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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 2023**

**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.*

## **FINANCIAL HIGHLIGHTS**

- Revenue for the year ended 31 December 2023 (the “Year”) amounted to approximately HK\$124.3 million, representing a decrease of approximately 59% as compared with that of approximately HK\$301.3 million in 2022.
- Loss attributable to equity holders of the Company for the Year amounted to approximately HK\$19.1 million as compared to profit attributable to equity holders of the Company of approximately HK\$4.0 million in 2022.
- The board of directors of the Company (the “Board”) does not recommend declaring any final dividend for the Year.

## RESULTS

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

### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*For the year ended 31 December 2023*

	<i>Note</i>	<b>2023</b> <i>HK\$'000</i>	2022 <i>HK\$'000</i>
<b>Revenue</b>	4	<b>124,255</b>	301,318
Cost of sales		<u>(108,961)</u>	<u>(231,649)</u>
<b>Gross profit</b>		<b>15,294</b>	69,669
Other gains/(losses), net	5	<b>10,956</b>	(12,862)
Distribution and selling expenses		<b>(22,087)</b>	(24,657)
General and administrative expenses		<b>(23,890)</b>	(26,969)
Research and development expenses		<u>(938)</u>	<u>(996)</u>
<b>Operating (loss)/profit</b>		<b>(20,665)</b>	4,185
Finance income		<b>280</b>	75
Finance costs		<u>(325)</u>	<u>(367)</u>
Finance costs, net		<u>(45)</u>	<u>(292)</u>
<b>(Loss)/profit before income tax</b>	6	<b>(20,710)</b>	3,893
Income tax expense	7	<u>(10)</u>	<u>(410)</u>
<b>(Loss)/profit for the year</b>		<b>(20,720)</b>	3,483
<b>Other comprehensive income/(loss):</b>			
<i>Item that may be subsequently reclassified to income statement</i>			
Currency translation differences		<b>(42)</b>	245
<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		<b>200</b>	(352)
Currency translation differences		<u>—</u>	<u>103</u>
<b>Total comprehensive (loss)/income for the year</b>		<u><b>(20,562)</b></u>	<u>3,479</u>
<b>(Loss)/profit for the year attributable to:</b>			
Equity holders of the Company		<b>(19,104)</b>	4,038
Non-controlling interests		<u>(1,616)</u>	<u>(555)</u>
		<u><b>(20,720)</b></u>	<u>3,483</u>
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Equity holders of the Company		<b>(18,946)</b>	3,931
Non-controlling interests		<u>(1,616)</u>	<u>(452)</u>
		<u><b>(20,562)</b></u>	<u>3,479</u>
<b>Basic and diluted (loss)/earnings per share</b>	8	<u><b>HK(1.29) cents</b></u>	<u><b>HK0.27 cents</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Note	2023 HK\$'000	2022 HK\$'000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment		169	104
Right-of-use assets		—	4,261
Intangible assets		5,322	5,322
Deferred income tax assets		69	79
Financial asset at fair value through other comprehensive income		1,500	1,300
Financial asset at fair value through profit or loss	10	35,848	25,201
		<u>42,908</u>	<u>36,267</u>
<b>Current assets</b>			
Inventories		17,907	21,743
Trade and other receivables	11	7,944	10,031
Cash and cash equivalents		47,372	85,709
		<u>73,223</u>	<u>117,483</u>
<b>Total assets</b>		<u><b>116,131</b></u>	<u><b>153,750</b></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	12	14,837	14,837
Reserves		116,218	116,060
Accumulated losses		(38,760)	(19,656)
		<u>92,295</u>	<u>111,241</u>
<b>Non-controlling interests</b>		<u>(3,519)</u>	<u>(1,903)</u>
<b>Total equity</b>		<u><b>88,776</b></u>	<u><b>109,338</b></u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Bank loan		3,810	4,516
Lease liabilities		623	1,177
		<u>4,433</u>	<u>5,693</u>
<b>Current liabilities</b>			
Trade and other payables	13	19,034	34,464
Current income tax liabilities		395	395
Bank loan		709	690
Lease liabilities		2,784	3,170
		<u>22,922</u>	<u>38,719</u>
<b>Total liabilities</b>		<u><b>27,355</b></u>	<u><b>44,412</b></u>
<b>Total equity and liabilities</b>		<u><b>161,131</b></u>	<u><b>153,750</b></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. The Group also processes some of the products which it sells.

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

### 2. BASIS OF PREPARATION

#### (a) Compliance with HKFRS and the disclosure requirements of HKCO

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.

#### (b) Historical cost convention

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.

#### (c) 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 2023:

- HKFRS 17 — *Insurance Contracts*
- Definition of Accounting Estimates — *amendments to Hong Kong Accounting Standard ("HKAS") 8*
- International Tax Reform — *Pillar Two Model Rules — amendments to HKAS 12*
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction — *amendments to HKAS 12*
- Disclosure of Accounting Policies — *Amendments to HKAS 1 and HKFRS Practice Statement 2*

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.

**(d) 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 2023 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 2023 and 2022 are as follows:

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Thin film transistor liquid crystal display ("TFT-LCD") panels and modules	<b>83,992</b>	155,896
Health-related products	<b>18,209</b>	87,876
Electronic signage	<b>14,029</b>	16,396
Optics products	<b>4,994</b>	590
Integrated circuits	<b>1,786</b>	1,883
Polarisers	<b>782</b>	36,554
Others	<b>463</b>	2,123
	<b><u>124,255</u></b>	<u>301,318</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.

	<b>2023</b>	2022
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Hong Kong	<b>111,507</b>	281,959
Mainland China	<b>10,007</b>	13,451
Taiwan	<b>2,741</b>	5,908
	<b><u>124,255</u></b>	<u>301,318</u>

- (c) Revenue from a major customer who has contributed 10% or more of the total revenue of the Group for the Year is disclosed as follows:

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Customer A	<u><b>26,205</b></u>	<u>20,464</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:

	<b>Hong Kong</b>	<b>Mainland</b>	<b>Taiwan</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>As at 31 December 2023:</b>				
<b>Non-current assets</b>				
Property, plant and equipment	—	<b>10</b>	<b>159</b>	<b>169</b>
Right-of-use assets	—	—	—	—
Intangible assets	<u><b>4,200</b></u>	<u><b>1,122</b></u>	<u>—</u>	<u><b>5,322</b></u>
	<u><b>4,200</b></u>	<u><b>1,132</b></u>	<u><b>159</b></u>	<u><b>5,491</b></u>
<b>As at 31 December 2022:</b>				
<b>Non-current assets</b>				
Property, plant and equipment	—	49	55	104
Right-of-use assets	2,980	1,095	186	4,261
Intangible assets	<u>4,200</u>	<u>1,122</u>	<u>—</u>	<u>5,322</u>
	<u>7,180</u>	<u>2,266</u>	<u>241</u>	<u>9,687</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 GAINS/(LOSSES), NET

	<b>2023</b>	2022
	<b>HK\$'000</b>	HK\$'000
Fair value changes in financial asset at FVTPL	<b>10,647</b>	(13,260)
Government subsidies	<b>197</b>	773
Net exchange gains/(losses)	<b>71</b>	(401)
Others	<u><b>41</b></u>	<u>26</u>
	<u><b>10,956</b></u>	<u>(12,862)</u>

## 6. (LOSS)/PROFIT BEFORE INCOME TAX

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Cost of inventories sold	104,375	220,672
Provision for obsolete inventories	1,333	6,228
Depreciation of property, plant and equipment	79	137
Depreciation of right-of-use assets	4,196	4,151
Provision for impairment of right-of-use assets	3,363	—
	<u>113,346</u>	<u>231,288</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Current income tax		
— Hong Kong profits tax	—	395
Deferred income tax	10	15
Income tax expense	<u>10</u>	<u>410</u>

## 8. BASIC AND DILUTED (LOSS)/EARNINGS PER SHARE

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

	2023	2022
(Loss)/profit attributable to equity holders of the Company <i>(HK\$'000)</i>	<u>(19,104)</u>	<u>4,038</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)/earnings per share <i>(HK cents per share)</i>	<u>(1.29)</u>	<u>0.27</u>



For the purpose of determining the diluted (loss)/earnings per share amount, no adjustment has been made to the basic (loss)/earnings per share amount for the years ended 31 December 2023 and 2022 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 (2022: Nil).

## 10. FINANCIAL ASSET AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group's financial asset at FVTPL comprises the holding of certain preferred shares in Mobvoi Inc. ("Mobvoi"), a private company principally engaged in the rendering of artificial intelligence ("AI") software solutions and sale of artificial intelligence of things ("AIoT") smart devices to enterprise and individual customers. The balance is denominated in United States dollars. 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. The Group's shareholding proportion in Mobvoi was approximately 1.57% as at 31 December 2023 (on a fully diluted and as converted basis) (2022: 1.57%).

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Balance at 1 January	25,201	38,461
Fair value changes recognised in other gains/(losses), net	<u>10,647</u>	<u>(13,260)</u>
Balance at 31 December	<u><u>35,848</u></u>	<u><u>25,201</u></u>

## 11. TRADE AND OTHER RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade and bills receivables	3,772	5,196
Prepayments, deposits and other receivables	<u>4,172</u>	<u>4,835</u>
	<u><u>7,944</u></u>	<u><u>10,031</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:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–30 days	3,063	3,960
31–60 days	419	866
61–90 days	112	197
Over 90 days	<u>178</u>	<u>173</u>
	<u><u>3,772</u></u>	<u><u>5,196</u></u>

## 12. SHARE CAPITAL

	31 December 2023 and 2022	
	Number of shares (thousands)	Amount HK\$'000
<b>Authorised:</b>		
Ordinary shares of HK\$0.01 each	5,000,000	50,000
	<u>5,000,000</u>	<u>50,000</u>
	Number of shares	Ordinary shares of HK\$0.01 each HK\$'000
<b>Issued and fully paid:</b>		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	1,483,687,151	14,837
	<u>1,483,687,151</u>	<u>14,837</u>

There were no movements in the Company's share capital during the Year (2022: Nil).

## 13. TRADE AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Trade payables	7,717	22,916
Deposits received from customers	5,258	5,171
Accruals and other payables	6,059	6,377
	<u>19,034</u>	<u>34,464</u>

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

	2023 HK\$'000	2022 HK\$'000
0–30 days	5,431	17,597
31–60 days	2,256	5,288
61–90 days	—	—
Over 90 days	30	31
	<u>7,717</u>	<u>22,916</u>

## **BUSINESS REVIEW**

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

As the COVID-19 pandemic dissipates, the demand for work-from-home decreases, the wave of purchases of work-from-home end products like computer notebooks and monitors comes to an end, and the effect of the stay-at-home economy subsided during the Year. Coupled with global high inflation and unstable macroeconomic environment, the demand for display panels continued to shrink and the display panel industry faced a challenging year in 2023. In addition, the demand for the Group's health-related products declined significantly following the subsidence of the COVID-19 pandemic in Hong Kong. These unfavourable factors adversely affected the Group's business during the Year. Revenue of the Group during the Year amounted to approximately HK\$124,255,000, representing a significant decrease of approximately 59% as compared with approximately HK\$301,318,000 for the year ended 31 December 2022. Mainly due to such significant decrease in revenue, the financial results of the Group turned from profit in 2022 to loss during the Year. Although the Group recognised a fair value gain on its financial assets at FVTPL of approximately HK\$10,647,000, the Group still recorded a loss attributable to equity holders of the Company of approximately HK\$19,104,000 during the Year, as compared to a profit attributable to equity holders of the Company of approximately HK\$4,038,000 for the year ended 31 December 2022.

Sales of medium-to-large sized display products, including display panels and modules for computer notebooks, monitors and televisions, continued to be the key revenue driver of the Group during the Year. However, as mentioned above, the display panel industry encountered a challenging business cycle with shrinking consumer demand, the Group's supplier reduced its supply which could have served as a market stabilisation measure. Also, the Group purchased less inventories of TFT-LCD panels and modules considering the fluctuation in the market prices. As a result, the Group recorded a significant decrease in sales of TFT-LCD panels and modules during the Year. Sales of the Group's TFT-LCD panels and modules amounted to approximately HK\$83,992,000 during the Year, representing a decrease of approximately 46% as compared with approximately HK\$155,896,000 in 2022. On the other hand, as one of the display components, the Group's polarisers are applied on certain models of mobile phones. Due to the reduced shipments of such mobile phones during the Year, the Group also recorded a significant decrease in sales of polarisers during the Year. Sales of polarisers amounted to approximately HK\$782,000, representing a decrease of approximately 98% as compared with approximately HK\$36,554,000 in 2022. Sales of integrated circuits during the Year amounted to approximately HK\$1,786,000 during the Year, representing a decrease of approximately 5% as compared with approximately HK\$1,883,000 in 2022.

The Group's sales of electronic signage products, which include digital information signages, electronic shelf displays and electronic white boards, etc., recorded a revenue of approximately HK\$14,029,000 during the Year, representing a decrease of approximately 14% as compared with approximately HK\$16,396,000 in 2022. The Group continued to develop the electronic signage market in various areas as electronic signage products became more and more popular in retail outlets and shopping malls. Nevertheless, the decrease in sales of such products was mainly due to the decrease in revenue generated from Taiwan in 2023 following the completion of a chained drugstore electronic signage project in 2022.

Notwithstanding the decrease in sales of the abovementioned major electronic products, there was significant improvement in the sales of the Group's optics products. Sales of the Group's optics products amounted to approximately HK\$4,994,000 during the Year, representing an increase of approximately HK\$4,404,000 as compared with approximately HK\$590,000 in 2022. Sales of the Group's optics products during the Year mainly comprised motor vehicles' head-up display components, which benefited from the recent rapid development in electric vehicles industry in China.

For the Group's health-related products, the Group continued to develop its health-related products business, "K-clean" brand personal hygiene and disinfection products were actively promoted. However, mainly due to the ease of the COVID-19 pandemic and Hong Kong's return to normalcy from having various anti-epidemic measures, the demand for rapid antigen test kits for COVID-19 and the Group's personal hygiene and disinfectant products dropped significantly during the Year as compared with 2022. Sales of the Group's health-related products amounted to approximately HK\$18,209,000 during the Year, representing a significant decrease of approximately 79% as compared with approximately HK\$87,876,000 in 2022. Nevertheless, with the public's health awareness heightened and as an implementation of the Group's product diversification and flexible business strategy, the Group captured such opportunity to introduce health supplements products to the market during the Year.

The Group's financial asset at FVTPL represented the Group's holding of certain preferred shares of Mobvoi, which is principally engaged in the rendering of AI software solutions and sale of AIoT smart devices to enterprise and individual customer. Fair value of such investment amounted to approximately HK\$35,848,000 as at 31 December 2023, which increased by approximately 42% as compared to approximately HK\$25,201,000 as at 31 December 2022. A fair value gain of approximately HK\$10,647,000 was recognised by the Group during the Year as compared to the fair value loss of approximately HK\$13,260,000 recognised during the year ended 31 December 2022, which the Company understands mainly benefited from capital market's favour towards stocks of the AI sector during the Year. The Group's shareholding proportion in Mobvoi was approximately 1.57% (on a fully diluted and as converted basis) as at 31 December 2023 (31 December 2022: 1.57%). Mobvoi captured the opportunities presented by the latest global AI trends to iterate and upgrade its core technologies. In 2023, Mobvoi's large language model, "Sequence Monkey", which

possesses the capabilities in natural language processing and generation, was launched making it a versatile tool for understanding text, generating content, engaging in dialogue, performing logical operations, and leveraging its trained knowledge base to provide global content creators, enterprises and consumers with information and insights. Mobvoi has also rolled out a series of artificial intelligence-generated content products during the Year. Mobvoi submitted its listing application to the Stock Exchange in May 2023 and the vetting of the application is still in progress.

Another investment of the Group was classified as financial asset at fair value through other comprehensive income, being the Group's investment in a Taiwan private company that engages in the separator (a key component in lithium batteries) business. The fair value of such investment amounted to approximately HK\$1,500,000 as at 31 December 2023 (31 December 2022: HK\$1,300,000). During the Year, additional shares were allotted by the company for fundraising purposes. The Group's shareholding in such company was diluted to approximately 0.96% as at 31 December 2023 (31 December 2022: 2%).

## **PROSPECTS**

Looking forward, despite the uncertainties in the global economy and market challenges, the Group will closely analyse the market dynamics, flexibly adjust its business strategies, and respond to the market challenges with a diversified business strategy. The Group will not only actively explore product diversity, but will also commit to explore business opportunities with new suppliers and customers from various areas in order to strive for stability in an uncertain future. Meanwhile, the Group will continue to maintain a sustainable win-win relationship with its suppliers and customers, foster mutual growth and create greater value for the Group's shareholders.

## **FINANCIAL REVIEW**

### **Revenue**

Total revenue of the Group for the Year amounted to approximately HK\$124,255,000, representing an approximately 59% decrease as compared with approximately HK\$301,318,000 in 2022. As affected by the ease of COVID-19 pandemic in Hong Kong and the shrinking display panel market in 2023, the Group's major products, including TFT-LCD panels and modules and health-related products suffered a significant drop in revenue during the Year as compared with 2022.

## **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 health-related products and TFT-LCD panels and modules, purchase costs decreased and thus cost of sales decreased during the Year as compared with 2022. Total cost of sales of the Group for the Year amounted to approximately HK\$108,961,000 which decreased by approximately 53% as compared to approximately HK\$231,649,000 in 2022.

## **Gross profit**

Gross profit of the Group during the Year amounted to approximately HK\$15,294,000, which decreased by approximately HK\$54,375,000 as compared with approximately HK\$69,669,000 in 2022. The decrease in gross profit during the Year was mainly due to the decrease in revenue, in particular, revenue from the Group's health-related products which have higher gross profit margin as compared with the Group's other major products.

## **Other gains/(losses), net**

Net other gains of approximately HK\$10,956,000 was recorded for the Year, while net other losses of approximately HK\$12,862,000 was recorded in 2022. The balance mainly included the fair value gain of approximately HK\$10,647,000 recognised for the Group's financial asset at FVTPL in respect of its investment in Mobvoi during the Year (2022: fair value loss of HK\$13,260,000).

## **Distribution and selling expenses**

The Group's distribution and selling expenses for the Year amounted to approximately HK\$22,087,000, representing an approximately 10% decrease as compared with approximately HK\$24,657,000 in 2022. The decrease was mainly attributable to the decrease in sales commissions, transportation expenses and promotion expenses incurred for the Group's health-related products as the sales decreased. Nevertheless, impairment loss on right-of-use assets related to the leases of warehouses of approximately HK\$2,382,000 was recognised and included in the Group's distribution and selling expenses during the Year (2022: Nil).

## **General and administrative expenses**

The Group's general and administrative expenses for the Year amounted to approximately HK\$23,890,000, representing an approximately 11% decrease as compared with approximately HK\$26,969,000 in 2022. The decrease was mainly attributable to the decrease in staff costs and bank charges. Nevertheless, impairment loss on right-of-use assets related to the leases of offices of approximately HK\$981,000 was recognised and included in the Group's general and administrative expenses during the Year (2022: Nil).

## **Research and development expenses**

The Group's research and development expenses for the Year amounted to approximately HK\$938,000, which decreased by approximately 6% as compared to approximately HK\$996,000 in 2022. The decrease was due to the decrease 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\$169,000 (2022: HK\$156,000) and HK\$152,000 (2022: HK\$196,000), respectively.

## **(Loss)/profit attributable to equity holders of the Company**

Mainly attributable to the significant decrease in revenue from the Group's health-related products and TFT-LCD panels and modules, which offset the positive effect of the fair value gain of the Group's investment in Mobvoi, the Group recorded a loss attributable to equity holders of the Company for the Year amounted to approximately HK\$19,104,000, as compared to a profit attributable to equity holders of the Company of approximately HK\$4,038,000 for 2022.

## **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 2023, the Group's cash and cash equivalents, represented by bank deposits, bank balances and cash, amounted to approximately HK\$47,372,000 (2022: HK\$85,709,000).

As at 31 December 2023, the Group's total bank borrowings comprised bank loan of approximately HK\$4,519,000 (2022: HK\$5,206,000).

## **GEARING RATIO**

The Group's gearing ratio as at 31 December 2023 was 5.1% (2022: 4.8%), 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 2023, the Group had no material contingent liabilities (2022: Nil).

## **CHARGE OF ASSETS**

As at 31 December 2023, the Group had charged its trade receivables of HK\$nil (2022: HK\$480,000) in favour of a bank to secure the banking facilities granted to the Group.

## **CAPITAL COMMITMENTS**

As at 31 December 2023, the Group did not have any significant capital commitments (2022: 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.

## **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 Directors, namely Mr. Cheng Wai Tak, Mr. Liu Ka Wing, Mr. Tse Ka Wing, 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.

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.

\* *for identification purpose only*



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. Cho Chi Kong. 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 2023 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 Tuesday, 18 June 2024. 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 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 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 Wednesday, 12 June 2024.

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

Hong Kong, 26 March 2024

*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 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>.*