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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)

**FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2014**

**CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE
STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 the GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$295.3 million for the three months ended 31 March 2014 (three months ended 31 March 2013: approximately HK\$395.3 million).
- Profit attributable to equity holders of the Company for the three months ended 31 March 2014 amounted to approximately HK\$11.0 million (three months ended 31 March 2013: approximately HK\$14.5 million).
- The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2014 (three months ended 31 March 2013: Nil).

FINANCIAL RESULTS

The board of directors (the “Board”) of Perfect Optronics Limited (the “Company”) is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (the “Group”) for the three months ended 31 March 2014 together with the comparative unaudited figures for the corresponding period in 2013 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 31 March 2014

	Note	Three months ended 31 March	
		2014 HK\$'000 (Unaudited)	2013 HK\$'000 (Unaudited)
Revenue	3	295,287	395,295
Cost of sales		(268,414)	(363,901)
Gross profit		26,873	31,394
Other (losses)/gains, net		(1,098)	99
Distribution and selling expenses		(3,958)	(3,592)
General and administrative expenses		(8,079)	(9,308)
Operating profit		13,738	18,593
Finance income		78	22
Finance costs		(536)	(586)
Profit before income tax		13,280	18,029
Income tax expense	4	(2,233)	(3,545)
Profit for the period		11,047	14,484
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss</i>			
Currency translation differences		(42)	—
Total comprehensive income for the period		11,005	14,484
Profit for the period attributable to:			
Equity holders of the Company		11,047	14,484
Total comprehensive income for the period attributable to:			
Equity holders of the Company		11,005	14,484
Basic and diluted earnings per share	6	HK 0.93 cents	HK 1.46 cents

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three months ended 31 March 2014

	Attributable to equity holders of the Company					Total equity HK\$'000 (Unaudited)
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Other reserve HK\$'000 (Unaudited) (Note)	Exchange reserve HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	
Balance at 1 January 2014	—	—	38,000	(50)	100,785	138,735
Comprehensive income:						
Profit for the period	—	—	—	—	11,047	11,047
Other comprehensive income:						
Currency translation differences	—	—	—	(42)	—	(42)
Transactions with equity holders:						
Issue of new shares by way of placing	3,300	95,700	—	—	—	99,000
Share issue expenses	—	(8,000)	—	—	—	(8,000)
Capitalisation issue	9,900	(9,900)	—	—	—	—
Balance at 31 March 2014	<u>13,200</u>	<u>77,800</u>	<u>38,000</u>	<u>(92)</u>	<u>111,832</u>	<u>240,740</u>
Balance at 1 January 2013	—	—	38,000	—	59,652	97,652
Profit and total comprehensive income for the period	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>14,484</u>	<u>14,484</u>
Balance at 31 March 2013	<u>—</u>	<u>—</u>	<u>38,000</u>	<u>—</u>	<u>74,136</u>	<u>112,136</u>

Note: Other reserve represents the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation for the Listing and the aggregate capital of the subsidiaries being acquired at the time of the Reorganisation.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL RESULTS

1. BASIS OF PREPARATION

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 Company's shares are listed on the GEM since 7 February 2014 (the "Listing").

Pursuant to a group reorganisation (the "Reorganisation") and capitalisation of 989,990,000 shares in preparation for the Listing, the Company became the holding company of the subsidiaries now comprising the Group on 31 December 2013, the details of which are as set out in the prospectus issued by the Company dated 24 January 2014 (the "Prospectus").

The unaudited consolidated financial results of the Group for the three months ended 31 March 2014 are presented in Hong Kong dollars ("HK\$"), unless otherwise stated.

The unaudited consolidated financial results of the Group for the three months ended 31 March 2014 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The unaudited consolidated financial results have been prepared under the historical cost convention, as modified by financial assets at fair value through profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these unaudited consolidated financial results are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2013, except as described below.

The Group has adopted and applied, for the first time, the following new standards, amendments to standards and interpretations that have been issued and effective for the accounting periods beginning on 1 January 2014:

HK(IFRIC) 21	Levies
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities

For those new standards, amendment to standards and interpretations which have been issued but are not yet effective and have not been early adopted in prior accounting periods, the Group is in the process of assessing their impact on the Group's results and financial position.

The preparation of the consolidated financial results in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The unaudited consolidated financial results should be read in conjunction with the Group's audited consolidated financial statements and notes thereto for the year ended 31 December 2013.

3. REVENUE

Revenue represents the sales of display panel and related electronic components to external parties.

	Three months ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Unprocessed thin film transistor liquid crystal display panels (“TFT-LCD panels”) and other unprocessed products (“Unprocessed Panel Segment”)	84,960	188,365
Processed TFT-LCD panels (“Processed Panel Segment”)	142,216	122,557
Integrated circuits (“IC Segment”)	63,095	73,241
Polarisers (“Polariser Segment”)	5,016	11,132
	<u>295,287</u>	<u>395,295</u>

4. INCOME TAX EXPENSE

The amount of income tax charged to the profit or loss represents:

	Three months ended 31 March	
	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Current income tax:		
Hong Kong profits tax	2,233	3,545
PRC corporate income tax	—	—
	<u>2,233</u>	<u>3,545</u>

Hong Kong profits tax has been provided at the rate of 16.5% (three months ended 31 March 2013: 16.5%) on the estimated assessable profit during the period arising in or derived from Hong Kong. The Group’s subsidiary in the People’s Republic of China (“PRC”) is subject to PRC corporate income tax at a standard rate of 25%.

5. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the three months ended 31 March 2014 (three months ended 31 March 2013: Nil).

6. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares deemed to be in issue during the three months ended 31 March 2014 and 2013.

In determining the weighted average number of ordinary shares deemed to be in issue during the three months ended 31 March 2014 and 2013, the 10,000 ordinary shares with par value of HK\$0.01 each issued during the year ended 31 December 2013 and the 989,990,000 shares with par value of HK\$0.01 each issued upon the capitalisation issue and Reorganisation have been regarded as if these shares were in issue since 1 January 2013.

	Three months ended 31 March	
	2014	2013
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>11,047</u>	<u>14,484</u>
Weighted average number of ordinary shares in issue (<i>thousands</i>)	<u>1,184,333</u>	<u>990,000</u>
Basic and diluted earnings per share (<i>HK cents per share</i>)	<u>0.93</u>	<u>1.46</u>

No adjustment has been made to the basic earnings per share amount for the three months ended 31 March 2014 and 2013 as the Group had no potentially dilutive ordinary shares in issue during these periods.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and prospects

The Group is principally engaged in the trading of display components of electronics, namely TFT-LCD panels, driver integrated circuits (“ICs”) and polarisers, which are the major components of display technology used for mobile phones. It also processes some of the TFT-LCD panels which it trades.

Revenue of the Group amounted to approximately HK\$295,287,000 during the three months ended 31 March 2014, representing a decrease of approximately 25% as compared with the corresponding period in 2013. Profit attributable to equity holders of the Company for the three months ended 31 March 2014 was approximately HK\$11,047,000, representing a decrease of approximately 24% as compared with the corresponding period in 2013.

As part of the impact of the Group’s strategy to optimize its product mix to capture high growth markets and higher profit margin products, there was a notable drop in revenue from low-end TFT-LCD panels during the three months ended 31 March 2014 as compared with the corresponding period in 2013. Meanwhile, the increase in popularity of high-specification smart phones led to the increase in demand for much technology-demanding premium level TFT-LCD panels. However, it takes time for the Group’s supplier to ramp up its production of these new premium panels, which affected the Group’s sales volume during the period. As a result, the Group experienced a decrease in revenue, in particular, revenue of the Unprocessed Panel Segment dropped by approximately HK\$103,405,000 (representing an approximately 55% decrease), during such transition stage.

Despite the drop in overall revenue of the Group during the period, the Processed Panel Segment recorded an approximately 16% increase in revenue as compared with the corresponding period in 2013, increased from approximately HK\$122,557,000 to HK\$142,216,000. Such increase was resulted from the Group’s focus on the Processed Panel Segment, which provides more value-added services to its customers and achieves higher selling prices and profit margins.

Due to the keen competition in the market, as compared with the corresponding period in 2013, revenue from the IC Segment and Polariser Segment dropped by approximately HK\$10,146,000 (representing an approximately 14% decrease) and HK\$6,116,000 (representing an approximately 55% decrease), respectively, during the three months ended 31 March 2014.

During the period, the Company has offered 330,000,000 shares for subscription by way of placing and raised net proceeds of approximately HK\$76 million. The Company was successfully listed on the GEM on 7 February 2014. The listing status of the Company and the net proceeds raised would provide a solid foundation for future business development of the Group.

Looking forward, through continuous blooming trend of smart phones and the launch of 4G-LTE services in the PRC, the management is optimistic to maintain the growth momentum of the Group. The Group also intends to expand its business vertically by establishing or acquiring panel processing plants to take up the slimming down and cutting work which is currently undertaken by its subcontractors. In addition, the Group will continue to expand its sales and support team in the PRC and to seek diversifying its product mix for better selling prices and profit margins. The management believes that these measures could effectively drive the business growth of the Group.

Financial Review

Revenue

For the three months ended 31 March 2014, total revenue of the Group decreased by about 25% to approximately HK\$295,287,000 as compared with the corresponding period in 2013. Decrease in total revenue was mainly due to the transitional impacts of the Group's strategy on product mix and supplier's production ramp-up time for premium panels as mentioned above.

Gross profit

Gross profit for the three months ended 31 March 2014 decreased by about 14% to approximately HK\$26,873,000, while gross profit margin increased by 1.2 percentage point to 9.1% as compared with the corresponding period in 2013. The increase in revenue contribution from the Processed Panel Segment, which generally has a higher gross profit margin, led to the increase in the overall gross profit margin during the period.

Other (losses)/gains, net

Net other losses of approximately HK\$1,098,000 was recorded for the three months ended 31 March 2014, while net other gains of approximately HK\$99,000 was recorded for the three months ended 31 March 2013. It was mainly due to the exchange losses arising from the depreciation of Renminbi against Hong Kong dollars during the period, while an unrealised gain on financial assets at fair value through profit or loss was recognised during the last corresponding period.

Expenses

The Group's distribution and selling expenses for the three months ended 31 March 2014 amounted to approximately HK\$3,958,000, representing an approximately 10% increase as compared with the corresponding period in 2013 of approximately HK\$3,592,000.

The Group's general and administrative expenses for the three months ended 31 March 2014 amounted to approximately HK\$8,079,000, representing an approximately 13% decrease as compared with the corresponding period in 2013 of approximately HK\$9,308,000. Non-recurring expenses in relation to the listing of the Company included in the general and administrative expenses during the period amounted to approximately HK\$1,084,000 (three months ended 31 March 2013: HK\$3,454,000). Excluding the effect of these non-recurring expenses, the Group's general and administrative expenses for the period increased by approximately HK\$1,141,000, representing an approximately 19% increase over the last corresponding period.

The increase in distribution and selling expenses, general and administrative expenses (excluding non-recurring listing expenses) during the three months ended 31 March 2014 as compared with the corresponding period in 2013 was mainly attributable to the additional operating expenses incurred by the Group's PRC subsidiary, which was established in April 2013.

Profit for the period

Profit attributable to equity holders of the Company for the three months ended 31 March 2014 amounted to approximately HK\$11,047,000, representing a decrease of approximately 24% as compared with that of the corresponding period in 2013 of HK\$14,484,000, which was mainly attributable to the decrease in revenue during the period.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 March 2014, interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) held by the Directors and chief executives of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long positions in shares of the Company:

Name of Director	Capacity	Number of shares held	Percentage of the Company's issued share capital
Mr. Cheng Wai Tak	Interest in controlled corporation	990,000,000 <i>(Note)</i>	75%

Long positions in shares of associated corporation:

Name of Director	Name of associated corporation	Capacity	Number of shares held	Percentage of the associated corporation's issued share capital
Mr. Cheng Wai Tak	Winful Enterprises Limited ("Winful Enterprises")	Directly beneficially owned <i>(Note)</i>	1	100%

Note:

These 990,000,000 shares are held by Winful Enterprises, which in turn is wholly and beneficially owned by Mr. Cheng Wai Tak. As such, Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 990,000,000 shares held by Winful Enterprises.

Save as disclosed above, as at 31 March 2014, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as the Directors are aware, as at 31 March 2014, other than the Directors and chief executives of the Company, the following persons/entities had an interest or a short position in the shares or the underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Long position in shares of the Company:

Name	Note	Nature of interests	Number of shares held	Percentage of the Company's issued share capital
Winful Enterprises	(a)	Directly beneficially owned	990,000,000	75%
Warriors Technology Investments Limited	(b)	Directly beneficially owned	66,000,000	5%
Suns Holding Limited	(b)	Interest in controlled corporation	66,000,000	5%
Innolux Holding Limited	(b)	Interest in controlled corporation	66,000,000	5%
Innolux Corporation	(b)	Interest in controlled corporation	66,000,000	5%

Notes:

- (a) Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 990,000,000 shares held by Winful Enterprises.
- (b) These 66,000,000 shares are directly held by Warriors Technology Investments Limited, a wholly-owned subsidiary of Suns Holding Limited which is wholly-owned by Innolux Holding Limited. Innolux Holding Limited is in turn wholly-owned by Innolux Corporation.

Save as disclosed above, as at 31 March 2014, no other person had any interests or short positions in the shares or underlying shares of the Company which were required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register of the Company required to be kept under section 336 of the SFO.

SHARE OPTION SCHEME

The Company has a share option scheme (the "Share Option Scheme") which was approved and adopted by the sole shareholder of the Company by way of written resolutions passed on 20 January 2014.

No share option has been granted under the Share Option Scheme since its adoption.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

At no time during the three months ended 31 March 2014 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the three months ended 31 March 2014, 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.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period from 7 February 2014 (date of Listing) to 31 March 2014.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

On 20 January 2014, each of Mr. Cheng Wai Tak and Winful Enterprises, the controlling shareholders of the Company (collectively, the "Covenantors") have entered into a deed of non-competition undertaking ("Non-Competition Deed") in favour of the Company (for itself and for and on behalf of all members of the Group), pursuant to which each of the Covenantors, irrevocably and unconditionally, undertakes and covenants with the Company that with effect from the listing date of the Company and for as long as the shares of the Company remain so listed on the Stock Exchange and he/it, individually or collectively with any other Covenantor(s), is, directly or indirectly, interested in 30% or more of the shares of the Company in issue, or is otherwise regarded as a controlling shareholder (as defined under the GEM Listing Rules from time to time) of the Company, he/it shall not, and shall procure that none of his/its associates (for the purpose of the Non-Competition Deed, shall have the meaning as defined under Rule 1.01 of the GEM Listing Rules but excluding the Group) shall:

- (a) directly or indirectly (other than through the Group) engage, participate or hold any right or interest in or render any services to or otherwise be involved in any business in competition with or likely to be in competition with existing business activity of the Group and any business activities undertaken by the Group from time to time (the "Restricted Business") except for the holding of not more than 5% shareholding interests (individually or any of the Covenantors with their associates collectively) in any publicly listed company; and
- (b) take any direct or indirect action which constitutes an interference with or a disruption to the Restricted Business including, but not limited to, solicitation of the Group's customers, suppliers or staff.

Further details of the Non-Competition Deed have been set out in the section headed "Relationship with the Controlling Shareholders" of the Prospectus.

COMPETING INTERESTS

Save as the information set out in the section headed "COMPLIANCE OF NON-COMPETITION UNDERTAKING", based on the information available to the Company and within the knowledge and belief of the Directors, none of the Directors or the controlling shareholders of the Company (as defined under the GEM Listing Rules) have any business or interest which competes or may compete with the business of the Group, or have any other conflict of interest which any such person has or may have with the Group throughout the period from 7 February 2014 (date of Listing) to 31 March 2014.

INTERESTS OF THE COMPLIANCE ADVISER

As notified by Grand Vinco Capital Limited (“Vinco”), compliance adviser of the Company, neither Vinco nor its directors or employees or associates had any interest in the securities of the Company or any other companies of the Group (including options or rights to subscribe for such securities) as at 31 March 2014. Pursuant to a compliance adviser agreement, Vinco received and will receive fees for acting as the compliance adviser of the Company.

AUDIT COMMITTEE

The Company has established an audit committee with the written terms of reference in compliance with the GEM Listing Rules. The audit committee consists of three independent non-executive Directors, namely Mr. Wong Yik Chung John, who has the appropriate accounting and financial related management expertise and serves as the chairman of the audit committee, Mr. Wong Chi Chiu and Mr. Li Shui Yan. The audit committee has reviewed this announcement and has provided advice and comments thereon.

CORPORATE GOVERNANCE

The Company has adopted the principles and the code provisions set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules.

Throughout the period from 7 February 2014 (date of Listing) to 31 March 2014, the Company has complied with all the code provisions of the CG Code, except the deviation stipulated below.

According to the code provision A.2.1 of the CG Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual.

Under the current management structure of the Company, Mr. Cheng Wai Tak (“Mr. Cheng”) is the Chairman of the Board (the “Chairman”) and Chief Executive Officer of the Company (the “Chief Executive Officer”). With Mr. Cheng’s extensive experience in the industry, the Board believes that vesting the roles of both Chairman and Chief Executive Officer in the same person would provide the Company with strong and consistent leadership, allow for effective and efficient planning and implementation of business decisions and strategies, and would be beneficial to the business prospects and management of the Group.

Although Mr. Cheng performs both the roles of Chairman and Chief Executive Officer, the division of responsibilities between the Chairman and Chief Executive Officer is clearly established. In general, the Chairman is responsible for supervising the functions and performance of the Board, while the Chief Executive Officer is responsible for the management of the business of the Group. The two roles are performed by Mr. Cheng distinctly. The Board also considers that the current management structure does not impair the balance of power and authority between the Board and the management of the Company given the appropriate delegation of the power of the Board and the effective functions of the independent non-executive Directors. However, it is the long-term objective of the Company to have these two roles performed by separate individuals when suitable candidates are identified.

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

Hong Kong, 12 May 2014

As at the date of this announcement, the Board comprises three executive directors, namely, Mr. Cheng Wai Tak, Mr. Cheng Cheung Wai and Mr. Liu Ka Wing and three independent non-executive directors, namely, Mr. Wong Yik Chung John, Mr. Wong Chi Chiu and Mr. Li Shui Yan.

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