



PFC Device Inc.

節能元件有限公司

(incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立的有限公司)

Stock code 股份代號 : 8231

2018 THIRD QUARTERLY REPORT
第三季度業績報告

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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This report, 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 report 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 report misleading.

香港聯合交易所有限公司 (「聯交所」) GEM的特色

GEM的定位，乃為中小型公司提供一個上市的市場，此等公司相比起其他在聯交所主板上市的公司帶有較高投資風險。有意投資的人士應了解投資於該等公司的潛在風險，並應經過審慎周詳的考慮後方作出投資決定。

由於GEM上市公司普遍為中小型公司，在GEM買賣的證券可能會較於聯交所主板買賣之證券承受較大的市場波動風險，同時無法保證在GEM買賣的證券會有高流通量的市場。

香港交易及結算所有限公司及聯交所對本報告的內容概不負責，對其準確性或完整性亦不發表任何聲明，並明確表示，概不對因本報告全部或任何部份內容而產生或因倚賴該等內容而引致之任何損失承擔任何責任。

本報告遵照聯交所GEM證券上市規則(「GEM上市規則」)的規定提供有關節能元件有限公司(「本公司」)及其附屬公司的資料。本公司董事(「董事」)對本報告所載資料共同及個別承擔全部責任。董事在作出一切合理查詢後確認，就彼等深知及確信，本報告所載資料在各重大方面均屬準確及完整，且無誤導或欺騙成份，亦無遺漏其他事項，致使本報告所載內容有所誤導。

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 2018, together with the unaudited comparative figures for the corresponding period in 2017, as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2018

第三季度業績

本公司董事會(「董事會」)欣然公佈本公司及其附屬公司(以下統稱為「本集團」)截至二零一八年九月三十日止九個月之未經審核簡明綜合第三季度業績，連同二零一七年同期未經審核比較數字，如下：

未經審核簡明綜合全面收益表

截至二零一八年九月三十日止三個月及九個月

		Notes 附註	Three months ended 30 September 截至九月三十日止三個月		Nine months ended 30 September 截至九月三十日止九個月	
			2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)	2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)
Revenue	收入	3	5,994	7,972	18,790	19,826
Cost of sales	銷售成本		(5,225)	(6,138)	(14,937)	(15,312)
Gross profit	毛利		769	1,834	3,853	4,514
Other income	其他收入		10	479	149	482
Distribution and selling expenses	分銷及銷售開支		(37)	(34)	(104)	(96)
Administrative expenses	行政開支		(1,167)	(1,277)	(3,336)	(3,851)
Other operating expenses	其他經營開支		(42)	(87)	(121)	(225)
Finance costs	財務成本		(1)	(3)	(2)	(10)
Other gains and losses	其他收益及虧損		(28)	21	43	(196)
Profit/(Loss) before income tax	所得稅前溢利／(虧損)	4	(496)	933	482	618
Income tax expense	所得稅開支	5	(15)	(213)	(295)	(371)
Profit/(Loss) for the period attributable to owners of the Company	本公司擁有人應佔期內溢利／(虧損)		(511)	720	187	247
Other comprehensive income	其他全面收益					
Item that may be reclassified subsequently to profit or loss	其後可能重新分類至損益的項目					
Exchange difference arising from translation of overseas operations	換算海外業務產生的匯兌差額		(529)	274	(942)	1,020
Total comprehensive income for the period attributable to owners of the Company	本公司擁有人應佔期內全面收益總額		(1,040)	994	(755)	1,267
			US cents 美仙	US cents 美仙	US cents 美仙	US cents 美仙
Earnings/(Loss) per share	每股盈利／(虧損)	7				
– Basic	– 基本		(0.032)	0.045	0.012	0.015
– Diluted	– 攤薄		(0.032)	0.045	0.012	0.015

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

未經審核簡明綜合權益變動表

For the nine months ended 30 September 2018

截至二零一八年九月三十日止九個月

		Share capital 股本 US\$'000 千美元	Share premium 股份溢價 US\$'000 千美元	Share option reserve 購股權儲備 US\$'000 千美元	Merger reserve 合併儲備 US\$'000 千美元	Capital contribution 出資 US\$'000 千美元	Translation reserve 匯兌儲備 US\$'000 千美元	Accumulated losses 累計虧損 US\$'000 千美元	Total equity 權益總額 US\$'000 千美元
Nine months ended 30 September 2017 (unaudited)	截至二零一七年九月三十日止九個月(未經審核)								
At 1 January 2017	於二零一七年一月一日	2,062	20,536	-	905	1,247	(1,026)	(1,504)	22,220
Profit for the period	期內溢利	-	-	-	-	-	-	247	247
Other comprehensive income for the period	期內其他全面收益								
- Exchange difference arising from translation of overseas operations	- 換算海外業務產生的匯兌差額	-	-	-	-	-	1,020	-	1,020
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	1,020	247	1,267
Shares issued upon exercise of options granted by the Company	本公司授出的購股權獲行使而發行股份	11	248	(81)	-	-	-	-	178
Vested share option forfeited	沒收已歸屬的購股權	-	-	(17)	-	-	-	17	-
Share-based payment expense of options granted by the Company	本公司授出的購股權的股份支付開支	-	-	299	-	-	-	-	299
At 30 September 2017	於二零一七年九月三十日	2,073	20,784	201	905	1,247	(6)	(1,240)	23,964
Nine months ended 30 September 2018 (unaudited)	截至二零一八年九月三十日止九個月(未經審核)								
At 1 January 2018	於二零一八年一月一日	2,073	20,784	236	905	1,247	370	(935)	24,680
Profit for the period	期內溢利	-	-	-	-	-	-	187	187
Other comprehensive income for the period	期內其他全面收益								
- Exchange difference arising from translation of overseas operations	- 換算海外業務產生的匯兌差額	-	-	-	-	-	(942)	-	(942)
Total comprehensive income for the period	期內全面收益總額	-	-	-	-	-	(942)	187	(755)
Shares issued upon exercise of options granted by the Company	本公司授出的購股權獲行使而發行股份	12	283	(93)	-	-	-	-	202
Share-based payment expense of options granted by the Company	本公司授出的購股權的股份支付開支	-	-	45	-	-	-	-	45
At 30 September 2018	於二零一八年九月三十日	2,085	21,067	188	905	1,247	(572)	(748)	24,172

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION

未經審核簡明綜合財務資料附註

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 the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 7 October 2016.

The address of its registered office is P.O. Box 1350, Clifton House, 75 Fort Street, 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, 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 Electric**”), a company incorporated in Bermuda.

The unaudited condensed consolidated financial information of the Group for the nine months ended 30 September 2018 have not been audited but have been reviewed by the Audit Committee, and were approved for issue by the directors on 13 November 2018.

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 2018, the accounting policies applied in preparing these unaudited condensed consolidated financial information for the nine months ended 30 September 2018 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 2017 (the “**2017 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.

1. 一般資料

節能元件有限公司(「本公司」)在開曼群島註冊成立之獲豁免有限公司。本公司股份於二零一六年十月七日於香港聯合交易所有限公司(「聯交所」)GEM上市。

本公司的註冊辦事處地址為P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands。本公司的主要營業地點為香港柴灣利眾街12號蜆壳工業大廈一樓。

本集團包括本公司及其附屬公司，主要從事產銷離散式功率半導體業務。

Lotus Atlantic Limited為本公司的控股公司，其為一間於英屬處女群島註冊成立的公司，本公司董事認為其最終控股公司為蜆壳電器控股有限公司(「蜆壳電器」)，一間於百慕達註冊成立的公司。

本集團截至二零一八年九月三十日止九個月之未經審核簡明綜合財務資料均未經審核，惟經審核委員會審閱並經董事於二零一八年十一月十三日批准刊發。

2. 編製基準

除採納由香港會計師公會(「香港會計師公會」)頒佈於二零一八年一月一日開始的本集團財政年度生效的新訂及經修訂香港財務報告準則(「香港財務報告準則」)外，編製此截至二零一八年九月三十日止九個月的未經審核簡明綜合財務資料所採用的會計政策與編製該等全年度財務報表所採用者貫徹一致。本未經審核簡明綜合財務資料應與截至二零一七年十二月三十一日止年度的全年財務報表(「二零一七年年末財務報表」)一併閱覽。

本集團並無提早應用香港會計師公會已頒佈但尚未生效的新訂及經修訂香港財務報告準則。

未經審核簡明綜合財務資料已按歷史成本法基礎編製。

此等未經審核簡明綜合財務資料乃以美元(「美元」)呈列，與本公司的功能貨幣一致。除另有指明外，所有價值均四捨五入至最接近之千位數。

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)
未經審核簡明綜合財務資料附註(續)

3. REVENUE

The Group is principally engaged in manufacturing and sales of power discrete semiconductors. Revenue represented the net invoiced value of goods sold during the period, as follows:

3. 收入

本集團主要從事生產及銷售離散式功率半導體業務。收入指於期內已售的貨品之發票淨值，詳情如下：

		Three months ended 30 September 截至九月三十日止三個月		Nine months ended 30 September 截至九月三十日止九個月	
		2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)	2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)
Sales of power discrete semiconductors	銷售離散式功率半導體	5,516	7,160	16,728	17,962
Trading of raw materials	原材料貿易	478	812	2,062	1,864
		5,994	7,972	18,790	19,826

4. PROFIT/(LOSS) BEFORE INCOME TAX

4. 所得稅前溢利／(虧損)

		Three months ended 30 September 截至九月三十日止三個月		Nine months ended 30 September 截至九月三十日止九個月	
		2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)	2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)
Profit/(Loss) before income tax is arrived after charging:	所得稅前溢利／(虧損) 乃經扣除：				
Write down of inventories to net realisable value	存貨減值至可變現淨值	384	27	266	146
Depreciation of property, plant and equipment	物業、廠房及設備折舊	407	413	1,285	1,194
Employee benefit expenses (including directors' emoluments)	僱員福利開支 (包括董事酬金)				
– Salaries, wages and other benefits	– 薪金、工資及其他福利	1,020	1,115	3,025	3,232
– Contribution to defined contribution retirement plans	– 向界定供款退休計劃供款	56	58	174	168
– Equity settled share-based payment expense	– 權益結算股份支付開支	14	35	45	299
		1,090	1,208	3,244	3,699

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)
未經審核簡明綜合財務資料附註(續)

5. INCOME TAX EXPENSE

The amounts of income tax in the unaudited condensed consolidated statement of comprehensive income represent:

5. 所得稅開支

未經審核簡明綜合全面收益表中所得稅開支金額為：

		Three months ended 30 September 截至九月三十日止三個月		Nine months ended 30 September 截至九月三十日止九個月	
		2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)	2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)
Current tax	當期稅項				
- Hong Kong profits tax	- 香港利得稅	-	-	-	-
- Other regions of the People's Republic of China ("PRC")	- 中華人民共和國(「中國」)其他地區				
- Enterprise Income Tax ("EIT")	- 企業所得稅(「企業所得稅」)	15	127	17	290
- Taiwan profits tax	- 台灣利得稅	74	78	287	78
Deferred tax	遞延稅項	89 (74)	205 8	304 (9)	368 3
Income tax expense	所得稅開支	15	213	295	371

Hong Kong profits tax is calculated at 16.5% (2017: 16.5%) on the estimated assessable profits derived from Hong Kong. Profits tax arising from operations in Taiwan is calculated at 20% (2017: 17%) on the estimated assessable profits for the period. EIT arising from other regions of the PRC is calculated at 25% (2017: 25%) on the estimated assessable income for the period.

香港利得稅乃根據期內源自香港的估計應課稅溢利按16.5%(二零一七年: 16.5%)計算。台灣業務所產生的所得稅根據期內估計應課稅溢利按20%(二零一七年: 17%)計算。中國其他地區之企業所得稅根據期內估計應課稅收入按25%(二零一七年: 25%)計算。

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL INFORMATION (Continued)
未經審核簡明綜合財務資料附註(續)

6. DIVIDEND

The Board does not declare the payment of any interim dividend for the nine months ended 30 September 2018 (Nine months ended 30 September 2017: Nil).

6. 股息

董事會宣佈就截至二零一八年九月三十日止九個月不派付任何中期股息(截至二零一七年九月三十日止九個月：無)。

7. EARNINGS/(LOSS) PER SHARE

The calculation of the basic earnings/(loss) per share is based on the following data:

7. 每股盈利/(虧損)

每股基本盈利/(虧損)乃基於以下資料計算得出：

		Three months ended 30 September 截至九月三十日止三個月		Nine months ended 30 September 截至九月三十日止九個月	
		2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)	2018 二零一八年 US\$'000 千美元 (unaudited) (未經審核)	2017 二零一七年 US\$'000 千美元 (unaudited) (未經審核)
Earnings/(Loss)	盈利/(虧損)				
Profit/(Loss) for the period attributable to owners of the Company	本公司擁有人應佔期內 溢利/(虧損)	(511)	720	187	247
		Three months ended 30 September 截至九月三十日止三個月		Nine months ended 30 September 截至九月三十日止九個月	
		2018 二零一八年 Number of shares 股份數目 '000 千股 (unaudited) (未經審核)	2017 二零一七年 Number of shares 股份數目 '000 千股 (unaudited) (未經審核)	2018 二零一八年 Number of shares 股份數目 '000 千股 (unaudited) (未經審核)	2017 二零一七年 Number of shares 股份數目 '000 千股 (unaudited) (未經審核)
Number of shares	股份數目				
Weighted average number of ordinary shares in issue during the period	期內已發行普通股之 加權平均數	1,616,271	1,603,386	1,611,473	1,601,141

7. EARNINGS/(LOSS) PER SHARE (Continued)

The weighted average number of ordinary shares used for the purposes of calculating basic earnings per share for the three months and the nine months ended 30 September 2017 of 1,603,386,000 and 1,601,141,000 shares respectively, which represents the number of shares of the Company in issue upon the completion of placing and capitalization issue.

The weighted average number of ordinary shares used for the purposes of calculating basic earnings/loss per share for the three months and the nine months ended 30 September 2018 of 1,616,271,000 and 1,611,473,000 shares respectively, which represents the weighted number of shares in issue during the respective periods, after giving effect of the Company's share in issue by the allotment of shares upon exercise of the share option.

Diluted earnings per share for the three months and the nine months ended 30 September 2017 are calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares for the purposes of calculating the basic earnings per share of 1,603,386,000 and 1,601,141,000 shares respectively, after adjustment for the potential dilutive effect in the potential ordinary shares to be issued on the exercise of the share options granted by the Company on 22 March 2017 of 12,435,000 and 11,335,000 shares respectively.

Diluted loss per share for the three months ended 30 September 2018 is the same as the basic loss per share as the effect of the conversion of the Company's share options would result in an anti-dilutive effect on the loss per share during the period.

Diluted earnings per share for the nine months ended 30 September 2018 is calculated by dividing the Group's profit attributable to owners of the Company by the weighted average number of ordinary shares for the purposes of calculating the basic earnings per share of 1,611,473,000 shares, after adjustment for the potential dilutive effect in the potential ordinary shares to be issued on the exercise of the share options granted by the Company on 22 March 2017 of 7,513,000 shares.

7. 每股盈利／(虧損)(續)

就計算截至二零一七年九月三十日止三個月及九個月的每股基本盈利所用的普通股加權平均數分別為1,603,386,000股及1,601,141,000股指於完成配售及資本化發行後之本公司已發行股份數目。

就計算截至二零一八年九月三十日止三個月及九個月之每股基本盈利／虧損分別所用之1,616,271,000股及1,611,473,000股指於相應期間內已發行股份的加權平均數，並經計及於節能元件購股權獲行使而配發股份之本公司已發行股份的影響。

截至二零一七年九月三十日止三個月及九個月之每股攤薄盈利，乃按本公司擁有人應佔本集團期內溢利除以用於計算每股基本盈利之加權平均普通股數分別為1,603,386,000股及1,601,141,000股計算，並就本公司於二零一七年三月二十二日授出之購股權獲行使時分別擬發行之12,435,000股及11,335,000股潛在普通股之潛在攤薄影響作出調整。

截至二零一八年九月三十日止三個月之每股攤薄虧損與每股基本虧損相同，原因為本公司購股權獲行使之影響為將對期內每股虧損產生反攤薄影響。

截至二零一八年九月三十日止九個月之每股攤薄盈利，乃按本公司擁有人應佔本集團期內溢利除以用於計算每股基本盈利之加權平均普通股數為1,611,473,000股計算，並就本公司於二零一七年三月二十二日授出之購股權獲行使時擬發行之7,513,000股潛在普通股之潛在攤薄影響作出調整。

BUSINESS REVIEW

In this third quarter of 2018, the Group experienced a significant downturn due to market uncertainty and the emerging trade war between China and the United States. The markets for solar panel systems, battery management system of electric cars, and consumer products power supply systems were especially hit hard.

The Group also faced a significant imbalance in the supply chain. Demand for Schottky has dropped significantly between the second quarter and this quarter. As a result, there is a build-up of Schottky inventory at the Group and in the sales channel. Demand for MOSFET is still strong however supplies of EPI for MOSFET fell short in meeting the demand.

Manufacturing costs have risen due to the low utilization rate of the factory compared to same period last year. Our average selling price remains relatively low due to the weakening demand. The Group has taken actions to further reduce manufacturing cost and administrative expenses.

For the fourth quarter of 2018, market demand is still expected to be weak due to the uncertainty of the China and US trade war. The Group will focus on reducing inventory and cost cutting efforts.

FINANCIAL REVIEW

Revenue and Operating Results

Revenue from the Group's operations for the nine months ended 30 September 2018 amounted to US\$18.8 million, representing a decrease of US\$1.0 million or 5% as compared to US\$19.8 million for the corresponding period in 2017. Such decrease was primarily attributable to a decrease in sales of the Group's power discrete semiconductors.

The Group's gross profit for the nine months ended 30 September 2018 amounted US\$3.9 million, representing a decrease of US\$0.6 million as compared to US\$4.5 million for the corresponding period in 2017. Such decrease was mainly attributable to decrease in gross profit of power discrete semiconductors products due to the decrease in quantities sold and increase in write down of inventories to net realisable value.

Profit attributable to the owners of the Company for the nine months ended 30 September 2018 was US\$0.19 million, representing a decrease of US\$0.06 million as compared to US\$0.25 million for the corresponding period in 2017. The decrease was mainly attributable to various factors including (i) decrease in gross profit as discussed above; offset by (ii) decrease in administrative expenses due to substantial decrease in share-based payment expenses with significantly higher expenses upon the grant of share options in the corresponding period in 2017 and better control of staff costs; and (iii) decrease in other operating expenses mainly comprise research and development related expenditure.

業務回顧

於二零一八年第三季度，市場不確定性及中國與美國爆發貿易戰導致本集團業務大幅下跌。太陽能板系統、電動車電池管理系統及消費品供電系統的市場尤為嚴重。

本集團亦面對供應鏈嚴重失衡，蕭基二極管的需求於第二季度與本季度之間大幅下降。因此，本集團及銷售渠道中積壓蕭基二極管存貨。對於MOSFET的需求依然強勁，惟用於MOSFET的EPI供應不足以應付需求。

由於工廠的使用率相較去年同期低，令製造成本上升，而需求疲弱導致我們的平均售價維持相對較低。本集團已採取行動以進一步減低製造成本及行政開支。

鑒於中國與美國的貿易戰之不確定因素，於二零一八年第四季度市場需求預期仍然疲弱。本集團將集中減少存貨及削減成本。

財務回顧

收入及營運業績

截至二零一八年九月三十日止九個月，本集團經營業務收入為18.8百萬美元，較二零一七年同期的19.8百萬美元減少1.0百萬美元或5%。收入減少主要由於本集團離散式功率半導體的銷售減少。

截至二零一八年九月三十日止九個月，本集團毛利為3.9百萬美元，較二零一七年同期的4.5百萬美元減少0.6百萬美元。該減少主要由於離散式功率半導體銷量減少及增加存貨減值至可變現淨值，以致毛利減少。

截至二零一八年九月三十日止九個月，本公司擁有人應佔溢利為0.19百萬美元，較二零一七年同期的0.25百萬美元減少0.06百萬美元。該減少主要由多種因素所致，包括(i)上文論述的毛利減少；被以下所抵銷：(ii)以股份支付之開支大幅減少(原因為二零一七年同期授出購股權令該期間之相關開支顯著較高)以及較佳的員工成本控制，令行政開支減少；及(iii)其他經營開支減少，主要包括與研發有關的支出。

CORPORATE GOVERNANCE AND OTHER INFORMATION

企業管治及其他資料

DISCLOSURE OF INTERESTS

權益披露

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Companies and its Associated Corporations

A. 董事及最高行政人員於本公司及其相關公司之股份、相關股份及債權證的權益及淡倉

As at 30 September 2018, 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:

於二零一八年九月三十日，本公司董事及最高行政人員及／或彼等各自之聯繫人士於本公司及／或其任何相關公司（與證券及期貨條例（香港法例第571章）（「證券及期貨條例」）第XV部所界定者具有相同涵義）的股份（「股份」）、相關股份及債權證中擁有以下權益及淡倉須記錄於本公司根據證券及期貨條例第352條須予備存的登記冊內或根據證券及期貨條例第XV部或GEM上市規則另行通知本公司及聯交所：

I. Long Position in the Shares of the Company

I. 於本公司股份的好倉

Name of Director	Capacity/ Nature of Interest	Number of Shares held/ interested in the Company 所持有／擁有 權益的本公司 股份數目	Percentage of shareholding as at 30 September 2018 截至二零一八年 九月三十日止 的持股百分比
董事姓名	身份／權益性質		
Mr. Yung Kwok Kee, Billy ("Mr. Yung") 翁國基先生（「翁先生」）	Interest in a controlled corporation ^(Note) 受控制法團權益 ^(附註)	944,611,528	58.38%
Mr. Hong James Man-fai ("Mr. Hong") 洪文輝先生（「洪先生」）	Beneficial interest 實益擁有人	3,811,657	0.24%
Mr. Chow Kai Chiu, David ("Mr. Chow") 周啟超先生（「周先生」）	Beneficial interest 實益擁有人	2,703,838	0.17%

Note:

Mr. Yung is interested in 100% of the issued share capital of Red Dynasty Investments Limited ("Red Dynasty"). Red Dynasty holds 80.5% interest in Shell Electric Holdings Limited ("Shell Electric"). 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 Electric. Mr. Yung is therefore deemed to be interested in 937,093,327 Shares held by Lotus Atlantic which is an indirect wholly-owned subsidiary of Shell Electric for the purpose of the SFO and 7,518,201 Shares are charged by a shareholder to Lotus Atlantic pursuant to the share charges.

附註：

翁先生擁有Red Dynasty Investments Limited（「Red Dynasty」）已發行股本的100%權益。Red Dynasty持有蜆壳電器控股有限公司（「蜆壳電器」）80.5%權益。Lotus Atlantic Limited（「Lotus Atlantic」）由盈邦創業有限公司（「盈邦創業」）全資實益擁有，而盈邦創業則由蜆壳電器全資實益擁有。翁先生因此被視為擁有Lotus Atlantic（就《證券及期貨條例》而言，該公司為蜆壳電器的間接全資附屬公司）所持有的937,093,327股股份及一名股東根據股份押記押予Lotus Atlantic的7,518,201股股份的權益。

CORPORATE GOVERNANCE AND OTHER INFORMATION

企業管治及其他資料

DISCLOSURE OF INTERESTS (Continued)

權益披露 (續)

A. Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Companies and its Associated Corporations (Continued)

A. 董事及最高行政人員於本公司及其相關公司之股份、相關股份及債權證的權益及淡倉 (續)

II. Long Position in the underlying Shares

II. 於相關股份的好倉

Name of Director	Capacity	Number of underlying Shares held	Percentage of shareholding as at 30 September 2018
董事姓名	身份	所持有相關股份數目	截至二零一八年九月三十日止的持股百分比
Mr. Hong 洪先生	Beneficial interest 實益擁有人	5,408,343 <i>(Note 1) (附註1)</i>	0.33%
Mr. Tang Che Yin ("Mr. Tang") 鄧自然先生 (「鄧先生」)	Beneficial interest 實益擁有人	2,800,000 <i>(Note 2) (附註2)</i>	0.17%

Notes:

- These underlying Shares represent 5,408,343 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\$0.165 per Share.
- These underlying Shares represent 2,800,000 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\$0.165 per Share.

附註：

- 該等相關股份指根據本公司於二零一六年九月十九日採納之購股權計劃而於二零一七年三月二十二日授予洪先生以非上市實物結算的購股權行使後將予發行之5,408,343股股份，根據購股權計劃，洪先生可於二零一七年四月一日至二零一七年三月三十一日(包括首尾兩日)期間行使上述購股權，行使價為每股0.165港元。
- 該等相關股份指根據本公司於二零一六年九月十九日採納之購股權計劃而於二零一七年三月二十二日授予鄧先生以非上市實物結算的購股權行使後將予發行之2,800,000股股份，根據購股權計劃，鄧先生可於二零一七年四月一日至二零一七年三月三十一日(包括首尾兩日)期間行使上述購股權，行使價為每股0.165港元。

Save as disclosed above, as at 30 September 2018, none of the 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 SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the GEM Listing Rules.

除上文所披露者外，於二零一八年九月三十日，董事或本公司最高行政人員及／或彼等各自之聯繫人概無於本公司及／或其任何相關公司(根據證券及期貨條例第XV部的涵義)的股份、相關股份或債權證中擁有權益或淡倉為已記錄於本公司根據證券及期貨條例第352條須備存的登記冊，或根據證券及期貨條例第XV部或GEM上市規則通知本公司及聯交所。

CORPORATE GOVERNANCE AND OTHER INFORMATION

企業管治及其他資料

DISCLOSURE OF INTERESTS (Continued)

權益披露 (續)

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

B. 主要股東於股份、相關股份及債權證的權益及淡倉

As at 30 September 2018, 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:

於二零一八年九月三十日，按本公司根據證券及期貨條例第336條須存置的登記冊所記錄的人士(上文披露的董事或本公司最高行政人員的權益除外)或公司的權益及淡倉如下：

Name of Shareholder	Capacity/nature of interest	Number of Shares held/ interested in	Long/ Short position	Percentage of shareholding as at 30 September 2018
股東名稱	身份／權益性質	所持有／擁有權益的股份數目	好／淡倉	截至二零一八年九月三十日止的持股百分比
Lotus Atlantic	Beneficial owner 實益擁有人	944,611,528 <i>(Note 1)(附註1)</i>	Long 好倉	58.38%
Sybond Venture 盈邦創業	Interest in a controlled corporation 受控制法團權益	944,611,528 <i>(Note 1)(附註1)</i>	Long 好倉	58.38%
Shell Electric 蜆壳電器	Interest in a controlled corporation 受控制法團權益	944,611,528 <i>(Note 1)(附註1)</i>	Long 好倉	58.38%
Red Dynasty	Interest in a controlled corporation 受控制法團權益	944,611,528 <i>(Note 1)(附註1)</i>	Long 好倉	58.38%
Ms. Vivian Hsu 徐芝潔女士	Family interest 家族權益	944,611,528 <i>(Note 2)(附註2)</i>	Long 好倉	58.38%

Notes:

附註：

- Red Dynasty holds 80.5% interest in Shell Electric. Lotus Atlantic is wholly and beneficially owned by Sybond Venture, and Sybond Venture is wholly and beneficially owned by Shell Electric. Each of these companies is therefore deemed to be interested in 937,093,327 Shares owned and held by Lotus Atlantic which is an indirect wholly-owned subsidiary of Shell Electric for the purpose of the SFO and 7,518,201 Shares are charged by a shareholder to Lotus Atlantic pursuant to the share charges.
- 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 of the Shares owned by Lotus Atlantic and Mrs. Yung is deemed to be interested in all the Shares in which Mr. Yung is interested.

- Red Dynasty持有蜆壳電器的80.5%權益。Lotus Atlantic由盈邦創業全資實益擁有，而盈邦創業則由蜆壳電器全資實益擁有。上述各公司因此被視為擁有Lotus Atlantic(就證券及期貨條例而言，該公司為蜆壳電器的間接全資附屬公司)所持有的937,093,327股股份及一名股東根據股份押記押予Lotus Atlantic的7,518,201股股份的權益。
- 該等股份指Lotus Atlantic所持有之權益，該公司為翁先生的受控制法團。徐芝潔女士(「翁太太」)為翁先生配偶。根據證券及期貨條例，翁先生被視為擁有Lotus Atlantic所擁有的所有股份權益，而翁太太被視為擁有翁先生所擁有的所有股份權益。

DISCLOSURE OF INTERESTS (Continued)

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

Save as disclosed above, as at 30 September 2018 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 Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Companies 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 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, senior management, 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 contributions to the Group in respect of providing services similar to those rendered to its employees.

權益披露(續)

B. 主要股東於股份、相關股份及債權證的權益及淡倉(續)

除上文所披露外，於二零一八年九月三十日及據董事所知，除於「董事及最高行政人員於本公司及其相關公司之股份、相關股份及債權證的權益及淡倉」一節所述董事及本公司最高行政人員之權益外，概無人士已知會本公司其於本公司股份或相關股份中擁有須登記於本公司根據證券及期貨條例第336條須存置的登記冊的權益或淡倉。

購股權計劃

根據本公司股東於二零一六年九月十九日通過之決議案，本公司已批准採納購股權計劃（「PFC購股權計劃」），使本公司可向合資格人士授出購股權作為其對本集團的貢獻或潛在貢獻之激勵或獎勵。PFC購股權計劃之合資格參與者包括本集團之董事、僱員、行政人員或高級職員，以及本集團之任何供應商、顧問、代理、諮詢人及相關實體。

於二零一七年三月二十二日，根據PFC購股權計劃向若干董事、高級管理人員、僱員及顧問授出合共41,794,191股本公司股份之購股權，該等購股權將根據各承授人之要約文件所訂明之歸屬時間表歸屬。向並非僱員之參與者授出購股權，是基於彼等向本集團作出類似於僱員提供服務的貢獻。

CORPORATE GOVERNANCE AND OTHER INFORMATION

企業管治及其他資料

SHARE OPTION SCHEME (Continued)

購股權計劃(續)

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

根據PFC購股權計劃授出的購股權於期內之變動如下：

Grantee 承授人	Date of grant 授出日期	Exercise price 行使價 HK\$ 港元	Numbers of options 購股權數目			As at 30 September 2018 於二零一八年九月三十日
			As at 1 January 2018 於二零一八年一月一日	Exercised 已行使	Forfeited 已沒收	
Directors 董事						
Mr. Hong 洪先生	22 March 2017 二零一七年三月二十二日	0.165	5,408,343	-	-	5,408,343
Mr. Tang 鄧先生	22 March 2017 二零一七年三月二十二日	0.165	2,800,000	-	-	2,800,000
Other employees 其他僱員	22 March 2017 二零一七年三月二十二日	0.165	20,105,848	(9,472,277)	(403,750)	10,229,821
Consultants 顧問	22 March 2017 二零一七年三月二十二日	0.165	2,100,000	(140,000)	-	1,960,000
			30,414,191	(9,612,277)	(403,750)	20,398,164

Notes:

- The closing price of the Company's shares immediately before the date of grant of share options was HK\$0.172.
- The share options are exercisable, valid and effective for a period of 10 years from 1 April 2017.
- The weighted average closing price of the Company's shares immediately before the date on which these share options were exercised was HK\$0.263.
- No option was granted during the period.

附註：

- 緊接購股權授出當日前的本公司股份收市價為0.172港元。
- 該等購股權自二零一七年四月一日起10年期間可行使、生效及有效。
- 緊接該等購股權獲行使之日前本公司股份之加權平均收市價為0.263港元。
- 於期內概無授出購股權。

As at 30 September 2018, there were 20,398,164 outstanding shares issuable under options granted under PFC Device Option Scheme. The weighted average remaining contractual life was 8.5 years. Out of the total number of shares issuable under options outstanding as at 30 September 2018, options to subscribe for 12,542,316 shares vested and were exercisable by the grantees by giving notice in writing to the Company. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of additional 20,398,164 shares of the Company.

於二零一八年九月三十日，PFC購股權計劃項下授出之尚未行使購股權可發行之股份數目為20,398,164股。其加權平均剩餘合約年期為8.5年。於二零一八年九月三十日尚未行使之購股權項下可予發行之股份總數中，12,542,316股股份之購股權獲歸屬並可由承授人向本公司發出書面通知而予以行使。根據本公司現行股本架構，如所有尚未行使之購股權悉數行使，將導致本公司額外發行20,398,164股股份。

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the nine months ended 30 September 2018 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

During the nine months ended 30 September 2018, 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.

INTEREST OF COMPLIANCE ADVISOR

As at 30 September 2018, as notified by the Company's compliance advisor, Messis Capital Limited (the "Compliance Advisor"), except for the compliance advisor agreement entered into between the Company and the Compliance Advisor dated on 29 September 2016, neither the Compliance Advisor nor any of its directors, employees or close associates had any interests in the share capital of the Company or any member of the Group (including options or rights to subscribe for such securities) or otherwise in relation to the Company which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

PURCHASE, SALES OF REDEMPTION OF THE COMPANY'S LISTED SECURITIES OF THE COMPANY

During the nine months ended 30 September 2018, 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 2018, the Company had 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.

董事購買股份或債券之權利

於截至二零一八年九月三十日止九個月概無授予任何董事或其配偶或年齡在18歲以下子女以購入本公司股份或債券而獲益之權利，或由其行使該等權利，或由本公司、其控股公司或其任何附屬公司及同系附屬公司安排致令董事可於任何其他法人團體獲得該等權利。

競爭權益

截至二零一八年九月三十日止九個月，據董事所知，概無董事、控股股東及主要股東自身或彼等各自的聯繫人(定義見GEM上市規則)在與本集團業務構成或可能構成重大競爭的任何業務或公司中擔任任何職位或擁有權益，或引起任何與利益衝突有關的顧慮。

合規顧問的權益

於二零一八年九月三十日，如本公司的合規顧問大有融資有限公司(「合規顧問」)所告知，除本公司與合規顧問於二零一六年九月二十九日訂立的合規顧問協議外，合規顧問或其任何董事、僱員或緊密聯繫人無於本公司或本集團任何成員的股本中擁有任何權益(包括可認購該等證券的期權或權利)，或擁有與本公司有關且根據GEM上市規則第6A.32條須知會本公司的其他權益。

購買、出售或贖回本公司上市證券

截至二零一八年九月三十日止九個月，本公司及其任何附屬公司概無購買、出售或贖回任何本公司的上市證券。

遵守企業管治守則

本公司謹守高水準的企業管治規範。董事認為，良好及合理的企業管治常規乃本集團發展的重要元素，並可保障及盡量提高股東之權益。截至二零一八年九月三十日止九個月，本公司一直遵守GEM上市規則附錄十五所載企業管治守則(「企業管治守則」)的適用守則條文。

DIVIDEND

The Board does not recommend the payment of interim dividend for the nine months ended 30 September 2018 (nine months ended 30 September 2017: nil).

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 enquiries to the Directors, and all Directors have confirmed that they have complied with the required standards of dealings set out in the Code of Conduct throughout the nine months ended 30 September 2018.

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 2018 and this report.

By order of the Board
PFC DEVICE INC.
CHOW Kai Chiu, David
Executive Director

Hong Kong, 13 November 2018

As at the date of this report, 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.

股息

董事會建議不派發截至二零一八年九月三十日止九個月之中期股息(截至二零一七年九月三十日止九個月：無)。

董事進行證券交易的行為守則

本公司已採納GEM上市規則第5.48至5.67條所載的規定準則，作為有關董事就本公司股份進行證券交易的行為守則(「行為守則」)。本公司已向董事作出具體查詢，而全體董事均已確認彼等於截至二零一八年九月三十日止九個月內，一直遵守行為守則載列的交易規定準則。

審核委員會

本公司審核委員會(「審核委員會」)由本公司兩名獨立非執行董事及一名非執行董事組成，包括梁文釗先生(審核委員會主席)、范仁鶴先生及翁國基先生，該審核委員會的成文職責範圍乃遵照GEM上市規則訂定。審核委員會已審閱本集團截至二零一八年九月三十日止九個月的財務資料及本報告。

承董事會命
節能元件有限公司
執行董事
周啟超

香港，二零一八年十一月十三日

於本報告日期，董事會包括兩名執行董事，即洪文輝先生及周啟超先生；兩名非執行董事，即翁國基先生及鄧自然先生；和三名獨立非執行董事，即林晉光先生、梁文釗先生及范仁鶴先生。



PFC Device Inc.
節能元件有限公司