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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION —
ACQUISITION OF THE ENTIRE EQUITY INTERESTS
IN JIANGMEN YINGTUO**

On 30 August 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors for the acquisition of the entire equity interests in Jiangmen Yingtuo for a consideration of RMB57,380,000.

As the relevant percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

On 30 August 2019, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors for the acquisition of the entire equity interests in Jiangmen Yingtuo for a consideration of RMB57,380,000.

MAJOR TERMS OF THE AGREEMENT

Date of the Agreement: 30 August 2019 (after trading hours)

Vendors: Mr. Tan and Ms. Zheng

Purchaser: Perfect Jewellery (China) Company Limited

The assets to be acquired: The entire equity interests in Jiangmen Yingtuo, the major assets of which is the 30% equity interests in the Joint Venture

Summary of terms: Pursuant to the terms of the Agreement, the Purchaser will acquire the entire equity interests in Jiangmen Yingtuo from the Vendors for a consideration of RMB57,380,000. An initial deposit of RMB17,214,000 will be paid by the Purchaser in cash within 5 days upon signing of the Agreement and the balance of the Consideration, being RMB40,166,000, will be paid by the Purchaser in cash upon Completion, which is scheduled to take place on or before 31 October 2019.

INFORMATION ON JIANGMEN YINGTUO

Jiangmen Yingtuo is an investment vehicle for the Joint Venture and 90% and 10% of the equity interests in which are owned by Mr. Tan and Ms. Zheng respectively. The major assets of the Jiangmen Yingtuo is the 30% equity interests in the Joint Venture.

Pursuant to the Investment Project Corporation Agreement, Mr. Tan and Ms. Zheng have invested in the Joint Venture for a consideration of RMB 60,070,000 for their 30% equity interests in the Joint Venture.

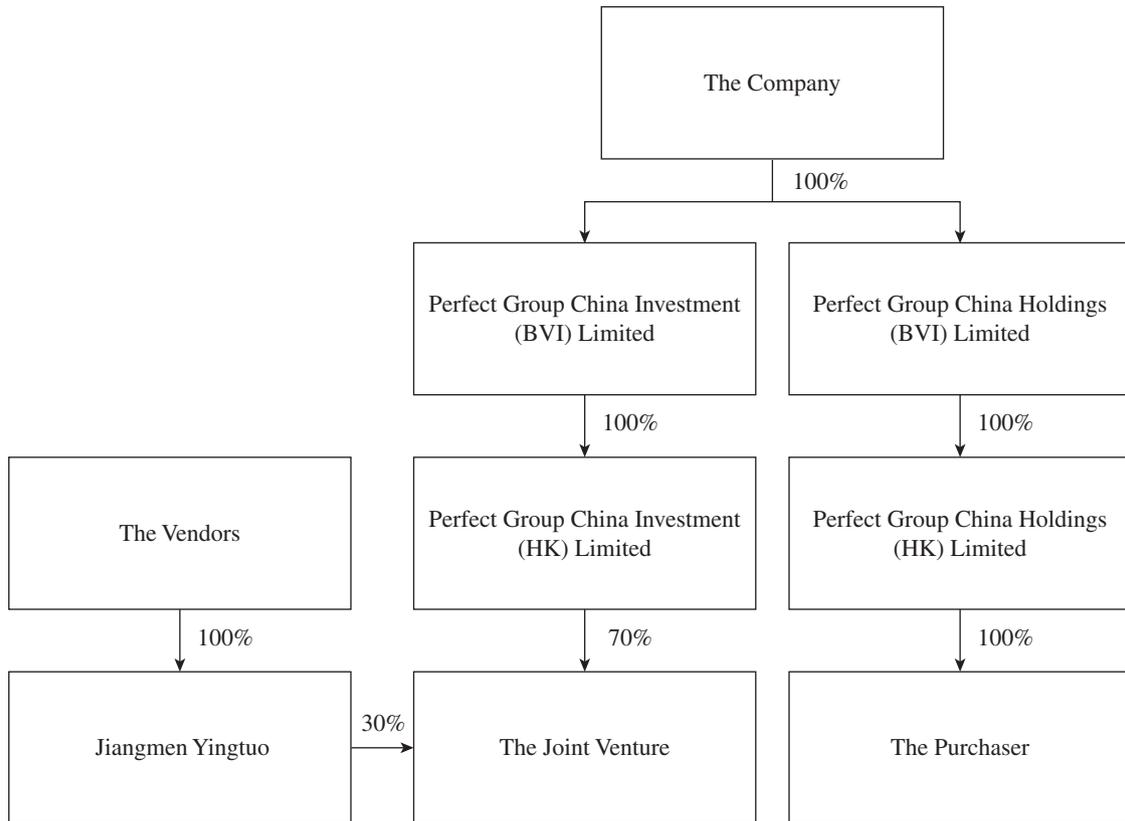
The Joint Venture is engaged in a single purpose project to hold and develop a parcel of land located at east of Foshan 1st Ring Road South Extension and south of Lunjiao Dachong River, Lunjiao Shilong Industrial Zone, Shunde District, Foshan, Guangdong Province, the PRC with the development plan to build an integrated and comprehensive industry park (the “**Perfect Group Jewellery Industry Park**”). Further information about the Joint Venture can be found in the announcements of the Company dated 29 September 2016, 13 January 2017, 15 February 2017, 21 September 2017 and 5 June 2018 and the circular of the Company dated 7 February 2017.

A significant portion of the Perfect Group Jewellery Industry Park has completed. The Group received overwhelming response from the buyers and almost all of the factory units in the Perfect Group Jewellery Industry Park which the Group intended for sales have been sold. The construction work of the Perfect Group Jewellery Industry Park has almost completed.

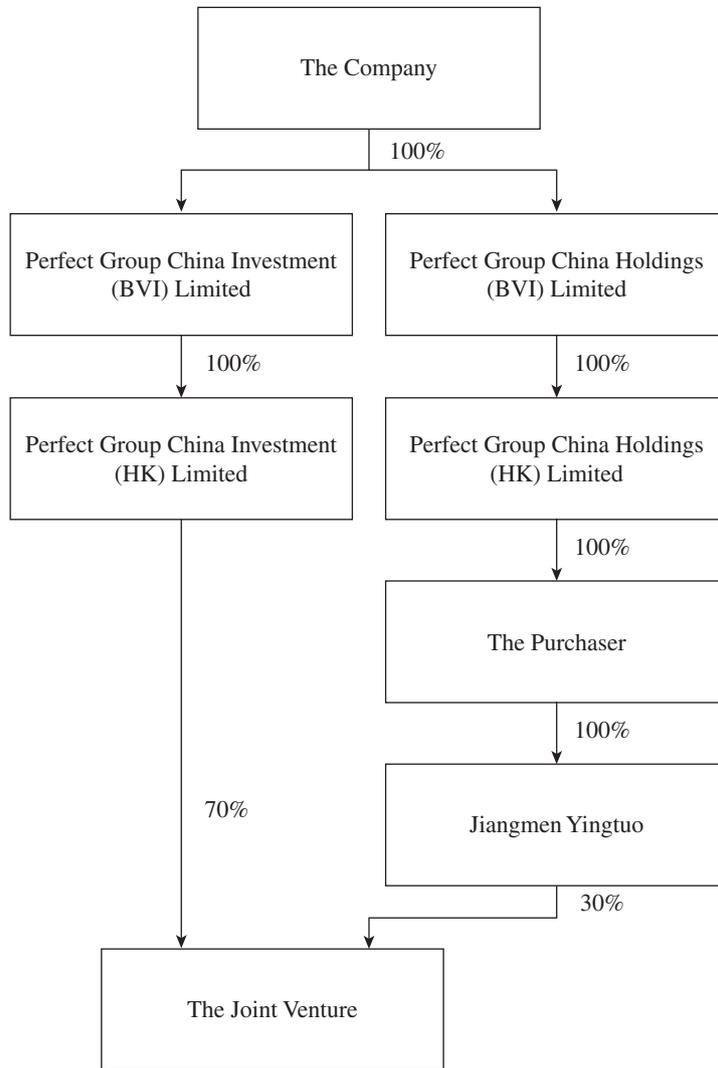
SHAREHOLDING STRUCTURE OF THE JIANGMEN YINGTUO AND THE GROUP

Set out below is the shareholding structure of Jiangmen Yingtuo and the Group

Immediately prior to Completion



Immediately after Completion



The following is the unaudited financial information on Jiangmen Yingtuo prepared in accordance with the China Accounting Standards for Business Enterprises for the financial years ended 31 December 2017 and 31 December 2018:

	For the financial year ended 31 December 2018 (unaudited)		For the financial year ended 31 December 2017 (unaudited)	
Turnover	—		—	
Net losses before taxation	RMB 168,106 (HKD 186,598)**	RMB 155,448 (HKD 172,547)**		
Net losses after taxation	RMB 168,106 (HKD 186,598)**	RMB 155,448 (HKD 172,547)**		
Total book value of the assets	RMB 82,148,704 (HKD 91,185,061)**	RMB 82,167,790 (HKD 91,206,247)**		
Net book value of the assets	RMB 705,337 (HKD 782,924)**	RMB 873,443 (HKD 969,522)**		
Total value of the assets after revaluation	RMB 138,962,363 (HKD 154,248,223)**	RMB 138,981,448 (HKD 154,269,408)**		
Net value of the assets after revaluation	RMB 57,518,996 (HKD 63,846,086)**	RMB 57,687,101 (HKD 64,032,682)**		

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group expects that upon Completion, the Group can have greater control on the development of the Joint Venture and will have a more stable income on the renting and operation of the Joint Venture.

The Consideration was arrived at after arm's length negotiation between the Purchaser and the Vendors with reference to the appraised value of the Joint Venture upon completion of the Perfect Group Jewellery Industry Park.

The Acquisition will be funded through internal resources and bank financing.

The Directors believe that the terms of the Agreement are on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES OF THE ACQUISITION

The Group and the Purchaser

The principal business of the Group is designing, manufacturing and sales of high-end fine jewellery (primarily mounted diamonds) and the development and sales of properties in the Perfect Group Jewellery Industry Park. The Purchaser is a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company. Its principal activity is retailing of fine jewellery.

The Vendors

Mr. Tan is a director of Jiangmen Yingtuo and the Joint Venture and owns 90% of the equity interests in Jiangmen Yingtuo. Ms. Zheng owns 10% of the equity interests in Jiangmen Yingtuo.

IMPLICATIONS UNDER THE LISTING RULES

Mr. Tan is a connected person at the subsidiary level of the Company as he owns 90% of the equity interests in Jiangmen Yingtuo, being a substantial shareholder (as defined in the Listing Rules) of the Joint Venture. Therefore, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules. However, the Acquisition is exempt from circular, independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules as:—

- (a) the Board has approved the Acquisition; and
- (b) the independent non-executive Directors have confirmed that the terms of the Agreement are fair and reasonable, on normal commercial terms or better, in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

As the relevant percentage ratios in respect of the Acquisition under Chapter 14 of the Listing Rules are more than 5% but less than 25%, the Acquisition constitutes a discloseable transaction of the Company and is subject to notification and announcement requirements under Chapter 14 of the Listing Rules.

The Directors do not have any material interest in the Acquisition and no Directors have to abstain from voting on the Board resolution approving the Acquisition.

DEFINITIONS

In this announcement, the following terms have the same meanings as set out below:

“Acquisition”	acquisition of the entire equity interests in Jiangmen Yingtuo by the Purchaser pursuant to the terms of the Agreement;
“Agreement”	the agreements for sale and purchase entered into between the Vendors and the Purchaser on 30 August 2019 for the Acquisition;
“Board”	the Board of Directors;
“Company”	Perfect Group International Holdings Limited, being a company incorporated in the Cayman Islands, the shares of which are listed on the Stock Exchange;
“Completion”	completion of the Agreement;
“Consideration”	RMB57,380,000;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment Project Corporation Agreement”	the investment project corporation agreement entered into between PGCI and Jiangmen Yingtuo in relation to the formation of the Joint Venture;
“Jiangmen Yingtuo”	Jiangmen City Yingtuo Real Estate Planning Co., Ltd.* (江門市盈拓地產策劃有限公司), an investment vehicle for the Joint Venture, 90% and 10% of equity interests in which are owned by Mr. Tan and Ms. Zheng respectively;

“Joint Venture”	廣東保發珠寶產業園開發有限公司 (Guangdong Perfect Jewellery Industry Park Development Company Limited)*, the joint venture formed between Perfect Group China Investment (HK) Limited and Jiangmen Yingtuo in the PRC pursuant to the Investment Project Corporation Agreement;
“Mr. Tan”	Mr. Tan Weichao, a director of Jiangmen Yingtuo and the Joint Venture and owns 90% of the equity interests in Jiangmen Yingtuo;
“Ms. Zheng”	Ms. Zheng Shuling, who owns 10% of the equity interests in Jiangmen Yingtuo;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	保發珠寶(中國)有限公司 (Perfect Jewellery (China) Company Limited)*, a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company;
“PGCI”	Perfect Group China Investment (HK) Limited, being a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company;
“PRC”	The People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“Vendors”	Mr. Tan and Ms. Zheng

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

Hong Kong, 30 August 2019

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

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

*** For the purpose of illustration only and unless otherwise stated, conversion of RMB into HK\$ in this announcement is based on the exchange rate of 1 to 1.11. Such conversion should not be construed as a representation that any amount has been, could have been, or may be, exchanged at those or any other rates.*