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Perfect Optronics Limited

圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8311)

**DISCLOSEABLE TRANSACTION
FACTORING FACILITY**

On 29 December 2021, Perfect Display (a wholly-owned subsidiary of the Company) (as seller), the Bank (as buyer), the Bank (Hong Kong Branch) (as factor) and the Company (as guarantor) entered into the Factoring Facility, pursuant to which the Bank (Hong Kong Branch) has agreed to make available to Perfect Display a non-recourse account receivables factoring facility in an aggregate principal amount of up to US\$2,000,000 based on assignment of account receivables due from a customer of Perfect Display.

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the transactions contemplated under the Factoring Facility are more than 5% but all are less than 25%, the transactions contemplated under the Factoring Facility constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

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The principal terms of the Factoring Facility are summarised as follows:

- Date** : 29 December 2021
- Parties** : (1) Perfect Display (as seller)
- (2) the Bank (as buyer)
- (3) Taishin International Bank Co., Ltd, Hong Kong Branch (the “**Bank (Hong Kong Branch)**”), a branch company of the Bank (as factor)
- (4) the Company (as guarantor)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, the Bank, the Bank (Hong Kong Branch) and their ultimate beneficial owner are third parties independent of the Company and its connected persons.

- Factoring Facility and transfer of account receivables** : The Bank (Hong Kong Branch) has agreed to provide on a recurring basis account receivables factoring facility in an aggregate principal amount of up to US\$2,000,000 to Perfect Display, and Perfect Display is entitled to sell its account receivables (“**Designated Receivables**”) of one of its customers (the “**Obligor**”) (with the invoice amount to be assigned to the Bank representing 75% of the relevant commercial invoice amount due from the Obligor) to the Bank.

The Bank (Hong Kong Branch) shall, after collecting the payment from Obligor, make available the credit balances, after deducting the commission, to Perfect Display’s bank account.

- Type of factoring** : Non-recourse factoring, i.e. the Bank shall assume the risk arising out of the Obligor’s financial inability to pay the Designated Receivables, provided that such inability is not of a business dispute origin, and there is no breach of the Receivables Purchase Agreement on Perfect Display’s part. The Bank shall, within its purchase limit, pay off to Perfect Display the Designated Receivables under the relevant invoice on the 90th day counting from the maturity of such Designated Receivables, plus an acceptable time allowed for remittance.

Maximum tenor of payment maturity date of Designated Receivables	:	80 days
Term of facility	:	The Factoring Facility will expire on 31 December 2022 unless extended by the Bank at its sole discretion.
Purpose of the Factoring Facility	:	The Factoring Facility shall be used for finance trading operations of Perfect Display.
Commission on assigned invoice amount	:	0.4% on assigned invoice amount
Security and guarantee	:	(A) Charge on Account Receivables

Perfect Display has agreed to charge in favour of the Bank (Hong Kong Branch) by way of first fixed charge all account receivables owed by the Obligor to Perfect Display as continuing security for all moneys obligations and liabilities due owing or incurred to the Bank (Hong Kong Branch) by Perfect Display.

(B) Guarantee

The Company has agreed to guarantee in favour of the Bank (Hong Kong Branch) in respect of (i) all moneys owing by Perfect Display to the Bank (Hong Kong Branch) at any time, actually or contingently, in any capacity, alone or jointly with any other person, (ii) interest on such moneys (both before and after any demand or judgment), to the date on which the Bank (Hong Kong Branch) receives payment, at the rates payable by Perfect Display or which would have been payable but for any circumstance which restricts payment and (iii) expenses of the Bank (Hong Kong Branch) in enforcing the Guarantee on a full indemnity basis.

FINANCIAL EFFECT OF THE FACTORING FACILITY

For accounting purposes, immediately following the execution of the Factoring Facility, the Company expects that (i) the relevant Designated Receivables will continue to be recognised as account receivables of Perfect Display; and (ii) save for the commission to be charged by the Bank (Hong Kong Branch), there will not be any gain or loss recognised.

REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE FACTORING FACILITY

The entering into of the Factoring Facility will lower the Group's credit risk associated with its accounts receivables by shifting the risk associated with the account receivables due from the Obligor to the Bank.

The terms of the transactions (including factoring facility and commission) contemplated under the Factoring Facility were reached among all parties after arm's length negotiation, with reference to prevailing commercial practice.

The Directors are of the view that the terms of the transactions under the Factoring Facility are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

The Group is principally engaged in the trading, development and sale of display and optics products and other related electronic components as well as trading of other products. The Group also processes some of the products that it sells.

Perfect Display is a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company and is principally engaged in the trading and processing of display panels and trading of related electronic components.

The Bank (Hong Kong Branch) is a branch company of the Bank, which is principally engaged in the provision of banking and related financial services and is a wholly-owned subsidiary of Taishin Financial Holding Co., Ltd. (the shares of which are listed on The Taiwan Stock Exchange Corporation) (Stock Code: 2887).

IMPLICATION UNDER THE GEM LISTING RULES

As one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the transactions contemplated under the Factoring Facility are more than 5% but all are less than 25%, the transactions contemplated under the Factoring Facility constitute a discloseable transaction of the Company under Chapter 19 of the GEM Listing Rules and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

DEFINITIONS

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Bank”	Taishin International Bank Co., Ltd, a company incorporated in Taiwan with limited liability
“Board”	the board of Directors
“Charge on Account Receivables”	the deed of charge on account receivables dated 29 December 2021 entered into between Perfect Display and the Bank (Hong Kong Branch)
“Company”	Perfect Optronics Limited (圓美光電有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the shares of which are listed on GEM (Stock Code: 8311)
“connected persons”	has the meaning ascribed to such term under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Facility Letter”	the facility letter dated 29 December 2021 entered into between the Bank (Hong Kong Branch) and Perfect Display
“Factoring Facility”	the arrangement for the account receivables financing (non-recourse factoring) facility of up to US\$2,000,000 granted by the Bank (Hong Kong Branch) to Perfect Display pursuant to the Facility Letter, the Receivables Purchase Agreement, the Charge on Account Receivables and the Guarantee
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Guarantee”	the deed of guarantee dated 29 December 2021 given by the Company in favour of the Bank (Hong Kong Branch)
“Perfect Display”	Perfect Display Limited (圓美顯示有限公司), a company incorporated in Hong Kong with limited liability
“Receivables Purchase Agreement”	the receivables purchase agreement dated 29 December 2021 entered into between the Bank and Perfect Display

“Stock Exchange” The Stock Exchange of Hong Kong Limited

“US\$” U. S. dollars, the lawful currency of the United States of America

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

Hong Kong, 29 December 2021

As at the date of this announcement, 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.

This announcement, for which the directors of the Company 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 of the Company, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the GEM website at <http://www.hkgem.com> on the “Latest Company Announcements” page for at least 7 days from the day of its publication and on the Company’s website at <http://www.perfect-optronics.com>.