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 UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the "**Board**") of directors (the "**Director(s)**") of Perfect Group International Holdings Limited (the "**Company**" together with its subsidiaries, the "**Group**") hereby announces the unaudited condensed consolidated results of the Group for the six months ended 30 June 2024 together with comparative figures for the corresponding period in 2023 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024

		Six months ended 30 June	
	Notes	**2024** **HK$'000** **(Unaudited)**	2023 *HK$'000* (Unaudited and restated)
Revenue	*5*	**154,735**	174,120
Cost of goods sold		**(112,232)**	(116,453)
Gross profit		**42,503**	57,667
Other income		**2,965**	2,567
Other gains and losses, net		**2,784**	(853)
Reversal of/(provision for) impairment losses under expected credit loss ("**ECL**") model, net		**11**	(268)
Selling and distribution costs		**(7,120)**	(7,863)
General and administrative expenses		**(22,745)**	(23,765)
Finance costs		**(830)**	(551)
Share of results of a joint venture		**6**	(3)
Profit before income tax	*6*	**17,574**	26,931
Income tax credit/(expense)	*7*	**7,667**	(2,231)
Profit for the period		**25,241**	24,700

	Note	Six months ended 30 June 2024 HK$'000 (Unaudited)	2023 HK$'000 (Unaudited and restated)
Other comprehensive expense for the period			
Item that will not be reclassified to profit or loss:			
Equity instruments at fair value through other comprehensive income — change in fair value		**(92)**	(242)
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(10,151)**	(17,081)
Other comprehensive expense for the period		**(10,243)**	(17,323)
Total comprehensive income for the period		**14,998**	7,377
Profit for the period attributable to:			
Owners of the Company		**25,429**	25,549
Non-controlling interests		**(188)**	(849)
		25,241	24,700
Total comprehensive income attributable to:			
Owners of the Company		**15,345**	8,445
Non-controlling interests		**(347)**	(1,068)
		14,998	7,377
Earnings per share	*9*		
– Basic		**1.90 HK cents**	1.91 HK cents
– Diluted		**1.90 HK cents**	1.91 HK cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2024

	Notes	At 30 June 2024 HK$'000 (Unaudited)	At 31 December 2023 HK$'000 (Audited)
Non-current assets			
Property, plant and equipment		**106,099**	93,351
Prepayments for acquisitions of property, plant and equipment	*10*	**8,062**	—
Right-of-use assets		**7,606**	7,894
Interest in an associate		**—**	—
Interest in a joint venture		**186**	185
Equity instruments at fair value through other comprehensive income		**613**	696
Deferred tax assets		**1,379**	1,139
		123,945	103,265
Current assets			
Inventories		**139,152**	140,050
Properties held for sale		**328,538**	350,459
Trade and other receivables	*10*	**76,822**	87,575
Loan receivable from an associate		**6,604**	7,268
Financial assets at fair value through profit or loss		**6,241**	6,131
Restricted cash balance		**2,004**	—
Bank deposits		**80,704**	66,736
Cash and cash equivalents		**54,388**	76,041
		694,453	734,260
Current liabilities			
Trade and other payables	*11*	**55,188**	56,510
Contract liabilities		**409**	4,055
Lease liabilities		**35**	35
Tax payables		**59,273**	76,903
Bank loans		**43,141**	25,029
		158,046	162,532

	Note	At 30 June 2024 HK$'000 (Unaudited)	At 31 December 2023 HK$'000 (Audited)
Net current assets		**536,407**	571,728
Total assets less current liabilities		**660,352**	674,993
Non-current liabilities			
Lease liabilities		**868**	908
Provision for long service payments		**898**	898
Deferred tax liabilities		**21,212**	23,483
		22,978	25,289
Net assets		**637,374**	649,704
Equity			
Share capital	*12*	**4,470**	4,470
Reserves		**625,535**	638,197
Equity attributable to owners of the Company		**630,005**	642,667
Non-controlling interests		**7,369**	7,037
Total equity		**637,374**	649,704

Notes:

1. GENERAL INFORMATION OF THE GROUP

Perfect Group International Holding Limited (the "**Company**") was incorporated in the Cayman Islands on 16 June 2015 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 4 January 2016. The registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is at 26/F, YHC Tower, 1 Sheung Yuet Road, Kowloon Bay, Hong Kong. The Company's immediate and ultimate holding company is Immaculate Diamonds Limited, a company incorporated in the British Virgin Islands (the "**BVI**").

The Company is an investment holding company. The principal activities of the subsidiaries of the Company are (a) designing, manufacturing and sales of high-end fine jewellery as well as metal refining and purifying process for jewellery (the "**Jewellery Business**"); (b) 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; and (c) sales of electricity generated from the photovoltaic power generation system.

The condensed consolidated financial statements of the Group for the six months ended 30 June 2024 (the "**condensed consolidated financial statements**") are presented in Hong Kong dollars ("**HK$**"), which is different from the functional currency of the Company, United States dollars. The reason for selecting HK$ as its presentation currency is because most of the shareholders of the Company are located in Hong Kong.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. The condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2023 (the "**2023 Annual Financial Statements**").

3. MATERIAL ACCOUNTING POLICY INFORMATION

The condensed consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss ("**FVTPL**") and equity instruments at fair value through other comprehensive income ("**FVTOCI**") which are measured at fair values.

These condensed consolidated financial statements have been prepared with the same accounting policies adopted in the 2023 Annual Financial Statements, except for those that relate to new standards or interpretations effective for the first time for periods beginning on or after 1 January 2024. The adoption of these new or revised Hong Kong Financial Reporting Standards ("**HKFRSs**") has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Application of amendments to HKFRSs

In the current interim period, the Group has applied the following amendments to HKFRSs issued by the HKICPA, for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2024 for the preparation of the Group's condensed consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

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

4. MERGER ACCOUNTING AND RESTATEMENTS

On 24 May 2023, the Group entered into the sale and purchase agreement with Jiangmen City Hongxin Construction Project Company Limited* (江門市弘信建設工程有限公司) as vendor ("**the Vendor**"), pursuant to which the Group agreed to acquire and the Vendor agreed to dispose of 55% of its entire equity interests in Guangdong Kaisi New Energy Company Limited* (廣東愷斯新能源有限公司) (the "**Target Company**") for a cash consideration of approximately RMB7,150,000. Following completion of the acquisition on 3 August 2023, the Target Company became an indirect non-wholly owned subsidiary of the Company.

Details of the acquisition of the Target Company are more fully explained in the announcements named "Connected transaction in relation to the acquisition of the Target Company in the PRC" released by the Company on 24 May 2023 and 3 August 2023. These announcements are available on the Company's website and the Stock Exchange's website.

As the Target Company is ultimately controlled by Mr. Kan Kin Kwong ("**Mr. Kan**"), an executive director and controlling shareholder of the Company, before and after the acquisition and that control is not transitory, there would be a continuation of the risks and benefits to Mr. Kan and therefore the acquisition was accounted for as a business combination of entities under common control. The condensed consolidated financial statements have therefore been prepared using the merger basis of accounting as if the acquisition has occurred from the date when Mr. Kan has obtained control. The net assets of the companies comprising the Group have been consolidated using the existing book values from the perspective of Mr. Kan.

Comparative amounts in the condensed consolidated financial statements are restated as if the entities or businesses had been combined at the beginning of the comparative period.

The condensed consolidated statement of profit or loss and other comprehensive income include the results of combining entities or businesses from the earliest date presented. The effects of all transactions between the combining entities or businesses, whether occurring before or after the acquisitions, are eliminated.

The effects of the application of merger accounting on the consolidated statement of profit or loss for the six months ended 30 June 2023 are as follows:

	For the six months ended 30 June 2023 as previously reported	Adjustments for combination using merger accounting	For the six months ended 30 June 2023 as restated
	HK$'000	*HK$'000*	*HK$'000*
Revenue	173,468	652	174,120
Cost of goods sold	(115,849)	(604)	(116,453)
Gross profit	57,619	48	57,667
Other income	2,562	5	2,567
Other gains and losses, net	(853)	—	(853)
Provision for impairment losses under ECL model, net	(268)	—	(268)
Selling and distribution costs	(7,863)	—	(7,863)
General and administrative expenses	(23,646)	(119)	(23,765)
Finance costs	(425)	(126)	(551)
Share of result of a joint venture	—	(3)	(3)
Profit before income tax	27,126	(195)	26,931
Income tax expense	(2,231)	—	(2,231)
Profit for the period	24,895	(195)	24,700
Earnings per share	*HK cents*	*HK cents*	*HK cents*
– Basic	1.91	—	1.91
	HK cents	*HK cents*	*HK cents*
– Diluted	1.91	—	1.91

The effects of the application of merger accounting on the condensed consolidated statement of cash flow for the six months ended 30 June 2023 are as follows:

	For the six months ended 30 June 2023 as previously reported *HK$'000*	Adjustments for combination using merger accounting *HK$'000*	For the six months ended 30 June 2023 as restated *HK$'000*
Net cash from operating activities	37,994	(1,548)	36,446
Investing activities			
Interest received	1,466	82	1,548
Dividend income from financial assets at FVTPL	—	74	74
Proceeds from disposal of investment property	2,368	—	2,368
Payment of construction in progress	(10,953)	—	(10,953)
Net cash used in investing activities	(7,119)	156	(6,963)
Financing activities			
Dividend paid	(26,822)	—	(26,822)
Contribution from non-controlling shareholders	2,002	1,692	3,694
Repayment of bank loans	(3,094)	—	(3,094)
Repayment of principal portion of lease liabilities	(855)	—	(855)
Interest paid	(425)	(300)	(725)
Net cash used in financing activities	(29,194)	1,392	(27,802)
Net increase in cash and cash equivalents	1,681	—	1,681
Cash and cash equivalents at beginning of the period	46,871	—	46,871
Effect of foreign exchange rate changes	440	—	440
Cash and cash equivalents at end of period	48,992	—	48,992

5. REVENUE AND SEGMENT INFORMATION

Analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Revenue recognised at a point in time		
Sales of jewellery products	**124,627**	155,244
Sales of properties	**13,686**	5,672
Sales of electricity	**1,743**	652
Service income of metal refining and purifying process for jewellery	**3,648**	—
Revenue recognised over time		
Property management fee income	**4,971**	5,153
Total revenue from contracts with customers	**148,675**	166,721
Rental income	**6,060**	7,399
	154,735	174,120

Sales of jewellery products

Revenue from sales of jewellery products, is recognised when control of the goods has been transferred, being when the goods have been shipped to the customers' specific locations (upon delivery of goods).

Sales of properties

For contracts entered into with customers on sales of properties, revenue from sales of properties is recognised at a point in time when the control over the ownership or physical possession of the property is transferred to the customer. The relevant properties specified in the contracts are not based on customer's specifications.

Sales of electricity

Income from sales of electricity is recognised at a point in time according to the unit of electricity consumed. The Group has no unsatisfied performance obligations at each reporting date.

Service income of metal refining and purifying process for jewellery

Revenue from service income of metal refining and purifying process for jewellery is recognised at a point in time when the services are rendered.

Property management service

For property management services, the Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to bill and that corresponds directly with the value of performance completed. The Group primarily generates revenue from property management services income from properties managed under lump sum basis, the Group entitles to revenue at the value of property management services fee received or receivable.

Rental income

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Information reported to the executive directors of the Company, being the chief operating decision maker (the "**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 as well as metal refining and purifying processes for jewellery (the "**Jewellery business**").

(ii) Property business represents the investment in, development, sales and rental of properties at the Group's integrated and comprehensive industry park project and property management business (the "**Property business**").

(iii) Photovoltaic power generation business represents sales of electricity which is generated from the photovoltaic power generation system owned by the Group (the "**Photovoltaic power generation business**").

(a) Segment revenue and results

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

For the six months ended 30 June 2024 (unaudited)

	Jewellery business	Property business	Photovoltaic power generation business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	128,275	24,717	1,743	154,735
Segment results	16,937	3,722	794	21,453
Reversal of impairment loss under ECL model				11
Loss on changes of fair values of financial assets at FVTPL				(446)
Gain on disposal of a subsidiary				2,827
Unallocated finance costs				(830)
Unallocated corporate income				346
Unallocated corporate expenses				(5,793)
Share of results of a joint venture				6
Profit before income tax				17,574

For the six months ended 30 June 2023 (unaudited and restated)

	Jewellery business	Property business	Photovoltaic power generation business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Segment revenue	155,244	18,224	652	174,120
Segment results	27,582	6,367	(66)	33,883
Provision for impairment loss under ECL model				(268)
Loss on fair value changes of financial assets at FVTPL				(866)
Unallocated finance costs				(551)
Unallocated corporate income				200
Unallocated corporate expenses				(5,464)
Share of results of a joint venture				(3)
Profit before income tax				26,931

Segment results represent the profit earned or loss incurred by each segment and hence is arrived at without allocation of reversal of/(provision for) impairment loss under ECL model, loss on changes of fair values of financial assets at FVTPL, gain on disposal of a subsidiary, share of results of a joint venture, share of result of an associate, and certain unallocated corporate 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.

(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 30 June 2024 (unaudited)

	Jewellery business	Property business	Photovoltaic power generation business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	335,677	416,999	55,877	808,553
Interest in an associate				—
Interest in a joint venture				186
Deferred tax assets				1,379
Equity instruments at FVTOCI				613
Unallocated corporate assets				7,667
Consolidated total assets				818,398
Liabilities				
Segment liabilities	52,368	9,129	38,206	99,703
Tax payables				59,273
Deferred tax liabilities				21,212
Unallocated corporate liabilities				836
Consolidated total liabilities				181,024

At 31 December 2023 (audited)

	Jewellery business	Property business	Photovoltaic power generation business	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Assets				
Segment assets	311,920	464,370	33,292	809,582
Interest in an associate				—
Interest in a joint venture				185
Deferred tax assets				1,139
Equity instruments at FVTOCI				696
Unallocated corporate assets				25,923
Consolidated total assets				837,525
Liabilities				
Segment liabilities	48,327	20,134	17,119	85,580
Tax payables				76,903
Deferred tax liabilities				23,483
Unallocated corporate liabilities				1,855
Consolidated total liabilities				187,821

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, interest in a joint venture, deferred tax assets, equity instruments at FVTOCI, and unallocated corporate assets.

– all liabilities are allocated to operating segments other than tax payables, deferred tax liabilities and unallocated corporate liabilities.

6. PROFIT BEFORE INCOME TAX

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Profit before income tax has been arrived at after charging:		
Depreciation of property, plant and equipment included in:		
– cost of goods sold	**588**	11
– general and administrative expenses	**1,811**	1,038
– selling and distribution costs	**—**	16
	2,399	1,065
Depreciation of right-of-use assets	**93**	874
Total depreciation	**2,492**	1,939
Directors' remuneration		
– fees	**324**	324
– salaries and other benefits	**3,795**	3,773
– retirement benefit scheme contributions	**27**	27
	4,146	4,124
Other staff's salaries and other benefits*	**9,602**	9,983
Other staff's retirement benefits scheme contributions*	**765**	796
Total staff costs	**14,513**	14,903
Auditor's remuneration	**240**	233
Cost of inventories recognised as expenses (included in cost of goods sold)	**110,398**	113,877

* No forfeited contribution available for offset against existing contributions to pension costs defined contribution plans and social security costs during the six months ended 30 June 2024 and 2023.

7. INCOME TAX (CREDIT)/EXPENSE

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
The income tax (credit)/expense comprises:		
Hong Kong Profits Tax		
– Current period	**597**	1,737
– Over-provision in prior years	**(693)**	—
PRC Tax		
– Current period	**4,275**	2,784
– Over-provision in prior years	**(7,839)**	—
Over-provision in prior years	**(2,043)**	(1,941)
	(5,703)	2,580
Deferred tax credit	**(1,964)**	(349)
	(7,667)	2,231

Under the two-tiered profits tax rates regime, the first HK$2 million of profits of the qualifying group entity will be taxed at 8.25%, and 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 Enterprise Income Tax ("**EIT**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

The Group's manufacturing of fine jewellery products is conducted through its 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 periods. 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 Land Appreciation Tax ("**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 project of properties development.

8. DIVIDEND

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Dividends recognised as distribution during the period		
Final dividend for 2023 of HK$0.02 (2022: HK$0.02) per share	**26,790**	26,822

The directors of the Company had not declared any interim dividend for the six months ended 30 June 2023 and 2024.

During the six months ended 30 June 2024, the Company has purchased 1,587,000 shares of its own shares from the market which were not yet cancelled. Dividend paid by the Company in respect of these shares has been eliminated to the respective dividend received by the Company.

9. 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:

	Six months ended 30 June	
	2024	2023
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited and restated)
Earnings		
Profit for the period attributable to owners of the Company for the purposes of calculating basic and diluted earnings per share	**25,429**	25,549

	Number of shares	
	'000	*'000*
Shares		
Weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share	**1,340,443**	1,341,009

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

In April 2024, the Company has purchased 1,587,000 shares in aggregate of its own shares from the market. The repurchased shares are awaiting for cancellation as of 30 June 2024.

10. TRADE AND OTHER RECEIVABLES

	At 30 June 2024 HK$'000 (Unaudited)	At 31 December 2023 HK$'000 (Audited)
Trade receivables	**79,562**	84,058
Less: Allowance for impairment loss on ECL	**(20,551)**	(22,658)
	59,011	61,400
Other receivables, prepayments and deposits	**24,383**	24,426
Amount due from a joint venture	**1,450**	1,487
Amount due from an associate	**40**	262
	84,884	87,575
Less: Non-current prepayments for acquisitions of property, plant and equipment	**(8,062)**	—
	76,822	87,575

The basis of determining the inputs and assumptions and the estimation techniques used in the impairment assessment of financial assets subject to expected credit loss model in the condensed consolidated financial statements for the six months ended 30 June 2023 are the same as those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023.

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

	At 30 June 2024 HK$'000 (Unaudited)	At 31 December 2023 HK$'000 (Audited)
0–30 days	**14,359**	15,796
31–60 days	**22,766**	13,310
61–180 days	**18,901**	27,580
181–365 days	**2,985**	4,714
	59,011	61,400

The Group generally 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.

11. TRADE AND OTHER PAYABLES

	At 30 June 2024	At 31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade payables	**37,902**	32,481
Accruals and other payables	**17,286**	24,029
	55,188	56,510

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

	At 30 June 2024	At 31 December 2023
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0–60 days	**15,028**	13,616
61–90 days	**5,515**	3,556
Over 90 days	**17,359**	15,309
	37,902	32,481

12. SHARE CAPITAL

	At 30 June 2024 *HK$'000* (Unaudited)	At 31 December 2023 *HK$'000* (Audited)
Authorised:		
3,000,000,000 ordinary shares of one third Hong Kong cent each	**10,000**	10,000
Issued and fully paid:		
1,341,009,000 ordinary shares of one third Hong Kong cent each	**4,470**	4,470

	Number of ordinary shares	Nominal value of ordinary shares *HK$'000*
Authorised:		
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	**3,000,000,000**	10,000
Issued and fully paid:		
At 1 January 2023 (audited), 31 December 2023 (audited) and 30 June 2024 (unaudited)	**1,341,009,000**	4,470

Note: In April 2024, the Company purchased 1,587,000 shares in aggregate of its own shares from the market. The shares were acquired at prices ranging from HK$0.188 to HK$0.195, with an average price of HK$0.190 per share. The repurchased shares are awaiting for cancellation and have not yet cancelled as at 30 June 2024.

During the six months ended 30 June 2024, there were no issued and repayments of debt and equity securities (six months ended 30 June 2023: Nil).

13. DISPOSAL OF A SUBSIDIARY

On 1 April 2024, Perfect Jewellery (China) Co. Limited ("**Perfect Jewellery (China)**"), an indirectly wholly-owned subsidiary of the Company, entered into a disposal agreement (the "**Agreement**") with Foshan Yingfu Technology Co., Ltd.* (佛山市盈富科技有限公司) ("**Foshan Yingfu Technology**"), an independent third party, in relation to the disposal of the 100% equity interests in Foshan Huaguanhui Property Management Ltd.* (佛山市華冠匯物業管理有限公司) ("**Foshan Huaguanhui Property Management**"), which was principally engaged in the property management business for a consideration of approximately RMB3,670,000 (equivalent to approximately HK$3,958,000) (the "**Disposal of Foshan Huaguanhui Property Management**"). The Disposal of Foshan Huaguanhui Property Management was completed in April 2024 and since then Foshan Huaguanhui Property Management ceased to be an indirectly wholly-owned subsidiary of the Company, and Foshan Huaguanhui Property Management's financial results will no longer be consolidated into the Group's consolidated financial statements.

	HK$'000
Consideration received in cash and cash equivalents	**3,958**

Analysis of assets and liabilities of the subsidiary in which the control was lost

	HK$'000
Trade receivables	1,314
Other receivables	475
Cash and cash equivalents	1,561
Accruals and other payables	(2,145)
Contract liabilities	(74)
Net assets disposed of	1,131

Gain on disposal of a subsidiary

	HK$'000
Net assets disposed of	**(1,131)**
Consideration received	**3,958**
Gain on disposal	**2,827**

The gain on disposal of a subsidiary is included in "Other gains and losses, net" in the condensed consolidated statement of profit or loss and other comprehensive income.

Net cash outflow on disposal of a subsidiary

	Six months ended 30 June 2024 *HK$'000*
Consideration received in cash and cash equivalents	**3,958**
Less: cash and cash equivalents of the subsidiary disposed of	**(1,561)**
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	**2,397**

14. COMPARATIVE AMOUNTS

As further explained in Note 4 to the condensed consolidated financial statements, paragraph heading "**Merger accounting and restatements**", certain comparative amounts have been restated as a result of the adoption of merger accounting for the common control transaction taken place during the year ended 31 December 2023.

15. EVENTS AFTER REPORTING PERIOD

On 5 August 2024, an indirectly wholly-owned subsidiary of the Company, Perfect Group International Holdings (HK) Limited ("**Perfect (HK)**") has entered into a new tenancy agreement with Hong Kong Perfect Jewellery Company Limited ("**HK Perfect**"). Pursuant to the new tenancy agreement, Perfect (HK) agrees to renew the tenancy agreement with HK Perfect for a term of three years commencing on 5 August 2024 with monthly rental of HK$290,000. As HK Perfect is a company incorporated in Hong Kong and indirectly wholly-owned by Mr. Kan, an the executive Director and controlling shareholder of the Company, the entering into of the new tenancy agreement constitute a connected transaction. Further details of this are set out in the announcement of the Company dated 5 August 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

Material acquisitions and disposals of subsidiaries and affiliated companies

On 24 May 2023, Perfect Jewellery (China) Co. Limited ("**Perfect Jewellery (China)**"), an indirect wholly-owned subsidiary of the Company, entered into an acquisition agreement with Jiangmen City Hongxin Construction Project Co., Ltd.* (江門市弘信建設工程有限公司) ("**Jiangmen City Hongxin**"), a company wholly-owned by Mr. Kan (who is an executive Director and a controlling shareholder of the Company), in relation to the acquisition of 55% equity interests in Guangdong Kaisi New Energy Co., Ltd. ("**Guangdong Kaisi**"), which was a subsidiary of the Company principally engaged in the Photovoltaic Power Generation Business (as hereinafter defined), for a consideration of approximately RMB7.15 million (the "**Acquisition of Guangdong Kaisi**"). The Acquisition of Guangdong Kaisi was completed in August 2023. For further details, please refer to the Company's announcements dated 24 May 2023 and 3 August 2023.

As further explained in Note 4 (merger accounting and restatement) to the condensed consolidated financial statements, certain comparative amounts have been restated as a result of the adoption of merger accounting for the common control transaction taken place during the year ended 31 December 2023.

On 1 April 2024, Perfect Jewellery (China) entered into a disposal agreement with Foshan Yingfu Technology Co., Ltd.* (佛山市盈富科技有限公司) ("**Foshan Yingfu Technology**"), an independent third party, in relation to the disposal of the entire equity interests in Foshan Huaguanhui Property Management Ltd.* (佛山市華冠匯物業管理有限公司) ("**Foshan Huaguanhui Property Management**"), which was a subsidiary of the Company principally engaged in the property management business for a consideration of approximately RMB3.7 million (equivalent to approximately HK$4.0 million) (the "**Disposal of Foshan Huaguanhui Property Management**"). The Disposal of Foshan Huaguanhui Property Management was completed in April 2024 and Foshan Huaguanhui Property Management has since ceased to be an indirectly wholly-owned subsidiary of the Company, and Foshan Huaguanhui Property Management's financial results has no longer been consolidated into the Group's consolidated financial statements since then.

Business outlook and prospects

The principal businesses of the Group are (a) designing, manufacturing and sales of high-end fine jewellery (primarily mounted with diamonds) as well as metal refining and purifying process for jewellery (the "**Jewellery Business**"); (b) investment in, and development, sales and rental of, properties for the Group's integrated and comprehensive industry park located at 1st Ring Road South Extension Foshan, Guangdong Province, People's Republic of China (the "**PRC**") (the "**Property Business**") as an integrated and comprehensive industry park (the "**Perfect Group Jewellery Industry Park**"); and (c) sales of electricity generated from the photovoltaic power generation system (the "**Photovoltaic Power Generation Business**").

The Jewellery Business

During the six months ended 30 June 2024, the Jewellery Business continued to be affected by the macroeconomic environment of heightened geopolitical tensions, increasing interest rates, declining economic growth expectation and record high gold prices which weakened the customer sentiment significantly. Despite market uncertainties and externalities which were beyond our control, the Group was committed to participate actively in various shows, fairs and exhibitions held in both Hong Kong and overseas. In addition, our sales team was devoted to visiting overseas customers and soliciting more sales orders from existing and potential customers.

On the other hand, Guangdong Huijinying Jewellery Company Limited* (廣東滙金盈珠寶有限公司), an indirect non-wholly owned subsidiary of the Company, has started its operation through its licensed environmental protection centre during the six months ended 30 June 2024. Given the metal refining and purifying processes are part of the jewellery manufacturing process and the products and economic characteristics are similar to the Jewellery Business segment, and the segment revenue, results, assets and liabilities of metal refining and purifying processes for jewellery are not individually material, the segment of metal refining and purifying processes for jewellery has been incorporated into the Jewellery Business segment.

Outlook for the Jewellery Business

It is expected that the Jewellery Business will continue to be affected by the above-mentioned challenging macroeconomic environment and the contraction of the PRC market in the second half of 2024. The Group will be committed to enhancing its participation in jewellery fairs and exhibitions in Hong Kong and overseas and developing competitive jewellery styles in the market for the purpose of attracting new customers and consolidating the Jewellery Business. Leveraging its extensive experience and deep insight into the Jewellery Business, the Group will continue to take a proactive and responsive approach to strengthen business resilience by staying vigilant and actively monitoring dynamics and fast-evolving jewellery market conditions. The Group will continue to focus on the development of the Jewellery Business in overseas markets.

The Property Business

Since the second half of 2018, the Group has started to deliver the completed units, including industrial units and dormitory, 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, including industrial units, shops, canteen, car parks and dormitory. 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

It is expected that the properties held by the Group will continue to be sold or leased. The rental and management fee income will continue to make stable contributions to the Property Business in the second half of 2024. The Group will continue to explore opportunities for sales of properties and increase the occupancy rate of the leased properties in the Perfect Group Jewellery Industry Park to enhance the overall profitability of the Property Business.

The Photovoltaic Power Generation Business

The Group, while not only actively making efforts to strengthen the development of both the Jewellery Business and the Property Business, is also on the lookout for and exploring new business opportunities to diversify its existing revenue streams and to improve the overall profitability of the Group. The Acquisition of Guangdong Kaisi, which engages in the Photovoltaic Power Generation Business, in 2023 has become a new business segment of the Group in the PRC. This business involves sales of electricity which is generated from the photovoltaic power generation system owned by the Group and Guangdong Kaisi charges users for approximately 70% to 90% of the official charge rate stipulated by the local electricity bureau. In case the customers could not utilise all the electricity generated, the unutilised electricity would be sold to the local electricity bureau at a reduced rate. During the six months ended 30 June 2024, the Group completed the grid connection of ten projects in the PRC with an aggregate maximum capacity of approximately 8,643 kilo-Watt and the power generated was approximately 3.0 million units during the six months ended 30 June 2024.

Outlook for the Photovoltaic Power Generation Business

In recent years, in order to address frequent global extreme climate change and mitigate the impact of rising fossil fuel prices, renewable and clean energy, represented by photovoltaics, has become a global trend. With the long-term PRC government strategic support, continuous technological advances and cost reductions, photovoltaic power is now the renewable energy with the greatest development potential. With lower cost compared to inflated fossil fuel prices, demand for photovoltaic products in the future is expected to increase but keen competition is expected as a result. Moreover, the Group is also actively researching plans for the photovoltaic energy storage system in the hope of creating synergies between the Photovoltaic Power Generation Business and the energy storage business.

FINANCIAL REVIEW

Overall Revenue

	Six months ended 30 June					
	2024		2023		Increase (Decrease)	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*
	(Unaudited)		(Unaudited and restated)			
Jewellery Business	**128,275**	**82.9**	155,244	89.1	(26,969)	(17.4)
Property Business	**24,717**	**16.0**	18,224	10.5	6,493	35.6
Photovoltaic Power Generation Business	**1,743**	**1.1**	652	0.4	1,091	167.3
	154,735	**100.0**	174,120	100.0	(19,385)	(11.1)

The revenue for the six months ended 30 June 2024 was approximately HK$154.7 million (six months ended 30 June 2023: approximately HK$174.1 million), representing a decrease of approximately HK$19.4 million or 11.1% from the corresponding period of 2023. The decrease was mainly due to the decrease in revenue from the Jewellery Business of approximately HK$27.0 million or 17.4% and such impact was partially offset by the increase in revenue from the Property Business of approximately HK$6.5 million or 35.6% and the Photovoltaic Business of approximately HK$1.1 million or 167.3%.

The revenue from the Jewellery Business, the Property Business and the Photovoltaic Power Generation Business represented approximately 82.9%, 16.0% and 1.1% of the revenue for the six months ended 30 June 2024, respectively (six months ended 30 June 2023: 89.1%, 10.5% and 0.4%).

	Six months ended 30 June			
	2024	2023	Increase (Decrease)	
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited and restated)		
Hong Kong	**95,579**	108,759	(13,180)	(12.1)
Dubai	**27,299**	45,995	(18,696)	(40.6)
PRC	**31,857**	19,366	12,491	64.5
	154,735	174,120	(19,385)	11.1

The revenue from Hong Kong decreased from approximately HK$108.8 million for the six months ended 30 June 2023 to approximately HK$95.6 million for the six months ended 30 June 2024, representing a decrease of approximately HK$13.2 million or 12.1%.

The revenue from Dubai decreased from approximately HK$46.0 million for the six months ended 30 June 2023 to approximately HK$27.3 million for the six months ended 30 June 2024, representing a decrease of approximately HK$18.7 million or 40.6%.

The revenue from the PRC increased from approximately HK$19.4 million for the six months ended 30 June 2023 to approximately HK$31.9 million for the six months ended 30 June 2024, representing an increase of approximately HK$12.5 million or 64.5%.

The decrease in revenue in Hong Kong and Dubai was mainly due to the challenging macroeconomic conditions resulting from weak customer sentiment during the six months ended 30 June 2024. The revenue increase in the PRC was primarily due to the increase in sales of properties and growth of the Photovoltaic Power Generation Business in the PRC during the six months ended 30 June 2024.

Overall gross profit and gross profit margin

	Six months ended 30 June							
	2024		2023		Increase/(Decrease)			
	Gross profit (loss)	**Gross profit margin**	Gross profit (loss)	Gross profit margin	Gross profit (loss)		Gross profit margin	
	HK$'000	*%*	*HK$'000*	*%*	*HK$'000*	*%*	*Percentage point*	*%*
Jewellery Business	**33,190**	**25.9**	45,728	29.5	(12,538)	(27.4)	(3.6)	(12.2)
Property Business	**8,265**	**33.4**	11,899	65.3	(3,634)	(30.5)	(31.9)	48.9
Photovoltaic Power Generation Business	**1,048**	**60.0**	48	7.4	1,000	2,083.3	52.6	(710.8)
Unallocated	**–**	**–**	(8)	N/A	8	(100.0)	N/A	N/A
	42,503	**27.5**	57,667	33.1	(15,164)	(26.3)	(5.6)	(16.9)

The overall gross profit decreased from approximately HK$57.7 million for the six months ended 30 June 2023 to approximately HK$42.5 million for the six months ended 30 June 2024, representing a decrease of approximately HK$15.2 million or 26.3%. The gross profit was composed of approximately HK$33.2 million from the Jewellery Business for the six months ended 30 June 2024, representing a decrease of approximately HK$12.5 million or 27.4% as compared to the six months ended 30 June 2023; approximately HK$8.3 million from the Property Business for the six months ended 30 June 2024, representing a decrease of approximately HK$3.6 million or 30.5% as compared to the six months ended 30 June 2023; and approximately HK$1.0 million from the Photovoltaic Power Generation Business for the six months ended 30 June 2024, representing an increase of approximately HK$1.0 million or 2,083.3% as compared to the six months ended 30 June 2023.

The overall gross profit margin decreased from approximately 33.1% for the six months ended 30 June 2023 to approximately 27.5% for the six months ended 30 June 2024, representing a decrease of approximately 5.6 percentage point or 16.9%.

Jewellery Business

Revenue

The revenue from the Jewellery Business decreased from approximately HK$155.2 million for the six months ended 30 June 2023 to approximately HK$128.3 million for the six months ended 30 June 2024, representing a decrease of approximately HK$27.0 million or 17.3%. The decrease was mainly due to the decrease in revenue from Hong Kong and Dubai.

Gross profit and gross profit margin

The gross profit on the Jewellery Business decreased from approximately HK$45.7 million for the six months ended 30 June 2023 to approximately HK$33.2 million for the six months ended 30 June 2024, representing a decrease of approximately HK$12.5 million or 27.4%. The gross profit margin on the Jewellery Business decreased from approximately 29.5% for the year ended six months ended 30 June 2023 to approximately 25.9% for the six months ended 30 June 2024, representing a decrease of approximately 3.6 percentage point or 12.2%. The decrease in gross profit and gross profit margin was in line with the decrease in revenue and gross profit from Hong Kong and Dubai.

Property Business

Revenue

	Six months ended 30 June		Increase (Decrease)	
	2024	2023		
	HK$'000	*HK$'000*	*HK$'000*	*%*
	(Unaudited)	(Unaudited)		
Sales of properties	**13,686**	5,672	8,014	141.3
Rental income	**6,060**	7,399	(1,339)	(18.1)
Property management fee income	**4,971**	5,153	(182)	(3.5)
	24,717	18,224	6,493	35.6

Total revenue from the Property Business increased from approximately HK$18.2 million for the six months ended 30 June 2023 to approximately HK$24.7 million for the six months ended 30 June 2024, representing an increase of approximately HK$6.5 million or 35.6%. The increase was mainly due to the increase in sales of properties which was partially offset by the drop in revenue from rental income and property management fee income. During the six months ended 30 June 2024, the number of units of properties delivered to customers was 9 (for the six months ended 30 June 2023: 2) and the saleable gross floor area sold and delivered was approximately 2,822 square metres (for the six months ended 30 June 2023: approximately 1,270 square metres).

The rental income decreased from approximately HK$7.4 million for the six months ended 30 June 2023 to approximately HK$6.1 million for the six months ended 30 June 2024, representing a decrease of approximately HK$1.3 million or 18.1%. The decrease in rental income was mainly due to certain properties being purchased by the tenants and thus less rental income being generated during the six months ended 30 June 2024.

The property management fee income decreased from approximately HK$5.2 million for the six months ended 30 June 2023 to approximately HK$5.0 million for the six months ended 30 June 2024, representing a decrease of approximately HK$0.2 million or 3.5%. The decrease in property management fee income was mainly due to the Disposal of Foshan Huaguanhui Property Management in April 2024.

Gross profit and gross profit margin

The gross profit recognised for the six months ended 30 June 2024 was approximately HK$8.3 million (for the six months ended 30 June 2023: approximately HK$11.9 million) and the gross profit margin was approximately 33.4% (for the six months ended 30 June 2023: approximately 65.3%). The decrease in both gross profit and gross profit margin was mainly resulted from the sale of certain properties, which were recognised as investment properties at fair value vis-s-vis market value in prior years, being transferred from investment properties to properties held for sale as a result of a change in use during the year ended 31 December 2023. As revaluation gain had been recognised in previous years, the cost of such properties recorded was higher than the original cost of such properties, and therefore a lower gross profit and gross profit margin were recorded from the sale of such properties.

The Photovoltaic Power Generation Business

Revenue, gross profit and gross profit margin

The revenue from the Photovoltaic Power Generation Business was approximately HK$1.7 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK$0.7 million). The gross profit and gross profit margin was approximately HK$1.0 million (for the six months ended 30 June 2023: HK$0.05 million) and 60.0% (for the six months ended 30 June 2023: 7.4%), respectively.

Other income

Other income increased from the approximately HK$2.6 million for the six months ended 30 June 2023 to approximately HK$3.0 million for the six months ended 30 June 2024, representing an increase of approximately HK$0.4 million or 15.4%. The increase was primarily due to the increase in interest income from approximately HK$1.5 million for the six months ended 30 June 2023 to approximately HK$2.5 million for the six months ended 30 June 2024 resulting from the increase in interest rates from the bank deposits and the increase in average balances of bank deposits during the six months ended 30 June 2024 netting off the decrease in sundry income (others) from approximately HK$0.8 million for the six months ended 30 June 2023 to approximately HK$0.4 million for the six months ended 30 June 2024 that was mainly attributed to income from one-off sales of scrap materials during the six months ended 30 June 2023.

Other gains and losses, net

The other gains and losses changed from a loss of approximately HK$0.9 million to a gain of approximately HK$2.8 million. The change is mainly due to the gain on the Disposal of Foshan Huaguanhui Property Management of approximately HK$2.8 million recorded during the six months ended 30 June 2024.

Selling and distribution costs

The selling and distribution costs decreased from approximately HK$7.9 million for the six months ended 30 June 2023 to approximately HK$7.1 million for the six months ended 30 June 2024, representing a decrease of approximately HK$0.8 million or 10.1%. The decrease was mainly due to the tightening control of selling expenditure of the Jewellery Business of the PRC subsidiaries during the six months ended 30 June 2024.

General and administrative expenses

The general and administrative expenses decreased from approximately HK$23.8 million for the six months ended 30 June 2023 to approximately HK$22.7 million for the six months ended 30 June 2024, representing a decrease of approximately HK$1.1 million or 4.6%. The decrease was mainly due to the tightening control of administrative expenditure of the PRC subsidiaries during the six months ended 30 June 2024.

Finance costs

The finance costs of approximately HK$0.8 million for the six months ended 30 June 2024 (for the six months ended 30 June 2023: approximately HK$0.6 million) related to interest expenses on bank loans and lease liabilities for the operations of the Jewellery Business, the Property Business and the Photovoltaic Power Generation Business.

Share of results of a joint venture

Share of profit of a joint venture was HK$6,000 for the six months ended 30 June 2024 (for the six months ended 30 June 2023: share of loss of approximately HK$3,000) of a joint venture, namely Zhaoqing Shunzhiguang Electric Power Technology Co., Ltd.* (肇慶順之光電力科技有限公司) ("**Zhaoqing Shunzhiguang**"), which reflected the Group's share of the results of its 50% equity interests in the entity. The principal activities of Zhaoqing Shunzhiguang are photovoltaic power generation business.

Income tax credit/(expense)

Income tax changed from income tax expense of approximately HK$2.2 million to income tax credit of approximately HK$7.7 million. The change is mainly due to the reversal of the over-provision of the PRC tax in previous years during the six months ended 30 June 2024.

Profit for the period

As a result of the above-mentioned factors, profit for the six months ended 30 June 2024 was approximately HK$25.2 million (six months ended 30 June 2023: approximately HK$24.7 million), representing an increase of approximately HK$0.5 million or 2.0%.

Liquidity and financial resources

As at 30 June 2024, the current assets amounted to approximately HK$694.5 million (as at 31 December 2023: approximately HK$734.3 million) and the current liabilities amounted to approximately HK$158.0 million (as at 31 December 2023: approximately HK$162.5 million). Accordingly, the current ratio, which is the ratio of current assets to current liabilities, was approximately 4.4 as at 30 June 2024 (as at 31 December 2023: approximately 4.5).

As at 30 June 2024, bank deposits and cash and cash equivalents amounted to approximately HK$80.7 million (as at 31 December 2023: HK$66.7 million) and HK$54.4 million (as at 31 December 2023: HK$76.0 million), respectively.

As at 30 June 2024, the total interest-bearing bank loans amounted to approximately HK$43.1 million (as at 31 December 2023: HK$25.0 million).

In view of the financial position of the Group as at 30 June 2024 as illustrated above, the Directors believe that the Group has adequate working capital to support its ongoing operations and business development.

Gearing ratio

The gearing ratio, which is calculated by dividing total borrowings by equity, was approximately 0.07 (as at 31 December 2023: approximately 0.04).

Charge of assets and guarantee

As at 30 June 2024, certain of the Group's buildings and properties held for sale with a net carrying amount of approximately HK$4.4 million and HK$43.8 million, respectively (31 December 2023: approximately HK$4.6 million and HK$44.9 million, respectively) were pledged to secure a bank loan granted to a PRC subsidiary and the Group has also provided guarantee of RMB45.0 million (equivalent to approximately HK$48.3 million) for credit facilities to a subsidiary of the Group that would be released by bank upon full repayment of the loan.

Capital commitments

As at 30 June 2024, the Group had capital commitments in respect of the plant and machinery contracted but not provided for amounting to approximately HK$23.2 million (31 December 2023: approximately HK$0.6 million). The increase was mainly resulted from the installation of photovoltaic equipment for the Photovoltaic Power Generation Business.

Contingent liabilities

As at 30 June 2024, the Group provided guarantees of approximately RMB12.8 million (equivalent to approximately HK$13.8 million) (31 December 2023: approximately RMB60.2 million (equivalent to approximately HK$66.3 million)) to facilitate mortgage loans 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 30 June 2024 and 31 December 2023.

Event after the reporting period

On 5 August 2024, Perfect Group International Holdings (HK) Limited ("**Perfect (HK)**"), an indirect wholly-owned subsidiary of the Company, agreed to renew the tenancy agreement and entered into the new tenancy agreement in relation to the leasing of the premises of the main office situated at 26th Floor, YHC Tower, No. 1 Sheung Yuet Road, Kowloon Bay, 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 Bay, Hong Kong for a term of three years commencing on 5 August 2024 with monthly rent of HK$290,000 with Hong Kong Perfect Jewellery Company Limited ("**HK Perfect**"), which is 100% beneficially owned by Perfect Group ("**Perfect Group (HK) Holding Co. Ltd.**"), which is wholly-owned by Mr. Kan, who is an executive Director and a controlling shareholder of the Company, and 99% and 1% legally owned by Perfect Group and Mr. Kan (which holds such 1% legal interests in HK Perfect in trust for the benefit of Perfect Group).

Therefore, HK Perfect is a connected person of the Company under Chapter 14A of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Accordingly, the entering into of the new tenancy Agreement and the transaction contemplated thereunder constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

In accordance with HKFRS 16 "Leases", the Group is required to recognise the value of the right-of-use asset in connection with the new tenancy Agreement as the term thereof is more than 12 months, and the transaction contemplated thereunder will be regarded as an acquisition of an asset by the Group and treated as a one-off connected transaction of the Company pursuant to the Listing Rules. The estimated value of the right-of-use asset to be recognised by the Group under the new tenancy agreement is approximately HK$9.4 million. Shareholders should note that the value of the right-of-use asset is unaudited and may be subject to adjustment in the future.

For further details, please refer to the Company's announcements dated 5 August 2024.

Foreign exchange exposure

During the six months ended 30 June 2024, certain group entities have foreign currency denominated sales and purchases; and monetary assets and liabilities which expose the Group to foreign currency risks on the currencies of HKD, USD, RMB, and AED. The sales are primarily made in USD while the expenses, including purchase of raw materials are mainly in USD and HKD with immaterial portion of cost, primarily being staff cost and factory overheads, in RMB.

Despite the expenses are mainly settled in HKD and USD and substantial portion of the sales and expenses are made in either USD or HKD, with HKD and AED being pegged with the USD, the impact of fluctuation of USD to the operational and financial performance would be immaterial, hence the Group's exposure to currency risk is not significant.

Employee and remuneration policy

As at 30 June 2024, the Group had a total of 132 employees (31 December 2023: 154 employees) in Hong Kong, the PRC and Dubai. The total salaries and related costs for the six months ended 30 June 2024 amounted to approximately HK$14.5 million (six months ended 30 June 2023: approximately HK$14.9 million).

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

The Group conducts a range of targeted training and development programs through various institutions to strengthen employees' skills and knowledge, with an aim to well equip them to cope with the development in the industry.

Future plans for material investments or capital assets

There was no plan authorised by the Board for any material investments or additions of capital assets as at 30 June 2024. The Group will continue to look for suitable opportunities for investments or acquisition of material capital assets to enhance its profitability in the ordinary course of its business.

Interim dividend

The Board, after considering the current market situation and the operations of the Group, resolved not to declare any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: nil).

Corporate governance code

The Company is committed to maintaining good standard of corporate governance to safeguard the interest of its shareholders and to enhance corporate value and responsibility. During the six months ended 30 June 2024, the Company complied with the code provisions set out in Part 2 of the Corporate Governance Code (the "**CG Code**") in Appendix C1 to the Listing Rules, except 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 chairman of the Board and chief executive officer should be separate and should not be performed by the same individual. The role of the chief executive officer was performed by Mr. Kan, who was also the chairman of the Board. Mr. Kan, 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 in the same individual is beneficial to the management and the 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 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 of Directors

The Company adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 of the Listing Rules as the code of conduct for 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 six months ended 30 June 2024.

Pre-emptive rights

There are no provisions for pre-emptive rights under the Company's memorandum and articles of association or the laws of the 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 six months ended 30 June 2024, the Company repurchased a total of 1,587,000 of its own ordinary shares from the market for an aggregate consideration of HK$0.3 million (before expenses) but such shares were not yet cancelled as at 30 June 2024. As at 30 June 2024 and the date of this announcement, the total number of share issued was and is 1,341,009,000.

Save as disclosed above, neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

Sufficiency of public float

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this announcement, the Company has maintained a sufficient public float as required under the Listing Rules.

Audit committee

The audit committee of the Board (the "**Audit Committee**") has been established in compliance with Rules 3.21 and 3.22 of the Listing Rules with written terms of reference in compliance with the CG Code. The primary roles of the Audit Committee include, but are not limited to, (a) making recommendations to the Board on the appointment, reappointment and removal of external auditor, and approving remuneration and terms of engagement of external auditor, and any questions of their resignation or dismissal; (b) monitoring integrity of the Company's financial statements and annual report and accounts, half-year report and, if prepared for publication, quarterly report, and reviewing significant financial reporting judgements contained therein; and (c) reviewing the Company's financial controls, and risk management and internal control systems. The Audit Committee has reviewed and confirmed the accounting principles and practices adopted by the Group and discussed the auditing, internal control, risk management and financial reporting matters. The Audit Committee comprises three independent non-executive Directors namely, Mr. Wong Wai Keung Frederick, Dr. Ng Wang Pun Dennis and Mr. Lee Ka Wing. Mr. Wong Wai Keung Frederick serves as the chairman of the Audit Committee. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024.

Moore CPA Limited, the Company's auditor, carried out review of the unaudited interim results of the Group for the six months ended 30 June 2024 in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants.

Publication of interim results announcement

This results announcement is published on the Company's website (www.hkperjew.com.hk) and the Stock Exchange's website (www.hkexnews.hk).

The interim report of the Company for the six months ended 30 June 2024 containing all the information required by the Listing Rules will be available at the Company's and the Stock Exchange's websites and dispatched to the Company's shareholders in due course.

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

Hong Kong, 26 August 2024

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, Mr. Lee Ka Wing and Mr. Wong Wai Keung Frederick.

* *The English names of the companies established in the PRC represent management's translation of the Chinese names of such companies and are for information purpose only.*