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## **PERFECTECH INTERNATIONAL HOLDINGS LIMITED**

**(威發國際集團有限公司)\***

*(the “Company”)*

*(Incorporated in Bermuda with limited liability)*

*(Stock Code: 0765)*

### **PROFIT WARNING**

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules.

The Board wishes to inform the shareholders of the Company and potential investors that the Group’s result for the financial year ending 31st December, 2008 is expected to be adversely affected as a result of the loss (after netting off total realised gain) and unrealised loss of the Group in aggregate up to approximately US\$6.218 million (equivalent to approximately HK\$48.500 million) arising from certain structured product contracts entered into by the Group with a bank to minimise its potential foreign exchange risk exposure to appreciation of Renminbi.

**Shareholders of the Company and potential investors should note that the final results of the Group for the year ended 31st December, 2007 and the year ending 31st December, 2008 are subject to audit, and are advised to exercise caution when dealing in the shares of the Company.**

This announcement is made by Perfectech International Holdings Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

The board of directors of the Company (the “**Board**”) wishes to inform the shareholders of the Company and potential investors that as a result of quick and significant drop of US interest rate recently, the Group’s result for the financial year ending 31st December, 2008 is expected to be adversely affected.

In view of the Group's operating needs for Renminbi, the Group entered into structured contracts with a bank in March 2007 and January 2008 for a one year contract and a six-month contract respectively (the "**Structured Product Contracts**") to minimise its foreign exchange exposure to appreciation of Renminbi. The Structured Product Contracts are cash-settled (both without physical delivery of Renminbi) and are linked to USD LIBOR and Renminbi exchange rate. If the USD LIBOR falls within a specific range in the relevant period, the contract will be settled as if the Group had purchased Renminbi at a pre-determined subsidized rate. However, the Group will incur loss if the USD LIBOR falls outside the specific range during certain specified quarter or quarters. As a result of the significant drop in US interest rate recently, the USD LIBOR has fallen beyond the prescribed specific range.

Upon becoming aware of the possibility of incurring significant loss as a result of the Structured Product Contracts in late January 2008, the Company has since explored ways to minimise its potential loss. On 22nd February, 2008, the Group unwound part of the Structured Product Contracts and the Company was informed that the indicative costs for unwinding the remaining Structured Product Contracts would be approximately US\$5.140 million (equivalent to approximately HK\$40.092 million). The Board expects that the unrealised loss of such remaining contracts will not exceed US\$5.473 million (equivalent to approximately HK\$42.689 million) unless there is a material drop of Renminbi exchange rate in the next five months. Accordingly, the Group has incurred under the Structured Product Contracts loss (after netting off the total realised gain) of approximately US\$0.745 million (equivalent to approximately HK\$5.811 million) (the "**Realised Loss**") and based on the information currently available, the Group is expected to incur further unrealised loss of up to approximately US\$5.473 million (equivalent to approximately HK\$42.689 million) (the "**Unrealised Loss**"), totalling approximately US\$6.218 million (equivalent to approximately HK\$48.500 million).

The amounts of the Realised Loss and Unrealised Loss stated herein are only based on the preliminary assessment by the Company's management according to the information currently available to it. Save as aforesaid, there is no other similar arrangement entered into by the Group at present. The Realised Loss and Unrealised Loss arising from the Structured Product Contracts are non-recurring in nature. The board believes that the principal business activities of the Group remain strong and intact and the Group continues to maintain a healthy liquidity position and has sufficient financial resources to meet the requirements of its ordinary operation and capital expenditure. Further details of the Group's performance will be disclosed when the annual results for the year ended 31st December, 2007 is announced which is expected to be around early April 2008.

**Shareholders of the Company and potential investors should note that the final results of the Group for the year ended 31st December, 2007 and the year ending 31st December, 2008 are subject to audit, and are advised to exercise caution when dealing in the shares of the Company.**

By order of the Board  
**Pang Siu Yin**  
Company Secretary

Hong Kong, 22nd February, 2008

*As at the date of this announcement, the Board comprises Mr. Poon Siu Chung, Mr. Leung Ying Wai, Charles, Mr. Ip Siu On and Mr. Tsui Yan Lee, Benjamin as executive directors of the Company, and Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David as independent non-executive directors of the Company.*

\* for identification purpose only