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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)

MEMORANDUM OF UNDERSTANDING IN RELATION TO THE PROPOSED ACQUISITION OF LAND USE RIGHT

This announcement is made by Perfect Group International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09(2) of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and Insider Information Provisions under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Directors**”) of the Company (the “**Board**”) wishes to inform shareholders (the “**Shareholders**”) and potential investors of the Company that, on 29 September 2016, a wholly owned subsidiary of the Company entered into a memorandum of understanding (the “**MOU**”) with the Foshan City Shunde District Lunjiao Road Land Reserve Development Centre* (佛山市順德區倫教街道土地儲備發展中心) (the “**Shunde Land Development Centre**”) in the People’s Republic of China (the “**PRC**”), being an independent third party of the Company and its connected persons within the meaning of the Listing Rules. Pursuant to the MOU, the Company shall acquire the land use right of a parcel of land (the “**Land**”) located at Lunjiao Shilong Industrial Zone, Shunde District, Foshan, Guangdong Province, the PRC* (中國廣東省佛山市順德區倫教世龍工業區 (the “**Proposed Acquisition**”) from the Shunde Land Development Centre, subject to and conditional upon, inter alia, the usual open tender auction process. The Company shall pay a refundable deposit in the amount of RMB25 million (equivalent to approximately HK\$29.1 million) (the “**Deposit**”), which shall be paid on or before 30 September 2016.

The Group is principally engaged in designing, manufacturing and sales of high-end fine jewellery (primarily mounted with diamonds). Currently, the Group's production operations are exclusively conducted at its processing factory in Dongguan City, Guangdong Province, the PRC (the "**Perfect Factory**"). The lease agreement of the Perfect Factory is for a term of three years and will expire in May 2018. To facilitate the future development of the Group, it is the intention of the Board to relocate the Perfect Factory to a more perpetual location within the Guangdong Province, the PRC. The entering into of the MOU would provide an opportunity for the Group to acquire the Land for the relocation of the Perfect Factory. The Directors consider that the Proposed Acquisition is in the interest of the Group and the Shareholders as a whole and the terms of the MOU are on normal commercial terms and are fair and reasonable.

The Proposed Acquisition, if materialised, may constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules. The Company will make further announcement(s) in relation to the Proposed Acquisition as and when appropriate in accordance with the Listing Rules.

The Board would like to emphasise that the MOU may or may not lead to the entering into of the a formal sale and purchase agreement in respect of the Land and the Proposed Acquisition contemplated thereunder may or may not be consummated. As the Proposed Acquisition may or may not materialise, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of HK\$1.00 = RMB0.85969. Such exchange rate has been used, where applicable, for purposes of illustration only and does not constitute a representation that any amounts were or may have been exchanged at these or any other rates or at all.

** denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purposes only.*

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

Hong Kong, 29 September 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.