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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)

**CONTINUING CONNECTED TRANSACTION —
RENEWAL OF TENANCY AGREEMENT**

On 5 August 2021 (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 one year with monthly rent of HK\$320,000. 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 Shueng Yuet Road, Kowloon, 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, Hong Kong
Term:	5 August 2021 to 4 August 2022 (both days inclusive).
Monthly rent:	HK\$320,000 per month exclusive of rates, government rent, management fees, air-condition charge, water charge, electricity charge, gas charge and all other outgoings.

INFORMATION ON THE GROUP AND HK PERFECT

The Group is principally engaged in designing, manufacturing and sales of high-end fine jewelry (primarily mounted with diamonds). HK Perfect is principally engaged in property investment.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Mr. Kan is an executive Director and a Controlling Shareholder holding approximately 66.64% 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 interest 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 transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (other than the profits ratio) are less than 25% on an annual basis and each of the annual cap is less than HK\$10,000,000, the transactions contemplated under the New Tenancy Agreement will be subject to reporting, announcement and annual review requirements but exempt from circular and Shareholders' approval requirements under Chapter 14A of the Listing Rules.

PROPOSED ANNUAL CAPS OF THE NEW TENANCY AGREEMENT

The proposed annual caps for the two years ending 31 December 2021 and 2022 are HK\$4,053,871 and HK\$2,281,291, respectively. The annual cap amount of HK\$4,053,871 for the year of 2021 is calculated by reference to the total rent payable under the Existing Tenancy Agreement and the New Tenancy Agreement. The annual cap amount of HK\$2,281,291 for the year of 2022 is calculated by reference to the total rent payable under the remaining term of the New Tenancy Agreement in 2022, i.e. from 1 January 2022 to 4 August 2022.

The rent payable 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 for comparable premises in the vicinity and the current market rent of the Property as opined by an independent property valuer.

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 the lease of the Property under the New Tenancy Agreement will help the Group maintain stability in operations and minimise the administrative time and cost for finding and relocating to new premises.

Mr. Kan and Mrs. Kan, being the spouse of Mr. Kan, have abstained from voting in the Board meeting to approve the New Tenancy Agreement and the annual cap amounts in view of Mr. Kan's and Mrs. Kan's interest in HK Perfect. Save for Mr. Kan and Mrs. Kan, none of the Directors has any material interest in the New Tenancy Agreement and was required to abstain from voting in the aforesaid Board meeting.

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;
- (ii) the proposed annual caps are fair and reasonable; and
- (iii) the continuing connected transactions contemplated under the New Tenancy Agreement are 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 and the Shares of which have a primary listing 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 2018 entered into between Perfect (HK) as tenant and HK Perfect as landlord in relation to the leasing of the Property for a term of three years commencing on 5 August 2018 with monthly rent of HK\$350,000
“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 interest 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 our Board, our chief executive, our executive Director and our Controlling Shareholder and the 50% shareholder of Classic Sapphire Holdings Limited, a BVI business company incorporated in the BVI on 5 June 2015 which holds 7.5% of the issued share capital of our Company and the beneficial owner of HK Perfect and Perfect Group
“Mrs. Kan”	Ms. Shek Mei Chun, the executive Director and the spouse of Mr. Kan
“New Tenancy Agreement”	the tenancy agreement dated 5 August 2021 entered into between Perfect (HK) as tenant and HK Perfect as landlord in relation to the leasing of the Property for a term of one year commencing on 5 August 2021 with monthly rent of HK\$320,000

“Perfect (HK)”	Perfect Group International Holdings (HK) Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“Perfect Group”	Perfect Group (HK) Holding Co. Ltd, a BVI business company incorporated in the BVI on 28 September 2010 which is wholly-owned by Mr. Kan
“Property”	the premises of our office, 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 Hong Kong
“Shareholder(s)”	the Shareholder(s) of the ordinary share with par value of one third Hong Kong cent 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 2021

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 Mr. Fan Chor Ho, Mr. Lee Ka Wing and Mr. Wong Wai Keung Frederick.