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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)

**PROFIT GUARANTEE IN RELATION TO
THE ACQUISITION OF
PERFECT SHINY TECHNOLOGY LIMITED**

References are made to (i) the circular of Perfect Optronics Limited (the “Company”, together with its subsidiaries, the “Group”) dated 6 March 2015 (the “Circular”) in relation to the discloseable and connected transaction for the acquisition of Perfect Shiny Technology Limited (the “Acquisition”); and (ii) the 2016 annual results announcement of the Company dated 20 March 2017 (the “2016 Results Announcement”) which, among other things, referred to the profit guarantee in relation to the Acquisition. Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as those defined in the Circular.

As disclosed in the Circular, Rightone Resources Limited (the “Purchaser”), a wholly-owned subsidiary of the Company, entered into the Agreement on 22 January 2015 to acquire the entire equity interest in Perfect Shiny from Mr. Cheng Wai Tak (the “Vendor”), a director and a controlling shareholder of the Company. Pursuant to the Agreement, the Vendor warranted and guaranteed to the Purchaser that the sum of the audited consolidated profit attributable to equity holders of Perfect Shiny for the two financial years ended 31 December 2016 shall be not less than HK\$34,000,000. The Vendor agreed to pay to the Group the amount that corresponds to the amount of any shortfall from the guaranteed profit of Perfect Shiny of HK\$34,000,000 multiplied by 9.513 (being the implied multiple derived from the valuation of Perfect Shiny Group at HK\$323,442,000 as at 31 December 2014 performed by an independent valuer divided by the amount of the Profit Guarantee).

As disclosed in the 2016 Results Announcement, based on the audited consolidated financial statements of Perfect Shiny for the financial years ended 31 December 2015 and 2016, the total sum of the audited consolidated profit attributable to equity holders of Perfect Shiny for the two financial years ended 31 December 2016 was approximately HK\$31,767,000, which fell short of the Profit Guarantee by approximately HK\$2,233,000. Accordingly, the Vendor is obliged to compensate an amount of approximately HK\$21,238,000 to the Group. Pursuant to the Agreement, part of the compensation amount, being HK\$10,000,000, is set off against the outstanding amount payable to the Vendor by the Purchaser under the promissory note issued by the Purchaser.

The board of directors of the Company (the “Board”) announces that the remaining compensation amount of approximately HK\$11,238,000 was paid by the Vendor and received on 22 March 2017. The independent non-executive directors of the Company are of the opinion that the obligations of the Vendor under the Profit Guarantee have been fulfilled.

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

Hong Kong, 22 March 2017

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 of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The directors of the Company, 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 day of its posting and on the Company’s website at <http://www.perfect-optronics.com>.