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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 –
UPDATE ON FORMATION OF JOINT VENTURE AND
ACQUISITION OF LAND USE RIGHT OF LAND**

This announcement is made by the board (the “**Board**”) of directors (the “**Director(s)**”) of Perfect Group International Holdings Limited (the “**Company**”) on a voluntary basis.

Reference is made to the announcement of the Company dated 13 January 2017, the circular of the Company dated 7 February 2017 and the announcement of the Company dated 15 February 2017 (collectively the “**Announcements and Circular**”) in relation to, among other things, formation of joint venture and acquisition of land use right of land. Unless the context otherwise requires, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements and Circular.

The Company was informed by the management of the Joint Venture that they have revised the development plan on the Land (the “**Revised Plan**”) from a plain design for own-use factory space to an integrated and comprehensive industry park (including high profile exhibition halls in which the Luojian Government intends to hold regular shows and exhibitions, upgraded waste management facilities, well-designed greenery area, and additional facilities for tourist and cultural promotion) and may sell a portion of the factory space as well as a portion of ancillary facilities. In the Revised Plan, certain factory space and ancillary facilities will still be retained for the relocation of the Perfect Factory. The Company discussed with the management of the Joint Venture and considers that the retained factory space and ancillary facilities will still be able to cope with the relocation and development of the Perfect Factory.

The Revised Plan was made mainly due to the following:–

- (a) subsequent to the acquisition of land use right of the Land, the Lunjiao Government approached the Joint Venture on a number of occasions to discuss the potential upgrade from a plain design for own-use factory space to an integrated and comprehensive industry park (including high profile exhibition halls, upgraded waste management facilities, well-designed greenery area, and additional facilities for tourist and cultural promotion). The Company was informed that such request from the Lunjiao Government is part of the Lunjiao Government's plan to promote jewellery industry and develop Lunjiao as a featured industry base of Chinese jewellery jade industry and professional town of jewellery technology innovation of the Guangdong Province;
- (b) the management of the Joint Venture considers that there is a strong demand and lack of supply of comprehensive jewellery industrial properties in Lunjiao and nearby areas and after taking into consideration that the retained factory space and ancillary facilities will still be able to cope with the relocation and development of the Perfect Factory; and
- (c) subsequent to the acquisition of land use right of the Land, the Lunjiao Government has introduced a number of favourable policies, including subsidies, rebates, tax incentives, to encourage jewellers to purchase properties in Lunjiao. The Revised Plan will be benefited from such favourable policies.

The Joint Venture has submitted and received approval from the Lunjiao Government for the Revised Plan. To cope with the change in the design and construction factory plants and ancillary facilities under the Revised Plan, additional working capital may be required. The Joint Venture is in the process of securing loans or facilities from PRC banks. The Joint Venture considers that after obtaining such bank loans or facilities, there would be no further commitment on additional funding from the Company or Jiangmen Yingtuo.

The Company believes the implementation of the Revised Plan is beneficial to the Company for the following reasons:

- (a) the Revised Plan will benefit to the Company's principal jewellery business by having its comprehensive supply chain in the close proximity of the Company;
- (b) the Company and the Joint Venture will establish a rapport with the Lunjiao Government and may enjoy further favourable policies;
- (c) the Revised Plan will not require additional funding from the Company; and
- (d) there will be no effect on the plan by the Company to relocate the Perfect Factory.

Save as disclosed above, to the best of the Directors' knowledge, there is no change in the Investment Project Corporation Agreement, the Transaction, the obligation under the transfer contract with Shunde Public Resources Trading Centre and information contained in the the Announcements and the Circular.

The Company will make further announcement as and when appropriate in accordance with the Listing Rules.

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

Hong Kong, 21 September 2017

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. He Dingding; and the independent non-executive Directors are Mr. Fan Chor Ho, Mr. Li Cheuk Wai and Mr. Wong Wai Keung Frederick.