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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)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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.

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

RESULTS

The board of directors of the Company (the “Board”) announces the audited consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2024 (the “Year”), together with the comparative figures for the previous year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	<i>Note</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	4	92,605	124,255
Cost of sales		<u>(81,951)</u>	<u>(108,961)</u>
Gross profit		10,654	15,294
Other (losses)/gains, net	5	(18,818)	10,956
Distribution and selling expenses		(12,533)	(22,087)
General and administrative expenses		(21,557)	(23,890)
Research and development expenses		<u>(1,227)</u>	<u>(938)</u>
Operating loss		(43,481)	(20,665)
Finance income		104	280
Finance costs		<u>(229)</u>	<u>(325)</u>
Finance costs, net		<u>(125)</u>	<u>(45)</u>
Loss before income tax	6	(43,606)	(20,710)
Income tax expense	7	<u>(35)</u>	<u>(10)</u>
Loss for the year		(43,641)	(20,720)
Other comprehensive income/(loss):			
<i>Item that may be subsequently reclassified to income statement</i>			
Currency translation differences		316	(42)
<i>Items that will not be subsequently reclassified to income statement</i>			
Change in value of financial asset at fair value through other comprehensive income		(132)	200
Currency translation differences		<u>91</u>	<u>—</u>
Total comprehensive loss for the year		<u>(43,366)</u>	<u>(20,562)</u>
Loss for the year attributable to:			
Equity holders of the Company		(42,906)	(19,104)
Non-controlling interests		<u>(735)</u>	<u>(1,616)</u>
		<u>(43,641)</u>	<u>(20,720)</u>
Total comprehensive loss for the year attributable to:			
Equity holders of the Company		(42,722)	(18,946)
Non-controlling interests		<u>(644)</u>	<u>(1,616)</u>
		<u>(43,366)</u>	<u>(20,562)</u>
Basic and diluted loss per share	8	<u>HK(2.89) cents</u>	<u>HK(1.29) cents</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Assets			
Non-current assets			
Property, plant and equipment		688	169
Right-of-use assets		—	—
Intangible assets		5,322	5,322
Deferred income tax assets		—	69
Financial asset at fair value through other comprehensive income		1,368	1,500
Financial asset at fair value through profit or loss	10	—	35,848
		<u>7,378</u>	<u>42,908</u>
Current assets			
Inventories		5,060	17,907
Trade and other receivables	11	4,871	7,944
Financial asset at fair value through profit or loss	10	16,641	—
Cash and cash equivalents		24,407	47,372
		<u>50,979</u>	<u>73,223</u>
Total assets		<u>58,357</u>	<u>116,131</u>
Equity and liabilities			
Equity attributable to equity holders of the Company			
Share capital	12	14,837	14,837
Reserves		116,402	116,218
Accumulated losses		(81,666)	(38,760)
		<u>49,573</u>	<u>92,295</u>
Non-controlling interests		<u>(4,163)</u>	<u>(3,519)</u>
Total equity		<u>45,410</u>	<u>88,776</u>
Liabilities			
Non-current liabilities			
Bank loan		3,066	3,810
Lease liabilities		16	623
Deferred income tax liabilities		3	—
		<u>3,085</u>	<u>4,433</u>
Current liabilities			
Trade and other payables	13	8,250	19,034
Current income tax liabilities		—	395
Bank loan		743	709
Lease liabilities		869	2,784
		<u>9,862</u>	<u>22,922</u>
Total liabilities		<u>12,947</u>	<u>27,355</u>
Total equity and liabilities		<u>58,357</u>	<u>116,131</u>

Notes:

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 13 June 2013, as an exempted company with limited liability under the Companies Law (as Revised) of the Cayman Islands. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company's shares are listed on the GEM.

The Company is an investment holding company and the Group is principally engaged in trading, development and sale of display and optics products and other related electronic components, as well as trading of health-related products and other products.

These consolidated financial statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance ("HKCO") Cap. 622.

HKFRS comprise the following authoritative literature:

- Hong Kong Financial Reporting Standards,
- Hong Kong Accounting Standards ("HKAS"), and
- Interpretations developed by the Hong Kong Institute of Certified Public Accountants.

The consolidated financial statements have been prepared on a historical cost basis, except for financial asset at fair value through other comprehensive income and financial asset at fair value through profit or loss ("FVTPL") which have been measured at fair value.

(a) Going concern basis

For the year ended 31 December 2024, the Group recorded a loss for the year of HK\$43,641,000 (2023: HK\$20,720,000) and had a net cash outflow from operating activities of HK\$18,014,000 (2023: HK\$33,692,000). As at 31 December 2024, the Group's net current assets position was HK\$41,117,000 (2023: HK\$50,301,000) with cash and cash equivalents of HK\$24,407,000 (2023: HK\$47,372,000). The Group experienced recurring losses and multiple challenges from frequent changes in market demands, shrinking sales and external macro-environment.

The above conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The Board has assessed the appropriateness of adopting the going concern basis for the preparation of the consolidated financial statements for the year ended 31 December 2024. In order to improve the Group's liquidity and financial position, the Group has been implementing various measures as follows:

- (i) the Group will dispose of its financial asset at FVTPL with a carrying amount of HK\$16,641,000 as at 31 December 2024 within a certain period;
- (ii) the Group will continue to take initiatives to implement cost control measures, including adjusting human resources and streamlining other operating costs; and

- (iii) the Group will continue its efforts to implement measures to strengthen its operating cash flows and working capital position, including adjusting sales activities to better respond to market needs, making efforts to promote sales and deferring discretionary capital expenditures, where necessary.

The Board has reviewed the Group's cashflow forecast prepared by management which covers a period of not less than twelve months from 31 December 2024. The Board, after making due enquiries and considering the basis of management's cashflow forecast described above and after taking into account the reasonably possible changes in the operation performance of the Group, believes there will be sufficient financial resources available to the Group at least for the twelve months after 31 December 2024 to meet its financial obligations as and when they fall due. Accordingly, the Board considers that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, a material uncertainty exists as to whether management of the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate cash flows through achieving the below plans and measures:

- (i) successful disposal of its financial asset at FVTPL within a certain period to generate the cash flow as planned; and
- (ii) successful implementation of measures to control operating costs, adjust sales activities to promote sales and deferring discretionary capital expenditures where necessary, so as to improve the Group's cash flow position.

Should the Group be unable to continue as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(b) New and amended standards adopted by the Group

The Group has applied the following new and amended standards for its annual reporting period commencing 1 January 2024:

- Classification of Liabilities as Current or Non-current — amendments HKAS 1
- Non-current Liabilities with Covenants — amendments HKAS 1
- Lease Liability in a Sale and Leaseback — amendments HKFRS 16
- Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause — amendments HK int 5 (Revised)
- Supplier Finance Arrangements — amendments HKAS 7 and HKFRS 7

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(c) New and amended standards and interpretations not yet adopted

Certain new and amended standards and interpretations have been published that are not mandatory for 31 December 2024 reporting period and have not been early adopted by the Group. These amendments are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

3. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision-maker, for the purposes of resource allocation and assessment focuses on the revenue analysis by products.

Other than the Group's results and financial position as a whole, no other discrete financial information is provided for the assessment of different business activities. Accordingly, only entity-wide disclosures, major customers and geographic information are presented.

- (a) The Group's revenues from its major products for the years ended 31 December 2024 and 2023 are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Thin film transistor liquid crystal display ("TFT-LCD") panels and modules	40,161	83,992
Optics products	25,594	4,994
Electronic signage	12,997	14,029
Health-related products	12,799	18,209
Others	1,054	3,031
	<u>92,605</u>	<u>124,255</u>

- (b) Segment revenue by customers' geographical location

The amount of the Group's revenue from external customers by locations where the Group's products are delivered to its customers is shown in the table below.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	83,607	111,507
Mainland China	5,251	10,007
Taiwan	3,747	2,741
	<u>92,605</u>	<u>124,255</u>

- (c) The Group has one major customer who has contributed 10% or more of the total revenue for the year ended 31 December 2024. Revenue from that customer is disclosed as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A	<u>24,610</u>	<u>2,513</u>

- (d) An analysis of the Group's non-current assets (other than financial assets and deferred income tax assets) by location of assets is as follows:

	Hong Kong <i>HK\$'000</i>	Mainland China <i>HK\$'000</i>	Taiwan <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 31 December 2024				
Non-current assets				
Property, plant and equipment	539	4	145	688
Intangible assets	<u>4,200</u>	<u>1,122</u>	<u>—</u>	<u>5,322</u>
	<u>4,739</u>	<u>1,126</u>	<u>145</u>	<u>6,010</u>
As at 31 December 2023:				
Non-current assets				
Property, plant and equipment	—	10	159	169
Intangible assets	<u>4,200</u>	<u>1,122</u>	<u>—</u>	<u>5,322</u>
	<u>4,200</u>	<u>1,132</u>	<u>159</u>	<u>5,491</u>

4. REVENUE

Revenue represents the sales of display products, optics products and related electronic components, health-related products and other products to external parties.

5. OTHER (LOSSES)/GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Fair value changes in financial asset at FVTPL	(19,207)	10,647
Government subsidies	684	197
Net exchange (losses)/gains	(257)	71
Others	<u>(38)</u>	<u>41</u>
	<u>(18,818)</u>	<u>10,956</u>

6. LOSS BEFORE INCOME TAX

The Group's loss before income tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Cost of inventories sold	79,778	104,375
(Reversal of provision)/provision for obsolete inventories	(122)	1,333
Depreciation of property, plant and equipment	151	79
Depreciation of right-of-use assets	122	4,196
Provision for impairment of right-of-use assets	<u>387</u>	<u>3,363</u>

7. INCOME TAX EXPENSE

Taxation on profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the countries/places in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

The amount of income tax charged to the consolidated statement of comprehensive income represents:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current income tax		
— Over-provision of prior year's Hong Kong profits tax	(37)	—
Deferred income tax	<u>72</u>	<u>10</u>
Income tax expense	<u><u>35</u></u>	<u><u>10</u></u>

8. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share for the year is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Loss attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>(42,906)</u>	<u>(19,104)</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,483,687</u>	<u>1,483,687</u>
Basic and diluted loss per share (<i>HK cents per share</i>)	<u><u>(2.89)</u></u>	<u><u>(1.29)</u></u>

For the purpose of determining the diluted loss per share amount, no adjustment has been made to the basic loss per share amount for the years ended 31 December 2024 and 2023 as the Group had no potentially dilutive ordinary shares in issue during these years.

9. DIVIDEND

The Board did not declare any dividend for the Year (2023: Nil).

10. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The balance of the Group's financial asset at FVTPL as at 31 December 2023 comprised the holding of certain preferred shares ("Preferred Shares") in Mobvoi Inc. ("Mobvoi"), a company principally engaged in the rendering of artificial intelligence ("AI") software solutions and sale of smart devices to enterprise and individual customers. The Group's shareholding proportion in Mobvoi was approximately 1.57% as at 31 December 2023. The balance was denominated in USD. There have been no addition to or disposal of such investment since the Group made the investment in January 2015. No dividend has been received by the Group from Mobvoi since its investment. During the year, Mobvoi completed the initial public offering (the "Mobvoi IPO") of its ordinary shares (the "Mobvoi Shares") and the Mobvoi Shares were listed on the Stock Exchange in April 2024. Meanwhile, the Preferred Shares held by the Group were converted to 25,213,220 Mobvoi Shares upon closing of the Mobvoi IPO. The Group's shareholding proportion in Mobvoi was approximately 1.66% as at 31 December 2024. Depending on the prevailing market conditions, the Group may from time to time dispose of up to all of the Mobvoi Shares held, the amount has therefore been classified as current assets as at 31 December 2024.

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Balance at 1 January	35,848	25,201
Fair value changes recognised in other (losses)/gains, net	<u>(19,207)</u>	<u>10,647</u>
Balance at 31 December	<u><u>16,641</u></u>	<u><u>35,848</u></u>
Current	16,641	—
Non-current	<u>—</u>	<u>35,848</u>
	<u><u>16,641</u></u>	<u><u>35,848</u></u>

11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade and bills receivables	1,764	3,772
Prepayments, deposits and other receivables	<u>3,107</u>	<u>4,172</u>
	<u><u>4,871</u></u>	<u><u>7,944</u></u>

The Group generally grants credit periods of 30 to 90 days. The ageing analysis of trade and bills receivables based on invoice date is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	1,077	3,063
31–60 days	423	419
61–90 days	48	112
Over 90 days	<u>216</u>	<u>178</u>
	<u><u>1,764</u></u>	<u><u>3,772</u></u>

12. SHARE CAPITAL

	31 December 2024 and 2023	
	Number of shares (thousands)	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.01 each	5,000,000	50,000
	Number of shares	Ordinary shares of HK\$0.01 each HK\$'000
Issued and fully paid:		
At 1 January 2023, 31 December 2023, 1 January 2024 and 31 December 2024	1,483,687,151	14,837

There were no movements in the Company's share capital during the Year (2023: Nil).

13. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	101	7,717
Deposits received from customers	3,017	5,258
Accruals and other payables	5,132	6,059
	8,250	19,034

The ageing analysis of trade payables based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
0-30 days	49	5,431
31-60 days	—	2,256
61-90 days	—	—
Over 90 days	52	30
	101	7,717

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report prepared by PricewaterhouseCoopers on the Group’s consolidated financial statements for the year ended 31 December 2024.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to the going concern

We draw your attention to note 2.1(a) to the consolidated financial statements, which states that the Group incurred a net loss of HK\$43,641,000 and there was a net cash outflow from operating activities of HK\$18,014,000 for the year ended 31 December 2024. As at 31 December 2024, the Group had cash and cash equivalents of HK\$24,407,000. These conditions, along with other matters as described in note 2.1(a) to the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

BUSINESS REVIEW

The Group is principally engaged in the trading, development and sales of display and optics products and related electronic components, as well as trading of health-related products and other products.

Reviewing the Year, the global display panel market had experienced a complex cycle of fluctuations, and the upstream and downstream of the industrial chain were facing multiple challenges from the supply and demand imbalance, changes in market demand and external macro-environment. On the other hand, demand for pandemic-related hygiene products continued to shrink in the post-pandemic era. Such business environments imposed prolonged pressure on the financial results of the Group, revenue of the Group dropped by 25% from approximately HK\$124,255,000 during the year ended 31 December 2023 to approximately HK\$92,605,000 during the Year. Besides, the Group recognised a fair value loss on its financial asset at FVTPL, being the Group’s investment in Mobvoi of approximately HK\$19,207,000 during the Year, as compared to a fair value gain on financial asset at FVTPL of approximately HK\$10,647,000 in 2023. The aforementioned adverse factors led to a significant increase in loss for the Year as compared to 2023. Loss attributable to equity holders of the Company for the Year amounted to approximately HK\$42,906,000, representing an increase in loss of approximately HK\$23,802,000 as compared to approximately HK\$19,104,000 in 2023.

Sales of medium-to-large sized display products, including display panels and modules for computer notebooks, monitors and televisions, remained the key revenue driver of the Group during the Year. Display panels prices continued to fluctuate throughout the Year due to the weak domestic demand in China and the Group's display products (mainly supplied by Taiwan manufacturers) faced fierce market competition from mainland China manufacturers. The Group inclined to clear the inventories on hand and purchase less inventories, which affected the sales of the Group's TFT-LCD panels and modules during the Year. During the Year, sales of the Group's TFT-LCD panels and modules amounted to approximately HK\$40,161,000, representing a decrease of approximately 52% as compared to approximately HK\$83,992,000 in 2023.

With the rapid development of digital technologies, electronic signage has penetrated various sectors, such as digital advertising, conference displays, retail and education, becoming a crucial medium for information dissemination. Its ultra-high-definition resolution, dynamic display, and interactive features cater to diverse market demands, enhancing advertising effectiveness and the optimizing user experience, which gained significant popularity in the market. The multi-scenario application of electronic signage not only demonstrates its strong market potential but also provides solid growth opportunities for the sales of the Group's electronic signage products. During the Year, the Group's sales of electronic signage products, which include digital information signages, electronic shelf displays, and electronic white boards, etc., amounted to approximately HK\$12,997,000, representing a decrease of approximately 7% as compared to that of approximately HK\$14,029,000 in 2023. Such decrease was mainly due to the decrease in sales of electronic signage in education sector.

Although the sales of the Group's major electronic products, including TFT-LCD panels and modules and electronic signage declined, optics products has become another important revenue driver of the Group during the Year. During the Year, sales of the Group's optics products grew to approximately HK\$25,594,000, representing an increase of approximately HK\$20,600,000 as compared to approximately HK\$4,994,000 in 2023. These optics products mainly represented automotive head-up display components. Benefiting from the robust development of China's new energy vehicles market, the demand for automotive head-up display components surged, thereby boosting the sales of the Group's optics products during the Year.

The Group's health-related products mainly included the "K-clean" brand personal hygiene and disinfectant products. With its high quality, "K-clean" brand has established a good brand reputation in the market. However, due to the declining demand for pandemic-related hygiene products in the post-pandemic era, the sales of the Group's health-related products amounted to approximately HK\$12,799,000 during the Year, representing a decrease of approximately 30% as compared to approximately HK\$18,209,000 in 2023. In respond to market changes, the Group has proactively expanded its product portfolio to various combination rapid antigen test kits, which are popular products in the flu seasons, and health supplements. Besides, recognising the rapid growth of the pet economy, the Group strategically entered the pet-care market, and begun to launch a series of pet health food products during the Year.

The Group's financial asset at FVTPL refers to its investment in Mobvoi. Mobvoi is principally engaged in rendering of AI software solutions and sale of smart devices and other accessories to enterprise and individual customers. The Group held certain preferred shares of Mobvoi since 2015. Since the acquisition of the preferred shares of Mobvoi, the Group had intended that the investment in Mobvoi would be held for long-term investment purpose in the hope that the value of the shares of Mobvoi would increase over time and that Mobvoi will go public through an initial public offering. During the Year, Mobvoi was successfully listed on the Stock Exchange (stock code: 2438) in April 2024 and the preferred shares of Mobvoi held by the Group were converted to 25,213,220 Mobvoi Shares. The Mobvoi Shares held by the Group were subject to a lock-up period which expired on 23 October 2024. Share price of Mobvoi fluctuated significantly after its listing. As at 31 December 2024, the Group held a total of 25,213,220 Mobvoi Shares and the fair value of which amounted to approximately HK\$16,641,000 based on the closing price on that day. Accordingly, fair value loss of approximately HK\$19,207,000 was recognised during the Year, being the difference between the fair value of the investment as at 31 December 2024 and that of approximately HK\$35,848,000 as at 31 December 2023. As compared to a fair value gain of approximately HK\$10,647,000 recognised in 2023, such fair value loss significantly worsened the financial results of the Group for the Year. In light of the listing of the Mobvoi Shares and the expiry of the lock-up period of the Mobvoi Shares held by the Group. On 21 January 2025, an ordinary resolution of the Company was passed to grant a mandate for the disposal by the Group from time to time in the open market or through block trade(s) of up to 25,213,220 Mobvoi Shares during the period of 12 months from 21 January 2025. Depending on the prevailing market conditions, the Group may from time to time dispose of up to all of the Mobvoi Shares held to realise its investment in Mobvoi and reallocate its resources to other business needs. It is expected that such disposal could enable the Group to enhance its cash flow position, which in turn could improve liquidity and solidify the financial position of the Group.

PROSPECTS

Looking forward, facing the continued uncertainty in the global economic environment, potential impacts of geopolitical tensions and trade frictions in the market, the Group's business is expected to be full of challenges. The Group will closely monitor market dynamics, flexibly adjust business strategies, and continuously drive diversification to enhance business resilience and competitiveness. Meanwhile, the Group will continue to explore new market opportunities across various areas, strengthen cooperative relationships with suppliers and customers and create greater value for the shareholders of the Company.

FINANCIAL REVIEW

Revenue

Total revenue of the Group for the Year amounted to approximately HK\$92,605,000, representing an approximately 25% decrease as compared with approximately HK\$124,255,000 in 2023. The decrease was mainly due to the decrease in sales of the Group's TFT-LCD panels and modules, and health-related products during the Year.

Cost of sales

Cost of sales of the Group mainly consisted of purchase costs, staff costs, provision for obsolete inventories and other direct costs. Mainly due to the decrease in sales of TFT-LCD panels and modules and health-related products, purchase costs decreased and thus cost of sales decreased during the Year as compared with 2023. Total cost of sales of the Group for the Year amounted to approximately HK\$81,951,000 which decreased by approximately 25% as compared to approximately HK\$108,961,000 in 2023.

Gross profit

Gross profit of the Group during the Year amounted to approximately HK\$10,654,000, which decreased by approximately HK\$4,640,000 as compared with approximately HK\$15,294,000 in 2023. The decrease in gross profit during the Year was mainly due to the decrease in revenue.

Other (losses)/gains, net

Net other losses of approximately HK\$18,818,000 was recorded for the Year, while net other gains of approximately HK\$10,956,000 was recorded in 2023. The balance mainly included the fair value loss of approximately HK\$19,207,000 recognised for the Group's financial asset at FVTPL in respect of its investment in Mobvoi during the Year (2023: fair value gain of HK\$10,647,000).

Distribution and selling expenses

The Group's distribution and selling expenses for the Year amounted to approximately HK\$12,533,000, representing an approximately 43% decrease as compared with approximately HK\$22,087,000 in 2023. The decrease was mainly attributable to the decrease in staff costs and promotion expenses incurred for the Group's health-related products and the decrease in depreciation and impairment loss on right-of-use assets related to the leases of warehouses as compared to 2023.

General and administrative expenses

The Group's general and administrative expenses for the Year amounted to approximately HK\$21,557,000, representing an approximately 10% decrease as compared with approximately HK\$23,890,000 in 2023. The decrease was mainly attributable to the decrease in staff costs; and depreciation and impairment loss on right-of-use assets related to the leases of offices as compared to 2023.

Research and development expenses

The Group's research and development expenses for the Year amounted to approximately HK\$1,227,000, which increased by approximately 31% as compared to approximately HK\$938,000 in 2023, mainly due to the increase in staff costs.

Finance costs

The Group's finance costs for the Year mainly represented interest expenses on bank loan and lease liabilities of approximately HK\$150,000 (2023: HK\$169,000) and HK\$79,000 (2023: HK\$152,000), respectively.

Loss attributable to equity holders of the Company

Mainly attributable to the fair value loss of the Group's investment in Mobvoi and the decrease in revenue from the Group's TFT-LCD panels and modules and health-related products, the Group recorded a loss attributable to equity holders of the Company for the Year amounted to approximately HK\$42,906,000, representing an increase in loss of approximately HK\$23,802,000 as compared to the loss of approximately HK\$19,104,000 for 2023.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's funds are principally used to finance working capital, and the growth and expansion of the Group's operations and sales network. The Group's principal sources of funds are cash generated from operations and bank borrowings. As at 31 December 2024, the Group's cash and cash equivalents, represented by bank deposits, bank balances and cash, amounted to approximately HK\$24,407,000 (2023: HK\$47,372,000).

As at 31 December 2024, the Group's total bank borrowings comprised bank loan of approximately HK\$3,809,000 (2023: HK\$4,519,000).

As at 31 December 2024, the Group's net current assets position was HK\$41,117,000 (2023: HK\$50,301,000) with cash and cash equivalents of HK\$24,407,000 (2023: HK\$47,372,000). As detailed in note 2 to the consolidated financial statements above, the Board has been implementing various measures to improve the Group's liquidity and financial position. The Board, after making due enquiries and considering the basis of management's cashflow forecast described above and after taking into account the reasonably possible changes in the operation performance of the Group, believes there will be sufficient financial resources available to the Group at least for the twelve months after 31 December 2024 to meet its financial obligations as and when they fall due.

GEARING RATIO

The Group's gearing ratio as at 31 December 2024 was 8.4% (2023: 5.1%), which is calculated based on the Group's total interest-bearing bank borrowings divided by the Group's total equity.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (2023: Nil).

CHARGE OF ASSETS

As at 31 December 2024, the Group had no charge of assets (2023: Nil).

CAPITAL COMMITMENTS

As at 31 December 2024, the Group did not have any significant capital commitments (2023: Nil).

DIVIDEND

The Board does not recommend nor declare any dividend for the Year (2023: Nil).

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the Year, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any of the Company's shares. The Company did not hold or sell any treasury shares during the Year.

LEGAL PROCEEDINGS INVOLVING THE COMPANY AND THE DIRECTORS

Reference is made to the announcements of the Company dated 26 September 2019, 4 October 2019, 10 January 2020, 9 April 2020, 10 July 2020 and 25 September 2020. On 25 September 2019, the Company received a sealed copy of a petition (the "Petition") issued by the High Court of the Hong Kong Special Administrative Region (the "High Court") which was taken out by the Securities and Futures Commission (the "SFC") pursuant to section 214 of the Securities and Futures Ordinance against certain current Directors, namely Mr. Cheng Wai Tak, Mr. Liu Ka Wing and Mr. Tse Ka Wing, and certain former Directors, namely Mr. Wong Yik Chung John, Mr. Wong Chi Chiu and Mr. Li Shui Yan (collectively "the Director Respondents"), and the Company. The SFC alleged in the Petition that the Director Respondents had breached their duties as directors of the Company in relation to the disposal of a subsidiary of the Company holding an approximately 50.14% shareholding in 尚立光電股份有限公司 (Shinyoptics Corporation*) (details of such disposal were disclosed in the announcement of the Company dated 22 December 2016). As the Company is only a nominal respondent to the Petition and pursuant to the order of the High Court, the Company is not required to actively participate in the legal proceedings in respect of the Petition.

* for identification purpose only

As detailed in the Company's announcement dated 25 September 2020, with effect from 25 September 2020, pending the outcome of the legal proceedings of the Petition, the Director Respondents have been suspended from their duties as Directors. Mr. Cheng Wai Tak has also been suspended from his duties as the Chairman of the Board and the Chief Executive Officer ("CEO") of the Company. Mr. Kan Man Wai, an independent non-executive Director, has been appointed as the acting Chairman in place of Mr. Cheng Wai Tak. The function of the CEO is shared among the management staff of the Company and other members of the Board.

The Company understands the Director Respondents disagree with the allegations of the SFC in the Petition, and intend to vigorously contest the Petition. As at the date of this announcement, the legal proceedings of the Petition are ongoing.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance with a view to safeguarding the interests of its shareholders. To accomplish this, the Company has adopted the principles and the code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix C1 of the GEM Listing Rules.

Throughout the Year, the Company had complied with all the code provisions of the CG Code for the time being in force.

AUDIT COMMITTEE

The Company has established an audit committee on 20 January 2014 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and code provision D.3.3 of the CG Code. As at the date of this announcement, the audit committee consists of three independent non-executive Directors, namely, Ms. Hsu Wai Man Helen, who has the appropriate accounting and related financial management expertise and serves as the chairperson of the audit committee, Mr. Kan Man Wai and Mr. Lau Ngai Kee Ricky. The audited annual results of the Group for the Year have been reviewed by the audit committee.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the Year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on this preliminary announcement.

ANNUAL GENERAL MEETING

It is proposed that the forthcoming annual general meeting of the Company (the “AGM”) will be held on Thursday, 12 June 2025. A notice convening the AGM will be published and despatched to the shareholders of the Company in the manner required by the GEM Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 9 June 2025 to Thursday, 12 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of shares documents, accompanied by the relevant share certificates, must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, not later than 4:30 p.m. on Friday, 6 June 2025.

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

Hong Kong, 25 March 2025

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 three independent non-executive directors, namely, Mr. Kan Man Wai (acting Chairman), Ms. Hsu Wai Man Helen and Mr. Lee Ngai Kee Ricky.

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>.