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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, registered institution in securities, a bank manager, solicitor, professional accountant or other professional advisers.

If you have sold or transferred all your shares in **Perfectech International Holdings Limited** (the “Company”), you should at once hand this circular to the purchaser or to the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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)

**MAJOR TRANSACTION IN RELATION TO  
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
AND THE SALE LOAN OWED BY THE TARGET COMPANY**

**Financial Adviser to the Company**



**INCUB Corporate Finance Limited**

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Capitalised terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 6 to 14 of this circular.

The Disposal has been approved by written shareholders' approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

\* *For identification purpose only*

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	1
<b>LETTER FROM THE BOARD</b> .....	6
<b>APPENDIX I — FINANCIAL INFORMATION OF THE GROUP</b> .....	I-1
<b>APPENDIX II — VALUATION REPORT</b> .....	II-1
<b>APPENDIX III — GENERAL INFORMATION</b> .....	III-1

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following terms or expressions shall have the following meanings:*

“Announcement”	the announcement of the Company dated 24 September 2020 in relation to the Disposal
“Board”	board of the Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“BVI”	the British Virgin Islands
“Company”	Perfectech International Holdings Limited (威發國際集團有限公司), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange (Stock Code: 765)
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Accounts”	the unaudited consolidated statement of financial position of the Target Company and Sunflower as at the Completion Date (but immediately before Completion) and the unaudited consolidated statement of profit or loss and other comprehensive income of the Target Company and Sunflower for the period commencing from 1 January 2020 to the Completion Date (but immediately before Completion) certified by the Vendor
“Completion Date”	date of Completion which shall be within ten (10) Business Day after the fulfilment (or as appropriate, waiver) of conditions set out in the Disposal Agreement or such other date as the Vendor and the Purchaser may agree in writing
“Consideration”	the consideration payable by the Purchaser for the Disposal, which amounts to HK\$66,800,000 initially and subject to adjustment in accordance with the terms and conditions of the Disposal Agreement
“Debt Restructuring”	the debt restructuring of the Target Group, pursuant to which the Target Group will undergo a series of debt assignments and novations so that all the liabilities, obligations and indebtedness currently owed by any member of the Target Group to the Company and/or its subsidiaries will be assigned and novated such that all such liabilities, obligations and indebtedness will be owed by the Target Company to the Vendor

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## DEFINITIONS

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“Deposits”	collectively, the First Deposit and the Second Deposit; and where the context requires, can mean either one of them
“Director(s)”	director(s) of the Company
“Disposal”	the proposed disposal of the Sale Share and the Sale Loan by the Vendor to the Purchaser pursuant to the Disposal Agreement
“Disposal Agreement”	the conditional sale and purchase agreement dated 24 September 2020 entered into between the Purchaser and the Vendor relating to the Disposal
“Encumbrances”	any mortgage, charge, pledge, lien, rental assignment, priority or security interest, third party interest, other encumbrances whatsoever over or in any property, assets or rights whatsoever nature and includes any agreement for any of the same, for the avoidance of doubt, excluding the transactions contemplated under the Existing Tenancy Agreement A and the New Tenancy Agreement, and the Superseding Order
“Existing Tenancy Agreement A”	the tenancy agreement dated 28 January 2019, pursuant to which Sunflower agreed to let Property A to a tenant which is an Independent Third Party at a monthly rent of HK\$67,920 for a term of three years commenced on 1 April 2019 and ending on 31 March 2022 (subject to break clause thereof)
“Existing Tenancy Agreement B”	the tenancy agreement dated 5 March 2019, pursuant to which Sunflower agreed to let Property B to Yu-Me at a monthly rent of HK\$60,000 for a term of three years commenced on 1 January 2019 and ending on 31 December 2021 (subject to break clause thereof)
“First Deposit”	has the meaning ascribed thereto under the paragraph headed “Consideration” in the section headed “the Disposal Agreement” of this circular
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	independent third party(ies) who is(are) not connected with the Company and its connected persons (as defined in the Listing Rules)

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## DEFINITIONS

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“Latest Practicable Date”	14 October 2020, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended from time to time
“Mortgage (Property A)”	the mortgage dated 18 July 2013 and executed by Sunflower as mortgagor in favour of Hang Seng Bank Limited as mortgagee in relation to the mortgage on Property A and registered at the Land Registry by the Memorial No. 13081501500089
“Mortgage (Property B)”	the mortgage dated 29 June 2018 and executed by Sunflower as mortgagor and Dream Creation Limited as borrower in favour of Bank of China (Hong Kong) Limited as mortgagee in relation to the mortgage on Property B and registered at the Land Registry by the Memorial No. 18071801540124
“New Tenancy Agreement”	the tenancy agreement in the agreed form to be entered into between Sunflower as landlord and Yu-Me as tenant, pursuant to which Sunflower shall let Property B to Yu-Me at the monthly rent of HK\$70,000 and for a term of three years and with an option for a further term of three years at a monthly rent not less than HK\$90,000 exercisable at the option of Yu-Me
“PRC”	the People’s Republic of China, which for the purpose of this circular, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Properties”	Property A and Property B
“Property A”	Units C & D, 9/F, Sing Teck Factory Building, 44 Wong Chuk Hang Road, Aberdeen, Hong Kong
“Property B”	Units 1 & 2, 15/F, Sun Hing Industrial Building, 46 Wong Chuk Hang Road, Aberdeen, Hong Kong
“Purchaser”	Grand Oasis Ventures Limited
“Rental Assignment (Property A)”	the rental assignment dated 18 July 2013 and executed by Sunflower as assignor in favour of Hang Seng Bank Limited as assignee in relation to Property A and registered in the Land Registry by the Memorial No. 13081501500093
“Rental Assignment (Property B)”	the rental assignment dated 29 June 2018 and executed by Sunflower as assignor in favour of Bank of China (Hong Kong) Limited as assignee in relation to Property B and registered in the Land Registry by the Memorial No. 18071801540134

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## DEFINITIONS

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“Reorganisation”	the acquisition by the Target Company of the 160,000 non-voting deferred shares in Sunflower from four individuals
“Sale Loan”	all obligations, liabilities and debts owing or incurred by the Target Company to the Vendor on or at any time prior to the Completion whether actual, contingent or deferred and irrespective of whether or not the same is due and payable on Completion
“Sale Share”	one issued share of US\$1.00 in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“Second Deposit”	has the meaning ascribed thereto under the paragraph headed “Consideration” in the section headed “the Disposal Agreement” of this circular
“Share(s)”	ordinary shares of HK\$0.10 each in the share capital of the Company
“Second Legal Charge (Property B)”	the second legal charge dated 25 July 2019 executed by Sunflower as mortgagor and Shouji Tooling Factory Limited as borrower in favour of Bank of China (Hong Kong) Limited as mortgagee in relation to the second legal charge on Property B and registered at the Land Registry by the Memorial No. 19080801170019
“Second Mortgage (Property A)”	the second mortgage dated 5 November 2014 and executed by, among others, Sunflower as mortgagor in favour of Hang Seng Bank Limited as mortgagee in relation to the second mortgage on Property A and registered at the Land Registry by the Memorial No. 14112101880168
“Second Rental Assignment (Property B)”	the assignment of rentals dated 25 July 2019 and executed by Sunflower as assignor in favour of Bank of China (Hong Kong) Limited as assignee in relation to Property B and registered in the Land Registry by the Memorial No. 19080801170025
“Shareholder(s)”	holder(s) of the issued Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sunflower”	Sunflower Garland Manufactory Limited (順發聖誕製品有限公司), a private limited company incorporated in Hong Kong and an indirect subsidiary of the Company

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## DEFINITIONS

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“Superseding Order”	the Superseding Order No. INVO00062/HK/17/TA dated 11 September 2017 and issued by the Building Authority under section 26A(1) of the Buildings Ordinance (Cap. 123 of the laws of Hong Kong) and under section 46 of the Interpretation and General Clauses Ordinance (Cap. 1 of the laws of Hong Kong) to The Incorporated Owners of Sing Teck Factory Building and registered in the Land Registry by the Memorial No. 17101201000143
“Target Company”	Perfect Skill Limited, a company incorporated in BVI with limited liability and an indirect wholly-owned subsidiary of the Company
“Target Group”	the Target Company and Sunflower
“US\$”	United States dollar(s), the lawful currency of the United States of America
“Vendor”	Perfectech International (B.V.I.) Limited, a company incorporated in BVI with limited liability and a wholly-owned subsidiary of the Company
“Yu-Me”	Yu-Me (H.K.) Limited, being an indirect wholly-owned subsidiary of the Company
“%”	per cent.

The logo for Perfectech, featuring the word "Perfectech" in red text on a yellow rectangular background, which is itself centered within a dark blue rounded square.

**PERFECTECH INTERNATIONAL HOLDINGS LIMITED**

**威發國際集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

(Stock Code: 00765)

*Executive Directors:*

Mr. Li Shaohua  
Mr. Poon Wai Yip, Albert

*Non-executive Director:*

Ms. Zhu Yuqi

*Independent Non-executive Directors:*

Mr. Xie Xiaohong  
Mr. Lau Shu Yan  
Mr. Geng Jianhua

*Registered office:*

Victoria Place, 5th Floor  
31 Victoria Street  
Hamilton HM10  
Bermuda

*Principal place of business  
in Hong Kong:*

15/F, Sun Hing Industrial Building  
46 Wong Chuk Hang Road  
Aberdeen  
Hong Kong

19 October 2020

*To the Shareholders*

Dear Sir/Madam,

**MAJOR TRANSACTION IN RELATION TO  
DISPOSAL OF THE ENTIRE ISSUED SHARE CAPITAL OF  
AND THE SALE LOAN OWED BY THE TARGET COMPANY**

**INTRODUCTION**

Reference is made to the Announcement in relation to the Disposal. On 24 September 2020 (after trading hours of the Stock Exchange), the Vendor, a wholly-owned subsidiary of the Company, and the Purchaser entered into the Disposal Agreement, pursuant to which, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share and the Sale Loan at the initial Consideration of HK\$66,800,000.

The purpose of this circular is to provide you with, among other things, further information relating to the Disposal and other information as required to be disclosed under the Listing Rules.

\* For identification purpose only



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## LETTER FROM THE BOARD

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### THE DISPOSAL AGREEMENT

Set out below are the principal terms of the Disposal Agreement:

#### Date

24 September 2020

#### Parties

Purchaser: Grand Oasis Ventures Limited

Vendor: Perfectech International (B.V.I.) Limited, a wholly-owned subsidiary of the Company

The Group first came into contact with the Purchaser through the business network of one of the Directors, Mr. Poon Wai Yip, Albert. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

#### Assets to be disposed of

Pursuant to the Disposal Agreement, the Vendor conditionally agreed to sell and the Purchaser conditionally agreed to purchase the Sale Share and the Sale Loan. The Sale Share represents the entire issued share capital of the Target Company. As at the Latest Practicable Date and assuming the Debt Restructuring have been completed, the amount of the Sale Loan is approximately HK\$76,144,000.

#### Consideration

The initial Consideration for the sale and purchase of the Sale Share and the Sale Loan shall be an aggregate sum of HK\$66,800,000, which shall be apportioned as follows:

- (a) the consideration for the assignment of the Sale Loan shall be the face value of the Sale Loan as at the Completion Date but if the face value of the Sale Loan is larger than the Consideration, it shall become HK\$1.00 only; and
- (b) the consideration for the transfer of the Sale Share shall be the amount of the Consideration less the consideration for the assignment of the Sale Loan as set out in (a) above.

The Consideration shall be payable by the Purchaser to the Vendor in cash in the following manner:

- (a) a refundable deposit of HK\$6,680,000 (the "**First Deposit**") was paid as at the date of the Disposal Agreement;
- (b) a refundable deposit of HK\$20,040,000 (the "**Second Deposit**") shall be paid within 30 days from the date of the Disposal Agreement; and

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## LETTER FROM THE BOARD

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- (c) the balance of the Consideration in the sum of HK\$40,080,000 shall be paid upon Completion.

### **Adjustment to the Consideration**

The amount of the Consideration shall be adjusted according to the following formula:

$$A = \text{HK\$66,800,000} + B - C$$

Where:

A is the adjusted Consideration;

B is the current assets of the Target Group appearing in the Completion Accounts; and

C is liabilities of the Target Group appearing in the Completion Accounts.

Provided always that the maximum amount of the Consideration shall not exceed HK\$70,000,000.

The Consideration was determined between the Vendor and the Purchaser after arm's length negotiation and on normal commercial terms, with reference to (i) the valuation of the Properties as at 31 August 2020 conducted by an independent valuer in the amount of HK\$70,000,000; (ii) recent prevailing market conditions of the property market in Hong Kong; and (iii) the benefits to the Group from the Disposal as described under the section headed "Reasons for and benefits of the Disposal and use of proceeds" below. Despite the amount of the Consideration represents a discount of approximately 4.57% to the appraised value of the Properties, the Board considers that the Consideration is fair and reasonable, in view that the COVID-19 pandemic continues to be an uncertainty to the Hong Kong economic environment in a near future which may lead to downward pressure on value of the Properties.

Having considered the above factors, the Board considers that the Consideration, which was arrived at after arm's length negotiation, is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

### **Lease of Property B**

On or before Completion, Sunflower and Yu-Me will enter into the New Tenancy Agreement, whereby Sunflower will let Property B to Yu-Me for a term of three years at a monthly rent of HK\$70,000 and with an option for a further term of three years at a monthly rent not less than HK\$90,000 exercisable at the option of Yu-Me.

The Company will recognise the lease of Property B as right-of-use assets under Hong Kong Financial Reporting Standard 16 *Leases*. As all of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the leasing of Property B fall below 5%, the leasing of Property B does not constitute a notifiable transaction on the part of the Company under Chapter 14 of the Listing Rules.

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## LETTER FROM THE BOARD

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### Conditions precedent

Completion shall be subject to and conditional upon:

- (a) the Vendor having shown and proved that Sunflower has a good title to Property A and Property B in accordance with Section 13 of the Conveyancing and Property Ordinance (Cap.219 of the Laws of Hong Kong) free from all Encumbrances;
- (b) the Purchaser having completed the due diligence review and been reasonably satisfied with the results thereof;
- (c) the obtaining of the written shareholders' approval from the shareholders of the Company holding more than 50% of the issued share capital of the Company to approve the Disposal Agreement and the transactions contemplated thereunder as required under the Listing Rules;
- (d) all the representations, warranties, undertakings made or given by the Vendor to the Purchaser under the Disposal Agreement remaining true and accurate in all respects from the date thereof up to and immediately before Completion;
- (e) the release and discharge of the mortgages, legal charges and rental assignments subsisting over the Properties;
- (f) the entering into of the surrender agreement in respect of the Existing Tenancy Agreement B;
- (g) the entering into of the New Tenancy Agreement;
- (h) completion of the Reorganisation;
- (i) the Target Group having completed the Debt Restructuring;
- (j) the Company having complied with the Listing Rules and all applicable laws and regulations in respect of the transactions contemplated thereunder;
- (k) there being no compulsory acquisition or notice or order of intended resumption and acquisition by the government or any other competent authority affecting the Properties or any part thereof or otherwise adversely affecting the Properties or any part thereof; and
- (l) there being no circumstance which has rendered any warranties to be false and resulting in a material adverse change (or effect) on (i) the Properties, (ii) the Target Group, and/or (iii) the transactions contemplated under the Disposal Agreement.

The Purchaser may at any time waive (in whole or in part) the condition referred to in condition (b), (d), (g) and (h) above at its sole and reasonable discretion. The other conditions set out above are incapable of being waived.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, save for condition (c) has been fulfilled, none of the above conditions precedent had been fulfilled.

If the conditions set out above have not been satisfied (or as the case may be, waived by the Purchaser) on or before 5:00 p.m. on 29 January 2021 (or such date as the Vendor and the Purchaser may agree in writing), this Disposal Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof and the Vendor shall forthwith return the Deposits (without interest) to the Purchaser in full.

### **Completion**

Subject to the fulfilment (or waiver) of all the above conditions, Completion shall take place on the Completion Date.

### **INFORMATION OF THE GROUP**

The Company is an investment holding company incorporated in Bermuda with limited liability. The Group is principally engaged in the manufacture and sale of novelties, decoration and toy products.

### **INFORMATION OF THE VENDOR**

The Vendor, a company incorporated in BVI with limited liability, is a wholly-owned subsidiary of the Company. The Vendor is an investment holding company.

### **INFORMATION OF THE PURCHASER**

The Purchaser is a company incorporated in BVI with limited liability and principally engaged in investment holding. It is ultimately and beneficially owned as to 70% by Mr. Lau Kim Hung Jack and 30% by Mr. Chan Francis Ping Kuen. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are Independent Third Parties.

### **INFORMATION OF THE TARGET GROUP AND THE PROPERTIES**

As at the Latest Practicable Date, the Target Group consists of the Target Company and Sunflower.

#### **The Target Company**

The Target Company is an investment holding company incorporated in BVI with limited liability, which is direct wholly-owned subsidiary of the Vendor.

#### **Sunflower**

Sunflower is a company incorporated in Hong Kong with limited liability and is a direct subsidiary of the Target Company. Sunflower is principally engaged in securities and property investment and its principal assets are Property A and Property B.

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## LETTER FROM THE BOARD

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As at the Latest Practicable Date, Sunflower has (i) 2 ordinary shares in issue which are fully paid up or credited as fully paid and are owned by the Target Company; and (ii) 160,000 non-voting deferred shares in issue which are fully paid or credited as fully paid and are owned by four individuals. Upon completion of the Reorganisation (being one of the conditions precedents to the Disposal), the abovementioned 2 ordinary shares and 160,000 non-voting deferred shares will be beneficially owned by the Target Company.

As at the Latest Practicable Date, Sunflower has created (i) the Mortgage (Property A), the Second Mortgage (Property A) and the Rental Assignment (Property A) in favour of Hang Seng Bank Limited; and (ii) the Mortgage (Property B), the Second Legal Charge (Property B), the Rental Assignment (Property B) and the Second Rental Assignment (Property B) in favour of Bank of China (Hong Kong) Limited for certain facilities granted to certain subsidiaries of the Group. Pursuant to the terms and conditions of the Disposal Agreement, Completion is subject to the release and discharge of such mortgages, legal charges and rental assignments.

As at the Latest Practicable Date, the Company had applied the First Deposit to settle the outstanding mortgage in full.

### **Property A**

Property A is located at Units C & D, 9/F, Sing Teck Factory Building, 44 Wong Chuk Hang Road, Aberdeen, Hong Kong. As at the Latest Practicable Date, Property A, being classified as investment property in the consolidated financial statements of the Group, is let to a tenant which is an Independent Third Party at a monthly rent of HK\$67,920 for a term ending 31 March 2022.

### **Property B**

Property B is located at Units 1 & 2, 15/F, Sun Hing Industrial Building, 46 Wong Chuk Hang Road, Aberdeen, Hong Kong. As at the Latest Practicable Date, Property B, being classified as a property, plant and equipment in the consolidated financial statements of the Group, is used as head office and principal place of business of the Group in Hong Kong.

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## LETTER FROM THE BOARD

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### Financial Information of the Target Group

Set out below is a summary of the key financial data of the Target Group based on the unaudited consolidated management accounts for the two financial years ended 31 December 2019:

	<b>For the year ended 31 December 2018 <i>HK\$'000</i> (unaudited)</b>	<b>For the year ended 31 December 2019 <i>HK\$'000</i> (unaudited)</b>
Revenue	660	1,386
Loss before taxation	(2,194)	(3,569)
Loss after taxation	(2,559)	(3,569)

The unaudited consolidated total assets value and the net liability of the Target Group as at 31 August 2020 were approximately HK\$80.07 million and HK\$5.16 million respectively.

### FINANCIAL EFFECTS OF THE DISPOSAL

As at the Latest Practicable Date, the Target Company is an indirect wholly-owned subsidiary of the Company. Upon Completion, the Target Company will cease to be a subsidiary of the Company and the Company will cease to have any interest in the Target Company. The financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group following Completion.

#### Assets and liabilities

Having taken into account the Consideration (assuming there is no adjustment to the amount of the Consideration) and the unaudited net liabilities of the Target Company as at 31 August 2020, it is estimated that upon Completion, the total assets of the Group will decrease by approximately HK\$4.98 million. The total liabilities of the Group will decrease by approximately HK\$0.2 million. It is estimated that the net assets of the Group will have a decrease of approximately HK\$4.78 million, being the net effect of the changes of the Group.

#### Earnings

Based on the net proceeds from the Disposal of approximately HK\$66.20 million (after deducting of estimated professional fees and other related expenses of approximately HK\$0.60 million and assuming there is no adjustment to the amount of the Consideration) and the Company's carrying value, being the unaudited net liabilities of the Target Group and the Sale Loan, in aggregate of approximately HK\$70.98 million as at 31 August 2020, it is estimated that the Company will record a loss of approximately HK\$4.78 million from

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## LETTER FROM THE BOARD

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the Disposal. The actual gain or loss to be recorded by the Company depends on the net asset/liability value of the Target Company as at the Completion Date, which is subject to final audit to be performed by the auditors of the Company.

### REASONS FOR AND BENEFITS OF THE DISPOSAL AND USE OF PROCEEDS

Having considered recent downturn of property price and property market conditions in Hong Kong, the Directors believe that the property market outlook remains gloomy in the near future. Therefore, the Directors are of the view that the Disposal is a good opportunity for the Group to realise its investment before further market downturn. Meanwhile, the Directors are aware that Property B is currently used as the Group's principal place of business in Hong Kong. On or before Completion, Sunflower will let Property B to Yu-Me for a term of three years at a monthly rent of HK\$70,000 and with an option for a further term of three years at a monthly rent of not less than HK\$90,000 exercisable at the option of Yu-Me such that the Disposal will have minimal impact to the Group's operations.

The Group intends to apply the net proceeds from the Disposal (assuming there is no adjustment to the amount of the Consideration) of (i) approximately HK\$47.00 million for repayment of amount due to a director of subsidiaries of the Company and the interests to be accrued thereon; (ii) approximately HK\$5.00 million for repayment of bank borrowings; and (iii) the remaining balance of approximately HK\$14.20 million for general working capital of the Group.

Having considered the above, the Directors are of the view that the Disposal is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

### LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated in accordance with the Listing Rules in respect of the Disposal exceeds 25% but below 75%, the Disposal constitutes a major transaction on the part of the Company and is subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the Disposal and the transactions contemplated thereunder, and therefore no Shareholder is required to abstain from voting under the Listing Rules if the Company were to convene a general meeting for the approval of the Disposal. Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval of the Disposal may be given by way of written Shareholders' approval in lieu of holding a general meeting if (1) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for approval of the Disposal; and (2) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the issued share capital of the Company giving the right to attend and vote at that general meeting to approve the Disposal.

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## LETTER FROM THE BOARD

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Each of Star Fly Limited and Fresh Choice Holdings Limited, being the substantial shareholders holding 125,297,040 Shares and 119,297,041 Shares or approximately 38.33% and 36.49% of the total issued Shares as at the date of the Disposal Agreement and the Latest Practicable Date respectively, has given written approvals of the Disposal. Accordingly, pursuant to Rule 14.44 of the Listing Rules, no general meeting of the Company will be convened for the purpose of approving the Disposal.

### RECOMMENDATION

The Board considers that the terms of the Disposal Agreement and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Company and the Shareholders as a whole. Although a general meeting was not convened by the Company to approve the Disposal Agreement and the transactions contemplated thereunder, if such a general meeting were to be convened by the Company, the Board would have recommended the Shareholders to vote in favour of the resolution(s) to approve the Disposal Agreement and the transactions contemplated thereunder.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular. The English text shall prevail over the Chinese text in this circular.

By order of the Board of  
**Perfectech International Holdings Limited**  
**Zhu Yuqi**  
*Chairman*



**I. FINANCIAL INFORMATION OF THE GROUP**

Details of the financial information of the Group for each of the three financial years ended 31 December 2017, 2018 and 2019 and the six months ended 30 June 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.perfectech.com.hk>):

- Interim report of the Company for the six months ended 30 June 2020 (pages 2 to 19)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0917/2020091700623.pdf>
- Annual report of the Company for the financial years ended 31 December 2019 (pages 43 to 122)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0514/2020051400487.pdf>
- Annual report of the Company for the financial years ended 31 December 2018 (pages 41 to 116)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0417/ltn20190417251.pdf>
- Annual report of the Company for the financial years ended 31 December 2017 (pages 36 to 102)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2018/0420/ltn20180420564.pdf>

**II. INDEBTEDNESS**

As at the close of business on 31 August 2020, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the indebtedness of the Group was as follows:

As at the close of business on 31 August 2020, the Group had (a) amount due to a director of subsidiaries of approximately HK\$46,778,000; (b) secured bank borrowing of approximately HK\$5,000,000, which were secured by the Group's leasehold land and buildings and investment property; and (c) lease liabilities of approximately HK\$13,095,000.

As at the close of business on 31 August 2020, the Company has issued the following guarantees:

- (i) Corporate guarantees to banks in respect of banking facilities granted to its subsidiaries.

The Company is also one of the entities covered by a cross guarantee arrangement issued by the Company and its subsidiaries to banks in respect of banking facilities granted to the Group which remains in force so long as the Group has drawn down under the banking facilities. Under the guarantee, the Company and all the subsidiaries that are parties to the guarantee are jointly and severally liable for all and any of the borrowings of each of them from the bank which is the beneficiary of the guarantee.

- (ii) An unlimited guarantee granted to a subsidiary in relation to banking facilities granted.

Save as disclosed above, as at the close of business on 31 August 2020, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, other similar indebtedness, liabilities under acceptances or acceptances credits, debentures, mortgages, charges, lease liabilities, guarantees or other material contingent liabilities.

The Directors confirmed that the Group does not have any plans for material external debt financing and no material changes in the indebtedness and contingent liabilities of the Group since 31 August 2020 up to and including the Latest Practicable Date.

### **III. WORKING CAPITAL**

The Directors are of the opinion that, taking into account the cash flow generated from the operating activities, the financial resources available to the Group including cash and cash equivalents on hand, the internally generated funds and the available banking facilities, the Group has, in the absence of unforeseeable circumstances, sufficient working capital for its present requirements in at least the next twelve months from the date of this circular.

### **IV. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial or trading position or outlook of the Group since 31 December 2019, being the date to which the latest published audited financial statements of the Company were made up, and up to and including the Latest Practicable Date.

**V. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

The unresolved Sino-American trade disputes, the political instability in Europe and the outbreak of COVID-19 pandemic are expected to continue to cast uncertainty and challenges to the Group's operating environment in this year. 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.

Meanwhile, the Directors endeavour to materialise the proposed acquisition (for further information, please refer to the section headed "Material Contracts" of Appendix III to this circular) (the "**Proposed Acquisition**"). It is the intention of the Group to actively identify good merger and acquisition opportunities in order to acquire new business or assets that will bring additional value and new income streams to the Group. Leveraging on the extensive experience in the areas of oil and natural gas industry and corporate management, the Board believes that the Proposed Acquisition will help the Company navigate its business focus towards natural gas and clean energy to meet the growing natural gas demand in the PRC, and create long-term returns for the shareholders of the Company with enhanced values.

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.

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from BMI Appraisals Limited, an independent valuer appointed by the Company, in connection with its valuations as at 31 August 2020 of the Properties.*

## **BMI APPRAISALS**

BMI Appraisals Limited 中和邦盟評估有限公司

Suite 01-08, 27<sup>th</sup> Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong  
香港灣仔港灣道6-8號瑞安中心27樓2701-2708室  
Tel 電話 : (852) 2593 9678 Fax 傳真 : (852) 2802 0863  
Email 電郵 : enquiry@bmintelligence.com Website 網址 : www.bmi-appraisals.com

19 October 2020

### **Perfectech International Holdings Limited**

15th Floor,  
Sun Hing Industrial Building  
No. 46 Wong Chuk Hang Road  
Aberdeen, Hong Kong

Dear Sirs,

### **INSTRUCTIONS**

We refer to the instructions from Perfectech International Holdings Limited (the “**Company**”) for us to value the real properties held by the Company and/or its subsidiaries (together referred to as the “**Group**”) located in Hong Kong. We confirm that we have conducted inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the real properties as at 31 August 2020 (the “**valuation date**”).

### **BASIS OF VALUATION**

Our valuations of the real properties have been based on the Market Value, which is defined by The Hong Kong Institute of Surveyors as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing where the parties had each acted knowledgeably, prudently and without compulsion”. The Market Value is also understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

**PROPERTY CATEGORISATION**

In the course of our valuations, the real properties are categorised into the following groups:

- |          |   |   |
|----------|---|---|
| Group I  | — | Real property held for owner-occupation by the Group in Hong Kong |
| Group II | — | Real property held for investment by the Group in Hong Kong       |

**VALUATION METHODOLOGY**

We have valued the real properties by Comparison Approach assuming sale in their existing states with the benefit of vacant possession and by making reference to comparable sale evidences as available in the relevant market. Appropriate adjustments have been made to account for the differences between the real properties and the comparables in terms of time, location, age, floor, size and other relevant factors. Where appropriate, we have also adopted Investment Approach by capitalizing the net rental income of the real property being held under existing tenancy with due allowance for the reversionary value of the real property.

**TITLE INVESTIGATION**

We have caused land searches to be made at the Land Registry and have been provided with extracts of title documents and tenancy information. We have been advised by the Group that no further relevant documents have been produced. However, we have neither examined the original documents to verify ownership nor to ascertain the existence of any amendment documents, which do not appear on the extracts handed to us. All documents have been used for reference only.

**VALUATION ASSUMPTIONS**

Our valuations have been made on the assumption that the real properties are sold in the market in their existing states without the benefit of deferred terms contract, leaseback, joint venture, management agreement or any other similar arrangement which might serve to affect the values of the real properties. In addition, no account has been taken of any option or right of pre-emption concerning or effecting sale of the real properties and no forced sale situation in any manner is assumed in our valuations.

In valuing the real properties, we have relied on the advice given by the Company that the Group have valid and enforceable titles to the real properties which are freely transferable, and have free and uninterrupted rights to use the same, for the whole of the unexpired term granted subject to the payment of annual government rent/land use fees and all requisite land premium/purchase consideration payable have been fully settled.

**VALUATION CONSIDERATIONS**

The real properties were inspected by Mr. Lawrence Lee (MSc. Construction and Real Estate) in September 2020. We have inspected the real properties externally and where possible, the interior of the real properties. In the course of our inspections, we did not note any serious defects. However, no structural surveys have been made. We are, therefore, unable to report whether the real properties are free from rot, infestation or any other structural defects. No tests were carried out on any of the services.

In the course of our valuations, we have relied to a considerable extent on the information given by the Group and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenures, particulars of occupancy, floor areas, identification of the real properties and any other relevant information.

We have not carried out detailed on-site measurements to verify the correctness of the floor areas in respect of the real properties but have assumed that the floor areas shown on the documents handed to us are correct. Dimensions, measurements and areas included in the valuation certificates are based on information contained in the documents provided to us by the Group and are therefore only approximations.

We have no reason to doubt the truth and accuracy of the information provided to us by the Group and we have relied on your confirmation that no material facts have been omitted from the information provided. We consider that we have been provided with sufficient information for us to reach an informed view.

No allowances have been made in our valuations for any charges, mortgages or amounts owing on the real properties or for any expenses or taxation, which may be incurred in effecting a sale.

Unless otherwise stated, it is assumed that the real properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

Our valuations have been prepared in accordance with The HKIS Valuation Standards (2017 Edition) published by The Hong Kong Institute of Surveyors and the International Valuation Standards (IVS) published by The International Valuation Standards Council.

Our valuations have been prepared under the generally accepted valuation procedures and are in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**REMARKS**

Unless otherwise stated, all money amounts stated herein are in Hong Kong Dollars (HK\$) and no allowances have been made for any exchange transfers.

Our Summary of Values and the Valuation Certificates are attached herewith.

Yours faithfully,  
For and on behalf of  
**BMI APPRAISALS LIMITED**  
**Joannau W. F. Chan**  
*BSc., MSc., MRICS, MHKIS, RPS (GP)*  
**Senior Director**

*Note:*

Ms. Joannau W.F. Chan is a member of the Hong Kong Institute of Surveyors (General Practice) who has over 27 years' experience in valuations of real properties in Hong Kong.

## SUMMARY OF VALUES

## Group I — Real property held for owner-occupation by the Group in Hong Kong

No.	Real Property	Market Value in existing state as at 31 August 2020 HK\$
1.	Workshop Unit Nos. 1 and 2 on 15th Floor, Sun Hing Industrial Building, No. 46 Wong Chuk Hang Road, Aberdeen, Hong Kong	32,000,000
		<b>Sub-Total: 32,000,000</b>

## Group II — Real property held for investment by the Group in Hong Kong

No.	Real Property	Market Value in existing state as at 31 August 2020 HK\$
2.	Units C & D on 9th Floor, Sing Teck Factory Building, No. 44 Wong Chuk Hang Road, Aberdeen, Hong Kong	38,000,000
		<b>Sub-Total: 38,000,000</b>
		<b>Grand Total: 70,000,000</b>



## VALUATION CERTIFICATE

## Group I — Real property held for owner-occupation by the Group in Hong Kong

No.	Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2020 HK\$								
1.	Workshop Unit Nos. 1 and 2 on 15th Floor, Sun Hing Industrial Building, No. 46 Wong Chuk Hang Road, Aberdeen, Hong Kong  A total of 22/563th equal and undivided shares of and in Aberdeen Inland Lot No. 300	The real property comprises 2 industrial units on the 15th Floor of a 24-storey industrial building completed in 1984.  The approximate saleable areas of the real property are tabulated as below:  <table border="1"> <thead> <tr> <th>Unit</th> <th>Saleable Area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>1,642</td> </tr> <tr> <td>2</td> <td><u>1,387</u></td> </tr> <tr> <td>Total:</td> <td><u><u>3,029</u></u></td> </tr> </tbody> </table>	Unit	Saleable Area (sq.ft.)	1	1,642	2	<u>1,387</u>	Total:	<u><u>3,029</u></u>	The real property is owner-occupied.	32,000,000
Unit	Saleable Area (sq.ft.)											
1	1,642											
2	<u>1,387</u>											
Total:	<u><u>3,029</u></u>											
		The real property is held under Conditions of Sale No. 9722 for a term of 75 years renewable for a further term of 75 years commencing on 27 July 1970.										

*Notes:*

1. The real property is situated in the industrial area of Aberdeen in Hong Kong Island.
2. The registered owner of the real property is Sunflower Garland Manufactory Limited vide Memorial No. 14112101880112 dated 5 November 2014.
3. The real property is subject to the following material encumbrances:
  - a. Mortgage in favor of Bank of China (Hong Kong) Limited vide Memorial No. 18071801540124 dated 29 June 2018.
  - b. Assignment of Rentals in favor of Bank of China (Hong Kong) Limited vide Memorial No. 18071801540134 dated 29 June 2018.
  - c. Second Legal Charge in favor of Bank of China (Hong Kong) Limited vide Memorial No. 19080801170019 dated 25 July 2019.
  - d. Assignment of Rentals in favor of Bank of China (Hong Kong) Limited vide Memorial No. 19080801170025 dated 25 July 2019.
4. Sunflower Garland Manufactory Limited is a wholly-owned subsidiary of the Company.

## VALUATION CERTIFICATE

## Group II — Real property held for investment by the Group in Hong Kong

No.	Real Property	Description and tenure	Particulars of occupancy	Market Value in existing state as at 31 August 2020 HK\$								
2.	Units C & D on 9th Floor, Sing Teck Factory Building, No. 44 Wong Chuk Hang Road, Aberdeen, Hong Kong  A total of 26/1,000th equal and undivided shares of and in Aberdeen Inland Lot No. 301	The real property comprises two industrial units on 9th Floor of a 23-storey industrial building completed in about 1974.  The approximate saleable areas of the real property are tabulated as below:  <table border="1"> <thead> <tr> <th>Unit</th> <th>Saleable Area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>C</td> <td>2,549</td> </tr> <tr> <td>D</td> <td><u>2,549</u></td> </tr> <tr> <td>Total:</td> <td><u><u>5,098</u></u></td> </tr> </tbody> </table>	Unit	Saleable Area (sq.ft.)	C	2,549	D	<u>2,549</u>	Total:	<u><u>5,098</u></u>	The real property is leased to an independent third party for a term of 3 years commencing on 1 April 2019 and expiring on 31 March 2022 at a monthly rent of HK\$67,920 inclusive of rates, Government rent and management fee.	38,000,000
Unit	Saleable Area (sq.ft.)											
C	2,549											
D	<u>2,549</u>											
Total:	<u><u>5,098</u></u>											
		The real property is held under Conditions of Sale No. 9617 for a term of 75 years renewable for a further term of 75 years commencing on 5 January 1970.										

*Notes:*

1. The real property is situated in the industrial area of Aberdeen in Hong Kong Island.
2. The registered owner of the real property is Sunflower Garland Manufactory Limited vide Memorial No. 13081501500077 dated 18 July 2013.
3. The real property is subject to the following material encumbrances:
  - a. Deed of Mutual Covenant vide Memorial No. UB1078318 dated 24 April 1974;
  - b. Mortgage in favour of Hang Seng Bank Limited to secure all moneys in respect of general banking facilities vide Memorial No. 13081501500089 dated 18 July 2013;
  - c. Rental Assignment in favour of Hang Seng Bank Limited vide Memorial No. 13081501500093 dated 18 July 2013;
  - d. Second Mortgage in favour of Hang Seng Bank Limited to secure all moneys in respect of general banking facilities vide Memorial No. 14112101880168 dated 5 November 2014; and

- e. Superseding Order No. “INVO00062/HK/17/TA” under Section 26A(1) of the Buildings Ordinance vide Memorial No. 17101201000143 by the Building Authority dated 11 September 2017 (Re: Common part(s) only).
- 4. In our valuation, we have assumed that the works stipulated in the Order detailed in Note 3e have been complied with to the satisfaction of the Building Authority.
- 5. Sunflower Garland Manufactory Limited is a wholly-owned subsidiary of the Company.

## **1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## **2. DISCLOSURE OF INTERESTS**

### **(a) Interests of Directors and chief executives of the Company**

As at the Latest Practicable Date, none of the Directors and chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporates (as defined in Part XV of the Securities and Futures Ordinance (the “SFO”)) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short position which they have taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

### **(b) Interests of substantial Shareholders**

As at the Latest Practicable Date, so far as any Directors are aware, the interests or short positions owned by the following parties (other than the Directors or chief executives of the Company) in the Shares or underlying shares or debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which

were recorded in the register of the Company required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interests	Number of Shares	% of issued share capital of the Company (approximately)
Mr. Zhai Jun ( <i>Note 1</i> )	Interest of controlled corporation	125,297,040	38.33
Star Fly Limited ( <i>Note 1</i> )	Beneficial owner	125,297,040	38.33
Mr. Gao Xiaorui ( <i>Note 2</i> )	Interest of controlled corporation	119,297,041	36.49
Fresh Choice Holdings Limited ( <i>Note 2</i> )	Beneficial owner	119,297,041	36.49

*Note 1:* Star Fly Limited is a limited company incorporated in BVI wholly owned by Mr. Zhai Jun.

*Note 2:* Fresh Choice Holdings Limited is a limited company incorporated in BVI owned as to 90% by Mr. Gao Xiaorui and 10% by Mr. Wu Zhenlong.

Save as disclosed above, as at the Latest Practicable Date, no person (other than the Directors or chief executives of the Company) had the interests or short positions in the Shares or underlying shares or debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register of the Company required to be kept under section 336 of the SFO.

### 3. LITIGATION

As at the Latest Practicable Date, a subsidiary of the Group (the “**Subsidiary**”) has served a writ and claimed against three former employees of the Subsidiary (the “**Defendants**”) on 19 December 2003. The claim related to the misconduct of the Defendants during their employment with the Subsidiary. The Defendants had filed a defence and counterclaim against the Subsidiary for wages and other payments allegedly payable upon their termination of employment with the Subsidiary amounting to approximately HK\$419,000 together with interest and costs. The Directors take the view that the amount of the Subsidiary’s claims against the Defendants will exceed the Defendants’ claims, and accordingly, no provision for any liabilities that may result has been made in the financial statements of the Group. The claims have been pending since 2005.

Save as disclosed above, as at the Latest Practicable Date, as far as the Directors are aware, neither the Company nor any member of the Group was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against the Company or any member of the Group.

#### 4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any member of the Group which would not expire or was not determinable within one year without payment of compensation, other than statutory compensation.

#### 5. COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors had any business or interest that competes or may compete with the business of the Group and had any other conflict of interest with the Group.

#### 6. DIRECTORS' INTEREST IN ASSETS, CONTRACTS AND ARRANGEMENT OF THE GROUP

As at the Latest Practicable Date, none of the Directors were materially interested in any contract or arrangement entered into by any member of the Group which was subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group. As at the Latest Practicable Date, save as disclosed in this circular, none of the Directors had any interest, directly or indirectly, in any assets which have been, since 31 December 2019 (being the date to which the latest published audited consolidated accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

#### 7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) of the Group have been entered into by the members of the Group during the period commencing two years preceding the date of this circular and are or may be material:

- (i) a memorandum of understanding dated 25 April 2019 entered into between the Company and each of Hong Kong Sino-Science Energy Investment Company Limited, a company incorporated under the laws of Hong Kong ("**First MOU**") and Hong Kong Sino-Science International Oil & Gas Investment Group Company Limited, a company incorporated under the laws of Hong Kong ("**Second MOU**"). Pursuant to the First MOU, the Company intends to acquire 100% equity interest in Kozhan JSC ("**Kozhan**"), a joint stock company listed on the Kazakhstan Stock Exchange. Kozhan is principally engaged in oil exploration and production. The major assets owned by Kozhan include two oil fields in production located in Kazakhstan. Pursuant to the Second MOU, the Company intends to acquire interests in Sozak Oil and Gas LLP ("**Sozak**"), a limited liability partnership established under the laws of Kazakhstan, so that the Company's interests in Sozak will give it sufficient influence in decisions over the exploration and/or production activities of Sozak. For details, please refer to the announcement of the Company published on 25 April 2019;

(ii) a framework sale and purchase agreement dated 15 August 2019 entered into between the Company as the purchaser and the Sino-Science Netherlands Petroleum B.V., a company incorporated under the laws of Netherlands (“SSNP”) as vendor pursuant to which the Company has conditionally agreed to acquire more than 50% of the total participating interests or shares of Sozak (“**Proposed Acquisition**”). Sozak is principally engaged in the exploration of oil and natural gas in South Kazakhstan and Kyzylorda region and the petroleum assets are located in the Marsel Block in the Chu-Sarysu Basin of Kazakhstan which is currently under appraisal. The consideration for the Proposed Acquisition shall be paid by the Company through a combination of cash, the allotment and issue of new shares of the Company and/or other forms of securities issued by the Company at a price to be agreed upon by SSNP and the Company. The material terms of the Proposed Acquisition are yet to be agreed and are subject to the execution of the final definitive agreement. For details, please refer to the announcement of the Company published on 15 August 2019; and

(iii) the Disposal Agreement.

## 8. EXPERT AND CONSENT

The following is the qualification of the expert who has given its opinion, letter or advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
BMI Appraisals Limited	an independent property valuer

The above expert has given and confirmed that it has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, advice or report, as the case may be, and reference to its name in the form and context in which they respectively appear.

As at the Latest Practicable Date, the above expert did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the above expert did not have any direct or indirect interest in any assets which had been, since 31 December 2019 (the date to which the latest published audited financial statements of the Group were made up), acquired, or disposed of by or leased to, or were proposed to be acquired, disposed of by or leased to any member of the Group.

**9. MISCELLANEOUS**

- (a) The registered office of the Company is situated at Victoria Place, 5th Floor, 31 Victoria Street, Hamilton HM10, Bermuda.
- (b) The head office and principal place of business of the Company in Hong Kong is located at 15/F, Sun Hing Industrial Building, 46 Wong Chuk Hang Road, Aberdeen, Hong Kong.
- (c) The branch share register of the Company in Hong Kong is Tricor Standard Limited at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (d) The company secretary of the Company is Mr. Leung Tak Ho. He has over 20 years of experience in auditing, corporate finance, corporate governance and financial management. Mr. Leung holds a Bachelor of Accountancy degree from the City University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants.
- (e) The English text of this circular shall prevail over the respective Chinese text in the case of inconsistency.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection during normal business hours at the head office and principal place of business of the Company in Hong Kong at 15/F, Sun Hing Industrial Building, 46 Wong Chuk Hang Road, Aberdeen, Hong Kong, and on the websites of the Company (<http://www.perfectech.com.hk>), for a period of 14 days commencing from the date of this circular:

- (a) the memorandum of association and bye-laws of the Company;
- (b) the annual reports of the Group for the three years ended 31 December 2017, 2018 and 2019;
- (c) the interim report of the Company for the six months ended 30 June 2020;
- (d) the letter from the Board, the text of which is set out on pages 6 to 14 of this circular;
- (e) the valuation report prepared by the independent valuer, the text of which is set out in Appendix II to this circular;
- (f) the material contracts referred to in the section headed "Material Contracts" to this appendix;
- (g) the written consent referred to in the section headed "Expert and Consent" in this appendix; and
- (h) this circular.