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## **PERFECTECH INTERNATIONAL HOLDINGS LIMITED**

**(威發國際集團有限公司)\***

*(the "Company" and its subsidiaries, together as the "Group")*

*(incorporated in Bermuda with limited liability)*

(Stock Code: 0765)

### **CONTINUING CONNECTED TRANSACTION TENANCY AGREEMENTS**

The Board is pleased to announce that on 18 April 2006, PIL and Nice Step entered into the Tenancy Agreements as detailed below. The landlord is a company controlled by Mr. Leung Ying Wai, Charles, a director and a substantial shareholder of the Company holding 20.47% of issued share capital of the Company. Accordingly, the Tenancy Agreements constitute continuing connected transactions of the Company under the Listing Rules. As the annual rental payable by the Group in respect of the Premises under the Tenancy Agreements does not exceed 2.5% of any of the applicable percentage ratios under Rule 14A.34 of the Listing Rules, the Tenancy Agreements are subject to reporting, announcement and annual review requirements under Listing Rules 14A.45 to 14A.47 but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **EXISTING TENANCY AGREEMENTS**

Perfectech International Limited ("PIL"), a wholly-owned subsidiary of the Company, (as tenant) and Nice Step Investment Limited ("Nice Step") (as landlord) are currently parties to the tenancy agreements in respect of the Premises A, Premises B and Premises C which are due to expire on 19 April 2006, 10 July 2006 and 19 April 2006 respectively.

#### **PREMISES LEASED**

- (i) the premises located at the 2nd to 4th floors (with gross floor area of approximately 5,070 sq. ft. for the 2nd and 3rd floors and approximately 3,096 sq.ft. for the 4th floor) and flat roof on the 4th floor (with gross floor area of approximately 1,963 sq. ft.) (with car parking spaces nos.3 to 5 on the ground floor) ("Premises A");
- (ii) the premises located at the 1st floor (with gross floor area of approximately 5,070 sq. ft.) ("Premises B"); and
- (iii) the premises located at the 5th floor (with gross floor area of approximately 3,096 sq.ft.) ("Premises C").

all of Perfectech Centre, 64 Wong Chuk Hang Road, Aberdeen, Hong Kong (collectively the “Premises”).

## **RENEWAL OF TENANCIES**

The board of the directors (the “Board”) of the Company together with its subsidiaries (the “Group”) is pleased to announce that PIL renewed the aforesaid tenancies on 18 April 2006 (the “Tenancy Agreements”), the principal terms of which are summarized as follows:–

### **(i) in respect of Premises A**

Term: Two years commencing on 20 April 2006 and expiring on 19 April 2008 (both days inclusive)

Monthly rental: HK\$71,327.40 (exclusive of management fee and government rates), approximately about 17.29% increase above that for the relevant existing tenancy agreement at the monthly rental of HK\$ 60,812.00. The consideration and the aforesaid increase in rental are determined with reference to the prevailing market rents for properties of comparable size and location.

### **(ii) in respect of Premises B**

Term: from 11 July 2006 and expiring on 19 April 2008 (both days inclusive)

Monthly rental: HK\$22,308.00 (exclusive of management fee and government rates), approximately about 12% discount over that for the relevant existing tenancy agreement at the monthly rental of HK\$25,350. The consideration is determined with reference to the prevailing market rents for properties of comparable size and location.

**(iii) in respect of Premises C, the relevant tenancy is not renewed as it is no longer required by the Group.**

## **REASONS FOR THE TRANSACTIONS**

The Group has been using the Premises as offices, industrial godown purposes. To renew the aforesaid tenancies in respect of Premises A and Premises B will avoid any capital expenditure for the relocation and it is considered by the Board to be in the interest of the Company.

## **ANNUAL CAPS**

The total amount of rental payable by PIL to Nice Step will not exceed:

- (i) HK\$1,144,022.94 for the year ending on 31 December 2006 (which is calculated with reference to the rental payable under the existing tenancy agreements in respect of Premises A, Premises B and Premises C and the rental payable under the Tenancy Agreements in respect of Premises A and Premises B);
- (ii) HK\$1,123,624.80 for the year ending on 31 December 2007 in respect of Premises A and Premises B;

(iii) HK\$340,208.62 for the year ending on 31 December 2008 in respect of Premises A and Premises B.

The rental will be paid by the Group from its internal resources.

#### **CONTINUING CONNECTED TRANSACTION**

The landlord under the Tenancy Agreements is a company controlled by Mr. Leung Ying Wai, Charles, a substantial shareholder holding 20.47% of issued share capital of the Company and a director of the Company. Accordingly, the Tenancy Agreements constitute continuing connected transactions of the Company under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"). As the annual rental payable by the Group in respect of the Premises under the Tenancy Agreements does not exceed 2.5% of any of the applicable percentage ratios under Rule 14A.34 of the Listing Rules, the Tenancy Agreements are subject to reporting, announcement and annual review requirements under Listing Rules 14A.45 to 14A.47 but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The terms of the Tenancy Agreements were reached on an arm's length basis with reference to the prevailing market rents for properties of comparable size and location. The board of directors of the Company (the "Board"), including the independent non-executive directors, is of opinion that the terms of the Tenancy Agreements are agreed on normal commercial terms and are fair and reasonable and it is in the interests of shareholders of the Company as a whole to enter into the Tenancy Agreements.

The Group is principally engaged in sale and manufacturing novelties, festival decorations, packaging products, PVC film trading, plastic materials and toy products. Nice Step is principally engaged in investment holding.

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. Ng Siu Yu, Larry, Mr. Lam Yat Cheong and Mr. Yip Chi Hung as independent non-executive directors of the Company, and Mr. Tong Wui Tung as non-executive director of the Company.

By order of the Board  
**Perfectech International Holdings Limited**  
**Poon Siu Chung**  
*Chairman*

Hong Kong, 19 April 2006

\* *for identification purpose only*

Please also refer to the published version of this announcement in The Standard.