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## PERFECTECH INTERNATIONAL HOLDINGS LIMITED

威發國際集團有限公司\*

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00765)

### ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

#### INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”, and each a “Director”) of Perfectech International Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 June 2023, together with the comparative figures for the corresponding period in 2022.

#### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the six months ended 30 June 2023*

		(Unaudited)	
		For the six months ended	
		30 June	
		2023	2022
	Notes	HK\$'000	HK\$'000
Revenue	3 & 4	74,056	77,343
Cost of sales		<u>(52,501)</u>	<u>(54,963)</u>
Gross profit		21,555	22,380
Other income, gains and losses, net	5	3,108	2,021
Distribution costs		(1,253)	(804)
Administrative expenses		(33,825)	(29,039)
Finance costs		<u>(359)</u>	<u>(382)</u>
Loss before tax	6	(10,774)	(5,824)
Income tax expense	7	<u>(6)</u>	<u>(936)</u>
<b>Loss for the period</b>		<u><b>(10,780)</b></u>	<u><b>(6,760)</b></u>

\* *For identification purpose only*

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
<i>Notes</i>	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>Other comprehensive expense for the period, net of tax</b>		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translation of foreign operations	<u>(855)</u>	<u>(1,520)</u>
<b>Total comprehensive expense for the period</b>	<b><u>(11,635)</u></b>	<b><u>(8,280)</u></b>
(Loss) profit for the period attributable to:		
Owners of the Company	<b>(10,246)</b>	(6,781)
Non-controlling interests	<u>(534)</u>	<u>21</u>
Loss for the period	<b><u>(10,780)</u></b>	<b><u>(6,760)</u></b>
Total comprehensive expense for the period attributable to:		
Owners of the Company	<b>(10,932)</b>	(8,196)
Non-controlling interests	<u>(703)</u>	<u>(84)</u>
Total comprehensive expense for the period	<b><u>(11,635)</u></b>	<b><u>(8,280)</u></b>
Loss per share	9	
Basic (HK cents per share)	<b><u>(3.13)</u></b>	<b><u>(2.07)</u></b>
Diluted (HK cents per share)	<b><u>(3.13)</u></b>	<b><u>(2.07)</u></b>

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2023

		(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	13,358	16,239
Right-of-use assets		11,621	12,226
Deferred tax assets		2,130	2,130
		27,109	30,595
<b>CURRENT ASSETS</b>			
Inventories		24,570	14,916
Trade and other receivables	11	23,101	37,478
Financial assets at fair value through profit or loss (“FVTPL”)		5,464	5,299
Tax Recoverable		1,178	2,052
Bank balances and cash		45,442	67,298
		99,755	127,043
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	21,479	37,680
Lease liabilities		865	1,151
Tax liabilities		81	158
		22,425	38,989
<b>NET CURRENT ASSETS</b>		77,330	88,054
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		104,439	118,649
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		11,887	12,110
<b>NET ASSETS</b>		92,552	106,539

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>30 June</b>	<b>31 December</b>
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
<b>CAPITAL AND RESERVES</b>		
Share capital	<b>32,692</b>	32,692
Reserves	<b>48,124</b>	59,056
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Equity attributable to owners of the Company	<b>80,816</b>	91,748
Non-controlling interests	<b>11,736</b>	14,791
	<hr/>	<hr/>
<b>TOTAL EQUITY</b>	<b>92,552</b>	106,539
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## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Hong Kong Accounting Standard (the “HKAS”) 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The condensed consolidated financial statements are unaudited but have been reviewed by the audit committee of the Company (the “Audit Committee”).

### 2. PRINCIPAL ACCOUNTING POLICIES AND APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Except for the adoption of the revised HKFRSs stated below, the accounting policies and methods of computation used 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 financial statements for the year ended 31 December 2022.

HKFRS 17	Insurance Contracts and the related Amendments
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the revised HKFRSs has had no material effect on the Group’s financial performance and positions for the current or prior accounting period. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following new or revised HKFRSs that have been issued but are not yet effective:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current <sup>1</sup>
Amendments to HKAS 1	Non-current Liabilities with Covenants <sup>1</sup>
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback <sup>1</sup>
HK Int 5 (Revised)	Presentation of Financial Statements-Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause <sup>1</sup>
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements <sup>1</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>

*Notes:*

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

<sup>2</sup> Effective date to be determined.

The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

### 3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to external customers, less returns and trade discounts during the period.

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Revenue from contracts with customers recognised at a point in time under HKFRS 15:		
Novelties and decoration products	1,532	1,634
Toy products	<u>72,524</u>	<u>75,709</u>
	<u><u>74,056</u></u>	<u><u>77,343</u></u>

### 4. SEGMENT REPORTING

For management purposes, the Group is currently organised into two operating segments, namely the manufacture and sale of novelties and decoration products and the manufacture and sales of toy products.

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

*For the six months ended 30 June 2023 (Unaudited)*

	<b>Novelties and decoration products HK\$'000</b>	<b>Toy products HK\$'000</b>	<b>Consolidated HK\$'000</b>
<b>REVENUE</b>			
External sales and total revenue	<u>1,532</u>	<u>72,524</u>	<u>74,056</u>
<b>RESULT</b>			
Segment results	<u>(2,168)</u>	<u>(5,632)</u>	(7,800)
Gain on disposal of financial assets at FVTPL			360
Fair value loss on financial assets at FVTPL			(488)
Unallocated corporate expenses, net			(2,487)
Finance costs			<u>(359)</u>
Loss before tax			(10,774)
Income tax expense			<u>(6)</u>
Loss for the period			<u><u>(10,780)</u></u>

*At 30 June 2023 (Unaudited)*

	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>			
Segment assets	13,835	102,961	116,796
Unallocated corporate assets			<u>10,068</u>
Consolidated total assets			<u><u>126,864</u></u>
<b>LIABILITIES</b>			
Segment liabilities	9,359	23,211	32,570
Unallocated corporate liabilities			<u>1,742</u>
Consolidated total liabilities			<u><u>34,312</u></u>

*For the six months ended 30 June 2022 (Unaudited)*

	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>REVENUE</b>			
External sales and total revenue	<u>1,634</u>	<u>75,709</u>	<u>77,343</u>
<b>RESULT</b>			
Segment results	<u>(3,216)</u>	<u>1,141</u>	(2,075)
Loss on disposal of financial assets at FVTPL			(797)
Fair value loss on financial assets at FVTPL			(278)
Unallocated corporate expenses, net			(2,292)
Finance costs			<u>(382)</u>
Loss before tax			(5,824)
Income tax expense			<u>(936)</u>
Loss for the period			<u><u>(6,760)</u></u>

*At 31 December 2022 (Audited)*

	Novelties and decoration products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
<b>ASSETS</b>			
Segment assets	12,218	133,700	145,918
Unallocated corporate assets			<u>11,720</u>
Consolidated total assets			<u><u>157,638</u></u>
<b>LIABILITIES</b>			
Segment liabilities	6,129	44,240	50,369
Unallocated corporate liabilities			<u>730</u>
Consolidated total liabilities			<u><u>51,099</u></u>

**Geographical Information**

The Group's revenue from external customers by location of customers are detailed below:

	<b>(Unaudited)</b>	
	<b>For the six months ended</b>	
	<b>30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Revenue by geographical market:		
Hong Kong	<b>7,618</b>	9,605
Europe	<b>6,679</b>	6,883
United States of America	<b>1,727</b>	9,116
Asia (other than Hong Kong)	<b>57,128</b>	51,677
Others	<b>904</b>	62
	<u><b>74,056</b></u>	<u>77,343</u>

The following is an analysis of the carrying amount of segment assets analysed by the geographical areas in where the assets are located:

	<b>Carrying amount of segment assets</b>	
	<b>(Unaudited) 30 June 2023 HK\$'000</b>	<b>(Audited) 31 December 2022 HK\$'000</b>
Hong Kong	53,487	86,200
The People's Republic of China (the "PRC")	73,377	71,438
	<b>126,864</b>	<b>157,638</b>

#### 5. OTHER INCOME, GAINS AND LOSSES, NET

	<b>(Unaudited) For the six months ended 30 June</b>	
	<b>2023 HK\$'000</b>	<b>2022 HK\$'000</b>
Interest income from financial assets held for cash management purposes	178	52
Scrap and sample sales ( <i>Note</i> )	195	935
Tooling income ( <i>Note</i> )	577	295
Laboratory testing income ( <i>Note</i> )	427	57
Subsidies income from the PRC government	19	154
Gain on disposal of property, plant and equipment	90	—
Gain (loss) on disposal of financial assets at FVTPL	360	(797)
Fair value loss on financial assets at FVTPL	(488)	(278)
Net foreign exchange gains	1,592	1,555
Others ( <i>Note</i> )	158	48
	<b>3,108</b>	<b>2,021</b>

*Note:* These income are the revenue from contracts with customers recognised at a point in time under HKFRS 15.

## 6. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	(Unaudited)	
	For the six months ended	
	30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Depreciation		
— property, plant and equipment	2,491	2,400
— right-of-use assets	<u>688</u>	<u>694</u>
	<u><u>3,179</u></u>	<u><u>3,094</u></u>

## 7. INCOME TAX EXPENSE

	(Unaudited)	
	For the six months ended	
	30 June	
	2023	2022
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong Profits Tax	—	923
PRC Enterprise Income Tax	<u>6</u>	<u>10</u>
	<u><u>6</u></u>	<u><u>933</u></u>
Under provision in prior years:		
PRC Enterprise Income tax	<u>—</u>	<u>3</u>
	<u><u>—</u></u>	<u><u>3</u></u>
Total income tax expense recognised in profit or loss	<u><u>6</u></u>	<u><u>936</u></u>

## 8. DIVIDENDS

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (2022: Nil).

## 9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the Group's loss for the period attributable to owners of the Company of approximately HK\$10,246,000 (2022: HK\$6,781,000) and the weighted average number of ordinary shares of 326,923,607 (2022: 326,923,607).

Diluted loss per share for the periods ended 30 June 2023 and 2022 was the same as basic loss per share as there were no dilutive potential ordinary shares in issue for both periods.

## 10. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group acquired property, plant and equipment of approximately HK\$139,000 (2022: HK\$1,090,000).

## 11. TRADE AND OTHER RECEIVABLES

Included in trade and other receivables are trade receivables (net of allowance for expected credit loss) of HK\$17,366,000 (31 December 2022: HK\$30,597,000). The Group allows an average credit period of 60 days to its trade customers. The following is an aging analysis of the Group's trade receivables, presented based on the invoice date and net of allowance for expected credit loss at the end of the reporting period:

	<b>(Unaudited)</b>	(Audited)
	<b>30 June</b>	31 December
	<b>2023</b>	2022
	<b>HK\$'000</b>	<b>HK\$'000</b>
0-60 days	<b>16,919</b>	28,320
61-90 days	<b>169</b>	1,465
91-120 days	<b>15</b>	425
Over 120 days	<b>263</b>	387
	<b>17,366</b>	30,597

## 12. TRADE AND OTHER PAYABLES

Included in trade and other payables are trade payables of HK\$10,848,000 (31 December 2022: HK\$10,866,000). The following is an aging analysis of the Group's trade payables, presented based on the invoice date at the end of reporting period:

	(Unaudited) 30 June 2023 <i>HK\$'000</i>	(Audited) 31 December 2022 <i>HK\$'000</i>
0–60 days	9,056	7,819
61–90 days	521	1,393
91–120 days	868	619
Over 120 days	403	1,035
	<u>10,848</u>	<u>10,866</u>

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **INTERIM DIVIDEND**

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (the six months ended 30 June 2022: Nil).

### **BUSINESS AND FINANCIAL REVIEW**

Affected by the high interest rate, the Group's operating environment remained challenging in the first half of 2023. During the six months ended 30 June 2023, the Group's revenue only decreased by 4% year-on-year to approximately HK\$74,056,000 (2022: HK\$77,343,000) despite facing a tough operating environment. The decrease in revenue was due to decline in sales of toy products. The Group recorded a loss for the period attributable to owners of the Company of approximately HK\$10,246,000 (2022: loss of HK\$6,781,000). The basic and diluted loss per share of the Company ("Share(s)") were both at 3.13 HK cents (2022: both loss of 2.07 HK cents).

For the six months ended 30 June 2023, the Group's core business recorded a loss of HK\$7,800,000 (2022: loss of HK\$2,075,000). The performance of each segment of the Group's core business are discussed below.

#### **Toy products**

The revenue of the toy products segment decreased by about 4% year-on-year to approximately HK\$72,524,000 (2022: HK\$75,709,000), and accounted for about 98% of the total revenue of the Group. The loss of this segment was approximately HK\$5,632,000 (2022: profit of HK\$1,141,000). It was mainly attributable to the lower sales in the United States of America.

#### **Novelties and decoration products**

The revenue of the novelties and decoration products segment decreased by about 6% year-on-year to approximately HK\$1,532,000 (2022: HK\$1,634,000). Although the revenue decreased as a result of the decline in demand of novelties and decorations products in Europe, with the improvement in gross profit and gross profit margin as a result of the decrease in staff costs in this segment, the loss of this segment was reduced to approximately HK\$2,168,000 (2022: loss of HK\$3,216,000).

#### **Distribution costs and administrative expenses**

Distribution costs increased by about 56% year-on-year to approximately HK\$1,253,000 (2022: HK\$804,000) as a result of the increase in inspection cost.

Administrative expenses mainly consisted of staff costs (including directors' emoluments), social insurance for the administrative staff in the PRC, depreciation of property, plant and equipment and right-of-use assets, legal and professional fee and other administrative expenses. The administrative expenses increased by about 17% year-on-year to approximately HK\$33,825,000 (2022: HK\$29,039,000), which was mainly attributable to the increase in staff costs as a result of increase in the average number of full time employees of the Group during the six months ended 30 June 2023.

### **Finance costs**

Finance costs decreased by about 6% year-on-year to approximately HK\$359,000 (2022: HK\$382,000), as a result of the decrease in interest on lease liabilities.

### **Liquidity and financial resources**

As at 30 June 2023, the Group had no outstanding loan (including bank borrowing, bond and other borrowing) (31 December 2022: Nil). The Group's gearing ratio, calculated on the basis of the total interest-bearing loans (including bank borrowing, bond and other borrowing) of the Group over the equity attributable to owners of the Company, was 0% (31 December 2022: 0%).

As at 30 June 2023, the Group had bank balances and cash of approximately HK\$45,442,000 (31 December 2022: HK\$67,298,000). With net current assets of approximately HK\$77,330,000 as at 30 June 2023 (31 December 2022: HK\$88,054,000), the Group had sufficient financial resources to satisfy its commitments and working capital requirements.

### **Net asset value**

The net asset value per Share as at 30 June 2023 was approximately HK\$0.25 (31 December 2022: HK\$0.28), calculated on the basis of the equity attributable to owners of the Company of approximately HK\$80,816,000 (31 December 2022: HK\$91,748,000) over the actual number of Shares in issue on that date of 326,923,607 (31 December 2022: 326,923,607).

### **Pledge of Assets**

As at 30 June 2023, no asset of the Group was pledged (31 December 2022: Nil).

### **Contingent Liabilities**

There have been no changes in the Group's contingent liabilities since the year ended 31 December 2022.

## **Significant investments**

As at 30 June 2023, the Group held financial assets at fair value through profit or loss (“FVTPL”) amounted to approximately HK\$5,464,000 (31 December 2022: HK\$5,299,000), including equity securities listed in Hong Kong of HK\$1,746,000 (31 December 2022: HK\$2,638,000), debt securities listed outside Hong Kong of approximately HK\$1,786,000 (31 December 2022: HK\$205,000) and unlisted managed funds of approximately HK\$1,932,000 (31 December 2022: HK\$2,456,000). Gain on disposal of financial assets at FVTPL amounted to approximately HK\$360,000 (2022: loss of HK\$797,000) and fair value loss on financial assets at FVTPL amounted to approximately HK\$488,000 (2022: loss of HK\$278,000) during the six months ended 30 June 2023.

## **Employees and remuneration policies**

As at 30 June 2023, the Group employed approximately 820 (31 December 2022: 690) full time employees. The Group remunerates its employees primarily based on prevailing industry practice as well as individual merits. The Group regularly reviews its remuneration policy with reference to the latest laws and regulations, market conditions, and performance of employees and the Group.

## **Foreign currency exposure**

The Group’s purchases are mainly denominated in Renminbi (“RMB”) and Hong Kong Dollar (the “Hong Kong Dollar”) while the Group’s sales are mainly denominated in RMB and United States Dollar (the “US Dollar”). As all of its factories are located in the PRC, expenses incurred there are denominated in RMB. Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exposure in this area, and will closely monitor the trend of RMB to see if any action is required. As at 30 June 2023, the Group did not enter into any financial instrument for the hedging of exposure in foreign currencies.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS**

As disclosed in the Company's voluntary announcement dated 1 August 2023, the Company has entered into a non-binding cooperation framework agreement ("Framework Agreement") with the People's Government of Liangzhou District, Wuwei City, Gansu Province, the PRC\* (武威市涼州區人民政府) ("Liangzhou Government") and Huaneng Jinxin Hengshun New Energy Co., Ltd.\* (華能金鑫恒順新能源股份有限公司) ("Huaneng New Energy") pursuant to which the parties agreed to, subject to the execution of formal project agreement(s), cooperate in constructing sustainable energy related infrastructure and facilities, including power storage facilities and power transmission stations, to boost the sustainable energy sector in Liangzhou District. The Board was of the view that the Framework Agreement could diversify the Group's product portfolio and income streams, thereby improving the profitability in the long term.

As at the date of this announcement, no formal and binding agreement in respect of the cooperation contemplated under the Framework Agreement has been entered into among the Company and the parties to the Framework Agreement.

Save as disclosed above, as at 30 June 2023, the Group did not have any other concrete plans for material investments or capital assets for the second half of 2023.

\* *The English transliteration of Chinese names or words are included for reference only and should not be regarded as the official English translation of such Chinese names or word.*

## **PROSPECT**

While the Company endeavours to push forward and materialise the strategic cooperation envisaged under the Framework Agreement, it will continue to look for more quality mergers and acquisitions and integration opportunities in the field of oil and gas exploration and production and sustainable energy infrastructure, and develop into a resource integration company with energy as its core business.

The Directors will exercise caution in assessing the prospect of any new potential investment opportunities, in order to bring additional value and new income streams to the Group and create long-term returns for the shareholders of the Company ("Shareholders") with enhanced values.

Meanwhile, the high interest rate is expected to continue to cast uncertainty and challenges on the Group's operating environment in the second half of 2023. The Directors are moving ahead cautiously. The Group will continue to optimise its product mix to meet the demand of the customers, strengthen production and operational efficiency, as well as implement stringent cost management in order to minimise the impact of these challenges.

With the joint efforts of all of its employees, the Group endeavors to maintain a good business relationship with its customers, business partners and Shareholders to maximise its corporate value and deliver promising returns to its Shareholders.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the six months ended 30 June 2023, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company has adopted a corporate governance code, based on the code provisions (the "Code Provisions") of the latest revised Corporate Governance Code (the "Code") as set out in Appendix 14 to the Listing Rules from time to time.

Throughout the six months ended 30 June 2023, the Company has complied with the Code Provisions save for the following deviation:

**Code Provision C.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual.**

After the resignation of Ms. Zhu Yuqi as a non-executive director, the chairman of the Board (the "Chairman") and the chairman of the nomination committee of the Company on 15 December 2020, the duties of the Chairman have been undertaken by all members of the Board and the company secretary of the Company (the "Company Secretary") collectively.

The Board believes that with the support of the management, vesting the role of the Chairman in the Board and the Company Secretary collectively can facilitate the execution of the Group's business strategies and enhance the effectiveness of its operation. Further, the Board considers that the current structure will enhance the balance of power and authority between the Board and the management of the Group as the Board, which comprises experienced and high calibre individuals who met regularly to discuss issues pertaining to the operations of the Company, assumes collective responsibility on the decision making process of the Company's business strategies and operation.

The Board is in the process of identifying suitable candidate with appropriate experience to act as the Chairman, before which the duties of the Chairman will continue to be undertaken by the Directors and the Company Secretary collectively.

After the resignation of Mr. Li Shaohua as the chief executive officer ("CEO") of the Company on 17 November 2022, the duties of the CEO have been undertaken by all executive Directors and the senior management of the Company collectively. The Board is currently in the process of identifying a suitable candidate to act as the CEO.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Board has adopted a code of conduct regarding Directors' securities transaction on terms no less exacting than the required standard as set out in the Model Code.

Specific enquiries have been made with all Directors and they have confirmed that throughout the six months ended 30 June 2023, they complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

## **AUDIT COMMITTEE**

The Audit Committee comprises three independent non-executive Directors, Mr. Xie Xiaohong, Mr. Geng Jianhua and Mr. Lau Shu Yan, who is also the chairman of the Audit Committee. The Audit Committee has reviewed the Group's unaudited consolidated interim results and interim report for the six months ended 30 June 2023.

## **PUBLICATION OF 2023 INTERIM RESULTS AND INTERIM REPORT**

This interim results announcement is published on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website ([www.perfectech.hk](http://www.perfectech.hk)). The interim report for the six months ended 30 June 2023 of the Company containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above-mentioned websites in due course.

By order of the Board  
**Perfectech International Holdings Limited**  
**Li Shaohua**  
*Director*

Hong Kong, 31 August 2023

*As at the date of this announcement, the Board comprises Mr. Li Shaohua, Mr. Fang Guohong and Mr. Poon Wai Yip, Albert as executive Directors and Mr. Lau Shu Yan, Mr. Xie Xiaohong and Mr. Geng Jianhua as independent non-executive Directors.*