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PERFECT GROUP

保發集團

PERFECT GROUP INTERNATIONAL HOLDINGS LIMITED

保發集團國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3326)

**CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF THE TARGET COMPANY
IN THE PRC**

THE AGREEMENT

On 24 May 2023, the Purchaser and the Vendor entered into the Agreement, pursuant to which the Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Share Interests for a cash consideration of RMB7.15 million (equivalent to approximately HK\$7.94 million). Following completion of the Agreement, the Target Company will become an indirect non-wholly owned subsidiary of the Company.

LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is wholly-owned by Mr. Kan, who is a Director and a controlling shareholder of the Company. Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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The principal terms of the Agreement are summarised as follows:

Date : 24 May 2023

Parties : (1) Perfect Jewellery (China) Co. Limited* (保發珠寶中國有限公司) as purchaser

(2) Jiangmen City Hongxin Construction Project Company Limited* (江門市弘信建設工程有限公司) as vendor

Subject matter

The Purchaser has agreed to acquire and the Vendor has agreed to dispose of the Share Interests, representing 55% of the entire equity interests in the Target Company.

Consideration

The consideration for the sale and purchase of the Share Interests is RMB7.15 million (equivalent to approximately HK\$7.94 million), which shall be payable by the Purchaser to the Vendor in cash subject to the satisfactory results of the legal and financial due diligence and the independent appraisal report specifying that the valuation of the Share Interests is at least RMB7.15 million (the “**Conditions**”).

The consideration was determined after arm’s length negotiations between the Vendor and the Purchaser on normal commercial terms with reference to the net assets value and the appraised value of the Share Interests as set out in the appraisal report. The Company intends to satisfy the consideration by the internal resources of the Group.

Completion

Completion of the Agreement shall take place on the date of on which the Conditions are fulfilled.

Following completion of the Agreement, the Target Company will become an indirect non-wholly owned subsidiary of the Company and its financial results, assets and liabilities will be consolidated into the financial statements of the Group.

INFORMATION ON THE TARGET COMPANIES

The Target Company is a company established in the PRC and principally engaged in photovoltaic power generation projects. To the best knowledge, information and beliefs of the Directors, immediately prior to the completion of the Acquisition, the Target Company is owned as to approximately 70% by the Vendor and 30% by Independent Third Parties. The Vendor intends to dispose of the remaining 15% equity interests in the Target Company to Independent Third Parties for a consideration not more favourable than that to be paid by the Company.

The management of the Target Company mainly consists of experienced designers, engineers and technical staff. The operation of the Target Company involved design, installation and maintenance of equipment for users. Upon completion of the installation, the Target Company will charge users for approximately 70% to 80% of the official charge rate stipulated by the local electricity bureau. In case users could not utilize all the electricity generated by the equipment, the unutilized electricity will be sold to the local electricity bureau for a reduced rate.

The Target Company has already started to obtain contracts and three projects have been completed at the time of this announcement. Based on the unaudited financial information of the Target Company, the Target Company did not generate any revenue for the period from date of incorporation to 31 December 2022. However, the Target Company has recorded a revenue of approximately RMB243,000 (equivalent to approximately HK\$270,000) and a net profit of approximately RMB50,000 (equivalent to approximately HK\$55,500) for the three month period ended 31 March 2023. The total asset of the Target Company as at 31 March 2023 amounted to approximately RMB15.5 million (equivalent to approximately HK\$17.2 million) with approximately RMB10.5 million (equivalent to approximately HK\$11.66 million) in net assets.

The original investment cost in the Target Company of the Vendor was approximately RMB5.50 million (equivalent to approximately HK\$6.11 million) for the Share Interests.

INFORMATION ON THE VENDOR

To the best knowledge, information and belief of the Directors, the Vendor is a wholly-owned enterprise established in the PRC and principally engaged in investment holding. The Vendor is wholly-owned by Mr. Kan.

REASONS FOR AND BENEFITS OF ENTERING INTO THE AGREEMENT

The Purchaser is an indirect wholly-foreign owned subsidiary of the Company established in the PRC and is principally engaged in investment holding. The principal business of the Group is designing, manufacturing and sales of high-end fine jewellery and the investment in and development and sales and rental of properties for the Group's integrated and comprehensive industry park located at 1st Ring Road South Extension Foshan, Guangdong Province, the PRC ("**Perfect Group Jewellery Industry Park**"). The Company owned, sold and rented out a number of buildings in the Perfect Group Jewellery Industry Park. The Target Company can make contribution to the savings of electricity in the Perfect Group Jewellery Industry Park. Apart from this, the Group is optimistic about the business of the Target Company which could make better contribution to the Group through the application of idle surplus funds of the Group.

Mr. Kan, who is a Director, a controlling shareholder of the Company and the sole shareholder of Vendor and Ms. Shek Mei Chun, who is the spouse of Mr. Kan and a Director of the Company are deemed or may be perceived to have a material interest in the Agreement, and as a result have abstained from voting on the Agreement, Other than the aforesaid Directors, no other Directors have a material interest in the Agreement and therefore none of them is required to abstain from voting on the resolutions of the Board for considering and approving the Agreement. The remaining Directors (including the independent non-executive Directors) consider that the Acquisition is on normal commercial terms or better, and the terms of the Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

THE LISTING RULES IMPLICATIONS

As at the date of this announcement, the Vendor is wholly-owned by Mr. Kan, the controlling shareholder of the Company. Accordingly, the Vendor is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the Agreement and the transactions contemplated thereunder are more than 0.1% but less than 5%, the Agreement and the transaction contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions will have the meanings set out below unless the context requires otherwise:

“Acquisition”	the acquisition of the Share Interests by the Purchaser pursuant to the terms and conditions of Agreement
“Agreement”	the sale and purchase agreement dated 24 May 2023 and entered into between the Purchaser and the Vendor in relation to the Acquisition
“Board”	the board of Directors
“Company”	Perfect Group International Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kan”	Mr. Kan Kin Kwong, a Director and a controlling shareholder of the Company
“PRC”	the People’s Republic of China, which for the purposes of this announcement, shall exclude the Hong Kong Special Administration of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

“Purchaser”	Perfect China Jewellery Company Limited* (保發珠寶中國有限公司), a wholly-foreign owned enterprise established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Share Interests”	55% of the entire equity interests in the Target Company
“Share(s)”	ordinary share(s) of one third Hong Kong cent each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Guangdong Kaisi New Energy Company Limited* (廣東愷斯新能源有限公司), a company incorporated in the PRC and is owned as to 70% by the Vendor
“Vendor”	Jiangmen City Hongxin Construction Project Company Limited* (江門市弘信建設工程有限公司), a company incorporated in the PRC with limited liability and is wholly-owned by Mr. Kan
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

The English transliteration of the Chinese name(s) in this announcement, where indicated with “”, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese names.*

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1.00 to HK\$1.11. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
Perfect Group International Holdings Limited
Kan Kin Kwong
Chairman

Hong Kong, 24 May 2023

As at the date of this announcement, the executive Directors are Mr. Kan Kin Kwong, Ms. Shek Mei Chun and Mr. Chung Chi Keung; the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Lee Ka Wing and Mr. Wong Wai Keung Frederick.