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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF SUBSIDIARIES

On 22 December 2016, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to purchase, the Sale Shares (being all the issued shares of Morning Beauty) at the consideration of HK\$48,000,000.

The principal business activity of Morning Beauty is investment holding and it is directly interested as to approximately 50.14% of the issued share capital of Shinyoptics, a company principally engaged in design, development, production and sale of micro-projector optical engines. Upon Completion, Morning Beauty and Shinyoptics are no longer subsidiaries of the Company and the Group ceases to hold any equity interest in Morning Beauty or Shinyoptics.

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

INTRODUCTION

On 22 December 2016, the Vendor, a wholly-owned subsidiary of the Company, entered into the Agreement with the Purchaser, principal terms of which are summarised below.

THE AGREEMENT

Date

22 December 2016

Parties

Vendor: Perfect Shiny Technology Limited (a wholly-owned subsidiary of the Company)

Purchaser: Insight Capital IV (BVI) Limited

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiry, the Purchaser and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Interests to be disposed of

Pursuant to the Agreement, the Vendor has agreed to sell the Sale Shares (being all the issued shares of Morning Beauty) to the Purchaser.

Consideration

The consideration payable by the Purchaser to the Vendor for the Sale Shares is in the sum of HK\$48,000,000 (the "**Consideration**") which has been satisfied by delivery by the Purchaser of a cashier's order for such amount at Completion.

Basis of consideration

The consideration for the disposal of the Sale Shares by the Vendor was arrived at after arm's length negotiations between the Vendor and the Purchaser after taking into consideration the unaudited net asset value as at 30 November 2016 and the financial performance of Shinyoptics.

Completion

Completion took place immediately after the signing of the Agreement.

Upon Completion, Morning Beauty and Shinyoptics are no longer subsidiaries of the Company and the Group ceases to hold any equity interest in Morning Beauty or Shinyoptics.

INFORMATION ON MORNING BEAUTY AND SHINYOPTICS

Morning Beauty was incorporated in July 2016 and its principal business activity is the investment holding of approximately 50.14% of the issued share capital of Shinyoptics. Save as aforesaid, Morning Beauty has no substantive business in operation and thus, there is no material financial information on Morning Beauty to be disclosed.

Shinyoptics, a company based in Tainan, Taiwan, is principally engaged in design, development, production and sale of micro-projector optical engines.

Set out below is the audited financial information for the years ended 31 December 2015 and 31 December 2014 in relation to Shinyoptics based on its audited accounts prepared under Taiwan Generally Accepted Accounting Principles:

	Year ended 31 December	
	2015	2014
Net loss before tax	NTD17,370,000 (approximately HK\$4,256,000)	NTD18,792,000 (approximately HK\$4,604,000)
Net loss after tax	NTD17,370,000 (approximately HK\$4,256,000)	NTD18,792,000 (approximately HK\$4,604,000)

The unaudited net asset value of Shinyoptics as at 30 November 2016 (based on its management accounts) amounted to approximately NTD98,982,000 (approximately HK\$24,251,000).

INFORMATION ON THE PURCHASER AND THE VENDOR

The Purchaser is principally engaged in investment holding in the nature of an investment fund and is managed and advised, in terms of investment decisions, by Insight Capital Management (Cayman) Limited. Insight Capital Management (Cayman) Limited is principally engaged in asset management and advisory business.

The Vendor is principally engaged in investment holding of Perfect Shiny HK, Morning Beauty and Shinyoptics.

FINANCIAL EFFECTS OF THE DISPOSAL

Following the Completion, the Group expects to record a gain on disposal of subsidiaries of approximately HK\$26 million, taking into account of (i) the Consideration; (ii) the Group's share in the unaudited net asset value of Shinyoptics as at 30 November 2016; and (iii) goodwill, reserves and other adjustments of the Group on consolidation level which should be reflected upon disposal of subsidiaries.

The proceeds from the Disposal will be used as general working capital of the Group.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group is principally engaged in trading of display panels, optics products and related electronic components. The Group also processes some of the products which it trades.

Reference is made to the announcement and circular of the Company dated 22 January 2015 and 6 March 2015 respectively where it was disclosed the Group entered into an agreement to acquire all the issued shares of the Vendor, which in turn held 100% of the issued share capital of Perfect Shiny HK and approximately 50.14% of the issued share capital of Shinyoptics (“**2015 Acquisition**”).

The 2015 Acquisition was part of the Group’s plan to diversify its business into the applied optics-related products (“**Optics Products**”) market, with the Vendor primarily engaged in the investment holding of Shinyoptics and Perfect Shiny HK, and Perfect Shiny HK primarily engaged in the design, production and sale of its developed Optics Products. Shinyoptics is principally engaged in the design, development, production and sale of micro-projector optical engines, a core component of Optics Products, and it was intended that Shinyoptics would provide a steady supply of such core component to the Group.

Since the 2015 Acquisition, Perfect Shiny HK has expanded its business operations and has been generating revenue through trading and sale of optical components different to those supplied by Shinyoptics.

Having regard to the maturity in development of the business operations of Perfect Shiny HK, the financial performance of and expenses incurred by Shinyoptics as compared with Perfect Shiny HK since the 2015 Acquisition and the amount of the Consideration, the Company is of the view that the Disposal is a good opportunity for the Group to realise its investments in the business of developing and researching micro-projector optical engines.

After the Disposal, the Company expects to source its micro-projector optical engines components from other suppliers as well as from Shinyoptics. The Disposal also enhances the cash resources of the Group for better investment opportunities as and when they arise.

The Directors consider that the terms of the Agreement and the Disposal are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

GENERAL

As one or more of the applicable percentage ratios in respect of the Disposal exceeds 5% and all applicable percentage ratios are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

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

“Agreement”	the agreement dated 22 December 2016 entered into between Vendor and the Purchaser in relation to the Disposal
“Board”	the board of Directors
“Company”	Perfect Optronics Limited, a limited liability company incorporated in the Cayman Islands, the shares of which are listed on GEM (Stock Code: 8311)
“Completion”	Completion of the Disposal pursuant to the Agreement
“connected person(s)”	has the meaning ascribed to it in the GEM Listing Rules
“Consideration”	has the meaning given to it in the section headed “THE AGREEMENT — Consideration”

“Director(s)”	the director(s) of the Company
“Disposal”	the disposal by the Vendor of the Sale Shares pursuant to the Agreement
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Morning Beauty”	Morning Beauty Developments Limited (晨美發展有限公司), a company incorporated in the British Virgin Islands, and is wholly-owned by the Vendor
“NTD”	New Taiwan dollars, the lawful currency of Taiwan
“Optics Products”	has the meaning given to it in the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL”
“Perfect Shiny HK”	Perfect Shiny Technology (HK) Limited (圓尚科技(香港)有限公司), a company incorporated in Hong Kong with limited liability which is wholly-owned by the Vendor
“Purchaser”	Insight Capital IV (BVI) Limited, a company incorporated in the British Virgin Islands
“Sale Shares”	100 ordinary shares of Morning Beauty
“Shinyoptics”	尚立光電股份有限公司 (Shinyoptics Corporation*), a company incorporated in Taiwan with limited liability and is owned as to approximately 50.14% by Morning Beauty
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Perfect Shiny Technology Limited (圓尚科技有限公司), a company incorporated in Samoa with limited liability and is indirectly wholly-owned by the Company
“2015 Acquisition”	has the meaning given to it in the section headed “REASONS FOR AND BENEFITS OF THE DISPOSAL”
“%”	per cent

In this announcement, amounts denominated in NTD have been converted into HK\$ at the rate of NTD1 = HK\$0.245 for illustration purpose only. No representation is made that any amounts in NTD or HK\$ have been, could have been or could be converted at the above rate or at any other rates or at all.

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

Hong Kong, 22 December 2016

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, 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 at least 7 days from the date of its posting and on the Company’s website at <http://www.perfect-optronics.com>.

* For identification purposes only