme will become effective on or around Wednesday, 23 March 2022 (Cayman Islands time).

The Company has applied to the Stock Exchange for the withdrawal of listing of the Shares on GEM of the Stock Exchange subject to the Scheme becoming effective. The listing of the Shares is expected to be withdrawn from GEM of the Stock Exchange with effect from 4:00 p.m. on Friday, 25 March 2022.

Further announcement(s) on any changes regarding the timetable of the Scheme will be made as and when necessary.

EXPECTED TIMETABLE

Shareholders should note that the expected timetable set out below is indicative only and is subject to change. Further announcement(s) will be made if there is any change to the expected timetable below.

<i>Event</i>	<i>Date</i>
Despatch of the Scheme Document	Friday, 21 January 2022
Despatch of the Option Offer Letter for the Option Offer.	Friday, 21 January 2022
Latest time for Option Holders to lodge notice of exercise of their Options in order: (i) to be entitled to attend and vote at the Court Meeting and the EGM; and (ii) to qualify for entitlements under the Scheme	4:30 p.m. on Thursday, 10 February 2022
Latest time for lodging transfers of Shares in order to become entitled to vote at the Court Meeting and the EGM.	4:30 p.m. on Thursday, 10 February 2022
Register of members of the Company in respect of the Shares closed for determining the entitlement of Scheme Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM (<i>Note 1</i>)	From Friday, 11 February 2022 to Wednesday, 16 February 2022 (both days inclusive)
Latest time for lodging the pink form of proxy in respect of the Court Meeting (<i>Note 2</i>)	9:00 a.m. on Monday, 14 February 2022
Latest time for lodging the white form of proxy in respect of the EGM (<i>Note 2</i>)	10:00 a.m. on Monday, 14 February 2022
Meeting Record Date	Wednesday, 16 February 2022
Court Meeting (<i>Notes 3 and 8</i>)	9:00 a.m. on Wednesday, 16 February 2022

EGM (<i>Notes 3 and 8</i>)	10:00 a.m. on Wednesday, 16 February 2022
Announcement of the results of the Court Meeting and the EGM	no later than 7:00 p.m. on Wednesday, 16 February 2022
Expected latest time of trading in the Shares on the Stock Exchange	4:10 p.m. on Friday, 18 February 2022
Latest time for the Option Holders to exercise their Share Options to qualify for entitlements under the Scheme	4:30 p.m. on Thursday, 3 March 2022
Latest time for lodging transfers of Shares in order to qualify for the entitlements under the Scheme.	4:30 p.m. on Thursday, 3 March 2022
Register of members of the Company in respect of the Shares closed for determining entitlements to qualify under the Scheme (<i>Note 4</i>).	From Friday, 4 March 2022 onwards
Court hearing of the petition to sanction the Scheme and to confirm the issued share capital reduction	Tuesday, 8 March 2022 (Cayman Islands time)
Announcement of: (i) the result of the court hearing; (ii) the expected Effective Date; (iii) the expected date of withdrawal of listing of the Shares on GEM of the Stock Exchange; and (iv) the Option Offer becoming unconditional	Wednesday, 9 March 2022
Scheme Record Date	Wednesday, 23 March 2022
Share Option Record Date	Wednesday, 23 March 2022
Latest time to accept the Option Offer and the closing date of the Option Offer	4:00 p.m. on Wednesday, 23 March 2022

Effective Date (*Note 5*) Wednesday, 23 March 2022
(Cayman Islands time)

Announcement of: (i) the Effective Date;
(ii) the withdrawal of listing of the Shares
on GEM of the Stock Exchange; and
(iii) the results of the Option Offer Before 8:30 a.m. on
Thursday, 24 March 2022

Expected withdrawal of listing of the
Shares on GEM of the Stock Exchange
becomes effective (*Note 6*) 4:00 p.m. on
Friday, 25 March 2022

Latest time to despatch cheques for
cash entitlements under the Scheme (*Note 7*). on or before
Friday, 1 April 2022

Latest time to despatch cheques for
cash payment to the Option Holders (*Note 7*). on or before
Friday, 1 April 2022

Notes:

1. The register of members of the Company will be closed during such period for the purposes of determining the entitlement of the Disinterested Shareholders to attend and vote at the Court Meeting and the entitlement of the Shareholders to attend and vote at the EGM. For the avoidance of doubt, this book close period is not for determining entitlements under the Scheme.
2. The **pink** form of proxy in respect of the Court Meeting and the **white** form of proxy in respect of the EGM should be completed and signed in accordance with the instructions respectively printed thereon and should be lodged with the Share Registrar at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong as soon as possible but in any event not later than the respective times and dates stated above. The **pink** form of proxy for use at the Court Meeting and the **white** form of proxy for use at the EGM must be lodged no later than the time and date stated above in order for them to be valid except that the form of proxy for use at the Court Meeting may be handed to the chairman of the Court Meeting at the Court Meeting (who shall have absolute discretion whether or not to accept it). The completion and return of a form of proxy for the Court Meeting and/or the EGM will not preclude a member from attending and voting in person at the relevant meeting or any adjournment thereof if he/she/it so wishes. In the event that the member attends and votes at the relevant meeting or any adjournment thereof after having lodged his/her/its form of proxy, the returned form of proxy shall be deemed to have been revoked.
3. Please see the notice of the Court Meeting set out in Appendix IV to the Scheme Document and the notice of the EGM set out in Appendix V to the Scheme Document.

4. The register of members of the Company will be closed as from such date and on such date for the purpose of determining the Scheme Shareholders who are qualified for entitlement under the Scheme.
5. When all the Conditions are satisfied or waived (as applicable), a copy of the order of the Grand Court sanctioning the Scheme will be delivered to the Registrar of Companies in the Cayman Islands for registration pursuant to Section 86(3) of the Companies Act, at which point it shall become effective and binding on the Offeror, the Company and all Scheme Shareholders. The Effective Date would be earlier than the date of announcement of the Effective Date and the withdrawal of listing of the Shares on GEM of the Stock Exchange due to the timing difference between Hong Kong and the Cayman Islands.
6. If all the Conditions are fulfilled (or waived as applicable), the Offeror will implement the Proposal to cancel and extinguish the Scheme Shares and the Company will apply to the Stock Exchange for the withdrawal of listing of the Shares on GEM of the Stock Exchange.
7. Cheques for the cash entitlements to the Scheme Shareholders and the Option Holders will be despatched by ordinary post at the risk of the recipients to their registered addresses shown in the register of members of the Company at the Scheme Record Time on the Scheme Record Date on or before Friday, 1 April 2022.
8. If a tropical cyclone warning signal No. 8 or above or “extreme conditions” caused by super typhoons is or is expected to be hoisted or a black rainstorm warning signal is or is expected to be in force at any time after 7:00 a.m. on the date of the Court Meeting and the EGM, the Court Meeting and the EGM will be adjourned. The Company will post an announcement on the respective websites of the Stock Exchange and the Company to notify the members of the date, time and venue of the rescheduled meetings.

All references to times and dates are references to Hong Kong times and dates, except as otherwise specified.

WARNING

Shareholders and potential investors of the Company should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or, where applicable, waived, and therefore the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

By Order of the board of
Lotus Atlantic Limited
YUNG Kwok Kee, Billy
Director

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

Hong Kong, 21 January 2022

As at the date of this joint announcement, the board of director of the Offeror comprises three directors namely Mr. YUNG Kwok Kee, Billy, Mr. TANG Che Yin and Mr. CHOW Kai Chiu, David.

As at the date of this joint announcement, the board of director of Sybond Venture Limited comprise of two directors namely Mr. YUNG Kwok Kee, Billy and Mr. CHOW Kai Chiu, David.

As at the date of this joint announcement, the board of director of Shell Holdings comprises four directors namely Mr. YUNG Kwok Kee, Billy, Madam HSU Vivian, Mr. CHOW Kai Chiu, David, and Madam LI Pik Mui, Cindy.

As at the date of this joint announcement, the sole director of Red Dynasty Investments Limited is Mr. YUNG Kwok Kee, Billy.

The directors of the Offeror, Sybond Venture Limited, Shell Holdings and Red Dynasty Investments Limited jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Group), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint 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 joint announcement, for which the Directors 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 of Hong Kong Limited 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 joint 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.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than that relating to the Offeror), and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this joint announcement have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement, the omission of which would make any statement in this joint announcement misleading.

This joint announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcements" page for at least 7 days from the day of its posting and on the Company's website at www.pfc-device.com.