Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The board (the "Board") of directors (the "Director") of Perfect Group International Holdings Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 together with comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the year ended 31 December 2015

	NOTES	2015 HK\$'000	2014 HK\$'000
Revenue	2	458,306	516,154
Cost of goods sold	_	(326,229)	(365,649)
Gross profit		132,077	150,505
Other income		577	749
Other losses		(2)	(840)
Selling and distribution costs		(14,184)	(11,965)
General and administrative and other expenses		(51,014)	(36,033)
Finance costs	_	(1,458)	(1,853)
Profit before taxation	3	65,996	100,563
Taxation	4 _	(9,536)	(10,124)
Profit for the year		56,460	90,439

	NOTE	2015 HK\$'000	2014 HK\$'000
Other comprehensive income (expense)			
for the year			
Items that will not be reclassified			
subsequently to profit or loss:			
Surplus on revaluation of land and buildings		8,347	9,910
Deferred tax arising from revaluation of land		-,	2,2-3
and buildings		_	(841)
Items that may be reclassified subsequently			(0.1)
to profit or loss:			
Exchange differences arising on translation			
of foreign operations		25	27
Exchange differences released upon		25	21
disposal of foreign operations		(61)	
disposar of foreign operations			
		0.211	0.006
Other comprehensive income for the year		8,311	9,096
Total comprehensive income for the year		64,771	99,535
Earnings per share – Basic	5	16.7 HK cents	26.8 HK cents

Consolidated Statement of Financial Position

As at 31 December 2015

Tis at 31 December 2013			
	NOTES	2015 HK\$'000	2014 HK\$'000
Non-current assets Property, plant and equipment		5,801	151,430
Deferred tax assets Rental and other deposits		977 752	1,331
•	-	7,530	152,761
Current assets	-		
Inventories		179,129	203,767
Trade and other receivables	6	126,720	107,444
Bank balances and cash	-	41,209	49,340
Assets classified as held for sale		347,058	360,551 40,510
1100010 0140011100 40 11010 101 0410	-	347,058	401,061
	-		
Current liabilities Trade and other payables	7	49,878	54,532
Taxation payable	•	6,996	5,281
Bank loans		-	99,838
Amount due to a related company		282,103	´ <u>-</u>
Bank overdrafts	-		21,997
Liabilities directly associated with assets		338,977	181,648
classified as held for sale	-		9,431
	-	338,977	191,079
Net current assets	-	8,081	209,982
Total assets less current liabilities	-	15,611	362,743
Non-current liabilities			
Provision for long service payments		936	961
Deferred tax liabilities		-	495
Deferred tax fluorities	-	936	1,456
	-	750	1,730
Net assets	:	14,675	361,287
Share capital and reserves			
Share capital	8	_	_
Reserves	-	14,675	361,287
Total equity	:	14,675	361,287

NOTES:

1. BASIS OF PREPARATION AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (the "HKFRSs")

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") and by the Hong Kong Companies Ordinance (the "CO").

The Group has consistently applied all the HKFRSs issued by the HKICPA which are effective for the Group's financial year beginning on 1 January 2015 for both current and prior years.

The application of these amendments to HKFRSs has had no material effect on the amounts reported in these consolidated financial statements and/or discloses set out in these consolidated financial statements.

2. REVENUE AND SEGMENT INFORMATION

Revenue represents amounts received and receivable for the sales of fine jewellery products and net of discounts and returns during both years.

The executive directors of the Company, being the chief operating decision maker, regularly review revenue analysis by product types, including ring, earrings, pendant, bangle, necklace and bracelet, and by location of delivery to customers. The executive directors of the Company considered the operating activities of manufacturing and sales of jewellery products as a single operating segment. The operating segment has been identified on the basis of internal management reports prepared in accordance with accounting policies conform to HKFRSs, and is regularly reviewed by the executive directors of the Company. The executive directors of the Company review the overall results, assets and liabilities of the Group as a whole to make decisions about resources allocation. Accordingly, no analysis of this single operating segment is presented.

Entity-wide information

An analysis of the Group's revenue by product types is as follows:

	2015	2014
	HK\$'000	HK\$'000
Salar of		
Sales of		
- Ring	170,982	201,142
– Earrings	128,548	152,174
– Pendant	51,764	61,298
- Bangle	42,853	39,019
- Necklace	29,581	31,346
– Bracelet	34,578	31,175
	458,306	516,154

Revenue from external customers, based on location of delivery to customers is as follows:

	2015	2014
	HK\$'000	HK\$'000
Revenue		
– Dubai	218,423	262,819
- Hong Kong	203,476	206,848
- United States of America	36,407	46,487
	458,306	516,154

No individual customer contributes revenue which accounted for more than 10% of the Group's total revenue during both years.

An analysis of the Group's non-current assets by their physical geographical location is as follows:

	2015	2014
	HK\$'000	HK\$'000
Hong Kong	4,474	147,478
Mainland China	1,591	2,037
Dubai	488	3,111
United States of America		135
	6,553	152,761

3. PROFIT BEFORE TAXATION

	2015 HK\$'000	2014 HK\$'000
Profit before taxation has been arrived at after charging:		
Depreciation		
cost of sales	695	666
- general and administrative and other expenses	3,734	3,987
Total depreciation	4,429	4,653
Directors' remuneration		
 salaries and other benefits 	1,711	1,729
 performance-based bonus 	3,435	811
- retirement benefit scheme contributions	54	51
	5,200	2,591
Other staff's salaries and other benefits	32,606	36,186
Other staff's retirement benefits scheme contributions	4,190	5,450
Total staff costs	41,996	44,227
Auditor's remuneration	1,800	200
Cost of inventories recognised as expenses (included		
in cost of goods sold)	326,229	365,649
Listing expenses (included in general and administrative		
and other expenses)	16,815	5,892
Operating lease rentals in respect of rented premises	4,097	2,833

4. TAXATION

	2015 HK\$'000	2014 HK\$'000
The taxation charge (credit) comprises:		
Hong Kong Profits Tax		
- Current year	6,598	9,081
 Overprovision in prior years 	(1,464)	(662)
PRC Enterprise Income Tax ("EIT")		
- Current year	463	361
Overseas tax		
– Current year	2,506	2,950
	8,103	11,730
Deferred tax charge (credit)	1,433	(1,606)
	9,536	10,124

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The Group is engaged in manufacturing of fine jewellery products through a processing factory in the Mainland China under contract processing arrangement which is effective from 23 April 2008 to 7 April 2018. Accordingly, under such 50:50 onshore/offshore arrangement between the Group and the processing factory, certain profits of the Group are not taxable under Hong Kong Profits Tax during both years. In addition, the processing factory of the Group is subject to EIT at a rate of 25% on the deemed profit generated in Mainland China. Also, the Group is subject to certain overseas tax for the sales made in overseas.

5. EARNINGS PER SHARE

The calculation of the basic earnings per share for the year is based on the consolidated profits for the year of HK\$56,460,000 (2014: HK\$90,439,000) and on the number of 337,500,000 (2014: 337,500,000) shares on the assumption that the Reorganisation, the Loan Capitalisation Issue and the Capitalisation Issue (as defined in the prospectus of the Company dated 22 December 2015) have been effective on 1 January 2014.

No diluted earnings per share is presented as there were no potential ordinary shares during both years.

6. TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Trade receivables Other receivables, prepayments and deposits	116,051 10,669	102,845 4,599
	126,720	107,444

The following is an analysis of trade receivable by age, presented based on the invoice date, which approximates the respective revenue recognition dates.

	2015	2014
	HK\$'000	HK\$'000
0 – 30 days	23,351	18,447
31 – 60 days	17,236	28,863
61 – 180 days	53,330	53,026
181 – 365 days	21,614	2,258
Over 1 year	520	251
	116,051	102,845

The Group allows a credit period of up to 120 days to its customers. A longer credit period may be granted to large or long established customers with good payment history.

Before accepting any new customers, the Group has an internal credit control system to assess the potential customers' credit quality and the Board has delegated the management to be responsible for the determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically. Approximately 28% (2014: 25%) of the trade receivables as at 31 December 2015 are neither past due nor impaired and they were assessed to be of good credit rating attributable under the credit control system used by the Group.

As at 31 December 2015, trade receivables of HK\$83,689,000 (2014: HK\$76,795,000) are past due but not impaired. Such receivables relate to a number of customers of which substantial subsequent settlements were made. The Group does not hold any collateral as security over these balances.

7. TRADE AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Trade payables	12,099	15,792
Deposit received from properties held for sale	_	15,000
Accruals and other payables	37,779	23,740
	49,878	54,532

The following is an aged analysis of trade payables presented based on invoice date at the end of each year:

2015	2014
HK\$'000	HK\$'000
11,251	9,996
775	1,939
73	2,692
	1,165
12,099	15,792
	HK\$'000 11,251 775 73

8. SHARE CAPITAL

There was no share capital as at 1 January 2014 and 31 December 2014 since the Company was not yet set up by then and the share capital of group entities now comprising the Group was eliminated in full.

The Company was incorporated and registered as an exempted company in the Cayman Islands on 16 June 2015 with an issued share capital of US\$100 divided into 100 shares of a nominal value of US\$1 each. Upon incorporation of the Company, 100 shares of US\$1 each was issued at US\$100. On 14 September 2015, the Company repurchased all the existing shares for an aggregate price of US\$100, following which all the existing shares were cancelled and the authorised but unissued share capital of the Company was diminished by the cancellation of all unissued shares of nominal value of US\$1 each in the share capital of the Company, and the authorised share capital of the Company became HK\$10,000,000 divided into 1,000,000,000 shares of nominal value of HK\$0.01 each. During the year and as at 31 December 2015, the Company had 200 issued and fully paid ordinary shares of HK\$0.01 each, amounted to HK\$2.

9. EVENT SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 4 January 2016, as part of the Reorganisation, 100 shares, 337,499,700 shares and 112,500,000 shares of the Company were issued to the then existing shareholders as a result of the Loan Capitalisation Issue, Capitalisation Issue and global offering respectively. The Company completed its global offering and its shares were listed on the Stock Exchange on 4 January 2016.

MANAGEMENT DISCUSSION AND ANALYSIS

Business outlook and future prospects

2015 was a challenging year for the Group as its key operating markets were affected by weak global market sentiment which saw the decrease in demand for high-end fine jewellery products. Consequently, the Group's results for the year ended 31 December 2015 have been impacted, leading to a decrease in profit for the year from HK\$90,439,000 in 2014 to HK\$56,460,000 or HK\$73,275,000 (excluding the one-off listing related expenses of HK\$16,815,000) on a comparable basis with that of 2014. Most of the Group's customers were from the Middle East, the United States of America and the Philippines, and the sales to customers from these regions collectively accounted for more than 80% of the total revenue of the Group in 2015.

The Group believes the continuing weak global market sentiment and the decline in commodity prices (including oil prices) which has also affected the economies and market sentiment of commodity exporting countries such as the Middle East countries may continue to affect the Group's sales performance in 2016. To alleviate this and to further expand our customer base, the Group's business plans and strategies going forward would involve expanding the Middle East and European high-end market by hiring sales team with relevant experience and participating in renowned and high-end focused jewellery exhibitions in Europe; upgrading of the Group's production facilities and inventory control system; brand development and image enhancement; and development of different product line which targets to produce high-quality fine jewellery with relatively simplistic design and lower wholesale price so as to further stretch the Group's customer base and revenue.

Financial review

The Group's revenue for the year ended 31 December 2015 was approximately HK\$458,306,000 (2014: HK\$516,154,000), representing a decrease of approximately 11.2% over the corresponding year of 2014. The decrease in the Group's revenue was primarily due to the recent weak global market sentiment and the consequential decrease in demand for the Group's high-end fine jewellery products.

The fluctuation in each of the Group's product types were in line with the changes in customers' preferences and needs and there was no exception for 2015. For the year ended 31 December 2015, revenue by product types followed a pattern relatively similar to that for the corresponding year of 2014. The sales of ring, earrings and pendant collectively accounted for approximately 76.7% of total revenue in 2015 (2014: 80.3%) while the remaining 23.3% (2014: 19.7%) of revenue was attributable to the sales of bangle, necklace and bracelet.

Revenue by region, based on the location of delivery to customers, followed a similar pattern as that for the corresponding year of 2014. For the year ended 31 December 2015, Dubai accounted for approximately 47.7% (2014: 50.9%) and Hong Kong accounted for 44.4% (2014: 40.0%) of total revenue of the Group, which collectively generated a combined 92.1% (2014: 90.9%) of total revenue of the Group. The drop in

percentage of revenue in Dubai reflected the drop in level of sales as weak global market sentiment had affected the Middle East market. This had the corresponding effect of increasing the relative percentage of revenue of Hong Kong, particularly with Hong Kong successfully maintained its level of sales similar to that for the corresponding year of 2014.

The Group's gross profit for the year ended 31 December 2015 was approximately HK\$132,077,000 (2014: HK\$150,505,000), representing a decrease of approximately 12.2%, which was in line with the revenue trend. The gross profit margin for the year ended 31 December 2015 was approximately 28.8% (2014: 29.2%), maintained at a similar level as that for the corresponding year of 2014.

Profit for the year

Profit for the year ended 31 December 2015 was approximately HK\$56,460,000 (2014: HK\$90,439,000), a decrease of approximately 37.6% compared with that of the corresponding year of 2014. The decrease was mainly attributable to the drop in gross profit and the one-off listing related expenses of HK\$16,815,000 while selling and distribution costs and general and administrative and other expenses in aggregate have been held at similar level as 2014. After excluding the one-off listing related expenses, profit for the year increased to approximately HK\$73,275,000, representing an approximately 19.0% reduction as compared with the corresponding year of 2014.

Liquidity and financial resources

As at 31 December 2015, the Group had current assets of approximately HK\$347,058,000 (2014: HK\$401,061,000) which comprised cash and bank balance of approximately HK\$41,209,000 (2014: HK\$49,340,000). As at 31 December 2015, the current liabilities amounted to approximately HK\$338,977,000 (2014: HK\$191,079,000). Accordingly, the current ratio, being the ratio of current assets to current liabilities, was approximately 1.0 as at 31 December 2015 (2014: 2.1). The Group considers its financial resources were mainly derived from the net cash inflows from operating activities. Taking into consideration the existing financial resources of the Group, it is anticipated that the Group should have adequate working capital to support its operations and development requirements.

Gearing ratio

The gearing ratio of the Group, calculated as net debt (including accruals and other payables, amount due to a related company, bank loans, bank overdrafts and liabilities directly associated with assets classified as held for sale) divided by the total equity, was approximately 2,179.8% (2014: 42.9%). The significant increase in gearing ratio was mainly due to a debts of HK\$282,103,000 which represents the consideration of the business transfer from Hong Kong Perfect Jewellery Company Limited to Perfect Group International Holdings (HK) Limited (the "**Perfect (HK)**"). Such debts had not been settled by Perfect (HK) as at the 31 December 2015 but has been capitalised prior to the

listing of shares of the Company on the Main Board of the Stock Exchange (the "Listing") by way of allotting and issuing an aggregate of 100 shares of the Company to the five original shareholders of the Company (the "Loan Capitalisation Issue"). Please refer to the prospectus of the Company dated 22 December 2015 (the "Prospectus") for further detail.

Employee and remuneration policy

As at 31 December 2015, the Group had 296 employees (2014: 348 employees) in Hong Kong and Mainland China. The total salaries and related costs for the year ended 31 December 2015 amounted to approximately HK\$41,996,000 (2014: HK\$44,227,000).

The Group offered competitive remuneration package as an incentive to staff for improvement. The Company has share option scheme in place as a means to encourage and reward the eligible employees' (including directors of the Company) contributions to the Group's results and business development based on their individual performance. Since the adoption of the share option scheme on 14 December 2015 and up to 31 December 2015, no options have been granted by the Company.

The employees' remuneration, promotion and salary are assessed by reference to work performance, working experiences and professional qualifications and the prevailing market practice.

Contingent liabilities

The Group had no material contingent liabilities as at 31 December 2015 (2014: Nil)

Charge on Assets

There was no charge on the Group's assets as at 31 December 2015 (2014: HK\$143,173,000).

Capital commitments

The Group had no material capital commitments as at 31 December 2015 (2014: HK\$455,000).

Use of proceeds from the global offering

The net proceeds from the Company's global offering in January 2016 amounted to approximately HK\$76,500,000 (after deducting underwriting commissions and all related expenses). Such net proceeds are intended to be or have been applied in accordance with the proposed application as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus. In the event that the Company decides to use such net proceeds in a manner different from that stated in the Prospectus, the Company will issue further announcement in compliance with the Listing Rules.

Dividend

A subsidiary of the Company distributed interim dividends of HK\$97,000,000 and HK\$60,000,000 for each of the years ended 31 December 2015 and 31 December 2014, respectively, to their then shareholders prior to the reorganisation before the Listing. Other than the above, no dividend has been paid or declared by other companies comprising the Group during the two years ended 31 December 2015 or by the Company since its incorporation.

The directors of the Company do not recommend the payment for final dividend for the year ended 31 December 2015.

Code on corporate governance practices

The Company is committed to maintaining good standard of corporate governance to safeguard the interests of the shareholders and to enhance corporate value and responsibility. The Company has adopted the Corporate Governance Code (the "CG Code") as set out in the Appendix 14 of the Listing Rules. Since the date of Listing and up to the date of this announcement, the Company has complied with the code provision under the CG Code, except for the deviation from code provision A.2.1 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices appropriate to the operation and growth of its business.

According to code provision A.2.1 of the CG Code, the role of chairman and chief executive officer should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Kan Kin Kwong, who was also the chairman of the Company. Mr. Kan Kin Kwong as the founder of the Group has extensive experience and knowledge in the fine jewellery industry and is responsible for managing the overall operations of the Group and planning the business development and strategies. The Directors consider that vesting the role of the chairman of the Board and the chief executive officer in the same individual is beneficial to the management and business development of the Group. The balance of power and authority is ensured by the operations of the Board and the senior management, which comprise experienced and high calibre individuals. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Model code for securities transactions of Directors

The Company adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct for Directors in their dealings in the securities of the Company.

Having made specific enquiry of all Directors, the Directors have complied with the Model Code during the year ended 31 December 2015.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's Memorandum and Articles of Association or the Laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Purchase, sale or redemption of listing securities

The shares of the Company were listed on the Main Board of the Stock Exchange on 4 January 2016, subsequent to the end of the reporting year. Thus, neither the Company nor any subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

Sufficiency of public float

Since the date of Listing and up to the date of this announcement, the Company has maintained a sufficient public float.

Audit committee

The audit committee comprises one non-executive director, Mr. Chu Kin Wang Peleus and two independent non-executive directors namely, Mr. Li Cheuk Wai and Mr. Wong Wai Keung Frederick as at the date of this announcement. Mr. Wong Wai Keung Frederick is the chairman of the audit committee. The audit committee has reviewed the audited consolidated financial statements for the year ended 31 December 2015.

Publication of final results announcement and annual report

The results announcement is published on Company's website (www.hkperjew.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules and the CO will also be available at the Company's and the Stock Exchange's website and despatched to the Company's shareholders in due course.

By order of the Board

Perfect Group International Holdings Limited

Kan Kin Kwong

Chairman

Hong Kong, 21 March 2016

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 non-executive Director is Mr. Chu Kin Wang Peleus; and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Li Cheuk Wai and Mr. Wong Wai Keung Frederick.