



Perfect Optronics Limited

圓美光電有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8311

2021

Interim Report

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

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This report, 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 report 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 report misleading.

HIGHLIGHTS

- The Group recorded a revenue of approximately HK\$231.2 million for the six months ended 30 June 2021 (six months ended 30 June 2020: approximately HK\$37.7 million).
- Loss attributable to equity holders of the Company for the six months ended 30 June 2021 amounted to approximately HK\$3.0 million (six months ended 30 June 2020: approximately HK\$17.5 million).
- The Board does not declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

FINANCIAL RESULTS

The board of directors (the "Board") of Perfect Optronics Limited (the "Company") hereby announces the unaudited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2021 together with the comparative unaudited figures for the corresponding period in 2020 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2021

	Note	Three months ended 30 June		Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Revenue	4	125,506	18,235	231,168	37,733
Cost of sales		(117,931)	(19,969)	(213,429)	(39,307)
Gross profit/(loss)		7,575	(1,734)	17,739	(1,574)
Other gains, net	6	551	760	810	867
Distribution and selling expenses		(4,263)	(2,756)	(8,816)	(5,056)
General and administrative expenses		(6,111)	(6,074)	(12,186)	(11,727)
Research and development expenses		(564)	(290)	(768)	(657)
Operating loss		(2,812)	(10,094)	(3,221)	(18,147)
Finance income		11	9	19	16
Finance costs	7	(128)	(170)	(246)	(360)
Finance costs, net		(117)	(161)	(227)	(344)
Loss before income tax	8	(2,929)	(10,255)	(3,448)	(18,491)
Income tax	9	(1)	5	(14)	6
Loss for the period		(2,930)	(10,250)	(3,462)	(18,485)
Other comprehensive income/(loss):					
<i>Items that may be subsequently reclassified to income statement</i>					
Currency translation differences		30	85	21	(57)
<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		(107)	(81)	(107)	(81)
Total comprehensive loss for the period		(3,007)	(10,246)	(3,548)	(18,623)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

For the six months ended 30 June 2021

Note	Three months ended 30 June		Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Loss for the period attributable to:				
Equity holders of the Company	(2,882)	(9,731)	(3,032)	(17,474)
Non-controlling interests	(48)	(519)	(430)	(1,011)
	(2,930)	(10,250)	(3,462)	(18,485)
Total comprehensive loss for the period attributable to:				
Equity holders of the Company	(2,950)	(9,732)	(3,109)	(17,612)
Non-controlling interests	(57)	(514)	(439)	(1,011)
	(3,007)	(10,246)	(3,548)	(18,623)
Basic and diluted loss per share	11	HK(0.19) cents	HK(0.20) cents	HK(1.18) cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	12	454	835
Right-of-use assets	13	9,291	9,867
Intangible assets	14	5,322	5,322
Deferred income tax assets		157	171
Financial asset at fair value through other comprehensive income	3.4	1,769	1,876
Financial asset at fair value through profit or loss	3.4	60,058	59,547
		77,051	77,618
Current assets			
Inventories		87,561	31,904
Trade and other receivables	15	18,454	34,007
Cash and cash equivalents		81,588	76,403
		187,603	142,314
Total assets		264,654	219,932
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		14,837	14,837
Reserves		116,284	116,361
Retained earnings		17,131	20,163
		148,252	151,361
Non-controlling interests		(684)	(245)
Total equity		147,568	151,116

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 30 June 2021

	Note	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Lease liabilities	13	5,543	7,191
		5,543	7,191
Current liabilities			
Trade and other payables	16	106,387	57,253
Lease liabilities	13	5,156	4,372
		111,543	61,625
Total liabilities		117,086	68,816
Total equity and liabilities		264,654	219,932

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2021

	Attributable to equity holders of the Company									
	Share capital HK\$'000 (Unaudited)	Share premium HK\$'000 (Unaudited)	Other reserves ¹ HK\$'000 (Unaudited)	Merger reserve HK\$'000 (Unaudited)	Revaluation reserve ² HK\$'000 (Unaudited)	Exchange reserve HK\$'000 (Unaudited)	Retained earnings HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Non-controlling interests HK\$'000 (Unaudited)	Total equity HK\$'000 (Unaudited)
Balance at 1 January 2021	14,837	465,738	67,349	(415,675)	(730)	(321)	20,163	151,361	(245)	151,116
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(3,032)	(3,032)	(430)	(3,462)
Other comprehensive income/ (loss)										
Currency translation differences	—	—	—	—	—	30	—	30	(9)	21
Change in value of financial asset at fair value through other comprehensive income	—	—	—	—	(107)	—	—	(107)	—	(107)
Total other comprehensive income/ (loss)	—	—	—	—	(107)	30	—	(77)	(9)	(86)
Total comprehensive income/ (loss)	—	—	—	—	(107)	30	(3,032)	(3,109)	(439)	(3,548)
Balance at 30 June 2021	14,837	465,738	67,349	(415,675)	(837)	(291)	17,131	148,252	(684)	147,568
Balance at 1 January 2020	14,837	465,738	67,349	(415,675)	67	(415)	37,046	168,947	1,410	170,357
Comprehensive loss										
Loss for the period	—	—	—	—	—	—	(17,474)	(17,474)	(1,011)	(18,485)
Other comprehensive loss										
Currency translation differences	—	—	—	—	—	(57)	—	(57)	—	(57)
Change in value of financial asset at fair value through other comprehensive income	—	—	—	—	(81)	—	—	(81)	—	(81)
Total other comprehensive loss	—	—	—	—	(81)	(57)	—	(138)	—	(138)
Total comprehensive loss	—	—	—	—	(81)	(57)	(17,474)	(17,612)	(1,011)	(18,623)
Balance at 30 June 2020	14,837	465,738	67,349	(415,675)	(14)	(472)	19,572	151,335	399	151,734

- Other reserves include: (1) the difference between the share capital issued by the Company for acquisition of the subsidiaries pursuant to a reorganisation for the listing of the Company and the aggregate capital of the subsidiaries being acquired at the time of the reorganisation; and (2) the amount of the loan waived by the controlling shareholder upon completion of a common control combination.
- Revaluation reserve represents fair value reserve for financial asset at fair value through other comprehensive income.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2021

	Note	Six months ended 30 June	
		2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Net cash generated from/(used in) operating activities		7,733	(23,303)
Cash flows from investing activities			
Purchases of property, plant and equipment	12	(89)	—
Interest received		19	16
Net cash (used in)/generated from investing activities		(70)	16
Cash flows from financing activities			
Payments of principal element of lease liabilities	13	(2,502)	(2,892)
Net cash used in financing activities		(2,502)	(2,892)
Net increase/(decrease) in cash and cash equivalents		5,161	(26,179)
Cash and cash equivalents at beginning of period		76,403	70,308
Exchange differences on cash and cash equivalents		24	(55)
Cash and cash equivalents at end of period		81,588	44,074

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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 Company is an investment holding company and its subsidiaries are principally engaged in the trading, development and sale of display and optics products and related electronic components and trading of other products. The Group also processes some of the products which it sells.

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2021 (the "2021 Interim Financial Statements") have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. The 2021 Interim Financial Statements do not include all the notes of the type normally included in an annual financial report. Accordingly, the 2021 Interim Financial Statements should be read in conjunction with the annual report for the year ended 31 December 2020, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), and any public announcements made by the Company during the six months ended 30 June 2021.

The 2021 Interim Financial Statements are presented in Hong Kong dollars ("HK\$"), unless otherwise stated; and have been prepared under the historical cost convention, except for financial asset at fair value through other comprehensive income ("FVOCI") and financial asset at fair value through profit or loss ("FVTPL") which have been measured at fair value.

The 2021 Interim Financial Statements have not been reviewed by the external auditors of the Company but have been reviewed by the audit committee of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of the 2021 Interim Financial Statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2020.

A number of new and amended standards became applicable for the current reporting period and they did not have material impacts on the Group. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2021 Interim Financial Statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2020.

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

3.1 Financial instruments by category

The Group holds the following financial instruments at 30 June 2021:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables	16,893	32,606
Cash and cash equivalents	81,588	76,403
Financial asset at FVOCI	1,769	1,876
Financial asset at FVTPL	60,058	59,547
	160,308	170,432
Financial liabilities		
Liabilities at amortised cost:		
Trade and other payables	104,136	54,288
Lease liabilities	10,699	11,563
	114,835	65,851

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

3.2 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and cash flow and fair value interest rate risk), credit risk, liquidity risk and price risk.

The 2021 Interim Financial Statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2020.

There have been no changes in the risk management policies since year end.

3.3 Liquidity risk

As at 30 June 2021, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

	Less than 1 year HK\$'000	Between 1 to 5 years HK\$'000	Total contractual cash flows HK\$'000	Carrying amount HK\$'000
At 30 June 2021 (Unaudited)				
Trade payables	95,177	—	95,177	95,177
Other payables	8,959	—	8,959	8,959
Lease liabilities	5,556	5,718	11,274	10,699
	109,692	5,718	115,410	114,835
At 31 December 2020 (Audited)				
Trade payables	44,885	—	44,885	44,885
Other payables	9,403	—	9,403	9,403
Lease liabilities	4,905	7,591	12,496	11,563
	59,193	7,591	66,784	65,851

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

3.4 Fair value measurements

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- (ii) Inputs other than quoted prices included within level 1 that are observable for the assets or liabilities, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- (iii) Inputs for the assets or liabilities that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets measured and recognised at fair value at 30 June 2021 and 31 December 2020 on a recurring basis:

	At 30 June 2021				At 31 December 2020			
	Level 1 HK\$'000 (Unaudited)	Level 2 HK\$'000 (Unaudited)	Level 3 HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)	Level 1 HK\$'000 (Audited)	Level 2 HK\$'000 (Audited)	Level 3 HK\$'000 (Audited)	Total HK\$'000 (Audited)
Financial asset at FV/TPL								
– Unlisted preferred shares (Note (a))	–	–	60,058	60,058	–	–	59,547	59,547
Financial asset at FVOCI								
– Unlisted equity securities (Note (b))	–	–	1,769	1,769	–	–	1,876	1,876
	–	–	61,827	61,827	–	–	61,423	61,423

Notes:

- (a) The balance comprises the Group's holding of certain preferred shares in Mobvoi Inc. ("Mobvoi"), a private company principally engaged in the business of developing and providing voice search artificial intelligence ("AI") systems on mobile, smart wearable, automotive and other devices. There have been no addition to or disposal of such investment by the Group since it made the investment in January 2015. The Group's shareholding proportion in Mobvoi was approximately 1.23% (on a fully diluted and as converted basis) as at 30 June 2021 (31 December 2020: 1.23%). No dividend has been received by the Group from Mobvoi since its investment.
- (b) The balance comprises the Group's equity investment in certain ordinary shares issued by a private company principally engaged in the research and development, manufacturing and sale of separator which is a key component in lithium batteries, representing approximately 2.22% of the shareholding of such company as at 30 June 2021 (31 December 2020: 2.22%).

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

3.4 Fair value measurements (Continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. During the six months ended 30 June 2021, there were no transfers amongst levels 1, 2, and 3 (six months ended 30 June 2020: Nil).

The Group's other financial assets, including cash and cash equivalents, trade and other receivables; and the Group's financial liabilities, including trade and other payables, lease liabilities are not measured at fair value in the condensed consolidated statement of financial position. The fair values are not materially different to their carrying amounts, since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2021.

The following table presents the changes in level 3 instruments for the six months ended 30 June 2021 and 2020:

	Financial asset at FVTPL HK\$'000 (Unaudited)	Financial asset at FVOCI HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Six months ended 30 June 2021			
Opening balance as at 1 January 2021	59,547	1,876	61,423
Unrealised gains recognised in other gains, net (Note 6)	511	—	511
Losses recognised in other comprehensive income	—	(107)	(107)
Closing balance as at 30 June 2021	60,058	1,769	61,827
Six months ended 30 June 2020			
Opening balance as at 1 January 2020	57,538	2,673	60,211
Unrealised gains recognised in other gains, net (Note 6)	205	—	205
Losses recognised in other comprehensive income	—	(81)	(81)
Closing balance as at 30 June 2020	57,743	2,592	60,335

3. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

3.4 Fair value measurements (Continued)

The following table summarises the valuation techniques used and the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Valuation technique	Significant unobservable inputs	Value	Relationship of unobservable inputs to fair value
(a) Preferred shares issued by a private entity	Market comparable companies and equity value allocation with option-pricing method	Volatility	45.31%	10% increase/(decrease) in the volatility would result in (decrease)/increase in fair value by approximately (HK\$79,000)/HK\$69,000
(b) Ordinary shares issued by a private entity	Discounted cash flow method	Weighted average cost of capital ("WACC")	15.77%	10% increase/(decrease) in WACC would result in (decrease)/increase in fair value by approximately (HK\$232,000)/HK\$261,000

Valuations of the above financial assets held by the Group as at the end of the reporting period were performed by independent valuers. There were no changes made to any of the valuation techniques applied as of 31 December 2020.

4. REVENUE

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

5. SEGMENT INFORMATION

Information reported to the directors of the Company, 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 six months ended 30 June 2021 are as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Thin film transistor liquid crystal display ("TFT-LCD") panels and modules	174,217	20,096
Polarisers	23,930	7,873
Health-related products	12,182	1,254
Electronic signage	7,793	3,719
Integrated circuits	5,915	13
Optics products	1,886	510
Others	5,245	4,268
	231,168	37,733

- (b) Revenue by customers' geographical location

During the six months ended 30 June 2021, revenue from external customers by locations where the Group's products were delivered to its customers is shown in the table below.

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Hong Kong	160,777	27,895
The People's Republic of China (the "PRC")	61,055	8,088
Taiwan	9,336	1,750
	231,168	37,733

5. SEGMENT INFORMATION (CONTINUED)

- (c) Revenues from major customers who have individually contributed to 10% or more of the total revenue of the Group for the six months ended 30 June 2021 are disclosed as follows:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Customer A	61,593	3,866
Customer B	23,930	8,209
	85,523	12,075

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

	Hong Kong HK\$'000	The PRC HK\$'000	Taiwan HK\$'000	Total HK\$'000
As at 30 June 2021 (Unaudited):				
Non-current assets				
Property, plant and equipment	12	338	104	454
Right-of-use assets	4,569	4,625	97	9,291
Intangible assets	4,200	1,122	—	5,322
	8,781	6,085	201	15,067
As at 31 December 2020 (Audited):				
Non-current assets				
Property, plant and equipment	81	644	110	835
Right-of-use assets	2,806	6,932	129	9,867
Intangible assets	4,200	1,122	—	5,322
	7,087	8,698	239	16,024

6. OTHER GAINS, NET

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Fair value changes in financial asset at FVTPL (Note 3.4)	511	205
Net exchange gain/(loss)	38	(94)
Others	261	756
	810	867

7. FINANCE COSTS

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Interest expense on lease liabilities (Note 13)	246	360

8. LOSS BEFORE INCOME TAX

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

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Cost of inventories sold	209,475	39,545
Provision/(write-back of provision) for obsolete inventories, net	1,544	(2,421)
Depreciation of property, plant and equipment (Note 12)	480	530
Depreciation of right-of-use assets (Note 13)	2,363	2,956

9. INCOME TAX

The amount of income tax (charged)/credited to the condensed consolidated income statement represents:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Current income tax	—	5
Deferred income tax	(14)	1
	(14)	6

No Hong Kong profits tax has been provided as the Group has no estimated assessable profit arising in or derived from Hong Kong during the six months ended 30 June 2021 (six months ended 30 June 2020: Nil). Taxation on profits assessable elsewhere has been calculated at the rates of tax prevailing in the countries/jurisdictions in which the Group operates.

10. DIVIDEND

The Board does not declare an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

11. BASIC AND DILUTED LOSS PER SHARE

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

	Six months ended 30 June	
	2021 (Unaudited)	2020 (Unaudited)
Loss attributable to equity holders of the Company (HK\$'000)	(3,032)	(17,474)
Weighted average number of ordinary shares in issue (thousands)	1,483,687	1,483,687
Basic and diluted loss per share (HK cents per share)	(0.20)	(1.18)

For the purpose of determining the diluted loss per share amount, no adjustment has been made to the basic loss per share amount for the six months ended 30 June 2021 and 2020 as the Group had no potentially dilutive ordinary shares in issue during these periods.

12. PROPERTY, PLANT AND EQUIPMENT

	HK\$'000 (Unaudited)
Six months ended 30 June 2021	
<i>Net book value</i>	
Opening amount as at 1 January 2021	835
Additions	89
Depreciation (Note 8)	(480)
Currency translation differences	10
Closing amount as at 30 June 2021	454
Six months ended 30 June 2020	
<i>Net book value</i>	
Opening amount as at 1 January 2020	1,732
Depreciation (Note 8)	(530)
Currency translation differences	(25)
Closing amount as at 30 June 2020	1,177

13. LEASES

	Right-of-use assets — Properties HK\$'000 (Unaudited)	Lease liabilities HK\$'000 (Unaudited)
As at 1 January 2021	9,867	11,563
Additions	3,164	3,164
Lease modifications	(1,427)	(1,589)
Depreciation expense (Note 8)	(2,363)	—
Interest expense (Note 7)	—	246
Payments of principal element	—	(2,502)
Payments of interest element	—	(246)
Exchange realignment	50	63
As at 30 June 2021	9,291	10,699
Current		5,156
Non-current		5,543
		10,699
As at 1 January 2020	12,292	13,790
Additions	366	366
Depreciation expense (Note 8)	(2,956)	—
Interest expense (Note 7)	—	360
Payments of principal element	—	(2,892)
Payments of interest element	—	(360)
Exchange realignment	(156)	(179)
As at 30 June 2020	9,546	11,085
Current		4,073
Non-current		7,012
		11,085

The Group recognised rent expense from short-term leases of HK\$69,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$16,600).

14. INTANGIBLE ASSETS

During the six months ended 30 June 2021, there were no movements in the Group's intangible assets (six months ended 30 June 2020: Nil).

15. TRADE AND OTHER RECEIVABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade receivables (Note)	11,629	24,680
Bills receivables (Note)	1,457	6,144
	13,086	30,824
Prepayments, deposits and other receivables	5,368	3,183
	18,454	34,007

Note:

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:

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0-30 days	9,315	20,997
31-60 days	3,523	9,738
61-90 days	174	53
Over 90 days	74	36
	13,086	30,824

16. TRADE AND OTHER PAYABLES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Trade payables (Note)	95,177	44,885
Deposits received from customers	6,836	7,163
Accruals and other payables	4,374	5,205
	106,387	57,253

16. TRADE AND OTHER PAYABLES (CONTINUED)

Note:

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

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
0-30 days	59,778	35,957
31-60 days	35,354	8,905
61-90 days	—	23
Over 90 days	45	—
	95,177	44,885

17. RELATED PARTY TRANSACTIONS

Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2021 HK\$'000 (Unaudited)	2020 HK\$'000 (Unaudited)
Short-term employee benefits (Note)	3,877	4,074
Post-employment benefits — defined contribution plans	38	27
	3,915	4,101

Note: Include lease payments of HK\$516,000 for staff quarter for the six months ended 30 June 2020.

18. MAJOR NON-CASH TRANSACTION

During the six months ended 30 June 2021, the Group entered into lease arrangements in respect of properties and right-of-use asset of HK\$3,164,000 (six months ended 30 June 2020: HK\$366,000) was recognised.

MANAGEMENT DISCUSSION AND ANALYSIS

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 other products. The Group also processes some of the products that it sells.

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 slowed down the economy worldwide and led to market uncertainties and temporary disruptions to the operations of the Group during the six months ended 30 June 2020. As the disruptions caused by COVID-19 began to alleviate and the economy is gradually improving, the Group recorded a significant increase in revenue during the six months ended 30 June 2021 (the “Period”) as compared with the six months ended 30 June 2020. Revenue of the Group for the Period amounted to approximately HK\$231,168,000, representing an increase of approximately 5.1 times as compared to approximately HK\$37,733,000 for the corresponding period in 2020. Due to the significant increase in revenue and the improvement in gross profit during the Period, the consolidated loss attributable to equity holders of the Company decreased by approximately 83% from approximately HK\$17,474,000 for the six months ended 30 June 2020 to approximately HK\$3,032,000 for the Period.

During the Period, 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. Since the outbreak of COVID-19, the trends of distance learning and work-from-home mode have driven the market demand for laptops, PC monitors and tablets, and thus increased the demand for related display components. These factors continued to contribute to the increase in revenue and gross profit margins of the Group’s display products during the Period. The Group’s sales of TFT-LCD panels and modules amounted to approximately HK\$174,217,000 during the Period, representing an increase of approximately 7.7 times the amount of approximately HK\$20,096,000 for the six months ended 30 June 2020. Meanwhile, the Group also recorded a significant increase in the sales of polarisers and integrated circuits during the Period. Sales of polarisers amounted to approximately HK\$23,930,000 during the Period, which increased by approximately twice the amount of approximately HK\$7,873,000 for the corresponding period in 2020. Sales of integrated circuits amounted to approximately HK\$5,915,000 during the Period, representing an increase of approximately HK\$5,902,000 as compared to approximately HK\$13,000 for the corresponding period in 2020.

Recently, an increasing number of shopping malls and retail stores have installed digital information signages to attract customers. With the growing popularity of digital information signages and the Group’s effort in developing the Taiwan market, the Group’s electronic signage products, which include digital information signages, electronic shelf displays and electronic white boards, etc., recorded a revenue of approximately HK\$7,793,000 during the Period, which more than doubled the amount of approximately HK\$3,719,000 for the corresponding period in 2020. The Group is continuing to develop overseas markets for its electronic signage products.

The Group's sales of optics products during the Period, which mainly comprised sales of optics products components, amounted to approximately HK\$1,886,000, representing an increase of approximately HK\$1,376,000 as compared with approximately HK\$510,000 for the corresponding period in 2020.

At the outbreak of COVID-19 in 2020, the Group promptly reacted to the widespread shortage of disinfectant products in Hong Kong and introduced a personal hygiene and disinfectant product line in Taiwan branded "K-clean" to the Hong Kong market. The Group has marketed K-clean to corporate clients, public sectors and consumers. During the Period, the Group implemented a variety of marketing initiatives, including TV advertisements, electronic media promotions, retail kiosks in shopping malls and participation in large exhibition events, and at the same time broadened its sales channels to various online sales platforms, large-scale chained retail outlets, department stores and drugstores. In the beginning of 2021, K-clean also received commendation for its high performance in both bacteria kill rate and reduction of viral infectivity. Through the aforesaid marketing efforts and the proven effectiveness of K-clean, K-clean has gained recognition in the market. The Group's sales of health-related products amounted to approximately HK\$12,182,000 during the Period, representing an increase of approximately HK\$10,928,000 as compared to approximately HK\$1,254,000 for the corresponding period in 2020.

As for the Group's investment in Mobvoi which is classified as financial asset at FVTPL, there was no material change in fair value during the Period. Recently, Mobvoi has launched a new model of smart watch that features 2.5D curved glass screen, a skin temperature sensor and blood oxygen saturation tracker. It also launched an AI voice recorder that applies AI-powered transcription technology to convert audio to editable and shareable text. Besides keeping up with market demand and rolling out new products, Mobvoi has also tried to expand its business through entering into other high-growth business sectors which can apply its AI technology so as to accelerate its revenue growth and gain synergy. Mobvoi acquired two companies which provide education and training services to students (including children) in the PRC in 2020 by the issues of new ordinary shares of Mobvoi. However, recently the PRC government has been reforming the PRC education system, and a new policy (the "Policy") was issued in July 2021 to alleviate the workload of students from after-school trainings. The Policy requires that a sound ecological environment of education shall be created to effectively ease parental anxiety and facilitate all-round development and healthy growth of the students in compulsory education. The Company is informed by Mobvoi that the Policy has no significant impact on the principal businesses of the aforesaid two acquired companies, and details of the Policy are not yet available at current stage. It is expected that being participants in the education sector, those two companies and thus Mobvoi would be negatively affected as PRC government moves to ease the financial burdens of parenting, following the introduction of the Three-Child Policy. Nevertheless, Mobvoi will continue to develop technology, widen product portfolio and expand business in order to alleviate any negative impacts.

Prospects

Looking forward, although the economy worldwide is gradually recovering from the pandemic, it continues to be susceptible to many market uncertainties. Moreover, the demand for display panels, which was the main revenue driver of the Group during the Period, is expected to cool down because of the gradual relaxation of COVID-19 restrictive measures in various areas, bringing down the need for additional in-home display panels. To deal with these challenges, the Group will continue to adopt different strategies to seize market opportunities and widen its revenue base. In view of the remarkable performance of the Group's K-clean and related products business, the Group will continue to explore opportunities in health-related products and expand its product diversity in order to create greater value for the Group and its shareholders.

Financial Review

Revenue

As the disruption caused by COVID-19 began to alleviate, together with the increase in demand for medium-to-large sized display panels and contribution from the sales of the Group's new products, total revenue of the Group for the Period amounted to approximately HK\$231,168,000, representing a significant increase of approximately HK\$193,435,000 as compared with approximately HK\$37,733,000 for the six months ended 30 June 2020. Sales of TFT-LCD panels and modules, polarisers, electronic signage, integrated circuits, optics products, as well as the Group's newly introduced personal hygiene and disinfectant products showed significant increase during the Period as compared to the corresponding period in 2020.

Gross profit/(loss)

The Group recorded a gross profit for the Period of approximately HK\$17,739,000, as compared with a gross loss of approximately HK\$1,574,000 for the six months ended 30 June 2020. The improvement in gross profit was mainly due to the increase in revenue and the gross profit margin of the Group's products sold during the Period.

Expenses

The Group's distribution and selling expenses for the Period amounted to approximately HK\$8,816,000, which increased by approximately 74% as compared with approximately HK\$5,056,000 for the six months ended 30 June 2020. The increase was mainly attributable to the increase in staff costs, sales commissions, transportation and promotion expenses incurred for the Group's new products.

The Group's general and administrative expenses for the Period amounted to approximately HK\$12,186,000, which increased by approximately 4% as compared with approximately HK\$11,727,000 for the six months ended 30 June 2020. The increase was mainly attributable to the increase in staff costs and bank charges.

The Group's research and development expenses for the Period amounted to approximately HK\$768,000, which increased by approximately 17% as compared with approximately HK\$657,000 for the six months ended 30 June 2020. The increase was mainly due to the increase in staff costs.

Finance costs

The Group's finance costs for the Period represented interest expense on lease liabilities of approximately HK\$246,000 (six months ended 30 June 2020: HK\$360,000).

Loss for the period attributable to equity holders of the Company

Due to the significant increase in revenue and improvement in gross profit of the Group, loss attributable to the equity holders of the Company for the Period amounted to approximately HK\$3,032,000, representing a decrease in loss of approximately 83% as compared with approximately HK\$17,474,000 for the six months ended 30 June 2020.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's principal sources of funds are 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. The Group's cash and cash equivalents as at 30 June 2021 and 31 December 2020 comprised bank deposits, bank balances and cash.

The carrying amounts of the Group's bank deposits, bank balances and cash are denominated in the following currencies:

	30 June 2021 HK\$'000	31 December 2020 HK\$'000
United States dollars ("USD")	62,098	59,560
Hong Kong dollars	10,656	7,478
Renminbi	8,020	8,805
New Taiwan dollars	814	560
	81,588	76,403

GEARING RATIO

The Group's gearing ratio (calculated based on the Group's total interest-bearing bank borrowings divided by the Group's total equity) was 0% as at 30 June 2021 (31 December 2020: 0%).

CAPITAL STRUCTURE

The capital of the Company only comprises of ordinary shares. There has been no change in the capital structure of the Group during the six months ended 30 June 2021.

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Period.

The Group strives to reduce exposure to credit risk by monitoring on an ongoing basis with reference to the financial position of the debtors, past experience and other factors. The Group performs regular credit evaluations of its major customers. To manage liquidity risk, the management closely monitors the Group's liquidity position and maintains sufficient cash and an adequate amount of committed credit facilities to settle the payables of the Group.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group had no material contingent liabilities (31 December 2020: Nil).

CHARGE OF ASSETS

As at 30 June 2021, the Group had no charge of assets (31 December 2020: Nil).

FOREIGN CURRENCY

The Group's business transactions, assets and liabilities are principally denominated in United States dollars, Hong Kong dollars, Renminbi and New Taiwan dollars. The Group currently does not have a foreign currency hedging policy. However, the Board will continuously monitor the related foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

CAPITAL COMMITMENTS

As at 30 June 2021, the Group did not have any significant capital commitments (31 December 2020: Nil).

SIGNIFICANT INVESTMENTS HELD

In January 2015, the Group subscribed for 25,213,220 Series A-2 Preferred Shares of Mobvoi at a consideration of USD3,000,000. Mobvoi is principally engaged in the business of developing and providing voice search AI systems on mobile, smart wearable, automotive and other devices. The Company considers that the investment in Mobvoi, which is intended to be held by the Group for long-term investment purpose, will provide an opportunity to the Group to share in and gain from the development potentials of Mobvoi and its products and technology. The Group does not have any management or operational role in Mobvoi. There have been no addition to or disposal of such investment by the Group since it made the investment in January 2015. The Group's shareholding in Mobvoi (on a fully diluted and as converted basis) was approximately 1.23% as at 30 June 2021 (31 December 2020: 1.23%).

The Group's investment in Mobvoi is classified as financial asset at fair value through profit or loss. As at 30 June 2021, the fair value of the Group's investment in Mobvoi was approximately HK\$60,058,000, representing approximately 22.7% of the Group's total assets. No dividend has been received by the Group from Mobvoi since making its investment. A fair value gain of approximately HK\$511,000 was recognised during the six months ended 30 June 2021.

Save for the abovementioned, the Group did not hold any significant investment in equity interest in any other company as at 30 June 2021.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

The Group did not have plans for material investments and capital assets as at 30 June 2021.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies during the six months ended 30 June 2021.

INFORMATION ON EMPLOYEES

The Group offers competitive remuneration packages commensurate with industry practice and provides various fringe benefits to employees including medical benefits, social insurance, provident funds, bonuses and a share option scheme.

As at 30 June 2021, the employee headcount of the Group was 67 (31 December 2020: 66) and the total staff costs, including directors' emoluments, amounted to approximately HK\$11,784,000 for the six months ended 30 June 2021 (six months ended 30 June 2020: HK\$10,348,000).

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 30 June 2021, 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 the required standard of dealings by directors set out in 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 shares
Mr. Cheng Wai Tak	Interest in controlled corporation	923,427,151 (Note)	62.24%
	Beneficial owner	2,220,000	0.15%
		925,647,151	62.39%
Mr. Kan Man Wai	Beneficial owner	320,000	0.02%

Note: These 923,427,151 shares are held by Winful Enterprises Limited ("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 923,427,151 shares held by Winful Enterprises.

Save as disclosed above, as at 30 June 2021, none of the Directors and chief executives of the Company had registered any other interests or short positions 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 required 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 30 June 2021, other than the Directors and chief executive of the Company, the following persons/entities have 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:

Long position in shares of the Company:

Name	Nature of interests	Number of shares held	Percentage of the Company's issued shares
Winful Enterprises	Directly beneficially owned	923,427,151 (Note)	62.24%

Note: Mr. Cheng Wai Tak is deemed under the SFO to be interested in these 923,427,151 shares held by Winful Enterprises.

Save as disclosed above, as at 30 June 2021, 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 OR DEBENTURES

Save as the Share Option Scheme, at no time during the six months ended 30 June 2021 was the Company, its parent company, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

During the six months ended 30 June 2021, the Company did not redeem any of its shares, and neither did the Company nor any of its subsidiaries purchase or sell any shares of the Company.

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 six months ended 30 June 2021.

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”) entered into a deed of non-competition undertaking (the “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 of the Company dated 24 January 2014.

COMPETING INTERESTS

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) had any business or interest which competes or may compete with the business of the Group, nor was there any other conflict of interest which any such person had or might have with the Group throughout the six months ended 30 June 2021.

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 SFO against certain Directors, namely Mr. Cheng Wai Tak ("Mr. Cheng"), 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 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. The function of the CEO is shared among the management staff of the Company and other members of the Board.

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

* *for identification purpose only*

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 six months ended 30 June 2021, the Company has complied with all the code provisions of the CG Code.

DISCLOSURE OF INFORMATION ON DIRECTORS

Pursuant to Rule 17.50A of the GEM Listing Rules, the changes in information on Directors are as follows:

With effect from 25 March 2021, Ms. Hsu Wai Man Helen, an independent non-executive Director resigned as an independent non-executive director of Harmonicare Medical Holdings Limited (stock code: 1509). The listing of the shares of the said company on the Stock Exchange was cancelled with effect from 25 March 2021.

Mr. Cho Chi Kong, an independent non-executive Director: (1) resigned as an independent non-executive director of Mansion International Holdings Limited (stock code: 8456) with effect from 1 June 2021; and (2) is appointed as an independent non-executive director of New Western Group Limited (stock code: 8242) with effect from 25 June 2021. The shares of both companies are listed on the Stock Exchange.

AUDIT COMMITTEE

The Company has established an audit committee with written terms of reference in compliance with the code provision C.3.3 of the CG Code. 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. Cho Chi Kong and Mr. Kan Man Wai. The audit committee has reviewed this report and has provided advice and comments thereon.

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

Hong Kong, 6 August 2021