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Perfect Optronics Limited
圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 8311)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2015**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF
THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the “Directors”) of Perfect Optronics Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$222.7 million for the three months ended 31 March 2015 (three months ended 31 March 2014: approximately HK\$295.3 million).
- Profit attributable to equity holders of the Company for the three months ended 31 March 2015 amounted to approximately HK\$5.7 million (three months ended 31 March 2014: approximately HK\$11.0 million).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

FINANCIAL RESULTS

The board of directors (the “Board”) of Perfect Optronics Limited (the “Company”) announces the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2015 together with the comparative unaudited figures for the corresponding period in 2014 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2015

	Note	Three months ended 31 March	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Revenue	3	222,737	295,287
Cost of sales		<u>(202,465)</u>	<u>(268,414)</u>
Gross profit		20,272	26,873
Other losses, net		(69)	(1,098)
Distribution and selling expenses		(4,532)	(3,958)
General and administrative expenses		<u>(8,668)</u>	<u>(8,079)</u>
Operating profit		7,003	13,738
Finance income		103	78
Finance costs		<u>(258)</u>	<u>(536)</u>
Profit before income tax		6,848	13,280
Income tax expense	4	<u>(1,139)</u>	<u>(2,233)</u>
Profit for the period		5,709	11,047
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		<u>49</u>	<u>(42)</u>
Total comprehensive income for the period		<u>5,758</u>	<u>11,005</u>
Profit for the period attributable to:			
Equity holders of the Company		<u>5,709</u>	<u>11,047</u>
Total comprehensive income for the period attributable to:			
Equity holders of the Company		<u>5,758</u>	<u>11,005</u>
Basic and diluted earnings per share	6	<u>HK 0.43 cent</u>	<u>HK 0.93 cent</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2015

	Attributable to equity holders of the Company					Total equity HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited) <i>(Note)</i>	Exchange reserve HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	
Balance at 1 January 2015	13,200	77,800	38,000	(177)	113,976	242,799
Profit for the period	—	—	—	—	5,709	5,709
Other comprehensive income for the period	—	—	—	49	—	49
Total comprehensive income for the period	—	—	—	49	5,709	5,758
Balance at 31 March 2015	<u>13,200</u>	<u>77,800</u>	<u>38,000</u>	<u>(128)</u>	<u>119,685</u>	<u>248,557</u>
Balance at 1 January 2014	—	—	38,000	(50)	100,785	138,735
Profit for the period	—	—	—	—	11,047	11,047
Other comprehensive income for the period	—	—	—	(42)	—	(42)
Total comprehensive income for the period	—	—	—	(42)	11,047	11,005
Issue of new shares by way of placing	3,300	95,700	—	—	—	99,000
Share issue expenses	—	(8,000)	—	—	—	(8,000)
Capitalisation issue	9,900	(9,900)	—	—	—	—
Total transactions with equity holders, recognised directly in equity	<u>13,200</u>	<u>77,800</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>91,000</u>
Balance at 31 March 2014	<u>13,200</u>	<u>77,800</u>	<u>38,000</u>	<u>(92)</u>	<u>111,832</u>	<u>240,740</u>

Note: Other reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation for the Listing and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

The Company was incorporated in the Cayman Islands on 13 June 2013, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The Company's shares are listed (the "Listing") on the GEM of the Stock Exchange since 7 February 2014 (the "Listing Date").

Pursuant to a group reorganisation (the "Reorganisation") and capitalisation of 989,990,000 shares in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 31 December 2013, the details of which are as set out in the prospectus issued by the Company dated 24 January 2014 (the "Prospectus").

The unaudited consolidated financial results of the Group for the three months ended 31 March 2015 ("Consolidated Financial Results") are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The Consolidated Financial Results have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The Consolidated Financial Results have been prepared under the historical cost convention, except for equity investments which have been measured at fair value.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the Consolidated Financial Results are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2014, except as described below.

The Group has adopted and applied, for the first time, the following new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2015:

Hong Kong Accounting Standard 19 (2011) Amendment Annual Improvements Project Annual Improvements Project	Defined Benefit Plans: Employee Contributions Annual Improvements 2010–2012 Cycle Annual Improvements 2011–2013 Cycle
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For those new standards, amendment to standards and interpretations which have been issued but are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the Consolidated Financial Results in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires directors to exercise its judgement in the process of applying the Group's accounting policies. The Consolidated Financial Results should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2014.

3. REVENUE

Revenue represents the sales of display panel and related electronic components to external parties.

	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Unprocessed thin film transistor liquid crystal display ("TFT-LCD") panels and other unprocessed products ("Unprocessed Panel Segment")	96,319	84,960
Processed TFT-LCD panels ("Processed Panel Segment")	77,336	142,216
Integrated circuits ("IC Segment")	40,358	63,095
Polarisers ("Polariser Segment")	8,724	5,016
	<u>222,737</u>	<u>295,287</u>

4. INCOME TAX EXPENSE

The amount of income tax charged to the profit or loss represents:

	Three months ended 31 March	
	2015	2014
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	1,155	2,233
The People's Republic of China ("PRC") corporate income tax	—	—
Deferred income tax	(16)	—
	1,139	2,233

The Group is not subject to taxation in the Cayman Islands, the British Virgin Islands and Taiwan during the period (three months ended 31 March 2014: Nil). Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 31 March 2014: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong. The Group's subsidiaries in the PRC are subject to PRC corporate income tax at a standard rate of 25% (three months ended 31 March 2014: 25%). No PRC corporate income tax has been provided as the Group has available tax losses to offset the assessable profit generated during the period (three months ended 31 March 2014: Nil).

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2015 (three months ended 31 March 2014: Nil).

6. EARNINGS PER SHARE

Basic earnings per share for the three months ended 31 March 2015 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the three months ended 31 March 2015. Basic earnings per share for the three months ended 31 March 2014 is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares deemed to be in issue during the three months ended 31 March 2014.

In determining the weighted average number of ordinary shares deemed to be in issue during the three months ended 31 March 2014, the 10,000 ordinary shares with par value of HK\$0.01 each issued during the year ended 31 December 2013 and the 989,990,000 shares with par value of HK\$0.01 each issued upon the capitalisation issue and Reorganisation have been regarded as if these shares were in issue since 1 January 2014.

	Three months ended 31 March	
	2015	2014
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	5,709	11,047
Weighted average number of ordinary shares in issue (<i>thousands</i>)	1,320,000	1,184,333
Basic and diluted earnings per share (<i>HK cent per share</i>)	0.43	0.93

No adjustment has been made to the basic earnings per share amount for the three months ended 31 March 2015 and 2014 as the Group had no potentially dilutive ordinary shares in issue during these periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

The Group is principally engaged in the trading of display components of electronics, namely TFT-LCD panels, driver ICs and polarisers, which are the major components of display technology used for mobile phones. It also processes some of the TFT-LCD panels which it trades.

The global smartphone shipments for the first quarter of 2015 recorded a drop of 9.2% as compared with the previous quarter. The decline of smartphone shipments was mainly attributed to the weak smartphone market in the PRC. The slowdown of the PRC's economy and the changing marketing strategies of the telecommunication operators in the PRC in relation to their subsidies to end users for mobile phones purchases continuously affecting the market demand of the mobile phones, including those installed with the components sold by the Group. Such weak demand adversely affected the Group's performance during the three months ended 31 March 2015. Revenue of the Group amounted to approximately HK\$222,737,000 during the three months ended 31 March 2015, representing a decrease of approximately 25% as compared with that of the corresponding period in 2014. Profit attributable to equity holders of the Company for the three months ended 31 March 2015 was approximately HK\$5,709,000, representing a decrease of approximately 48% as compared with the corresponding period in 2014.

Affected by the weak demand in the market, during the three months ended 31 March 2015, revenue of the Group's Processed Panel Segment amounted to approximately HK\$77,336,000, decreased by 46% as compared to approximately HK\$142,216,000 of the corresponding period in 2014. Revenue from the IC Segment decreased by 36%, from approximately HK\$63,095,000 for the three months ended 31 March 2014 to approximately HK\$40,358,000 for the three months ended 31 March 2015. To alleviate the negative impact of the decrease in demand of small size TFT-LCD panels for mobile phones, the Group began to trade more unprocessed new products during the period, such as medium size and large size display products used on tablets, notebooks and monitors. This led to a 13% increase in revenue from the Unprocessed Panel Segment from approximately HK\$84,960,000 for the three months ended 31 March 2014 to approximately HK\$96,319,000 for the three months ended 31 March 2015. Furthermore, due to the improvement in technology of the polarisers sold during the period, revenue from the Polariser Segment increased to approximately HK\$8,724,000 during the period, representing a 74% increase as compared with approximately HK\$5,016,000 for the three months ended 31 March 2014.

To diversify the Group's business, the Group entered into a conditional agreement to acquire the entire interest of Perfect Shiny Technology Limited ("Perfect Shiny") in January 2015. Perfect Shiny and its subsidiaries (collectively "Perfect Shiny Group") primarily focus on the design, development, production and sales of liquid crystal on silicon ("LCoS") microprojector optical engines, and the design and development of applied optics-related products including virtual reality gaming headsets/head-mount display ("HMD") and head-up display ("HUD") devices which exhibit navigation and other relevant information on the windshield of motor vehicles. The acquisition was completed in late April 2015.

In order to bring out the full complimentary advantages of the Group's new business, in January 2015, the Group subscribed for certain preferred shares of Mobvoi Inc. ("Mobvoi"), which represent approximately 2.5% of the share capital (on a fully diluted and as converted basis) of Mobvoi. The Group and Perfect Shiny Group had also established strategic cooperation with Mobvoi for designing, developing and launching smart glasses products and head-up display products in the market in February 2015. The technologies of voice search, linguistic analysis and big data transmission offered

by Mobvoi will be a good complement to the developing wearable display products of the Group and head-up display products of Perfect Shiny Group. With the well-established direct marketing and strong sales network in the PRC market of Mobvoi, the management believes that the overall competitiveness of the Group can be greatly enhanced and consolidated by such cooperation.

Looking forward, since the 4G services in the PRC is getting popular, a significant recovery of smartphone shipment and the related display panel industry in the PRC are expected. The Group will continue to develop and further enhance its product mix, improve profit margin and expand business in new trendy product markets. Some products related to Perfect Shiny, the Group's newly acquired subsidiary, such as virtual reality gaming headsets and head-up display devices installed in motor vehicles have received much attention and support recently in capital markets and are expected to become the mainstream products in the future market and will have a pronounced effect on the future of the Company.

Financial Review

Revenue

For the three months ended 31 March 2015, total revenue of the Group decreased by about 25% to approximately HK\$222,737,000 as compared with the corresponding period in 2014. Decrease in total revenue was mainly due to the weak demand of the Group's TFT-LCD panels as mentioned above.

Gross profit

Gross profit for the three months ended 31 March 2015 decreased by about 25% to approximately HK\$20,272,000 as compared with the corresponding period in 2014 of approximately HK\$26,873,000. Gross profit margin for the three months ended 31 March 2015 was 9.1%, which was comparable with the corresponding period in 2014.

Other losses, net

Net other losses of approximately HK\$69,000 were recorded for the three months ended 31 March 2015 (three months ended 31 March 2014: HK\$1,098,000). The balances for both periods presented mainly comprise the exchange losses arising from the depreciation of Renminbi against Hong Kong Dollars.

Expenses

The Group's distribution and selling expenses for the three months ended 31 March 2015 amounted to approximately HK\$4,532,000, representing a 15% increase as compared with the corresponding period in 2014 of approximately HK\$3,958,000. The increase was mainly attributable to the expansion of the Group's sales office in the PRC.

The Group's general and administrative expenses for the three months ended 31 March 2015 amounted to approximately HK\$8,668,000, representing a 7% increase as compared with the corresponding period in 2014 of approximately HK\$8,079,000. The increase was mainly due to the increase in staff costs and the professional fees incurred in relation to the investment in Mobvoi and the acquisition of Perfect Shiny during the period.

Profit for the period

Profit attributable to equity holders of the Company for the three months ended 31 March 2015 amounted to approximately HK\$5,709,000, representing a decrease of approximately 48% as compared with that of the corresponding period in 2014 of approximately HK\$11,047,000, which was mainly attributable to the decrease in revenue during the period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2015, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”)) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares of the Company:

Name of director	Capacity	Number of shares held	Percentage of the Company's issued share capital
Mr. Cheng Wai Tak	Interest in controlled corporation	855,000,000 (<i>Note (a)</i>)	64.77%
	Beneficial owner	164,697,151 (<i>Note (b)</i>)	12.48%

Long positions in shares of associated corporation:

Name of director	Name of associated corporation	Capacity	Number of shares held	Percentage of the associated corporation's issued share capital
Mr. Cheng Wai Tak	Winful Enterprises Limited (“Winful Enterprises”)	Directly beneficially owned (<i>Note (a)</i>)	1	100%

Notes:

- (a) These 855,000,000 shares are held by Winful Enterprises, which in turn is wholly and beneficially owned by Mr. Cheng Wai Tak. As such, Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 855,000,000 shares held by Winful Enterprises.
- (b) These 164,697,151 shares comprised of: (i) 1,010,000 shares personally held by Mr. Cheng Wai Tak; and (ii) 163,687,151 shares which are the consideration shares to be issued and allotted upon completion of a conditional agreement dated 22 January 2015 entered into between Mr. Cheng Wai Tak and Rightone Resources Limited, a subsidiary of the Company.

Save as disclosed above, as at 31 March 2015, none of the Directors and chief executives had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to

be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2015, other than the Director and chief executive of the Company, the following persons/entities have an interest or a short position in the shares or the underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Winful Enterprises	Directly beneficially owned	855,000,000 (<i>Note</i>)	64.77%

Note:

Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 855,000,000 shares held by Winful Enterprises.

Save as disclosed above, as at 31 March 2015, no other persons had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 20 January 2014.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the three months ended 31 March 2015 were 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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2015, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the three months ended 31 March 2015.

NON-COMPETITION UNDERTAKING

On 20 January 2014, each of Mr. Cheng Wai Tak and Winful Enterprises, the controlling shareholders of the Company (collectively, the "Covenantors"), entered into a deed of non-competition undertaking ("Non-Competition Deed") in favour of the Company (for itself and for and on behalf of all members of the Group), pursuant to which each of the Covenantors, irrevocably and unconditionally, undertakes and covenants with the Company that with effect from the Listing Date and for as long as the shares of the Company remain so listed on the Stock Exchange and he/it, individually or collectively with any other Covenantor(s), is, directly or indirectly, interested in 30% or more of the shares of the Company in issue, or is otherwise regarded as a controlling shareholder (as defined under the GEM Listing Rules from time to time) of the Company, he/it shall not, and shall procure that none of his/its associates (for the purpose of the Non-Competition Deed, shall have the meaning as defined under Rule 1.01 of the GEM Listing Rules but excluding the Group) shall:

- (a) directly or indirectly (other than through the Group) engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with existing business activity of the Group and any business activities undertaken by the Group from time to time (the "Restricted Business") except for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any publicly listed company; and
- (b) take any direct or indirect action which constitutes an interference with or a disruption to the Restricted Business including, but not limited to, solicitation of the Group's customers, suppliers or staff.

Further details of the Non-Competition Deed have been set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

COMPETING INTERESTS

Based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) have any business or interest which competes or may compete with the business of the Group, or have any other conflict of interest which any such person has or may have with the Group throughout the three months ended 31 March 2015.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Grand Vinco Capital Limited ("Vinco"), the compliance adviser of the Company, neither Vinco nor its directors or employees or associates had any interest in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) as at 31 March 2015. Pursuant to the compliance adviser agreement, Vinco received and will receive fees for acting as the compliance adviser of the Company.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules. Throughout the three months ended 31 March 2015, the Company has complied with all the code provisions of the CG Code, except the deviation stipulated below.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Under the current management structure of the Company, Mr. Cheng Wai Tak (“Mr. Cheng”) is the Chairman of the Board (the “Chairman”) and Chief Executive Officer of the Company (the “Chief Executive Officer”). With Mr. Cheng’s extensive experience in the industry, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would provide the Company with strong and consistent leadership, allow for effective and efficient planning and implementation of business decisions and strategies, and would be beneficial to the business prospects and management of the Group. Although Mr. Cheng performs both the roles of Chairman and Chief Executive Officer, the division of responsibilities between the Chairman and Chief Executive Officer is clearly established. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the business of the Group. The two roles are performed by Mr. Cheng distinctly. The Board also considers that the current management structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provision C.3.3 of the CG Code. The audit committee consists of three independent non-executive Directors, namely Mr. Wong Yik Chung John, who has the appropriate accounting and financial related management expertise and serves as the chairman of the audit committee, Mr. Wong Chi Chiu and Mr. Li Shui Yan. The audit committee has reviewed this announcement and has provided advice and comments thereon.

By Order of the Board
Perfect Optronics Limited
Cheng Wai Tak
Chairman

Hong Kong, 11 May 2015

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Cheng Wai Tak, Mr. Liu Ka Wing and Mr. Tse Ka Wing and three independent non-executive directors, namely, Mr. Wong Yik Chung John, Mr. Wong Chi Chiu and Mr. Li Shui Yan.

This announcement will remain on the GEM website at <http://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 <http://www.perfect-optronics.com>.