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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)

**POSSIBLE VERY SUBSTANTIAL DISPOSAL
IN RELATION TO
DISPOSAL MANDATE OF SHARES OF MOBVOI INC.**

DISPOSAL MANDATE

Skyteam, a subsidiary of the Company, held an aggregate of 25,213,220 Mobvoi Shares, representing approximately 1.66% of the issued share capital of Mobvoi as at the date of this announcement. The Board announces that, depending on prevailing market conditions, Skyteam may from time to time dispose of up to all of the 25,213,220 Mobvoi Shares.

Given the volatility of the stock market, disposing of the Mobvoi Shares at the best possible price requires prompt actions at the right timing and, for disposals of Mobvoi Shares which might be subject to approval by the Shareholders under Chapter 19 of the GEM Listing Rules, it would not be practicable to seek prior Shareholders' approval for each disposal of the Mobvoi Shares. To allow flexibility in effecting the Mobvoi Shares Disposal at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate from the Shareholders at the EGM.

IMPLICATIONS UNDER THE GEM LISTING RULES

On the assumption that all of the 25,213,220 Mobvoi Shares are sold at the average closing price of the Mobvoi Shares of approximately HK\$1.73 during the period from the date of listing of the Mobvoi Shares on the Stock Exchange (i.e. 24 April 2024) up to the trading day immediately prior to the date of this announcement, one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Mobvoi Shares Disposal may exceed 75%, the Mobvoi Shares Disposal may constitute a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules and shall be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Disposal Mandate by way of a poll. A circular containing, among other things, further details of the Mobvoi Shares Disposal and the Disposal Mandate, together with a notice convening the EGM will be despatched to the Shareholders on or before 31 December 2024.

There is no assurance that the Company will proceed with the Mobvoi Shares Disposal after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Mobvoi Shares Disposal depends on a number of factors including, without limitation, the then prevailing market prices and market conditions. As such, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Skyteam, a subsidiary of the Company, holds an aggregate of 25,213,220 Mobvoi Shares, representing approximately 1.66% of the issued share capital of Mobvoi as at the date of this announcement. The Board announces that, depending on prevailing market conditions, Skyteam may from time to time dispose of up to all of the 25,213,220 Mobvoi Shares.

Given the volatility of the stock market, disposing of the Mobvoi Shares at the best possible price requires prompt actions at the right timing and it would not be practicable to seek prior Shareholders' approval for each disposal of the Mobvoi Shares. To allow flexibility in effecting the Mobvoi Shares Disposal of the Mobvoi Shares at appropriate time(s) and price(s) so as to maximise the returns to the Group, the Company proposes to seek approval for the Disposal Mandate from the Shareholders at the EGM.

DISPOSAL MANDATE

The Disposal Mandate will be subject to the following parameters:

1. Mandate Period

12 months from the date of passing the resolution(s) approving the Disposal Mandate at the EGM.

2. Maximum number of Mobvoi Shares to be disposed of

Up to 25,213,220 Mobvoi Shares, representing approximately 1.66% of the issued share capital of Mobvoi as at the date of this announcement, subject to adjustments as set out in the sub-section headed “Capital Changes of Mobvoi” below.

3. Scope of authority

The Board shall be authorised and empowered to determine, decide, execute and implement with full discretion all matters relating to the Mobvoi Shares Disposal, including but not limited to (i) the timing; (ii) the number of batches of disposals; (iii) the number of Mobvoi Shares to be sold in each disposal; (iv) the manner of disposal (subject to the parameters set out under the sub-section headed “Manner of disposal(s)” below); (v) the target purchaser(s); and (vi) the selling price (subject to the parameters set out under the sub-section headed “Selling price” below).

It is expected that the purchaser(s) of the Mobvoi Shares to be disposed of under the Disposal Mandate and their ultimate beneficial owner(s) will be third parties independent of and not connected with the Company and its connected persons. In the event that any purchaser of the Mobvoi Shares Disposal is a connected person of the Company, the Company will strictly comply with the reporting, announcement and independent Shareholders’ approval requirements under Chapter 20 of the GEM Listing Rules.

4. Manner of disposal(s)

The Board shall be authorised and empowered to determine and decide with full discretion the manner of disposal, whether by way of sale in the open market or through block trade(s). If the Board decides to dispose of the Mobvoi Shares through placing agent(s), broker(s) or otherwise, the Company may appoint reputable placing agent(s) or broker(s) to identify purchaser(s) for Mobvoi Shares and the terms and conditions of the placing or brokerage agreement shall be negotiated on an arm’s length basis. As at the date of this announcement, the Board has not yet appointed or identified any placing agent or broker in respect of the Mobvoi Shares Disposal.

5. Selling price

If the disposal of the Mobvoi Shares is made in the open market, each transaction shall be at the market price. If the disposal of the Mobvoi Shares is made through block trade(s), each transaction shall be at a price no more than 20% discount to the average closing price of the Mobvoi Shares in the five (5) trading days immediately prior to the date of any definitive agreement.

The Board shall ensure that regardless of the manner of disposal, the selling price per Mobvoi Share shall in no event be lower than the Minimum Selling Price of HK\$0.70, which represents the lowest closing price per Mobvoi Share as quoted on the Stock Exchange during the period from the date of listing of the Mobvoi Shares on the Stock Exchange (i.e. 24 April 2024) up to the trading day immediately prior to the date of this announcement. In the event of Capital Changes of Mobvoi as set out under the sub-section headed “Capital Changes of Mobvoi” below, the Minimum Selling Price will be adjusted accordingly.

The Minimum Selling Price of HK\$0.70 represents:

- (i) a discount of approximately 17.6% to the average closing price of the Mobvoi Shares for the last five (5) trading days immediately prior to the date of this announcement;
- (ii) a discount of approximately 18.6% to the average closing price of the Mobvoi Shares for the last thirty (30) trading days immediately prior to the date of this announcement; and
- (iii) approximately 2.1 times the net asset value per Mobvoi Share of approximately HK\$0.33 per Mobvoi Share, calculated based on the unaudited consolidated net asset value of Mobvoi of RMB455,678,000 (equivalent to approximately HK\$492,933,948 at an exchange rate of HK\$1 to RMB0.92442) as at 30 June 2024 and 1,516,586,882 Mobvoi Shares in issue as at the date of this announcement.

The Directors (including the independent non-executive Directors, but excluding Mr. Cheng Wai Tak, Mr. Liu Ka Wing and Mr. Tse Ka Wing (collectively, the “Suspended Directors”) who have been suspended from their duties as Directors as disclosed in the announcement of the Company dated 25 September 2020) consider that the Minimum Selling Price will allow flexibility for the Group to accommodate fluctuation in the market conditions in the exercise of the Disposal Mandate and at the same time reflect the lowest acceptable price to the Group to dispose of the Mobvoi Shares and is thus fair and reasonable as far as the Company and the Shareholders are concerned.

The maximum 20% discount to the average closing price of the Mobvoi Shares in the five (5) trading day period is determined with reference to, among other factors, the trading volume of the Mobvoi Shares and the discount levels of other block trades undertaken on the Stock Exchange. It represents the maximum discount to the referenced average closing price of the Mobvoi Shares which the Company may consider in the exercise of the Disposal Mandate in the context of block trade(s), having regard to the then prevailing share price performance and market sentiment.

During the period from the date of listing of the Mobvoi Shares on the Stock Exchange (i.e. 24 April 2024) up to the trading day immediately prior to the date of this announcement, the highest closing price was HK\$4.24 and the lowest closing price was HK\$0.70, and the average closing price was approximately HK\$1.73. The highest daily trading volume of the Mobvoi Shares was 61,942,500 Mobvoi Shares and the lowest daily trading volume of the Mobvoi Shares was 94,000 Mobvoi Shares, while the average trading volume of the Mobvoi Shares was approximately 3,359,745 Mobvoi Shares. The total number of 25,213,220 Mobvoi Shares to be disposed of under the Disposal Mandate represents approximately 7.5 times the average daily trading volume of the Mobvoi Shares during the said period. In order to make the Mobvoi Shares held by the Group more attractive in block trade(s), the Directors (excluding the Suspended Directors) consider that it is fair and reasonable for the Company to offer certain percentage of discount to the market price. For illustration purpose, using the five-day average closing price of the Mobvoi Shares of approximately HK\$0.85 per Mobvoi Share immediately prior to the date of this announcement, if the Mobvoi Shares are sold at a maximum 20% discount to the five-day average closing price of the Mobvoi Shares, the selling price would be approximately HK\$0.68 per Mobvoi Share, and in which case, the Group will dispose of the Mobvoi Shares at a price not lower than the Minimum Selling Price of HK\$0.70 per Mobvoi Share.

The proposed maximum discount of 20% to the five-day average closing price of the Mobvoi Shares will allow flexibility for the Group in disposing of the Mobvoi Shares within a reasonable price range and promptly if needed in light of the volume of the Mobvoi Shares held by the Group. Having considered the above, the Directors (excluding the Suspended Directors) consider that the terms of the Disposal Mandate are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

6. Capital Changes of Mobvoi

If and when there shall be any alteration to the nominal value of Mobvoi Shares as a result of consolidation, subdivision or reclassification, or any issue of new Mobvoi Shares to Skyteam by way of capitalisation of profits or reserves or by way of a scrip dividend (collectively, the “Capital Changes”) during the Mandate Period, the number of Mobvoi Shares approved under the Disposal Mandate shall be adjusted accordingly to include such new Mobvoi Shares issued and the Minimum Selling

Price shall be adjusted by multiplying HK\$0.70 by the total number of the Mobvoi Shares in issue immediately before the Capital Changes and divided by the total number of the Mobvoi Shares in issue immediately thereafter.

INFORMATION ON SKYTEAM AND THE GROUP

Skyteam is a limited liability company incorporated under the laws of the British Virgin Islands and is principally engaged in investment holding. As at the date of this announcement, Skyteam is indirectly wholly owned by the Company.

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

INFORMATION ON MOBVOI

Mobvoi is an investment holding company. The Mobvoi Group is principally engaged in the rendering of artificial intelligence software solutions and sale of smart devices and other accessories to enterprises and individual customers. The Mobvoi Shares are listed on the Main Board of the Stock Exchange (Stock Code: 2438).

Based on the prospectus of Mobvoi dated 16 April 2024, the audited consolidated financial results of the Mobvoi Group for each of the two financial years ended 31 December 2022 and 31 December 2023 were as follows:

	For the year ended 31 December 2022	For the year ended 31 December 2023
	<i>RMB'000</i>	<i>RMB'000</i>
Loss before taxation from continuing operations	(683,683)	(800,807)
Loss after taxation from continuing operations	(684,979)	(802,602)

Based on the 2024 interim report of Mobvoi issued on 23 August 2024, the unaudited consolidated net asset value of the Mobvoi Group as at 30 June 2024 was approximately RMB455,678,000.

FINANCIAL IMPACT AND USE OF PROCEEDS

The Mobvoi Shares held by the Group were classified as financial assets at fair value through profit or loss in the consolidated financial statements of the Group. The audited carrying amount of the 25,213,220 Mobvoi Shares held by the Group as at 31 December 2023 was approximately HK\$35,848,000.

Based on the Minimum Selling Price of HK\$0.70 per Mobvoi Share, the aggregate market value of the 25,213,220 Mobvoi Shares held by the Group was approximately HK\$17,649,000. For illustration purpose, on the assumption that all the 25,213,220 Mobvoi Shares held by the Group are to be disposed of during the year ending 31 December 2024 with reference to the Minimum Selling Price of HK\$0.70 per Mobvoi Share, it is estimated that the Group will record an unaudited loss of approximately HK\$18,199,000 from the Mobvoi Shares Disposal on its consolidated statement of comprehensive income for the year ending 31 December 2024, being the deficit of the estimated gross sale proceeds (excluding transaction costs and taxes) of approximately HK\$17,649,000 arising from the disposal of all the 25,213,220 Mobvoi Shares at the Minimum Selling Price of HK\$0.70 per Mobvoi Share from the carrying amount of the 25,213,220 Mobvoi Shares held by the Group as at 31 December 2023 of approximately HK\$35,848,000. On such basis and upon settlement of the Mobvoi Shares Disposal, the assets of the Group will be reduced by approximately HK\$35,848,000, being the carrying amount of all the 25,213,220 Mobvoi Shares, and increased by approximately HK\$17,649,000, being the gross sale proceeds from the Mobvoi Shares Disposal (excluding transaction costs and taxes). The Mobvoi Shares Disposal will have no effect on the Group's liabilities.

The actual amount of the proceeds, the accounting gain or loss to be recognised in the consolidated financial statements of the Group and the effects on the net assets and earnings of the Group in relation to the Mobvoi Shares Disposal would depend on the actual selling price(s) of the relevant Mobvoi Shares and the actual number of the Mobvoi Shares to be disposed of and will be subject to final audit by the auditors of the Group. The net proceeds from the Mobvoi Shares Disposal will be used as general working capital of the Group.

REASONS AND BENEFITS OF THE MOBVOI SHARES DISPOSAL

The Group made its investment in Mobvoi in January 2015 and has held such investment since then. In light of the listing of the Mobvoi Shares on the Stock Exchange earlier this year, the expiry of the lock-up undertaking by Skyteam in respect of the Mobvoi Shares held, as well as the current market condition, the Board considers that the Mobvoi Shares Disposal presents a good opportunity for the Group to realise its investment in Mobvoi and reallocate its resources to other business needs. The Mobvoi Shares Disposal will enable the Group to enhance its cash flow position, which in turn will improve liquidity and solidify the financial position of the Group.

In view of the number of the Mobvoi Shares held by the Group and the volatility of the stock market, the Board considers that the Disposal Mandate will give flexibility to the Directors to dispose of the Mobvoi Shares at appropriate time(s) and price(s) in order to maximise the returns to the Group. The Mobvoi Shares Disposal will be made with reference to the then prevailing market price of the Mobvoi Shares. The Directors (excluding the Suspended Directors) are of the view that the Mobvoi Shares Disposal and the Disposal Mandate are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE GEM LISTING RULES

On the assumption that all of the 25,213,220 Mobvoi Shares are sold at the average closing price of the Mobvoi Shares of approximately HK\$1.73 during the period from the date of listing of the Mobvoi Shares on the Stock Exchange (i.e. 24 April 2024) up to the trading day immediately prior to the date of this announcement, one or more of the applicable percentage ratios (as defined under Rule 19.07 of the GEM Listing Rules) in respect of the Mobvoi Shares Disposal may exceed 75%, the Mobvoi Shares Disposal may constitute a very substantial disposal of the Company under Chapter 19 of the GEM Listing Rules and shall be subject to the reporting, announcement and Shareholders' approval requirements under Chapter 19 of the GEM Listing Rules.

The EGM will be convened for the Shareholders to consider and, if thought fit, approve the Disposal Mandate by way of a poll. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Shareholders have a material interest in the Mobvoi Shares Disposal and the Disposal Mandate. Accordingly, no Shareholder is required to abstain from voting at the EGM.

A circular containing, among other things, further details of the Mobvoi Shares Disposal and the Disposal Mandate, together with a notice convening the EGM is expected to be despatched to the Shareholders on or before 31 December 2024.

Pursuant to Rule 19.68(2)(a)(i) of the GEM Listing Rules, for a circular issued in relation to a very substantial disposal, it is required that financial information of either (a) Mobvoi; or (b) the Group with Mobvoi being shown separately, be included in the circular in relation to the Mobvoi Shares Disposal, where such financial information must be reviewed by the Company's auditors or reporting accountants according to the relevant standards as specified under Rule 19.68(2)(a)(i) of the GEM Listing Rules (the "Rules Requirements"). According to Note 2 to Rule 19.68(2)(a)(i) of the GEM Listing Rules, the Stock Exchange may be prepared to relax the Rules Requirements if the assets of Mobvoi are not consolidated in the Group's accounts before the Mobvoi Shares Disposal. In this connection, the Company has applied to the Stock Exchange for a waiver from strict compliance with the Rules Requirements.

As alternative disclosure, the circular of the Company in respect of the Mobvoi Shares Disposal and the Disposal Mandate will include and disclose extracts of (i) the consolidated statement of financial position; (ii) the consolidated statement of profit or loss and other comprehensive income; (iii) the consolidated cash flow statement or (in respect of the six months ended 30 June 2024) the condensed consolidated cash flow statement; and (iv) the consolidated statement of changes in equity of Mobvoi for the past three financial years ended 31 December 2023 and the six months ended 30 June 2024, and the accompanying notes thereto via hyperlinks. Further details of and reasons for the waiver, if granted by the Stock Exchange, together with alternative disclosures will be disclosed in the circular of the Company to be despatched to the Shareholders.

There is no assurance that the Company will proceed with the Mobvoi Shares Disposal after obtaining the Disposal Mandate. Whether and when the Company will proceed with the Mobvoi Shares Disposal depends on a number of factors including, without limitation, the then prevailing market prices and market conditions. As such, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Perfect Optronics Limited (圓美光電有限公司), a company incorporated in the Cayman Islands as an exempted company with limited liability, the Shares of which are listed on GEM (Stock Code: 8311)
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“Disposal Mandate”	the specific mandate to be granted by the Shareholders to the Directors to effect the Mobvoi Shares Disposal during the Mandate Period of up to 25,213,220 Mobvoi Shares held by Skyteam
“EGM”	the extraordinary general meeting to be convened by the Company to consider and, if thought fit, to approve the Disposal Mandate
“GEM”	the GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Mandate Period”	the period of 12 months from the date of passing of the relevant resolution(s) approving the Disposal Mandate at the EGM
“Minimum Selling Price”	HK\$0.70 per Mobvoi Share
“Mobvoi”	Mobvoi Inc. (出門問問有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2438)
“Mobvoi Group”	Mobvoi and its subsidiaries
“Mobvoi Share(s)”	ordinary share(s) of nominal value of US\$0.0000479889 each in the share capital of Mobvoi
“Mobvoi Shares Disposal”	the disposal of Mobvoi Shares by Skyteam from time to time under the Disposal Mandate
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Shareholder(s)”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of nominal value of HK\$0.01 each in the share capital of the Company
“Skyteam”	Skyteam Resources Limited, a limited liability company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

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

Hong Kong, 13 December 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 three independent non-executive Directors, namely, Mr. Kan Man Wai (acting Chairman), Ms. Hsu Wai Man Helen and Mr. Lau Ngai Kee Ricky.

This announcement, for which the Directors 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, 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 Listed 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>.