
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Perfect Optronics Limited**, you should at once hand this circular together with the enclosed proxy form to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or the transferee.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

This circular, for which the directors of Perfect Optronics Limited 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 Perfect Optronics Limited. The directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 circular misleading.



Perfect Optronics Limited

圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8311)

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
SELL OR TRANSFER TREASURY SHARES AND
TO REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTOR
AND
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

A notice convening the annual general meeting of Perfect Optronics Limited to be held at Flat 903, 9/F., New Lee Wah Centre, No. 88 Tokwawan Road, Tokwawan, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m. is set out on pages 37 to 42 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed (i.e. Sunday, 16 June 2024 at 3:00 p.m. (Hong Kong time)) for the holding of the meeting or any adjournment thereof. Completion and return of the proxy form will not preclude shareholders from attending and voting at the meeting, or any adjourned meeting, should they so wish and, in such event, the proxy form shall be deemed to be revoked.

This circular 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 publication and on the Company's website at <http://www.perfect-optronics.com>.

The English version of this circular shall prevail in case of any discrepancy or inconsistency between the English version and the Chinese version.

30 April 2024

CHARACTERISTICS OF GEM

GEM has been positioned as a market designed to accommodate small and mid-sized 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.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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DEFINITIONS

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

“2014 Share Option Scheme”	the share option scheme adopted by the Company on 20 January 2014
“Adoption Date”	the date on which the New Share Option Scheme is conditionally adopted by resolution of the Company in the AGM
“AGM”	the annual general meeting of the Company to be held at Flat 903, 9/F., New Lee Wah Centre, No. 88 Tokwawan Road, Tokwawan, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m.
“Articles of Association”	the articles of association of the Company adopted on 6 June 2023 and as amended from time to time
“associates”	as such term is defined under the GEM Listing Rules
“Audit Committee”	the audit committee of the Company
“Auditor”	the auditor for the time being of the Company
“Board”	the board of Directors
“Business Day”	means a day (other than a Saturday or a Sunday) on which licensed banks are open for business in Hong Kong and the Stock Exchange is open for business of dealing in securities
“chief executive”	as such term is defined under the GEM Listing Rules
“close associate”	as such term is defined under the GEM Listing Rules
“Company”	Perfect Optronics Limited (圓美光電有限公司), a company incorporated in the Cayman Islands on 13 June 2013 as an exempted company with limited liability, the Shares of which are listed on GEM
“connected person”	as such term is defined under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Employee Participant(s)”	the director(s) and employee(s) of the Company or any of its subsidiaries (including persons who are granted options under the New Share Option Scheme as an inducement to enter into employment contracts with the Company or any of its subsidiaries), provided that the Board shall have absolute discretion to determine whether or not one falls within such category

DEFINITIONS

“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Government”	The Government of Hong Kong
“Grantee”	any Participant who accepts an Offer in accordance with the terms of the New Share Option Scheme or (where the context so permits) the personal representative(s) entitled to any such Option in consequence of the death of the original Grantee
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“holding company”	in relation to a company, means another company of which it is a subsidiary
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	23 April 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Memorandum of Association”	the memorandum of association of the Company adopted on 6 June 2023 and as amended from time to time
“month”	calendar month
“New Share Option Scheme”	the new share option scheme for the grant of Options proposed to be adopted by the Company at the AGM, a summary of the terms of which is set out in Appendix III to this circular
“Nomination Committee”	the nomination committee of the Company
“Offer”	the offer of the grant of an Option to be made by the Board in accordance with the terms of the New Share Option Scheme
“Offer Date”	the date on which an Offer is made to a Participant in accordance with the terms of the New Share Option Scheme
“Offer Letter”	an Offer made to a Participant by letter in such form as the Board may from time to time determine

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“Option”	a right granted to the Participants to subscribe for Shares (and/or to acquire Treasury Shares from the Company, as may be permitted under the laws of the Cayman Islands and the Articles of the Association) pursuant to the terms of the New Share Option Scheme
“Option Period”	a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the New Share Option Scheme
“Participant(s)”	Employee Participant(s), Related Entity Participant(s) and Service Provider(s)
“Related Entity/ Entities”	the holding companies, fellow subsidiaries or associated companies of the Company
“Related Entity Participant(s)”	the director(s) and employee(s) of the holding companies, fellow subsidiaries or associated companies of the Company, provided that the Board shall have absolute discretion to determine whether or not one falls within such category
“relevant company”	the Company or the relevant subsidiary of the Company, as the case may be
“Remuneration Committee”	the remuneration committee of the Company
“Repurchase Resolution”	the proposed ordinary resolution as referred to in ordinary resolution no. 5 of the notice of the AGM
“Scheme Mandate Limit”	has the meaning as defined in paragraph 3(a) under the heading “ (3) SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT ” in Appendix III to this circular

DEFINITIONS

“Service Provider(s)”	person(s) who provide(s) services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group, including but not limited to person(s) who work(s) for the Company as independent contractors (including advisers, consultants, contractors, suppliers, agents, entities providing research, development or other technological support and service providers of any member of the Group) where the continuity and frequency of their services are akin to those of employees, but excluding placing agents or financial advisers providing advisory services for fundraising, mergers or acquisitions or professional service providers such as auditors or valuers who provide assurance, or are required to perform their services with impartiality and objectivity
“Service Provider Sublimit”	has the meaning as defined in paragraph 3(a) under the heading “ (3) SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT ” in Appendix III to this circular
“SFO”	the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong), as amended, supplemented or modified from time to time
“Share(s)”	share(s) of HK\$0.01 each in the share capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Shareholder(s)”	holder(s) of the Shares
“Share Issue Mandate”	the general mandate to the Directors to exercise the power of the Company to allot, issue and deal with Shares and to sell or transfer Treasury Shares not exceeding 20% of the total number of issued Shares (excluding Treasury Shares) as at the date of passing of the Shareholders’ resolution granting such mandate
“Share Repurchase Mandate”	the general mandate to the Directors to exercise the power of the Company to repurchase Shares up to a maximum of 10% of the total number of issued Shares (excluding Treasury Shares) as at the date of passing of the Shareholders’ resolution granting such mandate
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share which a Grantee may subscribe for Share(s) (or acquire Treasury Share(s), as applicable) on the exercise of an Option pursuant to the terms of the New Share Option Scheme

DEFINITIONS

“subsidiary”	a company which is for the time being and from time to time a subsidiary (within the meaning of the GEM Listing Rules or the local companies law, act and/or ordinance where the subject company was incorporated) of another company
“substantial shareholder”	as such term is defined under the GEM Listing Rules
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs
“Treasury Shares”	Shares repurchased and held by the Company in treasury as authorised by the laws of the Cayman Islands and/or the Articles of Association
“%”	per cent.

References to times and dates in this circular are to Hong Kong local times and dates.



Perfect Optronics Limited
圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8311)

Executive Directors:

Mr. Cheng Wai Tak *(suspended)*
Mr. Liu Ka Wing *(suspended)*
Mr. Tse Ka Wing *(suspended)*
Mr. Chang Huan Chia

Registered Office:

Windward 3, Regatta Office Park
PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

Independent Non-executive Directors:

Mr. Wong Yik Chung John *(suspended)*
Mr. Wong Chi Chiu *(suspended)*
Mr. Kan Man Wai *(Acting Chairman)*
Mr. Cho Chi Kong
Ms. Hsu Wai Man Helen

*Headquarters and principal place of
business in Hong Kong:*

Flat 903, 9/F., New Lee Wah Centre
No. 88 Tokwawan Road, Tokwawan
Kowloon, Hong Kong

30 April 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSALS FOR
GENERAL MANDATES TO ISSUE SHARES AND
SELL OR TRANSFER TREASURY SHARES AND
TO REPURCHASE SHARES
AND
RE-ELECTION OF THE RETIRING DIRECTOR
AND
ADOPTION OF NEW SHARE OPTION SCHEME
AND
NOTICE OF ANNUAL GENERAL MEETING**

LETTER FROM THE BOARD

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM which include, among other matters, the proposed grant of the Share Issue Mandate and of the Share Repurchase Mandate, the extension of the Share Issue Mandate, the proposed re-election of the retiring Director, the adoption of the New Share Option Scheme, the approval of Scheme Mandate Limit and the approval of the Service Provider Sublimit and to give you notice of the AGM.

SHARE ISSUE MANDATE

At the annual general meeting held on 6 June 2023, an ordinary resolution was passed by the Shareholders to give a general unconditional mandate to the Directors to exercise the powers of the Company to allot, issue and deal with Shares. Such mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such mandate at the AGM, and to include under the mandate authorization to sell and transfer Treasury Shares in accordance with amendments to the GEM Listing Rules.

As at the Latest Practicable Date, the total issued Shares comprised 1,483,687,151 Shares. Subject to passing of the resolution granting the Share Issue Mandate and on the basis that there is no issue of new Shares or repurchase of Shares by the Company during the period from the Latest Practicable Date to the date of passing of the resolution granting the Share Issue Mandate, the Company would be allowed under the resolution granting the Share Issue Mandate to allot, issue and deal with (including issue of new Shares and sale or transfer of Treasury Shares) a maximum of 296,737,430 Shares representing no more than 20% of the total number of issued Shares (excluding Treasury Shares) as at the date of passing of the resolution granting the Share Issue Mandate.

In addition, subject to the passing of the ordinary resolutions to grant the Share Issue Mandate and the Share Repurchase Mandate, an ordinary resolution will be proposed at the AGM to extend the Share Issue Mandate by adding the total number of Shares repurchased by the Company pursuant to the Share Repurchase Mandate, provided that such extended number of Shares shall not exceed 10% of the total number of issued Shares (excluding Treasury Shares) as at the date of passing the resolution granting the Share Issue Mandate.

Details of the Share Issue Mandate and the extension of the Share Issue Mandate are set out in ordinary resolutions as referred to in resolutions nos. 4 and 6 respectively of the notice of the AGM.

SHARE REPURCHASE MANDATE

At the annual general meeting held on 6 June 2023, an ordinary resolution was passed by the Shareholders to give a general unconditional mandate to the Directors to exercise all the powers of the Company to repurchase Shares. Such mandate will lapse at the conclusion of the AGM. It is therefore proposed to renew such mandate at the AGM.

LETTER FROM THE BOARD

As at the Latest Practicable Date, the total issued Shares comprised 1,483,687,151 Shares. Subject to the passing of the Repurchase Resolution and on the basis that there is no change in the total number of issued Shares during the period from the Latest Practicable Date to the date of passing the Repurchase Resolution, the maximum number of Shares which may be repurchased pursuant to the Share Repurchase Mandate will be 148,368,715 Shares representing no more than 10% of the total number of issued Shares as at the date of passing of the Repurchase Resolution.

An explanatory statement as required under the GEM Listing Rules, giving certain information regarding the Share Repurchase Mandate, is set out in Appendix I to this circular.

RE-ELECTION OF RETIRING DIRECTOR

The Board currently comprises nine Directors, namely Mr. Cheng Wai Tak (*suspended*), Mr. Liu Ka Wing (*suspended*), Mr. Tse Ka Wing (*suspended*), Mr. Chang Huan Chia, Mr. Wong Yik Chung John (*suspended*), Mr. Wong Chi Chiu (*suspended*), Mr. Kan Man Wai, Mr. Cho Chi Kong and Ms. Hsu Wai Man Helen.

In accordance with Article 108 of the Articles of Association, Mr. Wong Yik Chung John, Mr. Wong Chi Chiu and Ms. Hsu Wai Man Helen, being three of the Directors longest in office since their last re-election, will retire by rotation at the AGM.

Mr. Wong Yik Chung John and Mr. Wong Chi Chiu will retire by rotation and not offer themselves for re-election at the AGM as they would like to devote more time to focus on other work engagements and further pursue other business interests. Accordingly, they will retire as independent non-executive Directors at the conclusion of the AGM. Each of Mr. Wong Yik Chung John and Mr. Wong Chi Chiu has confirmed that he has no disagreement with the Board and there are no other matters in relation to his retirement by rotation and cessation of directorship that need to be brought to the attention of the Shareholders.

Ms. Hsu Wai Man Helen, being eligible, has offered herself for re-election as Director at the AGM. She has served as independent non-executive Director for approximately 4 years. The Nomination Committee has assessed and reviewed the annual independence confirmation of Ms. Hsu Wai Man Helen for the year ended 31 December 2023 based on the independence criteria as set out in Rule 5.09 of the GEM Listing Rules, and considers that she remains independent. The Nomination Committee considered and nominated Ms. Hsu Wai Man Helen to the Board for it to propose to the Shareholders for re-election at the AGM.

The Board is also of the view that Ms. Hsu Wai Man Helen is beneficial to the Board with diversity of her comprehensive experience and knowledge in accounting and financial management that contribute to invaluable expertise, continuity and stability to the Board. The Board believes that she will continue to contribute effectively to the Board.

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Having regard to the experience, skills and expertise of Ms. Hsu Wai Man Helen as well as the overall board diversity of the Company and the nomination policy adopted by the Company, the Nomination Committee recommended re-election of Ms. Hsu Wai Man Helen as Director to the Board. Accordingly, the Board has proposed that Ms. Hsu Wai Man Helen stands for re-election as Director at the AGM.

Biographical details of Ms. Hsu Wai Man Helen are set out in Appendix II to this circular.

PROPOSED ADOPTION NEW SHARE OPTION SCHEME

The 2014 Share Option Scheme adopted by the Company on 20 January 2014 had expired on the tenth anniversary after its adoption, i.e. 19 January 2024. In view of the expiry of the 2014 Share Option Scheme, the Company proposes to adopt the New Share Option Scheme. At the AGM, ordinary resolution No. 7 will be proposed for the Shareholders to consider, and if thought fit, to approve the adoption of the New Share Option Scheme. A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III hereto. So far as the Directors are aware, as at the Latest Practicable Date, none of the Shareholders is required to abstain from voting on the said resolution.

As at the expiry date of the 2014 Share Option Scheme, no share option has been granted under the 2014 Share Option Scheme since its adoption. The Board confirms that it will not grant any further options under the 2014 Share Option Scheme prior to the AGM.

Conditions precedent of the New Share Option Scheme

The New Share Option Scheme will take effect upon fulfillment of the following conditions:

- (i) passing of an ordinary resolution by the Shareholders in general meeting to approve the adoption of the New Share Option Scheme and to authorise the Directors to grant Options to subscribe for Shares thereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (ii) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options granted under the New Share Option Scheme.

An application will be made to the Stock Exchange for the approval of the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of the Options granted under the New Share Option Scheme.

The New Share Option Scheme will become effective upon the fulfillment of all the conditions for adoption of the New Share Option Scheme as referred to in the above.

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A copy of the rules of the New Share Option Scheme will be published on the websites of the Stock Exchange and the Company for display for a period of not less than 14 days before the date of the AGM and will be made available for inspection at the AGM.

Reasons for adoption of the New Share Option Scheme and Scope of Participants

A summary of the principal terms of the rules of the New Share Option Scheme is set out in Appendix III hereto. The purpose of the New Share Option Scheme is to attract, retain and motivate talented Participants (including Employee Participants, Related Entity Participants and Service Providers) to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time. The Directors (including independent non-executive Directors) also consider that it is beneficial to include Service Providers and Related Entity Participants and aligns with the purpose of the New Share Option Scheme, since a sustainable and stable relationship with them is essential to the business development of the Group, and which the grant of Options to these non-employee participants will align their interests with the Group's, incentivizing them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long term.

In determining the basis of eligibility of each Participant, the Board would mainly take into account the experience of the Participant on the Group's business, the length of service of the Participant with the Group, the amount of contribution or potential contribution the Participant has made or is likely to make towards the success of the Group and such other factors as the Board may at its discretion consider appropriate.

In assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including, among others (i) their skills, knowledge, experience, expertise and other relevant personal qualities; (ii) their performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (iii) their contribution made or expected to be made to the growth of the Group; (iv) their length of engagement or employment with the Group; and (v) their educational and professional qualifications, and knowledge in the industry.

In assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including, among others (i) the positive impacts (including support, assistance, guidance, advice, efforts, contributions and/or potential contributions) brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in revenue or profits, an addition of expertise to the Group and/or other aspects in support of the development and growth of the Group's business; (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Related Entity Participant has established with the Group via his/her role and position held with the Related Entity; (iii) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which have materialised into further

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business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increased its market share; and (vi) the materiality and nature of the business relation between the Related Entity of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution and/or potential contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship. In assessing the eligibility of Related Entity Participants, the Board will consider, among others, their participation and contribution to the development of the Group and/or the extent of benefits and synergies brought to the Group.

In assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others (i) the expertise, professional qualifications and industry experience of the Service Provider; (ii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (iii) the materiality and nature of the business relationship of the Service Provider with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (iv) the prevailing market fees chargeable by comparable services providers; (v) the Group's period of engagement of or collaboration with the Service Provider; and (vi) the Service Provider's actual or potential contribution to the Group with regard to factors such as the actual or expected reduction in costs of the Group or increase in revenue or profit of the Group.

The Directors (including independent non-executive Directors) consider that the inclusion of Related Entity Participants as eligible Participants is in the long term interests of the Company and the Shareholders as a whole, in line with the Group's business needs, and aligns with the purpose of the New Share Option Scheme for the following reasons:

The Company has been investing and hold equity interests in various target entities from time to time. With the increase in business development of the Group, the Company anticipated that it shall have increase investments in target entities and potentially become Related Entities. Despite that Related Entity Participants may not be directly appointed and employed by the members of the Group, such Related Entity Participants are nonetheless valuable human resources to the Group given their close corporate and collaborative relationships. The Company feels that it is important to include Related Entity Participants as eligible Participants in order to enable to the Group to have the flexibility to recognise their future contribution and strengthen their loyalty with the Group by giving them incentive through their participation in the New Share Option Scheme. In particular, their growth and development would contribute to the financial performance of the Group, thereby allowing the Group to share and benefit from the positive results of these companies. It is therefore in the interest of the Company and the Shareholders, and is in line with the objectives of the New Share Option Scheme to include the Related Entity Participants, whom the Company can incentivize with the grant of Options in order to strengthen their loyalty with the Group, and to in turn facilitate a higher degree of collaboration and closer business relationships and ties between the Related Entities and

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the Group. The Board is of the view that it would be in the Company's interest to grant Options to those Related Entity Participants in recognition of their contribution or potential contribution to the Company.

The Directors (including independent non-executive Directors) consider that the inclusion of Service Providers as eligible Participants is in the long term interests of the Company and the Shareholders as a whole; in line with the Group's business needs; and aligns with the purpose of the New Share Option Scheme for the following reasons:

Considering that the Service Providers have contributed to the long-term growth of the Group's businesses, the Board believes that it is in the best interests of the Company to have the flexibility to grant Options to the Service Providers in recognition of their contribution to the Group. It also enables the Group to use share-based incentives to encourage persons outside the Group to contribute to the Group. The Directors consider that it is beneficial to include the Service Providers as eligible Participants since a sustainable and stable relationship with them is essential to the business development of the Group, and that the grant of the Options to these non-employee participants will align their interests with the Group's, incentivising them to provide better services to, create more opportunities for and/or contribute to the success of the Group in the long run and therefore aligns with the purpose of the New Share Option Scheme.

In view of the above, the independent non-executive Directors consider that the proposed categories of the Related Entity Participants and the Service Providers are in line with the Company's business needs and the industry norm, desirable and necessary from a commercial perspective and help maintain or enhance the competitiveness of the Group. Through the grant of the Options, such Participants and the Group will have a common goal in the growth and development of the Group's business, and they could participate in the future prospect of the Group and share additional reward through their sustainable contribution.

The Board may determine the Employee Participants' eligibility in its sole discretion by considering all relevant factors as appropriate and take into account criteria based on the nature of the contributions made by Service Providers and Related Entity Participants before granting Option(s) to them (please refer to the factors set out under the heading "**(2) GRANT OF OPTIONS**" in Appendix III to this circular).

Scheme Mandate Limit and Service Provider Sublimit

As at the Latest Practicable Date, there were 1,483,687,151 Shares in issue. Assuming that (a) no further Shares will be allotted, issued, repurchased or cancelled prior to the AGM and (b) the resolution regarding the proposed adoption of the New Share Option Scheme with the Scheme Mandate Limit and the Service Provider Sublimit are passed at the AGM, (i) the total number of Shares which may be issued and the number of Treasury Shares which may be sold or transferred in respect of all Options that may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company and the awards to be granted under any share award scheme(s) of the Company that involve(s) the issuance of new Shares and transfer of Treasury Shares (if any) would be no more than 148,368,715 Shares, representing no more than 10% of the total number of Shares in issue

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(excluding Treasury Shares) as at the Adoption Date; and (ii) the total number of Shares that may be issued and the number of Treasury Shares which may be sold or transferred in respect of all Options that may be granted under the New Share Option Scheme and any other share option scheme(s) of the Company and the awards to be granted under any share award scheme(s) of the Company that involve(s) the issuance of new Shares and transfer of Treasury Shares (if any) to the Service Providers would be no more than 14,836,871 Shares, representing no more than 1% of the total number of Shares (excluding Treasury Shares) in issue as at the Adoption Date.

The Service Provider Sublimit (namely, 1% of the total number of issued Shares (excluding Treasury Shares) as at the Adoption Date or the relevant date of approval of the refreshment of the Service Provider Sublimit) is determined on the basis of, with reference to and having taken into account, among others, (i) the potential dilution effect arising from grants to the Service Providers; (ii) the importance of striking a balance between achieving the purpose of the New Share Option Scheme and protecting the Shareholders from the dilution effect from granting a substantial amount of Options to the Service Providers; (iii) the extent of use of Service Providers in the Group's businesses; (iv) the actual or expected reduction in costs of the Group or increase in revenue or profit of the Group which is attributable to Service Providers, and the nature of the Service Providers' contribution to the long-term growth of the Group's core business and the future capital need of the Group; and (v) the fact that the Company expects that a majority of Options will be granted to the Employee Participants and Related Entity Participants, and as such there is a need to reserve a larger portion of the Scheme Mandate Limit for grants to the Employee Participants and Related Entity Participants. Given the above, the Board considers that a Service Provider Sublimit of 1% would not lead to an excessive dilution of shareholding of the existing Shareholders. Considering that there are no other share schemes over or funded by new Shares other than the New Share Option Scheme after the expiry of 2014 Share Option Scheme, and the Group's business model and human resources allocation strategy and contribution that have been made by the Service Providers to the long-term growth of the Company's businesses, the Board is of the view that the Service Provider Sublimit is appropriate and reasonable given the Group's business needs, and such limit provides the Group with flexibility to provide equity incentives (instead of expending cash resources in the form of monetary consideration) to reward and collaborate with persons who are not employees or officers of the Group, but who may have exceptional expertise in their field or who may be able to provide valuable expertise and services to the Group, which is in line with the purpose of the New Share Option Scheme.

Vesting Period

The vesting period for Options under the New Share Option Scheme shall not be less than 12 months.

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Performance target, Clawback mechanism, and basis of determining the Subscription Price of Options

Unless otherwise determined by the Board and specified in the Offer Letter at the time of the Offer, there is no performance target that needs to be achieved by the Grantee before an Option can be exercised. There is also no clawback mechanism under the New Share Option Scheme to recover or withhold the remuneration (which may include any Options granted) to any Participants.

The Board (including the independent non-executive Directors) believes that it is in the best interests of the Company to retain the flexibility to impose appropriate conditions in light of the particular circumstances of each grant, which would then be a more meaningful reward for the Participants' contribution or potential contribution. Further, by allowing the Company to grant Options under the New Share Option Scheme at a Subscription Price which will be determined on a fair basis according to market value of the Shares and to impose such clawback mechanism and/or require the Participants to achieve such performance targets as may be stipulated in the Offer Letter on a case by case basis, the Company may be in a better position to retain such Participants to continue serving the Group whilst at the same time providing these Participants further incentive in achieving the goals of the Group, and therefore aligns with the purpose of the New Share Option Scheme.

None of the Directors is a trustee of the New Share Option Scheme or has any direct or indirect interest in the trustees of the New Share Option Scheme, if any.

ANNUAL GENERAL MEETING

At the AGM, ordinary resolutions will be proposed to approve the Share Issue Mandate, the Share Repurchase Mandate, the extension of the Share Issue Mandate, the re-election of the retiring Director, the adoption of the New Share Option Scheme, the Scheme Mandate Limit and the Service Provider Sublimit. The notice of the AGM is set out on pages 37 to 42 of this circular.

VOTING BY WAY OF POLL

Pursuant to Rule 17.47(4) of the GEM Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the AGM will therefore demand a poll for every resolution put to the vote of the AGM pursuant to Article 72 of the Articles of Association and the Company will announce the results of the poll in the manner prescribed under Rule 17.47(5) of the GEM Listing Rules.

LETTER FROM THE BOARD

ACTION TO BE TAKEN

A proxy form for use at the AGM is enclosed herein. Whether or not you intend to attend the AGM, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed (i.e. Sunday, 16 June 2024 at 3:00 p.m. (Hong Kong time)) for the holding of the AGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the AGM, or any adjourned meeting, should you so wish and, in such event, the proxy form shall be deemed to be revoked.

RECOMMENDATION

The Directors believe that the grant of the Share Issue Mandate, the Share Repurchase Mandate and the extension of the Share Issue Mandate, the re-election of the retiring Director, the adoption of the New Share Option Scheme, the Scheme Mandate Limit and the Service Provider Sublimit are in the best interests of the Company as well as the Shareholders as a whole. Accordingly, the Directors recommend that all the Shareholders should vote in favour of all the relevant resolutions relating to the aforesaid matters.

RESPONSIBILITY STATEMENT

This circular, 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 circular 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 circular misleading.

By order of the Board
Perfect Optronics Limited
Kan Man Wai
Acting Chairman

This appendix serves as an explanatory statement, as required by the GEM Listing Rules, to provide requisite information to you for your consideration of the proposal to permit the repurchase of Shares up to a maximum of 10% of the total number of issued Shares as at the date of passing the Repurchase Resolution.

1. EXERCISE OF THE SHARE REPURCHASE MANDATE

Exercise in full of the Share Repurchase Mandate, on the basis of 1,483,687,151 Shares in issue at the Latest Practicable Date, would result in up to 148,368,715 Shares (which will be fully paid and represent 10% of the Shares in issue as at the Latest Practicable Date) being repurchased by the Company during the course of the period prior to the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association or applicable laws of the Cayman Islands to be held; or (iii) the passing of any ordinary resolution of the Shareholders in general meeting of the Company revoking, varying or renewing the Share Repurchase Mandate.

2. REASONS FOR REPURCHASES

Repurchases of Shares will only be made when the Directors believe that such a repurchase will benefit the Company and the Shareholders as a whole. Such repurchases may, depending on market conditions and funding arrangements at that time, lead to an enhancement of the Company's net asset value per Share and/or earnings per Share.

Following the amendments to the GEM Listing Rules to be effective on 11 June 2024 on removal of mandatory requirement for cancellation of the shares repurchased by listed issuers of the Stock Exchange, listed issuers may, instead of cancellation of repurchased shares, (i) subject to the laws of their place of incorporation and their constitutional documents hold the repurchased shares in treasury and (ii) resell the treasury share in accordance with applicable laws, rules and restrictions. Such amendments will allow the Company to have greater flexibility in managing the Company's capital structure, to react promptly to market conditions and, if and when appropriate, and to resell the Treasury Shares on the market at market prices to raise funds.

Currently, the Company has no Shares repurchased. However, it is intended that the Shares which are repurchased by the Company will be cancelled. The Shares which are repurchased by the Company will only be held as Treasury Shares by the Company when the Directors consider it prudent or beneficial for capital management purposes to do so, and the Treasury Shares will only be resold on the market when the Directors believe that a resale of such Treasury Shares is in the interests of the Company and the Shareholders as a whole.

For those Treasury Shares not directly held by the Company but are deposited with the Central Clearing and Settlement System pending resale on the Stock Exchange, the Company will adopt measures to ensure that it would not exercise any Shareholders' rights or receive any entitlements in respect of such Treasury Shares. Such measures will include (i) procuring the relevant broker not to give instructions to Hong Kong Securities Clearing Company Limited to vote at general meetings of the Company for such Treasury Shares; and (ii) in case of dividends or distributions, withdrawing the Treasury Shares from the Central Clearing and Settlement System and either registering in the Company's own name or cancelling them, in each case before the record date for the dividend or distributions.

3. FUNDING OF REPURCHASES

In repurchasing the Company's Shares, the Company may only apply funds legally available for the purpose in accordance with the Articles of Association, the Companies Act and applicable laws and regulations of the Cayman Islands, and the GEM Listing Rules. The Company may not repurchase securities on GEM for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of GEM prevailing from time to time.

4. GENERAL

There might be a material adverse impact on the working capital or gearing position of the Company (as compared with the position disclosed in the audited financial statements contained in the annual report of the Company for the year ended 31 December 2023) in the event that the Share Repurchase Mandate is exercised in full. However, the Directors do not propose to exercise the Share Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital requirements of the Company or on the gearing position of the Company, which in the opinion of the Directors, are from time to time appropriate for the Company.

The Directors will exercise the Share Repurchase Mandate in accordance with the GEM Listing Rules, the Memorandum and Articles of the Association and all applicable laws of the Cayman Islands in force from time to time.

The Directors confirmed that neither this explanatory statement nor the proposed share repurchase has any unusual features.

To the best of the Directors' knowledge having made all reasonable enquiries, none of the Directors nor any of their respective close associates (as defined in the GEM Listing Rules), has any present intention to sell any Shares to the Company or its subsidiaries if the Share Repurchase Mandate is approved by the Shareholders.

No core connected person (as defined in the GEM Listing Rules) of the Company has notified the Company that he has a present intention to sell any Shares to the Company, or has undertaken not to do so, if the Share Repurchase Mandate is approved by the Shareholders.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purposes of the Takeovers Code. As a result of a repurchase of Shares made under the Share Repurchase Mandate, a Shareholder, or a group of Shareholders acting in concert (within the meaning under the Takeovers Code), depending on the level of increase in the interest of the Shareholder(s), could obtain or consolidate control of the Company and become(s) obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code.

As at the Latest Practicable Date, Mr. Cheng Wai Tak was interested in 925,647,151 Shares, representing approximately 62.39% of the total number of issued Shares, of which 923,427,151 Shares were corporate interests held indirectly through Winful Enterprises Limited, a company which is wholly and beneficially owned by Mr. Cheng Wai Tak.

In the event that the Directors exercise in full the power to repurchase Shares under the Share Repurchase Mandate, the shareholding of Mr. Cheng Wai Tak would be increased to approximately 69.32% of the total number of issued Shares, and such increase will not give rise to any obligation to make a mandatory offer under Rule 26 of the Takeovers Code.

The Directors are not aware of any consequence which may arise under the Takeovers Code as a result of a repurchase of Shares made under the Share Repurchase Mandate and have no present intention to exercise the power to repurchase Shares pursuant to the Share Repurchase Mandate to such an extent as to result in takeover obligations.

The Directors will not exercise the Share Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may prescribed as the minimum public shareholding under the GEM Listing Rules).

Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than 25% could only be implemented with the approval of the Stock Exchange to waive from strict compliance with the GEM Listing Rules requirements regarding the public shareholding. However, the Directors have no current intention to exercise the Share Repurchase Mandate to such an extent as would give rise to this obligation. In any event, the Company will not repurchase Shares which would result in the number of Shares held by the public being reduced to less than 25%.

5. SHARES REPURCHASE MADE BY THE COMPANY

No repurchase of Shares had been made by the Company (whether on GEM or otherwise) in the six months preceding the Latest Practicable Date.

6. SHARE PRICES

The highest and lowest traded prices of which the Shares were traded on the Stock Exchange during each of the previous twelve months preceding the Latest Practicable Date were as follow:

	Highest Traded Price <i>HK\$</i>	Shares Lowest Traded Price <i>HK\$</i>
2023		
April	0.100	0.073
May	0.088	0.073
June	0.181	0.090
July	0.157	0.127
August	0.135	0.117
September	0.107	0.050
October	0.051	0.045
November	0.047	0.045
December	0.052	0.036
2024		
January	0.055	0.034
February	0.139	0.044
March	0.183	0.082
April (up to the Latest Practicable Date)	0.125	0.050

The following are the particulars of the retiring Director proposed to be re-elected at the AGM:

Ms. Hsu Wai Man Helen (“Ms. Hsu”)

Ms. Hsu Wai Man Helen, aged 54, was appointed as an independent non-executive Director on 25 September 2020 and is responsible for providing independent judgment on issues of strategy, performance, resources and standard of conduct of the Company. She is the chairperson of the audit committee of the Company. She is also a member of the Nomination Committee and the Remuneration Committee. Ms. Hsu graduated from The Chinese University of Hong Kong with a bachelor degree in business administration. Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. She has more than 20 years of experience in accounting. Ms. Hsu had been working with Ernst & Young for 18 years and was a partner of Ernst & Young before she retired from the firm in February 2011. Ms. Hsu is currently an independent non-executive director of Richly Field China Development Limited (stock code: 313), China Display Optoelectronics Technology Holdings Limited (stock code: 334), Perfect Medical Health Management Limited (stock code: 1830) and Beijing Gas Blue Sky Holdings Limited (stock code: 6828), the shares of which are listed on the Main Board of the Stock Exchange. Over the past three years, Ms. Hsu was an independent non-executive director of Harmonicare Medical Holdings Limited (stock code: 1509) from August 2020 to March 2021, the listing of the shares of which on the Stock Exchange was cancelled in March 2021.

Save as disclosed above, Ms. Hsu has not held any directorship in the last three years in other public companies the securities of which are listed on any securities market in Hong Kong or overseas, and has not held any other position with any members of the Group. She does not have any relationship with any Directors, senior management, substantial shareholders, or controlling shareholders of the Company.

As at the Latest Practicable Date, Ms. Hsu did not have any interest in the Shares within the meaning of Part XV of the SFO.

The Nomination Committee has assessed and reviewed the annual independence confirmation of Ms. Hsu based on the independence criteria as set out in Rule 5.09 of the GEM Listing Rules. The Board is also not aware of any factors that might affect the independence of Ms. Hsu, and is satisfied that she has the required character, integrity, independence and experience to fulfill the role of an independent non-executive Director. The Board considers her to be independent.

The Board is of the view that Ms. Hsu is beneficial to the Board with diversity of her comprehensive experience and knowledge in accounting and financial management that contributes to invaluable expertise, continuity and stability to the Board and the Company has benefited greatly from her contribution and valuable insights. The Board believes that she will continue to contribute effectively to the Board.

APPENDIX II DETAILS OF RETIRING DIRECTOR PROPOSED TO BE RE-ELECTED

Ms. Hsu entered into an appointment letter with the Company for a term of three years commencing from 25 September 2023, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles of Association.

Pursuant to the appointment letter, Ms. Hsu is entitled to a fixed director's fee of HK\$240,000 per annum, which is reviewed by the Remuneration Committee and determined by the Board with reference to market rates, Ms. Hsu's qualifications and experience.

The following is a summary of the principal terms of the rules of the New Share Option Scheme. It does not form part of, nor is it intended to be part of the rules of the New Share Option Scheme and it should not be taken as affecting the interpretation of the rules of the New Share Option Scheme. The Directors reserve the right at any time prior to the AGM to make such amendments to the New Share Option Scheme as they may consider necessary or appropriate provided that such amendments do not conflict with any material aspects with the summary in this Appendix:

(1) PURPOSE OF THE NEW SHARE OPTION SCHEME

The purpose of the New Share Option Scheme is for the Company to attract, retain and motivate talented Participants to strive for future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants and for such other purposes as the Board may approve from time to time.

(2) GRANT OF OPTIONS

In determining the basis of eligibility of each Participant, the Board would mainly take into account the experience of the Participant on the Group's business, the length of service of the Participant with the Group or the length of business relationship the Participant has established with the Group, the amount of contribution the Participant has made or is likely to make towards the success of the Group and such other factors as the Board may at its discretion consider appropriate. Generally:

- (a) in assessing the eligibility of Employee Participants, the Board will consider all relevant factors as appropriate, including, among others (i) their skills, knowledge, experience, expertise and other relevant personal qualities; (ii) their performance, time commitment, responsibilities or employment conditions and the prevailing market practice and industry standard; (iii) their contribution made or expected to be made to the growth of the Group; (iv) their length of engagement or employment with the Group; and (v) their educational and professional qualifications, and knowledge in the industry;
- (b) in assessing the eligibility of Related Entity Participants, the Board will consider all relevant factors as appropriate, including, among others (i) the positive impacts (including support, assistance, guidance, advice, efforts and/or contributions) brought by, or expected from, the Related Entity Participant on the Group's business development in terms of an increase in revenue or profits, an addition of expertise to the Group and/or other aspects in support of the development and/or growth of the Group's business; (ii) the actual degree of involvement in and/or cooperation with the Group and length of collaborative relationship the Related Entity Participant has established with the Group via his role and position held with the Related Entity; (iii) the number, scale and nature of the projects which promote the business, development and growth of the Group in which the Related Entity Participant is involved; (iv) whether the Related Entity Participant has referred or introduced opportunities to the Group which

have materialised into further business relationships; (v) whether the Related Entity Participant has assisted the Group in tapping into new markets and/or increasing its market share; and (vi) the materiality and nature of the business relation between the Related Entity of which the Related Entity Participant holds office or position on the one hand and the Group on the other hand, and the Related Entity Participant's contribution in such Related Entity which may benefit the core business of the Group through a collaborative relationship; and

- (c) in assessing the eligibility of Service Providers, the Board will consider all relevant factors as appropriate, including, among others (i) the expertise, professional qualifications and industry experience of the Service Provider; (ii) the performance of the Service Provider and track record, including whether the Service Provider has a proven track record of delivering quality services; (iii) the materiality and nature of the business relationship of the Service Provider with the Group (such as whether they relate to the core business of the Group and whether such business dealings could be readily replaced by third party(ies)); (iv) the prevailing market fees chargeable by comparable services providers; (v) the Group's period of engagement of or collaboration with the Service Provider; and (vi) the Service Provider's actual or potential contribution to the Group with regard to factors such as the actual or expected reduction in costs of the Group or increase in revenue or profit of the Group.

For so long as the Shares are listed on the Stock Exchange:

- (a) an Offer must not be made after inside information has occurred or inside information has been made the subject of a decision, until (and including) the trading day on which such inside information has been duly published and announced. In particular, no Offer shall be made and no Options shall be granted during the period commencing 30 days immediately before the earlier of:
- (1) the date of the Board meeting (as such date is first notified to the Stock Exchange under the GEM Listing Rules) for approving the Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the GEM Listing Rules); and
 - (2) the deadline for the Company to announce its results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement (and for the avoidance of doubt, no Offer shall be made and no Option shall be granted during any period of delay in publishing a results announcement); and

- (b) no Offer shall be made and no Options shall be granted to any Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in the Shares pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers prescribed by the GEM Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(3) SCHEME MANDATE LIMIT AND SERVICE PROVIDER SUBLIMIT

Subject to the GEM Listing Rules:

- (a) The total number of Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all Options to be granted under the New Share Option Scheme shall not (when aggregated with any Shares subject to any other share option scheme(s) and share award scheme(s) that involve(s) the issuance of new Shares and the transfer of Treasury Shares) in aggregate exceed 148,368,715, representing 10% of the total number of Shares in issue (excluding Treasury Shares) as at the date of approval of the New Share Option Scheme by the Shareholders (“**Scheme Mandate Limit**”), and within the Scheme Mandate Limit, the maximum number of Shares which may be allotted and issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all Options to be granted to Service Providers (“**Service Provider Sublimit**”) must not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the date of approval of this Scheme by the Shareholders, unless the Company obtains an approval from its Shareholders pursuant to paragraphs 3(b) to 3(e) below.
- (b) The Company may seek approval of its Shareholders in general meeting for refreshing the Scheme Mandate Limit (or the Service Provider Sublimit) set out in paragraph 3(a) above under the New Share Option Scheme after three years from the date of Shareholders’ approval for the adoption of the New Share Option Scheme or the last refreshment.
- (c) Any refreshment within any three-year period must be approved by Shareholders subject to that:
 - (i) any controlling Shareholders and their associates (or if there is no controlling Shareholder, directors (excluding independent non-executive directors) and the chief executive of the Company and their respective associates) must abstain from voting in favour of the relevant resolution at the general meeting; and
 - (ii) the Company must comply with the requirements under Rules 17.47(6), 17.47(7), 17.47A, 17.47(B) and 17.47(C) of the GEM Listing Rules.

The requirements under paragraphs 3(c)(i) and 3(c)(ii) above do not apply if the refreshment is made immediately after an issue of Shares by the Company to the Shareholders on a pro rata basis as set out in Rule 17.41(1) of the GEM Listing Rules such that the unused part of the Scheme Mandate Limit (as a percentage of the total number of Shares in issue) upon refreshment is the same as the unused part of the Scheme Mandate Limit immediately before the issue of Shares, rounded to the nearest whole Share.

- (d) The total number of Shares which may be issued (and, together with Treasury Shares which may be sold or transferred, as applicable) in respect of all Options to be granted under the New Share Option Scheme (in aggregate with any other options and awards to be granted under any other share option scheme(s) and share award scheme(s) of the Company that involve(s) the issuance of new Shares and the transfer of Treasury Shares) under the Scheme Mandate Limit as refreshed shall not exceed 10% (and the Service Provider Sublimit as refreshed shall not exceed 1%) of the total number of Shares in issue (excluding Treasury Shares) as at the date of approval of the refreshed Scheme Mandate Limit (and the refreshed Service Provider Sublimit). The Company shall send to its Shareholders a circular containing all such information as may be required under the GEM Listing Rules.
- (e) The Company may seek separate approval by its Shareholders in general meeting for granting Options beyond the Scheme Mandate Limit (or the Service Provider Sublimit) provided the Options in excess of the Scheme Mandate Limit (or the Service Provider Sublimit) are granted only to Participants specifically identified by the Company before such approval is sought. In such a case, the Company shall send to its Shareholders a circular containing the name of each specified Participant who may be granted such Options, the number and terms of the Options to be granted to each Participant, and the purpose of granting Options to the specified Participants with an explanation as to how the terms of the Options serve such purpose and all such information as may be required under the GEM Listing Rules.

(4) MAXIMUM ENTITLEMENT OF SHARES OF EACH PARTICIPANT

- (a) The maximum number of Shares in respect of which Options may be granted to a single Participant under the New Share Option Scheme in any 12-month period up to and including the date of such grant shall not (when aggregated with any Shares subject to any other share option scheme(s) and share award scheme(s) that involve(s) the issuance of new Shares and the transfer of Treasury Shares but excluding those which have lapsed in accordance with terms of the relevant scheme(s)) exceed 1% of the Shares in issue (excluding Treasury Shares) (the “**Individual Limit**”), unless the Company obtains an approval from its Shareholders pursuant to paragraph 4(b) below.

- (b) The Company may seek separate approval by its Shareholders in general meeting for granting Options to a single Participant beyond the Individual Limit referred to in paragraph 4(a) provided that:
- (i) such Participant and his/her/its close associates (or associates if the Participant is a connected person of the Company) abstains from voting on the relevant resolution;
 - (ii) the Company sends to its Shareholders a circular containing the identity of such Participant, the number and terms of the Options to be granted (and options and awards of new Shares previously granted to such Participant in the 12-month period) and all such other information as may be required under the GEM Listing Rules; and
 - (iii) the number and terms of the Options to be granted to such Participant must be fixed before Shareholders' approval.

In respect of any such Options to be granted, the date of the meeting or resolution of the Board for proposing and approving such further grant should be taken as the date of grant for the purpose of calculating the Subscription Price.

- (c) Any grant of Options to a Participant who is a director or chief executive or substantial shareholder of the Company or their respective associates must be approved by the independent non-executive directors of the Company.
- (d) Any change in the terms of Options granted to a Participant who is a director or chief executive or substantial shareholder of the Company, or any of their respective associates, must be approved by Shareholders in the manner as required under the GEM Listing Rules if the initial grant of the Options requires such approval (except where the changes take effect automatically under the existing terms of the New Share Option Scheme).
- (e) Subject to paragraph 3 and 4(a), in the event of any alteration in the capital structure of the Company whether by way of capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company or otherwise howsoever (other than as a result of an issue of Shares as consideration in a transaction), the maximum number of Shares referred to in paragraphs 3 and 4(a) above will be adjusted in such manner as an independent financial adviser or the Auditors (acting as experts and not as arbitrators) shall confirm to the Directors in writing to be in compliance with the requirements under the GEM Listing Rules.

(5) PERIOD WITHIN WHICH THE OPTION MAY BE EXERCISED

An Option may be exercised in accordance with the terms of the New Share Option Scheme at any time during the Option Period after the Option has been granted by the Board. The Option Period is a period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the New Share Option Scheme.

(6) VESTING PERIOD OF OPTION AND PERFORMANCE TARGETS

- (a) The vesting period for Options shall not be less than 12 months.
- (b) Unless otherwise determined by the Board and specified in the Offer Letter at the time of the Offer, there is no performance target that needs to be achieved by the Grantee before an Option can be exercised.

(7) AMOUNT PAYABLE ON ACCEPTANCE OF OPTION

An Offer shall be deemed to have been accepted by the Grantee and the Option to which the Offer relates shall be deemed to have been granted and to have taken effect on the Offer Date when the duplicate of the letter of Offer comprising acceptance of the Offer duly signed by the Grantee together with a remittance in favour of the Company of HK\$1 by way of consideration for the granting thereof is received by the Company within 28 days from the date of the offer, provided that no such Offer shall be open for acceptance as on and after the 10th anniversary from the Adoption Date or as on and after the date when the New Share Option Scheme has been terminated in accordance with the provisions thereof, whichever is the earlier. Such remittance shall in no circumstances be refundable or be considered as part of the Subscription Price. The Subscription Price is calculated in accordance with paragraph 8 below.

(8) SUBSCRIPTION PRICE

Subject to any adjustments made pursuant to paragraph 12 below, the Subscription Price in respect of each Share to be issued (or Treasury Share to be transferred, as applicable) pursuant to the exercise of Options granted shall be a price solely determined by the Board and notified to a Participant and shall be at least the higher of:

- (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the Offer Date, which must be a Business Day; and
- (b) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the 5 Business Days immediately preceding the Offer Date.

(9) RIGHTS ATTACHING TO THE SHARES UPON EXERCISE OF OPTIONS

- (a) Subject to as hereinafter provided and subject to the terms and conditions upon which such Option was granted, the Option may be exercised by the Grantee at any time during the business hours of the Company (i.e. Monday to Friday, 9:00 a.m. to 5:00 p.m., Hong Kong time) on a Business Day within the Option Period provided that:
- (i) in the event of the Grantee (being an Employee Participant or a Related Entity Participant at the time of Offer) ceases to be a Participant for any reason other than on the Grantee's death or the termination of the Grantee's employment, directorship, office or appointment on one or more of the grounds specified in paragraph 11(d) below, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to the Grantee's entitlement at the date of cessation (to the extent he is entitled to exercise at the date of cessation but not already exercised) within the period of 3 months (or such longer period as the Board may determine) following the date of such cessation, which date shall be the last actual working day with the relevant company whether salary is paid in lieu of notice or not, or the last date of office or appointment as director, chief executive or employee of the relevant company, as the case may be, in the event of which, the date of cessation as determined by a resolution of the Board or board of directors of the relevant company (or equivalent organ thereof vested with the general power to manage the business and affairs of such relevant company) shall be conclusive;
 - (ii) in the event the Grantee (being a Related Entity Participant at the time of Offer) ceases to be a Related Entity Participant because the Related Entity to which such Grantee is employed, holds directorship or office ceases to be a Related Entity or the Grantee has breached its fiduciary duty owed to any member of the Group under the common law, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee may exercise the Option up to his/her entitlement at the date of such cessation (to the extent exercisable but not already exercised) within such period determined by the Board and any Option not so exercised shall lapse at the end of such period, provided that if any of the events referred to in paragraph 9(a) (iv), (v) or (vi) during such period, such Option may only be exercisable in such manner and within such period pursuant to sub-paragraphs 9(a) (iv), (v) or (vi) respectively;

- (iii) in the event the Grantee dies or for Grantee (being an Employee Participant or a Related Entity Participant at the time of Offer) otherwise ceases to be an Employee Participant or Related Entity Participant (as the case may be) by reason of physical or mental disability or incapacity or other event which, in the opinion of the Board, deprives him/her of his/her capacity to act (other than in the case of insolvency, bankruptcy or liquidation of the Grantee) before exercising the Option in full and none of the events which would be a ground for termination of the Grantee's employment, directorship, office or appointment under paragraph 11(d) below arises, then unless the Board shall in its sole and absolute discretion determine otherwise, the personal representative(s) of the deceased Grantee shall be entitled, within a period of 6 months or such longer period as the Board may determine from the date of death, to exercise the Option up to the entitlement of such Grantee at the date of death (to the extent which has become exercisable and not already exercised) or, if appropriate, make an election pursuant to paragraph 9(a)(iv), (v) or (vi) below;
- (iv) if a general or partial offer, whether by way of takeover offer, share re-purchase offer, or scheme of arrangement or otherwise in like manner is made to all the Shareholders, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavours to procure that such offer is extended to all the Grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the Options granted to them, the Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to the Shareholders, then unless the Board shall in its sole and absolute discretion determine otherwise, the Grantee shall, notwithstanding any other terms on which his/her Options were granted, be entitled to exercise the Option (to the extent not already exercised) to its full extent or to the extent specified in the Grantee's notice to the Company at any time thereafter and up to the close of such offer (or any revised offer) or the record date for entitlements under scheme of arrangement, as the case may be;
- (v) if a compromise or arrangement between the Company and its Shareholders or creditors is proposed for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies (other than any event contemplated in paragraph 9(a)(iv) above), the Company shall give notice thereof to the Grantee on the same date as it dispatches the notice which is sent to each Shareholder or creditor of the Company summoning the meeting to consider such a compromise or arrangement, and thereupon, unless the Board shall in its sole and absolute discretion determine otherwise, the original Grantee (or the personal representative(s) of the deceased Grantee) may forthwith and until the expiry of the period commencing with such date and ending with the

earlier of 2 months thereafter and the date on which such compromise or arrangement is sanctioned by the Court, exercise any of his Options (to the extent which has become exercisable and not already been exercised) whether in full or in part, but the exercise of an Option as aforesaid shall be conditional upon such compromise or arrangement being sanctioned by the Court and becoming effective. Upon such compromise or arrangement becoming effective, all Options shall lapse except insofar as previously exercised under the New Share Option Scheme. The Company may require the original Grantee (or the personal representative(s) of the deceased Grantee) to transfer or otherwise deal with the Shares issued as a result of the exercise of Options in these circumstances so as to place the Grantee in the same position as nearly as would have been the case had such Shares been subject to such compromise or arrangement; and

- (vi) in the event a notice is given by the Company to its Shareholders to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up the Company, other than for the purposes of a reconstruction, amalgamation or scheme of arrangement, the Company shall on the same date as or soon after it dispatches such notice to convene the general meeting, give notice thereof to all Grantees. Unless the Board shall in its sole and absolute discretion determine otherwise, each original Grantee (or the personal representative(s) of the deceased Grantee) may by notice in writing to the Company (such notice to be received by the Company no later than 2 Business Days prior to the proposed general meeting (excluding any period(s) of closure of the Company's share registers)) exercise the Option (to the extent which has become exercisable and not already exercised) either to its full extent or to the extent specified in such notice, such notice to be accompanied by a payment for the full amount of the aggregate Subscription Price for the Shares in respect of which the notice is given, whereupon the Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the Grantee credited as fully paid.
- (vii) in the event the Grantee other than an Employee Participant or Related Entity Participant, the date on which the Board shall at their absolute discretion determine that (i) (aa) the Grantee or his associate has committed any breach of any contract entered into between the Grantee or his associate and any member of the Group or the relevant Related Entity (as the case may be); or (bb) the Grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (cc) the Grantee has breached its fiduciary duty owed to any member of the Group under the common law; or (dd) the Grantee could no longer make any contribution to the growth and development of any member of the Group or the relevant Related Entity

(as the case may be) by reason of the cessation of its relations with the Group or the relevant Related Entity (as the case may be) or by any other reason whatsoever; and (ii) the Option shall lapse as a result of any event specified in sub-paragraph (aa), (bb), (cc) or (dd) above; and

(viii) in the event the Grantee being a prospective employee of the Group being offered an Option as an inducement to enter into employment contracts with the Company, the date on which the Board shall at their absolute discretion determine that the Grantee no longer has interest to join the Group as an employee or the termination date of the employment offer specified in the offer to the Grantee (if any).

(b) The Shares to be allotted (or the Treasury Shares to be transferred, as applicable) upon the exercise of an Option will be subject to all the provisions of the memorandum and articles of association of the Company for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and issue (or the date of transfer of Treasury Shares, as the case may be), and accordingly will entitle the holders to participate in all dividends or other distributions paid or made on or after the date of allotment and issue (or the date of transfer of Treasury Shares, as the case may be) other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the date of allotment and issue (or the date of transfer of Treasury Shares, as the case may be), provided always that when the date of exercise of the Option falls on a date upon which the register of Shareholders is closed, then the exercise of the Option shall become effective on the first Business Day in Hong Kong on which the register of Shareholders is re-opened. A Grantee shall not be entitled to vote in any general meeting of the Company in respect of any of those outstanding Options yet to be exercised held by him unless he has exercised his Option(s) in accordance with the provisions of the New Share Option Scheme. Once a Grantee has exercised his Option(s) in accordance with the provisions of the New Share Option Scheme, he shall be entitled to vote in respect of those fully paid Shares allotted to him upon the exercise of his Option(s) in accordance with the memorandum and articles of association of the Company for the time being in force.

(10) DURATION OF THE NEW SHARE OPTION SCHEME

Subject to paragraphs 14 and 18 below, the New Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further Options will be issued but in all other respects, subject to the compliance with the provisions under the GEM Listing Rules, the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any Options granted prior thereto or otherwise as may be required in accordance with the

provisions of the New Share Option Scheme, and Options which are granted during the life of the New Share Option Scheme may continue to be exercisable in accordance with their terms of issue.

(11) LAPSE OF OPTION

An Option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

- (a) the expiry of the Option Period (subject to the provisions of paragraph 10 above and paragraph 14 below);
- (b) the expiry of the periods referred to in paragraphs 9(a)(i) to 9(iv) above;
- (c) subject to the scheme of arrangement or compromise becoming effective, the expiry of the period referred to in paragraph 9(a)(v) above;
- (d) the date on which the Grantee (being an Employee Participant or a Related Entity Participant at the time of Offer) ceases to be an employee, a director or a chief executive of the relevant company (as the case may be) by reason of the termination of his employment, directorship, office or appointment on the grounds that he has been guilty of misconduct, or has been in breach of any material term of the relevant employment contract, service contract or engagement contract (as the case may be), or appears either to be unable to pay or have no reasonable prospect to be able to pay debts, or has become bankrupt or insolvent, or has been served a petition for bankruptcy or winding-up, or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board or the board of the relevant company, as the case may be) on any other ground on which an employer would be entitled to terminate his employment, directorship, office or appointment at common law or pursuant to any applicable laws or under the relevant employment contract, service contract or engagement contract (as the case may be) with the relevant company (as the case may be), in the event of which a resolution of the board of directors (or equivalent organ thereof vested with the general power to manage the business and affairs of such relevant company) of the relevant company (as the case may be) to the effect that the employment, directorship, office or appointment of a Grantee has or has not been terminated on one or more of the grounds specified in this paragraph 11(d) shall be conclusive;
- (e) in respect of the Grantee other than an Employee Participant or Related Entity Participant (whether individual or corporation), the date on which the Board at their sole and absolute discretion determines that such Grantee has breached or otherwise failed to comply with any provisions of the relevant contract entered into between the Grantee on the one part and any member of the Group on the other part, or that the Grantee has breached its fiduciary duty owed to any member of the Group under the common law, or that the Grantee could no longer

make any contribution to the growth and development of any member of the Group by reason of cessation of its relations with the Group or for any other reasons whatsoever;

- (f) the close of the 2 Business Days prior to the general meeting of the Company held for the purpose of approving the voluntary winding-up of the Company as referred to in paragraph 9(a)(vi) above or the date of the commencement of the winding-up of the Company;
- (g) the date on which the Board exercises the Company's right to cancel the Option at any time after a Grantee commits a breach of paragraph 15 below; or
- (h) the date on which an Option is cancelled by the Board as provided in paragraph 13 below.

For the avoidance of doubt,

- (a) transfer of employment of a Grantee who is an Employee Participant from one member of the Group to another member of the Group or seconded to a Related Entity and transfer of employment of a Grantee who is a Related Entity Participant from a Related Entity to another Related Entity or seconded to any member of the Group shall not be considered cessation of employment; and
- (b) any Grantee who is an Employee Participant or Related Entity Participant is on such leave of absence with prior approval by the directors of the relevant member of the Group or Related Entity is not to be considered cessation of employment of the Grantee.

The Company shall owe no liability to any Grantee for the lapse of any Option under this paragraph 11.

(12) EFFECTS OF REORGANISATION OF CAPITAL STRUCTURE

- (a) In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable, whether by way of capitalisation issue, rights issue, sub-division or consolidation of Shares or reduction of capital, such corresponding alterations (if any) shall be made to:
 - (i) the number or nominal amount of Shares subject to the Option so far as unexercised; and/or
 - (ii) the Subscription Price; and/or
 - (iii) the method of exercise of the Option (if applicable),

as an independent financial adviser or the Auditor shall at the request of the Board certify in writing to the Directors, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable and that any such

alterations shall satisfy the requirements set out in the note to Rule 23.03(13) of the GEM Listing Rules and shall give a Grantee the same proportion of the issued share capital of the Company, rounded to the nearest whole share, as that to which the Grantee was previously entitled prior to the adjustment, provided that no such alterations shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In respect of any adjustments required by this paragraph, other than any made on a capitalisation issue, an independent financial adviser or the Auditor must also confirm to the Directors in writing that the adjustments satisfy the foregoing requirements. Any such adjustments shall be in compliance with the GEM Listing Rules and such applicable codes, guidance notes and interpretation of the GEM Listing Rules from time to time promulgated. The capacity of the independent financial adviser or the Auditor in this paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on the Company and the Grantees. The costs of the independent financial adviser or the Auditor shall be borne by the Company.

(13) CANCELLATION OF OPTIONS GRANTED

The Board may, with the consent of the relevant Grantee, at any time at its absolute discretion cancel any Option granted. Where the Company cancels Options and makes an Offer of the grant of new Options to the same Participant, the Offer of the grant of such new Options may only be made under the New Share Option Scheme with available Scheme Mandate Limit and Service Provider Sublimit approved by the Shareholders as mentioned in paragraph 3 above. The Options cancelled will be regarded as utilised for the purpose of calculating the Scheme Mandate Limit and Service Provider Sublimit.

(14) TERMINATION OF THE NEW SHARE OPTION SCHEME

The Company by resolution in general meeting or the Board may at any time terminate the operation of the New Share Option Scheme and in such event no further Options will be offered but in all other respects the provisions of the New Share Option Scheme shall remain in full force and effect to the extent necessary to (i) give effect to the exercise of any Options granted prior thereto; or (ii) issue the Shares which are not yet issued to the Participants in accordance with the provisions of the New Share Option Scheme. Any outstanding Options granted under the New Share Option Scheme prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the New Share Option Scheme and their terms of issue. Details of the Options granted (including Options exercised or outstanding) or Shares issued and to be issued in respect of the Options granted under this Scheme are required under the GEM Listing Rules to be disclosed in the circular to the Shareholders seeking approval of the first new share option scheme to be established or refreshment of Scheme Mandate Limit (or Service Provider Sublimit) under any existing share option scheme after such termination.

(15) TRANSFERABILITY OF OPTIONS

An Option shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interests in favour of any third party over or in relation to any Option, unless a waiver is granted by the Stock Exchange. Any breach of the foregoing by a Grantee shall entitle the Company to cancel any outstanding Options or part thereof of such Grantee in accordance with paragraph 11(g) above without incurring any liability on the part of the Company.

(16) ALTERATION OF THE NEW SHARE OPTION SCHEME

- (a) The provisions of the New Share Option Scheme may be altered in any respect by resolution of the Board at its absolute discretion except that any alterations to the provisions of the New Share Option Scheme as to the definitions of “Grantee”, “Option Period” and “Participant” in sub-paragraph 1.1 of the New Share Option Scheme; the provisions of paragraphs 2, 4, 5, 6, 7, 8, 9, 10, 11 and 14 of the New Share Option Scheme; the terms and conditions of this Scheme which are of a material nature; and all such other matters set out in Rule 23.03 of the GEM Listing Rules to the advantage of the Participants must be approved by the Shareholders in general meeting, provided that no such alteration shall operate to affect adversely the terms of issue of any Option granted or agreed to be granted prior to such alteration except with the consent or sanction of such majority of the affected Grantees as would be required of the Shareholders under the articles of association for the time being of the Company for a variation of the rights attached to the Shares.
- (b) Change to the terms of the Options granted to a Participant must be approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or Shareholders (as the case may be) if the initial grant of the Options was approved by the Board, the Remuneration Committee, the independent non-executive directors of the Company and/or the Shareholders (as the case may be). This requirement does not apply where the alterations take effect automatically under the existing terms of the New Share Option Scheme.
- (c) The amended terms of the New Share Option Scheme or the Options must still comply with the relevant requirements of the GEM Listing Rules.
- (d) Any change to the authority of the Directors or scheme administrators to alter the terms of the New Share Option Scheme must be approved by the Shareholders in general meeting.

(17) CLAWBACK MECHANISM

There is no clawback mechanism under the New Share Option Scheme to recover or withhold the remuneration (which may include any Options granted) to any Participants.

(18) CONDITIONS OF THE NEW SHARE OPTION SCHEME

The New Share Option Scheme shall take effect upon the fulfillment of the following conditions:

- (a) the passing of an ordinary resolution by the Shareholders in general meeting approving the adoption of the New Share Option Scheme and authorising the Board to grant Options to subscribe for Shares hereunder and to allot and issue Shares pursuant to the exercise of any Options granted under the New Share Option Scheme; and
- (b) the Listing Committee of the Stock Exchange granting approval of the listing of, and permission to deal in, any Shares to be issued pursuant to the exercise of Options under the New Share Option Scheme.

(19) DISPUTES

Any dispute arising in connection with the New Share Option Scheme (whether as to the number of Shares subject to an Option, the amount of the Exercise Price or otherwise) shall be referred to the decision of the Board (or chief executive, a committee or any other authorized agent(s) as deemed appropriate at the sole discretion of the Board) in its absolute discretion and whose decision shall be final, conclusive and binding.

NOTICE OF ANNUAL GENERAL MEETING



Perfect Optronics Limited 圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8311)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting (the “**Meeting**”) of Perfect Optronics Limited (the “**Company**”) will be held at Flat 903, 9/F., New Lee Wah Centre, No. 88 Tokwawan Road, Tokwawan, Kowloon, Hong Kong on Tuesday, 18 June 2024 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolutions:

1. To receive and consider the audited consolidated financial statements for the year ended 31 December 2023, the report of the directors and the independent auditor’s report.
2. (a) To re-elect Ms. Hsu Wai Man Helen as independent non-executive director of the Company.

(b) To authorise the board (the “**Board**”) of directors of the Company (the “**Directors**”) to fix the remuneration of the Directors.
3. To re-appoint PricewaterhouseCoopers as auditor of the Company for the ensuing year and to authorise the Board to fix the remuneration of auditor.

To consider and, if thought fit, pass the following resolutions, with or without amendments, as ordinary resolutions of the Company by way of ordinary business:

ORDINARY RESOLUTIONS

4. “**THAT:**
 - (a) Subject to paragraph (c) of this Resolution, and pursuant to the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the GEM (the “**GEM**”) of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with unissued shares of HK\$0.01 each in the share capital of the Company (the “**Shares**”) and to sell or transfer Shares repurchased and held by the

NOTICE OF ANNUAL GENERAL MEETING

Company in treasury (“**Treasury Shares**”) and to make or grant offers, agreements and options (including but not limited to bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into Shares and/or to acquire Treasury Shares) which would or might require the exercise of such power be and is hereby generally and unconditionally approved;

- (b) the approval in paragraph (a) of this Resolution shall authorise the Directors during the Relevant Period (as hereinafter defined) to make or grant offers, agreements and options (including but not limited to bonds, warrants, debentures, notes and any securities which carry rights to subscribe for or are convertible into Shares and/or to acquire Treasury Shares) which would or might require the exercise of such power either during or after the end of the Relevant Period;
- (c) the total number of Shares allotted, issued and dealt or agreed conditionally or unconditionally to be allotted, issued and dealt and Treasury Shares to be sold or transferred or agreed conditionally or unconditionally to be sold or transferred (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution (otherwise than pursuant to (i) a rights issue, (ii) an issue of Shares or a sale or transfer of Treasury Shares upon the exercise of any subscription or conversion rights attaching to any bonds, warrants, debentures, notes or any securities which carry rights to subscribe for or are convertible into Shares and/or to acquire Treasury Shares, (iii) an issue of Shares or transfer of Treasury Shares upon the exercise of any options which may be granted under the share option scheme or any other option scheme or similar arrangement for the time being adopted for the grant or issue to officers and/or employees of the Company and/or any of the subsidiaries of the Company or any other person of Shares or rights to acquire Shares, (iv) any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares or transfer of Treasury Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company, or (v) a specific authority granted by the shareholders of the Company in general meeting) shall not exceed 20% of the total number of Shares in issue (excluding Treasury Shares) as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversions of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution) and the said approval shall be limited accordingly; and
- (d) for the purpose of this Resolution,

“**Relevant Period**” means the period from the passing of this Resolution, until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;

NOTICE OF ANNUAL GENERAL MEETING

- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the passing of any ordinary resolution of the shareholders in general meeting of the Company revoking, varying or renewing this Resolution; and

“**Rights Issue**” means an offer of Shares open for a period fixed by the Directors to holders of Shares whose names appear on the register of members of the Company on a fixed record date in proportion to their then holdings of such Shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any territory applicable to the Company).”

5. **“THAT:**

- (a) subject to paragraph (b) of this Resolution, the exercise by the Directors during the Relevant Period (as hereinafter defined) of all the powers of the Company to repurchase Shares on GEM or on any other stock exchange on which the Shares may be listed and which is recognised by the Securities and Futures Commission and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the GEM Listing Rules or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the total number of Shares to be repurchased pursuant to the approval in paragraph (a) of this Resolution shall not exceed 10% of the total number of Shares (excluding Treasury Shares) in issue as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution) and the said approval shall be limited accordingly; and
- (c) for the purposes of this Resolution:

“**Relevant Period**” means the period from the passing of this Resolution, until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or

NOTICE OF ANNUAL GENERAL MEETING

- (iii) the passing of any ordinary resolution of the shareholders in general meeting of the Company revoking, varying or renewing the Resolution.”
6. “**THAT** subject to the passing of ordinary resolutions nos. 4 and 5 above, the general mandate granted to the Directors pursuant to ordinary resolution no. 4 above be and is hereby extended by the addition to the total number of shares of the Company in issue which may be allotted, issued, dealt with or agreed conditionally or unconditionally to be allotted and issued by the Directors pursuant to such general mandate of a number representing the total number of Shares repurchased by the Company pursuant to ordinary resolution no. 5 above, provided that such extended number of Shares shall not exceed 10% of the total number of Shares in issue (excluding Treasury Shares) as at the date of passing this Resolution (such total number to be subject to adjustment in the case of any conversion of any or all of the Shares into a larger or smaller number of Shares after the passing of this Resolution).”
7. “**THAT:**
- (a) conditional upon the Listing Committee of the Stock Exchange granting approval of the listing of and permission to deal in the Shares which may fall to be issued pursuant to the exercise of options to be granted under the share option scheme of the Company, a copy of which has been produced to this meeting marked “A” and signed by the chairman of this meeting for the purpose of identification (the “**New Share Option Scheme**”), the New Share Option Scheme be and is hereby approved and adopted, and the directors of the Company be and are hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements as may be necessary or expedient in order to give full effect to the New Share Option Scheme including but without limitation:
- (i) to administer the New Share Option Scheme under which options will be granted to participants eligible under the New Share Option Scheme to subscribe for Shares;
- (ii) to modify and/or amend the New Share Option Scheme from time to time provided that such modification and/or amendment is effected in accordance with the provisions of the New Share Option Scheme relating to modification and/or amendment;
- (iii) to grant options to subscribe for Shares (or to acquire Treasury Shares, as applicable) under the New Share Option Scheme and to allot and issue such number of Shares and to transfer such number of Treasury Shares from time to time as may be required pursuant to the exercise of the options under the New Share Option Scheme and subject to the GEM Listing Rules;

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- (iv) to make application at the appropriate time or times to the Stock Exchange and any other stock exchanges upon which the issued Shares may, for the time being, be listed, for listing of, and permission to deal in, any Shares which may hereafter from time to time be allotted and issued pursuant to the exercise of the options under the New Share Option Scheme; and
- (v) to consent, if it so deems fit and expedient, to such conditions, modifications and/or variations as may be required or imposed by the relevant authorities in relation to the New Share Option Scheme; and
- (b) the total number of Shares which may be issued and the number of Treasury Shares which may be sold or transferred in respect of all share options to be granted under the New Share Option Scheme and any other share option scheme(s) of the Company and the awards to be granted under any share award scheme(s) of the Company that involve(s) the issuance of new Shares and transfer of Treasury Shares (if any) (“**Scheme Mandate Limit**”) must not in aggregate exceed 10% (or such other percentage which may be specified by the Stock Exchange from time to time) of the total number of Shares in issue (excluding Treasury Shares) as at the date of passing of this resolution or the relevant date of approval of the refreshment of the Scheme Mandate Limit; and
- (c) within the Scheme Mandate Limit, the number of Shares which may be issued and the number of Treasury Shares which may be sold or transferred in respect of all share options to be granted to Service Providers (as such term is defined in the New Share Option Scheme) (“**Service Provider Sublimit**”) and any other share schemes of the Company must not in aggregate exceed 1% of the total number of Shares in issue (excluding Treasury Shares) as at the date of passing of this resolution or the relevant date of approval of the refreshment of the Service Provider Sublimit.”

By order of the Board
Perfect Optronics Limited
Kan Man Wai
Acting Chairman

Hong Kong, 30 April 2024

Notes:

1. The Meeting will be held in form of a physical meeting. Any member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies (if a member who is the holder of two or more shares of the Company) to attend and vote in his stead. A proxy need not be a member of the Company.

NOTICE OF ANNUAL GENERAL MEETING

2. To be valid, the proxy form, together with any power of attorney or other authority (if any) under which it is signed, or a notarially certified copy thereof, must be deposited with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not less than 48 hours before the time appointed (i.e. Sunday, 16 June 2024 at 3:00 p.m. (Hong Kong time)) for holding the Meeting or any adjournment thereof.
3. The register of members of the Company will be closed from Thursday, 13 June 2024 to Tuesday, 18 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attendance and voting at the Meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged with the Hong Kong branch share registrar and transfer office of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration no later than 4:30 p.m. on Wednesday, 12 June 2024.
4. With regard to resolution no. 2(a) set out in this notice, details of the retiring Director are set out in Appendix II to the circular of the Company dated 30 April 2024.
5. In connection with the proposed repurchase mandate under ordinary resolution no. 5, an explanatory statement as required by the GEM Listing Rules is set out in Appendix I to the circular of the Company dated 30 April 2024.
6. As at the date of this notice, the Board comprises four executive Directors, namely, Mr. Cheng Wai Tak (*suspended*), Mr. Liu Ka Wing (*suspended*), Mr. Tse Ka Wing (*suspended*) and Mr. Chang Huan Chia; and five independent non-executive Directors, namely, Mr. Wong Yik Chung John (*suspended*), Mr. Wong Chi Chiu (*suspended*), Mr. Kan Man Wai (*acting Chairman*), Mr. Cho Chi Kong and Ms. Hsu Wai Man Helen.
7. If tropical cyclone warning signal no. 8 or above is hoisted or “extreme conditions” caused by super typhoons or a black rainstorm warning signal is in force at 12:00 noon on Tuesday, 18 June 2024, the Meeting will be adjourned in accordance with the articles of association of the Company and further announcement for details of alternative meeting arrangements will be made. The Meeting will be held as scheduled even when tropical cyclone warning signal no. 3 or below is hoisted, or an amber or red rainstorm warning signal is in force. You should make your own decision as to whether you would attend the Meeting under bad weather conditions and if you should choose to do so, you are advised to exercise care and caution.
8. All times and dates specified herein refer to Hong Kong local times and dates.