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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 —
RENEWAL OF TENANCY AGREEMENT**

Reference is made to the announcement of the Company dated 7 August 2023 in relation to the Existing Tenancy Agreement which expired on 4 August 2024.

The Board announces that on 5 August 2024 (after trading hours), Perfect (HK) entered into the New Tenancy Agreement with HK Perfect, pursuant to which Perfect (HK) agreed to renew the Existing Tenancy Agreement for a term of three years. The principal terms of the New Tenancy Agreement are set out below:

Parties:	HK Perfect as landlord and Perfect (HK) as tenant
Property being leased:	the premises of the main office situated at 26th Floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Hong Kong, together with the flat roof appurtenant thereto and car parking space nos. 2, 3, 4 and 15 on 2nd Floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Hong Kong
Term:	5 August 2024 to 4 August 2027 (both days inclusive)
Monthly rent:	HK\$290,000 per month

The monthly rent is exclusive of rates, government rent, management fees, air-condition charge, water charge, electricity charge, gas charge and all other outgoings.

The rent payable by the Group under the Existing Tenancy Agreement and the New Tenancy Agreement are determined based on the prevailing market rent of comparable premises.

The terms of the New Tenancy Agreement are on normal commercial terms or better and were negotiated on an arm's length basis with reference to the prevailing market rent of comparable premises in the vicinity and the current market rent of the Property as opined by an independent property valuer.

INFORMATION ON THE GROUP AND HK PERFECT

The Group is principally engaged in (a) designing, manufacturing and sales of high-end fine jewellery (primarily mounted with diamonds); (b) investment in and development, 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 People's Republic of China; and (c) sales of electricity generated from the photovoltaic power generation system.

HK Perfect is principally engaged in property investment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Kan and Ms. Shek Mei Chun ("**Mrs. Kan**"), who is the spouse of Mr. Kan, have declared their interests in the New Tenancy Agreement. Mr. Kan is an executive Director and a Controlling Shareholder holding approximately 68.32% of the issued share capital of the Company. HK Perfect is 99% and 1% legally owned by Perfect Group and Mr. Kan (who holds such 1% legal interests in HK Perfect in trust for the benefit of Perfect Group), respectively. Perfect Group is wholly owned by Mr. Kan.

Therefore, HK Perfect is a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the entering into of the New Tenancy Agreement and the transaction contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In view of their interests in HK Perfect, Mr. Kan and Mrs. Kan were not counted in the quorum and abstained from voting on the resolutions approving the New Tenancy Agreement. Save for Mr. Kan and Mrs. Kan, none of the Directors had any interests in the New Tenancy Agreement and was required to abstain from voting on the resolutions approving the New Tenancy Agreement.

In accordance with HKFRS 16 “Leases”, the Group is required to recognise the value of the right-of-use asset in connection with the New Tenancy Agreement as the term thereof is more than 12 months, and the transaction contemplated thereunder will be regarded as an acquisition of an asset by the Group and treated as a one-off connected transaction of the Company pursuant to the Listing Rules.

The estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement is approximately HK\$9.4 million. Shareholders should note that the value of the right-of-use asset is unaudited and may be subject to adjustment in the future.

As the applicable percentage ratios in respect of the estimated value of the right-of-use asset to be recognised by the Group under the New Tenancy Agreement exceed 0.1% but are less than 5%, the transaction contemplated under the New Tenancy Agreement is subject to reporting and announcement requirements but exempt from circular and Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

REASONS AND BENEFITS FOR ENTERING INTO THE NEW TENANCY AGREEMENT

The Property is currently used by the Group as office and car parking premises. The Directors are of the view that leasing the Property under the New Tenancy Agreement will help the Group maintain stability in operations and minimise administrative time and cost for finding and relocating to new premises.

The Directors (including the independent non-executive Directors) are of the view that:

- (i) the terms of the New Tenancy Agreement are on normal commercial terms or better that are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and
- (ii) the transaction contemplated under the New Tenancy Agreement is and will be conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

DEFINITION

In this announcement, unless the context otherwise requires, the following terms shall have the following meaning:

“Board”	the board of Directors
“BVI”	British Virgin Islands

“Company”	Perfect Group International Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 16 June 2015, the Shares of which are listed on the Main Board of the Stock Exchange (Stock code: 3326)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Existing Tenancy Agreement”	the tenancy agreement dated 5 August 2023 entered into between HK Perfect as landlord and Perfect (HK) as tenant in relation to the leasing of the Property for a term of one year commencing on 5 August 2023 with monthly rent of HK\$310,000
“Group”	the Company and its subsidiaries
“HK Perfect”	Hong Kong Perfect Jewellery Company Limited, a company incorporated in Hong Kong with limited liability on 14 June 1985, which is 100% beneficially owned by Perfect Group, and 99% and 1% legally owned by Perfect Group and Mr. Kan (which holds such 1% legal interests in HK Perfect in trust for the benefit of Perfect Group), respectively
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Kan”	Mr. Kan Kin Kwong, the founder of the Group, the chairman of the Board, the chief executive officer of the Company, an executive Director, a Controlling Shareholder and the spouse of Mrs. Kan
“Mrs. Kan”	Ms. Shek Mei Chun, an executive Director and the spouse of Mr. Kan
“New Tenancy Agreement”	the tenancy agreement dated 5 August 2024 entered into between HK Perfect as landlord and Perfect (HK) as tenant in relation to the leasing of the Property for a term of three years commencing on 5 August 2024 with monthly rent of HK\$290,000

The monthly rent is exclusive of rates, government rent, management fees, air-condition charge, water charge, electricity charge, gas charge and all other outgoings.

“Perfect (HK)”	Perfect Group International Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability on 23 June 2015, which is an indirect wholly-owned subsidiary of the Company
“Perfect Group”	Perfect Group (HK) Holding Co. Ltd, a BVI business company incorporated in the BVI with limited liability on 28 September 2010, which is wholly-owned by Mr. Kan
“Property”	the premises of the main office situated at 26th Floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Hong Kong, together with the flat roof appurtenant thereto and car parking space nos. 2, 3, 4 and 15 on 2nd Floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, Hong Kong
“Shareholder(s)”	holder(s) of the ordinary shares with par value of one third Hong Kong cent each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

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

Hong Kong, 5 August 2024

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