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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)

VOLUNTARY ANNOUNCEMENT — BUSINESS UPDATE

This announcement is made by Perfect Group International Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to keep shareholders and potential investors of the Company informed of the latest business development of the Group.

GOLD AND SILVER FUTURES CONTRACTS

The Company wishes to inform its shareholders and potential investors that due to the escalation in international gold price and the significant amount of the gold inventories maintained by the Group for the year ended 31 December 2024 (the “**FY2024**”), the Group entered into certain gold futures contracts (short position) in April 2024 to hedge and mitigate against the gold price fluctuations on the gold inventories (long position) between the time when they were purchased and the time when they were sold as finished jewellery products. Please refer to notes 18 and 24 to the condensed consolidated financial statements of the Group for the six months ended 30 June 2024 set out in the interim report of the Company published on 23 September 2024 (the “**Interim Report 2024**”) for further details.

It is expected that the Group would record a realised loss and an unrealised loss of approximately HK\$4.8 million and approximately HK\$0.9 million on the gold futures contracts for the FY2024, respectively. The realised loss on the gold futures contracts in the FY2024 was recovered by the corresponding gain on the finished jewellery products sold where the gold price fluctuation was adjusted in the selling prices and reflected in the revenue for the FY2024. The unrealised loss arose on account of the mark-to-market value of the gold represented by the period before closure of gold futures contracts (short position) and the outstanding gold futures contracts of the Group as at 31 December 2024. The unrealised loss on the gold futures contracts for a particular period was recovered by the corresponding gain on the gold inventories sold and when the short position of the gold futures contracts were closed.

In addition, the Group commenced silver trading in the FY2024. Thus, the Group has entered into certain silver futures contracts (short position) since the third quarter of the FY2024 to hedge and mitigate against the silver price fluctuations on the silver inventories (long position) between the time when they were purchased and the time when they were sold. Since the amount of the silver futures contracts is not significant, it is expected that the financial impact of the silver futures contracts would not be material.

The Company considers that the entering into of the gold and silver futures contracts as intrinsic measures adopted by the industry in general to equalise the costs of gold and silver inventories of the Group in the volatile gold and silver markets, and the realised and unrealised losses, should not have any material impact on the Group's cash flows and operations.

JEWELLERY BUSINESS

As referred to on page 8 of the Interim Report 2024, the Group expected that the jewellery business would continue to be affected by the challenging macroeconomic environment and the contraction of the People's Republic of China (the "PRC") market in the second half of 2024. Since the release of the Interim Report 2024, with the jewellery business in the PRC market not showing any signs of lasting recovery for the FY2024, the Group made the decision to contract the jewellery business in the PRC market and continues to focus on the development of the jewellery business in the overseas markets going forward. As of the date of this announcement, the Group has already commenced divesting its interests in the jewellery business in the PRC.

PROPERTIES HELD FOR SALE

With the overall industrial property market in the PRC remained subdued for the FY2024 and unless there is significant improvement in the property market up to the date of release of the annual results of the Group for the FY2024, the Group expects that impairment loss on the properties held for sale located in the Perfect Group Jewellery Industry Park in the PRC would be recognised for the FY2024.

CAUTION STATEMENT

The board (the "Board") of directors of the Company (the "Directors") wishes to remind shareholders and potential investors of the Company that the above figures and updates are only based on a preliminary assessment by the management of the Company with reference to the financial, business and operating information currently available to it. Such information has not been reviewed by the auditor of the Company and is therefore subject to possible adjustments upon further review. The actual results of the Group for the FY2024 may also be affected by other factors such as the independent professional valuation of the properties held for sale in the Perfect Group Jewellery Industry Park in the PRC as at 31 December 2024, which is yet to commence. The Company is in the process of preparing the annual results of the Group for the FY2024, which will be announced in March 2025.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 13 January 2025

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, Ms. Ng Sin Kiu and Mr. Wong Wai Keung Frederick.