

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)**

**ANNOUNCEMENT OF ANNUAL RESULTS  
FOR THE YEAR ENDED 31 DECEMBER 2022**

The board (the “**Board**”) of directors (the “**Directors**”) of Perfect Group International Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2022 together with comparative figures from the previous year as follows:

**Consolidated Statement of Profit or Loss and Other Comprehensive Income**

*For the year ended 31 December 2022*

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Revenue	2	<b>374,049</b>	406,967
Cost of goods sold		<b>(259,380)</b>	(305,123)
Gross profit		<b>114,669</b>	101,844
Other income		<b>3,469</b>	1,877
Other gains and losses		<b>2,885</b>	23,029
(Impairment losses) reversal of impairment losses under expected credit loss model		<b>(20,661)</b>	1,427
Selling and distribution costs		<b>(10,773)</b>	(10,612)
General and administrative expenses		<b>(49,258)</b>	(42,600)
Finance costs		<b>(1,003)</b>	(797)
Share of result of an associate		<b>(884)</b>	40
Profit before taxation	3	<b>38,444</b>	74,208
Taxation	4	<b>(11,029)</b>	(35,931)
Profit for the year		<b>27,415</b>	38,277

	<i>NOTE</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other comprehensive income (expense) for the year			
Items that will not be reclassified to profit or loss:			
Revaluation of property, plant and equipment upon transfer to investment properties			
— Surplus on revaluation		—	9,610
— Deferred taxation		—	(2,403)
		—	7,207
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		<b>(38,189)</b>	13,736
Other comprehensive (expense) income for the year		<b>(38,189)</b>	20,943
Total comprehensive (expense) income for the year		<b>(10,774)</b>	59,220
Profit (loss) for the year attributable to:			
Owners of the Company		<b>29,400</b>	38,758
Non-controlling interests		<b>(1,985)</b>	(481)
		<b>27,415</b>	38,277
Total comprehensive (expense) income for the year attributable to:			
Owners of the Company		<b>(8,776)</b>	59,672
Non-controlling interests		<b>(1,998)</b>	(452)
		<b>(10,774)</b>	59,220
		<b>HK Cents</b>	HK Cents
Earnings per share	6		
— Basic		<b>2.18</b>	2.87
— Diluted		<b>2.18</b>	2.87

## Consolidated Statement of Financial Position

At 31 December 2022

	<i>NOTES</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		<b>60,115</b>	67,285
Right-of-use assets		<b>8,858</b>	11,411
Investment properties		<b>283,267</b>	300,256
Interest in an associate		—	932
Equity instruments at fair value through other comprehensive income		<b>1,043</b>	—
Rental deposits		<b>232</b>	252
Deferred tax assets		<b>429</b>	432
		<b>353,944</b>	380,568
Current assets			
Inventories		<b>152,061</b>	150,583
Properties held for sale		<b>129,735</b>	158,625
Trade and other receivables	7	<b>71,780</b>	105,789
Loan receivable from an associate		<b>9,343</b>	14,132
Financial assets at fair value through profit or loss		<b>7,551</b>	18,474
Bank deposits		<b>63,632</b>	—
Cash and cash equivalents		<b>48,481</b>	78,935
		<b>482,583</b>	526,538
Current liabilities			
Trade and other payables	8	<b>60,671</b>	57,268
Contract liabilities		<b>7,398</b>	35,612
Lease liabilities		<b>1,725</b>	1,818
Taxation payable		<b>66,576</b>	65,569
Bank loans — amount due within one year		<b>20,203</b>	26,391
Bank overdrafts		<b>1,610</b>	—
		<b>158,183</b>	186,658
Net current assets		<b>324,400</b>	339,880
Total assets less current liabilities		<b>678,344</b>	720,448

	<i>NOTE</i>	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities			
Lease liabilities		<b>110</b>	1,994
Provision for long service payments		<b>898</b>	898
Deferred tax liabilities		<b>30,432</b>	32,268
		<u><b>31,440</b></u>	<u>35,160</u>
Net assets		<u><b>646,904</b></u>	<u>685,288</u>
Share capital and reserve			
Share capital	9	<b>4,470</b>	4,500
Reserves		<b>642,076</b>	679,774
Equity attributable to owners of the Company		<b>646,546</b>	684,274
Non-controlling interests		<b>358</b>	1,014
		<u><b>646,904</b></u>	<u>685,288</u>

*NOTES:*

**1. BASIS OF PREPARATION AND APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (the “HKFRSs”)**

The consolidated financial statements have been prepared in accordance with the HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance (the “**CO**”).

*Amendments to HKFRSs that are mandatorily effective for the current year*

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2022 for the preparation of the consolidated financial statements:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020

The application of the amendments to HKFRSs has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

### *New and amendments to HKFRSs in issue but not yet effective*

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts <sup>1</sup>
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies <sup>1</sup>
Amendments to HKAS 8	Definition of Accounting Estimates <sup>1</sup>
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>1</sup>
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) <sup>1</sup>
Amendment to HKAS 1	Non-current Liabilities with Covenants <sup>3</sup>
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>2</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023.

<sup>2</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>3</sup> Effective for annual periods beginning on or 1 January 2024.

The directors of the Company anticipate that the application of all the above new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

## **2. REVENUE AND SEGMENT INFORMATION**

Revenue represents amounts received and receivable for the sales of fine jewellery products net of discounts and returns, sales and rental of properties and provision of property management services during both years.

Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on the revenues and profits from different types of business divisions.

The Group’s operating and reportable segments under HKFRS 8 are as follows:

- (i) Manufacturing and sales of jewellery products business represents manufacturing and sales of jewellery products including rings, earrings, pendants, bangles, necklaces and bracelets (“**Jewellery business**”); and
- (ii) Property business represents the investment in development, sales and rental of properties for the Group’s integrated and comprehensive industry park project and property management business (“**Property business**”).

In the current year, property management income which is derived from the Group's ordinary course of business is presented as revenue. Accordingly, the property management income included in other income in prior year has been reclassified to revenue and the related costs incurred directly in the generation of such income included in general and administrative expenses in prior year has been reclassified to cost of goods sold, to be consistent with current year's presentation.

**(a) Segment revenue and results**

The following is an analysis of the Group's revenue and results by operating and reportable segment:

**For the year ended 31 December 2022**

	<b>Jewellery business HK\$'000</b>	<b>Property business HK\$'000</b>	<b>Consolidated HK\$'000</b>
Segment revenue	<u>326,575</u>	<u>47,474</u>	<u>374,049</u>
Segment results	<u>43,741</u>	<u>19,949</u>	63,690
Impairment losses under ECL model			(20,661)
Unallocated corporate income			373
Unallocated corporate expenses			(3,071)
Unallocated finance costs			(1,003)
Share of result of an associate			<u>(884)</u>
Profit before taxation			<u>38,444</u>

**For the year ended 31 December 2021 (Restated)**

	Jewellery business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Segment revenue	<u>338,525</u>	<u>68,442</u>	<u>406,967</u>
Segment results	<u>27,694</u>	<u>48,622</u>	76,316
Reversal of impairment losses under ECL model			1,427
Unallocated corporate income			734
Unallocated corporate expenses			(3,512)
Unallocated finance costs			(797)
Share of result of an associate			<u>40</u>
Profit before taxation			<u>74,208</u>

Segment results represent the profit earned or loss incurred by each segment and hence is arrived at without allocation of (impairment losses) reversal of impairment losses under ECL model, share of result of an associate, and certain unallocated income and expenses and finance costs. This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance.

The comparative figures of the segment revenue and results were re-presented to conform consistent with current year's presentation.

**(b) Segment assets and liabilities**

The following is an analysis of the Group's segment assets and segment liabilities by operating and reportable segment:

**At 31 December 2022**

	<b>Jewellery business HK\$'000</b>	<b>Property business HK\$'000</b>	<b>Consolidated HK\$'000</b>
Assets			
Segment assets	<b>328,547</b>	<b>494,501</b>	<b>823,048</b>
Interest in an associate			—
Equity instruments at FVTOCI			<b>1,043</b>
Deferred tax assets			<b>429</b>
Unallocated corporate assets			<b>12,007</b>
Consolidated total assets			<b>836,527</b>
Liabilities			
Segment liabilities	<b>68,170</b>	<b>23,411</b>	<b>91,581</b>
Taxation payable			<b>66,576</b>
Deferred tax liabilities			<b>30,432</b>
Unallocated corporate liabilities			<b>1,034</b>
Consolidated total liabilities			<b>189,623</b>

**At 31 December 2021**

	Jewellery business <i>HK\$'000</i>	Property business <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Assets			
Segment assets	359,704	542,652	902,356
Interest in an associate			932
Deferred tax assets			432
Unallocated corporate assets			<u>3,386</u>
Consolidated total assets			<u><u>907,106</u></u>
Liabilities			
Segment liabilities	72,353	50,372	122,725
Taxation payable			65,569
Deferred tax liabilities			32,268
Unallocated corporate liabilities			<u>1,256</u>
Consolidated total liabilities			<u><u>221,818</u></u>

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than interest in an associate, equity instruments at FVTOCI, deferred tax assets and unallocated corporate assets.
- all liabilities are allocated to operating segments other than taxation payable, deferred tax liabilities and unallocated corporate liabilities.

The comparative figures of segment liabilities and taxation payable were re-presented to conform with current year's presentation.

### *Geographical information*

Revenue from external customers, based on location of delivery/transfer to customers and location of property is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Revenue		
— Hong Kong	<b>227,483</b>	180,527
— Dubai	<b>68,045</b>	68,122
— PRC	<b>78,521</b>	158,318
	<b><u>374,049</u></b>	<b><u>406,967</u></b>

Revenue from major customers which accounts for 10% or more of the Group's revenue is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Customer A	N/A*	84,461
Customer B	<b><u>52,579</u></b>	<b><u>47,444</u></b>

\* Revenue from customers is less than 10% of total revenue of the Group during the year.

An analysis of the Group's non-current assets (other than interest in an associate, equity instruments at FVTOCI and deferred tax assets) by their physical geographical location is as follows:

	<b>2022</b> <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC	<b>351,155</b>	377,960
Hong Kong	<b>853</b>	1,224
Dubai	<b>464</b>	20
	<b><u>352,472</u></b>	<b><u>379,204</u></b>

### 3. PROFIT BEFORE TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit before taxation has been arrived at after charging:		
Directors' remuneration	8,202	8,202
Other staff's salaries and other benefits	20,104	18,520
Other staff's retirement benefits scheme contributions	1,364	1,468
	<hr/>	<hr/>
Total staff costs	29,670	28,190
	<hr/>	<hr/>
Auditor's remuneration	1,230	1,206
Depreciation of property, plant and equipment	2,559	3,090
Depreciation of right-of-use assets	1,694	4,313
Cost of inventories recognised as expenses (included in cost of goods sold)	253,072	301,488
	<hr/> <hr/>	<hr/> <hr/>

### 4. TAXATION

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The taxation charge comprises:		
Hong Kong Profits Tax	3,560	1,705
PRC Enterprise Income Tax ("EIT")	4,207	6,705
PRC Land Appreciation Tax ("LAT")	2,501	22,025
	<hr/>	<hr/>
	10,268	30,435
Deferred tax charge	761	5,496
	<hr/>	<hr/>
	11,029	35,931
	<hr/> <hr/>	<hr/> <hr/>

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of assessable profits of the qualifying group entity will be taxed at 8.25%, and assessable profits above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HK\$2 million.

Under the Law of the PRC on EIT and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The Group is engaged in manufacturing of fine jewellery products through processing factories in the PRC under contract processing arrangement. Accordingly, under such 50:50 onshore/offshore arrangement between the Group and the processing factories, certain profits of the Group are not taxable under Hong Kong Profits Tax during both years. In addition, the processing factories of the Group is subject to the PRC EIT at a rate of 25% on the deemed profit generated in the PRC.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT has been levied at progressive rates ranging from 30% to 60% on the appreciation of land value, represented by the excess of sales proceeds of properties over prescribed direct costs. Prescribed direct costs are defined to include costs of land, development and construction costs, as well as certain costs relating to the property development. According to the State Administration of Taxation's official circulars, LAT shall be payable provisionally upon sales of the properties, followed by final ascertainment of the gain at the completion of the properties development.

## 5. DIVIDEND

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Dividends recognised as distribution during the year:		
Final dividend for 2021 of HK\$0.02 (2020: HK\$0.02) per share	<u><b>27,000</b></u>	<u>27,000</u>

The directors proposed to declare a final dividend of HK\$0.02 per share, totalling HK\$26,820,180 in respect of the year ended 31 December 2022, payable to the shareholders whose names appear on the Company's register of members on 14 June 2023.

## 6. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	<b>2022</b>	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit for the year attributable to owners of the Company and earnings for the purposes of calculating basic and diluted earnings per share	<u><b>29,400</b></u>	<u>38,758</u>
	<b>Number of shares</b>	
	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purpose of calculating both basic and diluted earnings per share	<u><b>1,348,077</b></u>	<u>1,350,000</u>

The computation of diluted earnings per share for both years does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price of the shares for both years.

## 7. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables	80,717	94,452
Less: Allowance for expected credit losses	<u>(24,092)</u>	<u>(7,204)</u>
	56,625	87,248
Other receivables, prepayments and deposits	14,789	17,896
Amount due from an associate	<u>366</u>	<u>645</u>
	<u><b>71,780</b></u>	<u><b>105,789</b></u>

The following is an analysis of trade receivable net of allowance for expected credit losses by age, presented based on the invoice date, which approximates the respective revenue recognition date.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–30 days	12,684	35,207
31–60 days	11,494	34,152
61–180 days	25,888	16,943
181–365 days	5,108	904
Over 1 year	<u>1,451</u>	<u>42</u>
	<u><b>56,625</b></u>	<u><b>87,248</b></u>

The Group allows a credit period of up to 120 days to its customers. A longer credit period may be granted to large or long established customers with good payment history.

Before accepting any new customers, the Group has an internal credit control system to assess the potential customers' credit quality and the board of directors has delegated management to be responsible for the determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically.

The Group's management takes into consideration of customers' credit history, settlement patterns, subsequent settlements, customers' financial position and an assessment of both the current and forecast general economic conditions and aging analysis of trade receivables in determining the recoverability of the overdue trade receivables. The directors of the Company considered that the concentration of credit risk is limited due to customer base being large and unrelated.

As at 31 December 2022, following the assessment of individual balances based on the Group's historical default experiences and the individual characteristics of each customer including but not limited to the aging profile and financial position together with other forward looking factors, the Group has provided an impairment loss on ECL of approximately HK\$16,888,000 on trade receivables for the year.

As at 31 December 2022, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$33,585,000 (2021: HK\$29,817,000) which are past due as at the reporting date. Included in the past due balances of HK\$9,140,000 (2021: HK\$2,526,000) has been past due 90 days or more and is not considered as in default based on good repayment records for those customers and continuous business with the Group. The grouping is regularly reviewed by management of the Group to ensure relevant information about specific debtors is updated.

Other receivables, prepayments and deposits mainly consists of value-added tax recoverable.

## 8. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	40,031	40,553
Accruals and other payables	<u>20,640</u>	<u>16,715</u>
	<u><b>60,671</b></u>	<u><b>57,268</b></u>

The following is an aged analysis of trade payables presented based on invoice date at the end of each year:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0–60 days	28,761	25,502
61–90 days	1,551	1,632
Over 90 days	<u>9,719</u>	<u>13,419</u>
	<u><b>40,031</b></u>	<u><b>40,553</b></u>

Accruals and other payables mainly consist of payable of staff salaries and benefits.

## 9. SHARE CAPITAL

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Authorised:		
3,000,000,000 ordinary shares of one third Hong Kong cent each (2021: 3,000,000,000 ordinary shares of one third Hong Kong cent each)	<u>10,000</u>	<u>10,000</u>
Issued and fully paid:		
1,341,009,000 ordinary shares of one third Hong Kong cent each (2021: 1,350,000,000 ordinary shares of one third Hong Kong cent each)	<u>4,470</u>	<u>4,500</u>

The movements in the Company's share capital for the years ended 31 December 2021 and 2022 were as follows:

	Number of ordinary shares	Nominal value of ordinary shares <i>HK\$'000</i>
Authorised:		
At 1 January 2021, 31 December 2021 and 31 December 2022	<u>3,000,000,000</u>	<u>10,000</u>
Issued and fully paid:		
At 1 January 2021 and 31 December 2021	1,350,000,000	4,500
Repurchase and cancellation of shares ( <i>Note</i> )	<u>(8,991,000)</u>	<u>(30)</u>
At 31 December 2022	<u>1,341,009,000</u>	<u>4,470</u>

*Note:* During the year ended 31 December 2022, the Company repurchased 8,991,000 of its own shares from the market which were subsequently cancelled (2021: nil). The shares were acquired at prices ranging from HK\$0.205 to HK\$0.23, with an average price of HK\$0.216 per share.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review, outlook and prospects

The principal business of the Group is designing, manufacturing and sales of high-end fine jewellery (primarily mounted with diamonds) (the “**Jewellery Business**”) and the investment in and the development and sales and rental of properties for the Group’s integrated and comprehensive industry park located at 1st Ring Road South Extension Foshan, Guangdong Province, the People’s Republic of China (the “**PRC**”) (the “**Property Business**”) as an integrated and comprehensive industry park (the “**Perfect Group Jewellery Industry Park**”).

### Jewellery Business

Throughout the year ended 31 December 2022, the Group continued to be affected by the outbreak of the 2019 Novel Coronavirus (“**Covid-19**”) which restrained the Group from participation in various shows, fairs and exhibitions held in both Hong Kong and overseas. However, our sales team was able to visit our overseas customers more frequently which in turn generated more sale orders during the year ended 31 December 2022 as compared to the year of 2021.

### Outlook for the Jewellery Business

Following the relaxation of Covid-19 measures starting from the fourth quarter of 2022, the number of shows, fair and exhibitions held has resumed and the sales teams of the Group are able to visit overseas customers more frequently. The Group is optimistic about the Jewellery Business in the coming months and will focus on the development of the Jewellery Business in overseas markets.

### Property Business

Construction work of the Perfect Group Jewellery Industry Park has already completed. Pursuant to the Group’s accounting policy, revenue is recognised at a point in time when the customer obtains control of the property and the Group’s present right to payment and consideration is probable. Since the second half of 2018, the Group has started to deliver the completed units in the Perfect Group Jewellery Industry Park to its customers. As the units sold have been delivered, revenue recognition has proceeded as scheduled. The Group has also leased out part of the units in the Perfect Group Jewellery Industry Park. The leasing of properties and the provision of management services in the Perfect Group Jewellery Industry Park have generated stable income for the Group.

## **Outlook for the Property Business**

The recognition of sales of properties will primarily be the delivery of sold units pending delivery and the sales of remaining unsold units to the purchasers. The rental and management fee income will continue to make stable contributions to the Property Business.

## **Financial review**

### **Overall Revenue**

The revenue decreased moderately from approximately HK\$407.0 million (restated) from the year ended 31 December 2021 to approximately HK\$374.0 million for the year ended 31 December 2022, representing a decrease of approximately HK\$33.0 million or 8.1%. The decrease was primarily due to the decrease in recognition of revenue from sale of properties in the PRC of which a significant portion was recognised in the previous years.

The revenue from the Jewellery Business and the Property Business represented approximately 87.3% (for the year ended 31 December 2021: approximately 83.2%) and approximately 12.7% (for the year ended 31 December 2021: approximately 16.8%), respectively, of the total revenue for the year ended 31 December 2022.

### **Jewellery Business**

#### **Revenue**

The revenue from the Jewellery Business decreased from approximately HK\$338.5 million for the year ended 31 December 2021 to approximately HK\$326.6 million for the year ended 31 December 2022, representing a decrease of approximately HK\$11.9 million or 3.5%.

The sales to Hong Kong increased from approximately HK\$180.5 million for the year ended 31 December 2021 to approximately HK\$227.5 million for the year ended 31 December 2022, representing an increase of approximately HK\$47.0 million or 26.0%.

The sales to Dubai decreased slightly from approximately HK\$68.1 million for the year ended 31 December 2021 to approximately HK\$68.0 million for the year ended 31 December 2022.

The sales to the PRC decreased significantly from approximately HK\$89.9 million for the year ended 31 December 2021 to approximately HK\$31.1 million for the year ended 31 December 2022, representing a decrease of approximately HK\$58.8 million or 65.4%.

The significant decrease was mainly due to deterioration in the PRC economy as a result of the restrictive measures against Covid-19.

### **Gross profit and gross profit margin**

The gross profit increased from approximately HK\$66.1 million for the year ended 31 December 2021 to approximately HK\$85.1 million for the year ended 31 December 2022, representing an increase of approximately HK\$19.0 million, or 28.7%, which is in line with the increase in sales in the Jewellery Business in Hong Kong and Dubai. The gross profit margin was approximately 28.1% in Hong Kong and Dubai Region which increased when comparing with the year of 2021 (for the year ended 31 December 2021: approximately 24.6%). Despite a significant increase in gross profit in the Jewellery Business in Hong Kong and Dubai, the overall gross profit margin was dragged down by the PRC market for a lower gross profit.

### **Property Business**

#### **Revenue, gross profit and gross profit margin**

The revenue decreased significantly from approximately HK\$68.4 million (restated) for the year ended 31 December 2021 to approximately HK\$47.5 million for the year ended 31 December 2022, representing a significant decrease of approximately HK\$20.9 million, or 30.6% for the Property Business. The significant decrease in the revenue was mainly due to the decrease in number of units of properties delivered to customers as a significant number of units were delivered and thus the revenue was recognised in the previous year. Rental income for the year ended 31 December 2022 was approximately HK\$15.9 million (for the year ended 31 December 2021: approximately HK\$14.3 million), representing an increase of approximately HK\$1.6 million, or 11.2%. The gross profit recognised for the year ended 31 December 2022 was approximately HK\$29.6 million (for the year ended 31 December 2021: approximately HK\$35.7 million (restated)) and the gross profit margin was approximately 62.3% (for the year ended 31 December 2021: approximately 52.2% (restated)).

#### **Overall gross profit and gross profit margin**

The overall gross profit increased from approximately HK\$101.8 million (restated) for the year ended 31 December 2021 to approximately HK\$114.7 million for the year ended 31 December 2022, representing an increase of approximately HK\$12.9 million or 12.7%. The gross profit composed of approximately HK\$85.1 million from the Jewellery Business for the year ended 31 December 2022, representing an increase of approximately HK\$19.0 million or 28.7% as compared to the year ended 31 December 2021, and approximately HK\$29.6 million from Property Business for the year ended 31 December 2022, representing a decrease of approximately HK\$6.1 million or 17.1% as compared to the year ended 31 December 2021.

## **Other income**

The other income increased from approximately HK\$1.9 million (restated) for the year ended 31 December 2021 to approximately HK\$3.5 million for the year ended 31 December 2022, representing a significant increase of approximately HK\$1.6 million or 84.2%. The significant increase was mainly due to the increase of government grants of approximately HK\$0.7 million (for the year ended 31 December 2021: Nil) in respect of Covid-19 related subsidies provided under the Employment Support Scheme of the HKSAR government.

## **Other gains and losses**

The other gains and losses mainly include gain from fair value changes upon transfer of properties held for sale to investment properties of approximately HK\$5.4 million for the year ended 31 December 2022 (for the year ended 31 December 2021: approximately HK\$19.1 million) and loss from changes in fair value of investment properties of approximately HK\$2.4 million for the year ended 31 December 2022 (for the year ended 31 December 2021: gain from changes in fair value of investment properties of approximately HK\$3.0 million).

## **Impairment losses under expected credit loss model**

The impairment losses under expected credit loss model mainly include impairment provision resulting from the trade receivables in the PRC of approximately HK\$16.9 million (for the year ended 31 December 2021: reversal of impairment losses resulting from the trade receivables in Hong Kong and overseas of approximately HK\$2.6 million) and impairment provision resulting from a loan receivable from an associate in the PRC of approximately HK\$3.8 million (for the year ended 31 December 2021: Nil).

## **Finance costs**

The finance costs of approximately HK\$1.0 million for the year ended 31 December 2022 (for the year ended 31 December 2021: approximately HK\$0.8 million) related to interest expenses on bank loans and lease liabilities for the operation of the Jewellery Business and the Property Business.

## **Selling and distribution costs**

The selling and distribution costs increased from approximately HK\$10.6 million for the year ended 31 December 2021 to approximately HK\$10.8 million for the year ended 31 December 2022, representing an increase of approximately HK\$0.2 million or 1.9%.

## **General and administrative expenses**

The general and administrative expenses increased from approximately HK\$42.6 million (restated) for the year ended 31 December 2021 to approximately HK\$49.3 million for the year ended 31 December 2022, representing an increase of approximately HK\$6.7 million or 15.7%. The increase was mainly due to the increase in staff salaries of approximately HK\$2.7 million for the year ended 31 December 2022 as the increase was in line with the development of new projects during the year.

## **Profit for the year**

As a result of the above factors, the profit after taxation for the year ended 31 December 2022 was approximately HK\$27.4 million (for the year ended 31 December 2021: approximately HK\$38.3 million), representing a decrease of approximately HK\$10.9 million or approximately 28.5% over the year of 2021.

## **Financial position**

### *Non-current Assets*

The property, plant and equipment as at 31 December 2022 of approximately HK\$60.1 million (as at 31 December 2021: approximately HK\$67.3 million) mainly represented leasehold land and buildings of approximately HK\$57.8 million (as at 31 December 2021: HK\$64.5 million) and plant and machinery, furniture and fixtures and motor vehicles of approximately HK\$2.3 million (2021: approximately HK\$2.8 million).

The Group changed the use of certain property of approximately HK\$9.5 million (as at 31 December 2021: approximately HK\$68.8 million) from leasehold land and buildings to investment properties for leasing to independent third parties during the year ended 31 December 2022.

### *Current assets*

The current assets decreased slightly from approximately HK\$526.5 million as at 31 December 2021 to approximately HK\$482.6 million as at 31 December 2022, representing a decrease of approximately HK\$43.9 million or 8.3%.

### *Current liabilities*

The current liabilities decreased from approximately HK\$186.7 million as at 31 December 2021 to approximately HK\$158.2 million as at 31 December 2022, representing a decrease of approximately HK\$28.5 million or 15.3%.

The trade and other payables which amounted to approximately HK\$60.7 million as at 31 December 2022 (as at 31 December 2021: approximately HK\$57.3 million) comprised of trade payables of approximately HK\$40.0 million (as at 31 December 2021: approximately HK\$40.6 million) and accruals and other payables of approximately HK\$20.7 million (as at 31 December 2021: approximately HK\$16.7 million). The accruals and other payables mainly consist of amounts payable for staff salaries and benefits and provision for certain construction obligations.

Included in contract liabilities was mainly the deposit received from customers of properties in the PRC, which amounted to approximately HK\$6.3 million as at 31 December 2022 (as at 31 December 2021: approximately HK\$32.5 million). The decrease was mainly due to the delivery of completed properties to the customers.

### **Liquidity and financial resources**

As at 31 December 2022, the current assets of the Group amounted to approximately HK\$482.6 million (as at 31 December 2021: approximately HK\$526.5 million) and the current liabilities of the Group amounted approximately HK\$158.2 million (as at 31 December 2021: approximately HK\$186.7 million). Accordingly, the current ratio, which is the ratio of current assets to current liabilities, was approximately 3.1 as at 31 December 2022 (as at 31 December 2021: approximately 2.8).

### **Gearing ratio**

Based on total borrowings divided by equity, the gearing ratio was approximately 0.03 (as at 31 December 2021: approximately 0.04).

### **Charge on assets**

None of the assets of the Group was charged as at 31 December 2022 (as at 31 December 2021: Nil).

### **Capital commitments**

As at 31 December 2022, the Group did not have significant commitments contracted but not provided for in the consolidated financial statements (as at 31 December 2021: Nil).

## **Contingent liabilities**

The Group provided guarantees amounting to approximately RMB13.0 million (equivalent to approximately HK\$14.7 million) as at 31 December 2022 (as at 31 December 2021: approximately RMB45.7 million (equivalent to approximately HK\$55.9 million)) to facilitate mortgage bank loan applications of the purchasers of the properties that were developed by the Group. Such guarantees will be released by banks upon delivery of the properties to the purchasers and completion of registration of the relevant mortgaged properties. In the opinion of the Directors, the fair values of these guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of default of the parties involved is remote. Accordingly, no value has been recognised at the inception of the guarantee contracts and at the end of the reporting periods as at 31 December 2022 and 31 December 2021.

## **Subsequent event**

Subsequent to 31 December 2022 and up to the date of this announcement, there were no material subsequent events affecting the Group.

## **Employee and remuneration policy**

As at 31 December 2022, the Group had approximately 150 employees (as at 31 December 2021: 128 employees) in Hong Kong and the PRC. The total salaries and related costs for the year ended 31 December 2022 amounted to approximately HK\$29.7 million (for the year ended 31 December 2021: approximately HK\$28.2 million).

The Group offers competitive remuneration package as an incentive to staff to improve their work performance. The Company has a share option scheme in place as a means to encourage and reward eligible employees' (including Directors) contributions to the Group's performance and business developments based on their individual performance. The employees' remuneration, promotion and salary are assessed by reference to their work performance, working experiences, professional qualifications and the prevailing market practices.

## **Dividend**

The Company did not declare any interim dividend for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Nil).

The Board proposes the payment of HK\$0.02 per share as the final dividend for the year ended 31 December 2022 (for the year ended 31 December 2021: HK\$0.02 per share).

The proposed final dividend is subject to the approval by the shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company. A notice convening the annual general meeting of the Company and advising the book closure dates for the purpose of determining the Shareholders’ rights to attend and vote at the annual general meeting will be published and despatched to the Shareholders in due course.

## **Closure of register of members**

In order to establish the identity of the Shareholders who are entitled to the proposed final dividend, all duly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Union Registrars Limited, at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong, no later than 4:00 p.m. on Thursday, 8 June 2023. The register of members of the Company will be closed from Friday, 9 June 2023 to Wednesday, 14 June 2023, both days inclusive, during which period no transfer of shares will be registered. Subject to the approval by the Shareholders on the proposed final dividend at the annual general meeting to be held, the final dividend will be paid on or around Tuesday, 20 June 2023 to the Shareholders whose names appear on the register of members of the Company on Wednesday, 14 June 2023.

## **Code on corporate governance practices**

The Company is committed to maintaining good standard of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and responsibility. The Company has adopted the Corporate Governance Code (the “**CG Code**”) as set out in the Appendix 14 to the Listing Rules. Since the date of listing of the shares of the Company on the Stock Exchange and up to the date of this announcement, the Company has complied with the code provision under the CG Code, except for the deviation from code provision C.2.1 of the CG Code as explained below. The Company will continue to enhance its corporate governance practices which are considered appropriate to the operations and growth of its business.

According to code provision C.2.1 of the CG Code, the role of the chairman and the chief executive officer should be separate and should not be performed by the same individual. The role of the chairman of the Board has been assumed by Mr. Kan Kin Kwong, who is also the chief executive officer of the Company. Mr. Kan Kin Kwong, as the founder of the Group, has extensive experience and knowledge in the fine jewellery industry and is responsible for managing the overall operations of the Group and planning the business development and strategies. The Directors consider that vesting the role of the chairman of the Board and the chief executive officer of the Company in the same individual is beneficial to the management and business development of the Group. The balance of power and authority is ensured by the operations of the Board and the senior management, which comprise experienced and high calibre individuals. The Board will continue to review and consider splitting the roles of the chairman of the Board and the chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

### **Model code for securities transactions by Directors**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as the code of conduct for the Directors in their dealings in the securities of the Company. Having made specific enquiry of all Directors, the Directors complied with the Model Code during the year ended 31 December 2022.

### **Pre-emptive rights**

There are no provisions for pre-emptive rights under the Company’s memorandum and articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

### **Purchase, sale or redemption of listing securities**

During the year ended 31 December 2022, the Company repurchased 8,991,000 of its own shares from the market which were subsequently cancelled (for the year ended 31 December 2021: Nil).

### **Sufficiency of public float**

Up to the date of this announcement, the Company has maintained a sufficient public float.

## **Audit committee**

The audit committee of the Board (the “**Audit Committee**”) comprises three independent non-executive Directors namely, Mr. Wong Wai Keung Frederick, Mr. Fan Chor Ho and Mr. Lee Ka Wing. Mr. Wong Wai Keung Frederick is the chairman of the Audit Committee. The Audit Committee has reviewed the audited consolidated financial statements of the Company for the year ended 31 December 2022.

## **Scope of work of the auditor**

The figures above in respect of this annual results announcement for the year ended 31 December 2022 have been agreed with the Company’s auditor, Deloitte Touche Tohmatsu, certified public accountants (“**Deloitte**”), to be consistent with the amounts set out in the Group’s consolidated financial statements for the year. The work performed by Deloitte in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte on this announcement.

## **Publication of annual results announcement and annual report**

This annual results announcement is published on the Company’s website ([www.hkperjew.com.hk](http://www.hkperjew.com.hk)) and the Stock Exchange’s website ([www.hkexnews.hk](http://www.hkexnews.hk)).

The annual report of the Company for the year ended 31 December 2022 containing all the information required by the Listing Rules will also be available at the Company’s and the Stock Exchange’s websites and despatched to the Shareholders in due course.

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

Hong Kong, 27 March 2023

*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.*