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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)

- (1) CHANGE OF DIRECTORS**
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- AND**
- (6) RESUMPTION OF TRADING IN SHARES**

The Board announces that with effect from 25 September 2020:

CHANGE OF DIRECTORS

- (1) Mr. Cheng Wai Tak has been suspended from his duties as the executive director, the chairman of the Board, the chief executive officer of the Company and the director of Perfect Display Limited, a major subsidiary of the Company;
- (2) Mr. Liu Ka Wing and Mr. Tse Ka Wing have been suspended from their respective duties as the executive directors;
- (3) Mr. Chang Huan Chia has been appointed as the executive director;
- (4) Mr. Li Shui Yan, Mr. Wong Chi Chiu and Mr. Wong Yik Chung John have been suspended from their respective duties as the independent non-executive directors;
- (5) Mr. Kan Man Wai has been appointed as the acting chairman of the Board in place of Mr. Cheng Wai Tak; and
- (6) Ms. Hsu Wai Man Helen has been appointed as the independent non-executive director;

CHANGE OF COMPOSITION OF COMMITTEES

- (7) Mr. Cheng Wai Tak ceased to be the chairman of the Nomination Committee and the member of the Remuneration Committee;
- (8) Mr. Li Shui Yan ceased to be the member of the Audit Committee and the member of the Nomination Committee;
- (9) Mr. Wong Chi Chiu ceased to be the member of the Audit Committee and the chairman of the Remuneration Committee;
- (10) Mr. Wong Yik Chung John ceased to be the chairman of the Audit Committee and the member of the Nomination Committee and the Remuneration Committee;
- (11) Mr. Cho Chi Kong has been appointed as the chairman of the Nomination Committee in place of Mr. Cheng Wai Tak;
- (12) Mr. Kan Man Wai has been appointed as the chairman of the Remuneration Committee in place of Mr. Wong Chi Chiu;
- (13) Ms. Hsu Wai Man Helen has been appointed as the chairman of the Audit Committee and the member of the Nomination Committee and the Remuneration Committee in place of Mr. Wong Yik Chung John; and

CHANGE OF AUTHORISED REPRESENTATIVE

- (14) Mr. Chang Huan Chia, the executive director, has been appointed as the Authorised Representative in place of Mr. Cheng Wai Tak.

LITIGATION UPDATE

As the Company is only a nominal respondent to the Petition and pursuant to the order of the Court, the Company is not required to actively participate in the legal proceedings in respect of the Petition. As at the date of this announcement, the legal proceedings of the Petition are ongoing.

FULFILMENT OF RESUMPTION GUIDANCE

The Company has fulfilled the Resumption Guidance from the Stock Exchange with the changes in composition of the Board and the Committees.

RESUMPTION OF TRADING IN SHARES

Trading in the Shares on GEM of the Stock Exchange has been suspended since 9:00 a.m. on 26 September 2019 pending the fulfilment of the Resumption Guidance. The Company has made an application to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 28 September 2020.

Reference is made to the announcement of Perfect Optronics Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 26 September 2019 on the trading halt in the shares of the Company (the “**Shares**”) on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 9:00 a.m. on 26 September 2019, the announcement of the Company dated 4 October 2019 in relation to the petition issued by the Securities and Futures Commission (the “**SFC**”) dated 25 September 2019 involving the Company and its directors (the “**Petition**”) in the High Court of Hong Kong Special Administrative Region (the “**Court**”) and suspension of trading in the Shares; and the announcements of the Company dated 10 January 2020, 9 April 2020 and 10 July 2020 in relation to the resumption guidance (the “**Resumption Guidance**”), quarterly update on suspension and continued suspension of trading in Shares.

The Petition was presented to the Court by the SFC against the directors of the Company at the material time (the “**Subject Directors**”) and the Company as the respondents therein. The Subject Directors are namely, Mr. Cheng Wai Tak (“**Mr. Cheng**”), Mr. Tse Ka Wing (“**Mr. Tse**”) and Mr. Liu Ka Wing (“**Mr. Liu**”), each as an executive director of the Company (“**ED**”) at the material time; and Mr. Li Shui Yan (“**Mr. Li**”), Mr. Wong Chi Chiu (“**Mr. CC Wong**”) and Mr. Wong Yik Chung John (“**Mr. John Wong**”), each as an independent non-executive director of the Company (“**INED**”) at the material time.

Mr. Cho Chi Kong (“**Mr. Cho**”) and Mr. Kan Man Wai (“**Mr. Kan**”) have been appointed as INED, members of the audit committee (the “**Audit Committee**”), the nomination committee (the “**Nomination Committee**”) and the remuneration committee (the “**Remuneration Committee**”) of the Company (collectively the “**Committees**”) with effect from 1 January 2020.

The board of directors of the Company (the “**Board**”) announces the following change of directors, change of composition of the Committees and change of authorised representative with effect from 25 September 2020 (the “**Effective Date**”):

CHANGE OF DIRECTORS

The following directors of the Company have been suspended from their duties pending the outcome of the legal proceedings of the Petition:

ED

Mr. Cheng has been suspended from his duties as an ED, the chairman of the Board, the chief executive officer of the Company and the director of Perfect Display Limited, a major subsidiary of the Company. He will continue to serve the Company as a consultant to bring in businesses and maintain the relationship with business partners.

Mr. Liu has been suspended from his duties as an ED and will continue to serve the Company as the financial controller.

Mr. Tse has been suspended from his duties as an ED and will continue to serve the Company as the chief financial officer and the company secretary.

The Board is pleased to announce that Mr. Chang Huan Chia (“**Mr. Chang**”) has been appointed as an ED.

The biographical details of Mr. Chang are set out as follows:

Mr. Chang Huan Chia

Mr. Chang, aged 43, obtained a bachelor degree in electrical engineering in Yuan Ze University in Taiwan in 2001 and has over 16 years of experience in the technology and electronics industry. Prior to joining the Group, Mr. Chang was a field application engineer and served as an assistant manager in HannStar Display Corporation from July 2003 to August 2013. He served as a project manager in Fitipower Integrated Technology Inc. from September 2013 to September 2016.

Mr. Chang joined the Group in September 2016. He is the chief executive officer and a director of Perfect Intelligent Technology Limited, a director of Perinnova Limited and a director of Perfect Display Limited, all of which are subsidiaries of the Company. He is also responsible for supervising the sales teams of the Group and is the responsible person of the Taiwan branch of Perfect Intelligent Technology Limited.

Mr. Chang has entered into a service agreement with the Company for a term of three years commencing from the Effective Date, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. As an addition to the existing Board, Mr. Chang shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election in accordance with the articles of association of the Company.

Pursuant to the service agreement, Mr. Chang is entitled to a remuneration of HK\$40,000 per month and discretionary bonus of such amount to be determined by the Board from time to time having regard to the operating results of the Group and his performance. The aforementioned remuneration was determined by the Board with reference to market rates, Mr. Chang's qualifications and experience, and his anticipated efforts and expertise to be put in on the Company's affairs. The amount of the remuneration for Mr. Chang has been approved by the Board and the Remuneration Committee.

Save as disclosed above, as at the date of this announcement, Mr. Chang (i) does not hold any other position in the Company or its subsidiaries; (ii) does not hold any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) does not, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (“SFO”); and (iv) does not have any relationship with any directors, senior management, substantial shareholders (as defined in The Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”)) or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

Mr. Chang confirms that, in relation to his appointment, there is no other information which is required to be disclosed under Rule 17.50(2) of the GEM Listing Rules nor other matters that need to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to welcome Mr. Chang in joining the Board.

INED

Mr. Li, Mr. CC Wong and Mr. John Wong have been suspended from their respective duties as an INED.

The Board further announces that Mr. Kan has been appointed as the acting chairman of the Board in place of Mr. Cheng.

The Board is pleased to announce that Ms. Hsu Wai Man Helen (“Ms. Hsu”) has been appointed as an INED.

The biographical details of Ms. Hsu are set out as follows:

Ms. Hsu Wai Man Helen

Ms. Hsu, aged 50, graduated from The Chinese University of Hong Kong with a bachelor degree in business administration. Ms. Hsu is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. She has more than 20 years' experience in accounting. Ms. Hsu had been working with Ernst & Young for 18 years and was a partner of Ernst & Young before she retired from the firm in February 2011.

Ms. Hsu is currently an independent non-executive director of Richly Field China Development Limited (stock code: 313), China Display Optoelectronics Technology Holdings Limited (stock code: 334), Perfect Shape Medical Limited (stock code: 1830), Beijing Gas Blue Sky Holdings Limited (stock code: 6828) and Harmonicare Medical Holdings Limited (stock code: 1509), the shares of which are listed on the Main Board of the Stock Exchange. Ms. Hsu was an independent non-executive director of Branding China Group Limited (currently known as "BC Technology Group Limited") (stock code: 863) from April 2012 to May 2018, which is listed on the Main Board of the Stock Exchange. She was also an independent non-executive director of Circle International Holdings Limited (stock code: CCH) from September 2017 to May 2020, which is listed on the National Stock Exchange of Australia (NSX).

Ms. Hsu has entered into a letter of appointment with the Company for a term of three years commencing from the Effective Date, subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. As an addition to the existing Board, Ms. Hsu shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election in accordance with the articles of association of the Company.

Pursuant to the letter of appointment, Ms. Hsu is entitled to a fixed director's fee of HK\$240,000 per annum. The aforementioned remuneration was determined by the Board with reference to market rates, Ms. Hsu's qualifications and experience, and her anticipated efforts and expertise to be put in on the Company's affairs. The amount of the remuneration for Ms. Hsu has been approved by the Board and the Remuneration Committee.

Save as disclosed above, as at the date of this announcement, Ms. Hsu (i) does not hold any other position in the Company or its subsidiaries; (ii) does not hold any other directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years; (iii) does not, and is not deemed to have any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations within the meaning of

Part XV of the SFO; and (iv) does not have any relationship with any directors, senior management, substantial shareholders (as defined in the GEM Listing Rules) or controlling shareholders (as defined in the GEM Listing Rules) of the Company.

Ms. Hsu confirms that, in relation to her appointment, there is no other information which is required to be disclosed under Rule 17.50(2) of the GEM Listing Rules nor other matters that need to be brought to the attention of the shareholders of the Company.

The Board would like to take this opportunity to welcome Ms. Hsu in joining the Board.

CHANGE OF COMPOSITION OF COMMITTEES

Mr. Cheng ceased to be the chairman of the Nomination Committee and a member of the Remuneration Committee.

Mr. Li ceased to be a member of the Audit Committee and a member of the Nomination Committee.

Mr. CC Wong ceased to be a member of the Audit Committee and the chairman of the Remuneration Committee.

Mr. John Wong ceased to be the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

Mr. Cho has been appointed as the chairman of the Nomination Committee in place of Mr. Cheng.

Mr. Kan has been appointed as the chairman of the Remuneration Committee in place of Mr. CC Wong.

Ms. Hsu has been appointed as the chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee in place of Mr. John Wong.

With effect from the Effective Date, the Board (excluding the suspended directors of the Company) comprises four directors who are new directors and are not involved in the legal proceedings under the Petition (the “**New Board**”):

- (a) Mr. Chang has been appointed as an ED;
- (b) Mr. Cho has been appointed as an INED, the chairman of the Nomination Committee, a member of the Audit Committee and the Remuneration Committee;
- (c) Mr. Kan has been appointed as an INED, the acting chairman of the Board, the chairman of the Remuneration Committee, a member of the Audit Committee and a member of the Nomination Committee; and

- (d) Ms. Hsu has been appointed as an INED, the chairman of the Audit Committee, a member of the Nomination Committee and a member of the Remuneration Committee.

CHANGE OF AUTHORISED REPRESENTATIVE

Mr. Chang, the executive director, has been appointed as the authorised representative of the Company as required under the GEM Listing Rules (the “**Authorised Representative**”) in place of Mr. Cheng pending the outcome of the legal proceedings of the Petition.

LITIGATION UPDATE

The Company has been joined as a party to the Petition. As the Company is only a nominal respondent to the Petition and pursuant to the order of the Court, the Company is not required to actively participate in the legal proceedings in respect of the Petition. As at the date of this announcement, the legal proceedings of the Petition are ongoing. The Company will inform the shareholders and potential investors of the Company on material progress of the Petition when appropriate.

INTERNAL CONTROL MEASURES

The Company has implemented the following internal control measures pending the outcome of the legal proceedings of the Petition:

- (a) The officers of the Group will cross check the counterparty with the list of connected persons updated on a monthly basis to identify potential connected transaction.
- (b) The Company has adopted a new material transactions authorisation policy and procedures (the “**Policy**”) to supplement the Group’s internal control policies, which include (i) implementing additional authorisation procedures by setting different thresholds on the amount of all transactions with specific authorisation requirements; (ii) preparing monthly reports with details of the transactions above certain threshold for the Board and the Audit Committee’s review to identify if there is any irregularity or doubtful transaction; and (iii) providing ad hoc training to the Group employees to ensure they are familiar with the Policy.
- (c) The Company has engaged an independent internal control consultant to conduct regular review on the Group’s risk management and internal control systems, and to evaluate the effectiveness and review the implementation and enforcement of the Policy.

FULFILMENT OF RESUMPTION GUIDANCE

Pursuant to the Resumption Guidance from the Stock Exchange, the Company is required to (a) demonstrate that its directors have the character, integrity and competence required under GEM Listing Rule 5.02 and are suitable to be directors of the Company; and (b) announce all material information for the Company's shareholders and other investors to appraise the Company's position.

The Company has fulfilled the Resumption Guidance with the aforementioned changes in composition of the Board and of the Committees where:

- (a) The New Board (excluding the Subject Directors) comprises four directors who are new directors and are not involved in the legal proceedings of the Petition. The New Board (other than the Subject Directors) will be responsible to monitor all the transactions of the Group. Since all the Subject Directors are suspended from their directorship duties pending the outcome of the legal proceedings of the Petition, they will be unable to exert control or influence over the operations and management of the Group and on the New Board and its decisions.
- (b) The new Committees will comprise three INEDs who are not involved in the legal proceedings of the Petition.
- (c) The Company shall have the right to terminate the appointment of any Subject Director when such Subject Director is adjudged guilty of willful default, fraud or dishonesty by a competent court or prohibited by laws or any rules or regulations of any regulatory bodies or governmental authorities from acting as a director.

Based on the above, save and except the Company understands that concerns on the Subject Directors which the shareholders and potential investors of the Company might have as a result of the Petition presented by SFC, the Company is not aware of anything which would adversely affect the character, integrity and competence of the Subject Directors and the New Board as required under GEM Listing Rules 5.02.

Nothing in this announcement or any action to be taken as referred to in this announcement should be construed as admission of any allegations made by SFC against the Subject Directors. This announcement or any action to be taken as mentioned above are made on the basis of no prejudice to the defence of the Subject Directors to the Petition and with a view to resuming the trading in the Shares for the interest of public shareholders of the Company.

RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on GEM of the Stock Exchange has been suspended since 9:00 a.m. on 26 September 2019 pending the fulfilment of the Resumption Guidance. The Company has made an application to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 28 September 2020.

Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

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

Hong Kong, 25 September 2020

As at the date of this announcement, the board of directors of the Company 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 six independent non-executive directors, namely, Mr. Li Shui Yan (suspended), Mr. Wong Chi Chiu (suspended), Mr. Wong Yik Chung John (suspended), Mr. Cho Chi Kong, Mr. Kan Man Wai (acting Chairman) and Ms. Hsu Wai Man Helen.

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

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