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恒
Perennial
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恒都集團有限公司*

PERENNIAL INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 00725)

ANNUAL RESULTS FOR THE YEAR ENDED 31ST DECEMBER 2013

The Board of Directors (the "Board") is pleased to announce the audited consolidated financial results of Perennial International Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31st December 2013.

CONSOLIDATED INCOME STATEMENT
For the year ended 31st December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
Revenue	*3*	**466,706**	430,958
Cost of sales		**(382,952)**	(362,290)
Gross profit		**83,754**	68,668
Other income	*4*	**8,102**	13,579
Distribution expenses		**(9,182)**	(7,339)
Administrative expenses		**(50,235)**	(45,490)
Other operating expenses, net		**(897)**	(3,412)
Operating profit	*5*	**31,542**	26,006
Finance costs	*6*	**(2,072)**	(2,593)
Profit before taxation		**29,470**	23,413
Taxation	*7*	**(8,254)**	(3,459)
Profit for the year attributable to shareholders of the Company		**21,216**	19,954
Basic and diluted earnings per share (cents)	*9*	**10.7**	10.0

Details of proposed final dividend payable to shareholders of the Company are set out in note 8.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2013

	2013	2012
	HK$'000	*HK$'000*
Profit for the year	**21,216**	19,954
Other comprehensive income/(expenses):		
Items that may be subsequently reclassified to profit or loss		
Revaluation surplus on land and buildings	**5,035**	63,725
Deferred tax charged to revaluation reserve	**(508)**	(11,555)
Exchange difference arising from translation of financial statements of subsidiaries	**4,760**	1,990
Other comprehensive income for the year, net of tax	**9,287**	54,160
Total comprehensive income for the year attributable to shareholders of the Company	**30,503**	74,114

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2013

	Note	**2013** *HK$'000*	2012 *HK$'000*
ASSETS			
Non-current assets			
Land use rights	*11*	**12,832**	13,043
Property, plant and equipment	*12*	**294,460**	295,266
Investment property	*13*	**27,000**	25,180
Non-current deposits		**1,213**	718
Deferred tax assets		**5,561**	4,193
		341,066	338,400
Current assets			
Inventories	*14*	**112,052**	89,651
Trade and bills receivables	*15*	**102,390**	100,141
Other receivables, deposits and prepayments		**4,934**	7,474
Derivative financial instruments		**–**	172
Taxation recoverable		**312**	–
Short-term fixed deposit		**10,264**	42,633
Cash and cash equivalents		**50,194**	50,945
		280,146	291,016
Total assets		**621,212**	629,416
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*16*	**19,896**	19,896
Other reserves	*17*	**202,450**	193,163
Retained earnings			
Others	*17*	**249,378**	234,132
Proposed final dividend	*17*	**3,980**	3,980
Total equity		**475,704**	451,171

	Note	2013 HK$'000	2012 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**31,541**	31,287
		31,541	31,287
Current liabilities			
Trade and bills payables	*18*	**36,630**	32,657
Other payables and accruals		**28,739**	23,209
Taxation payable		**7,847**	3,495
Short-term bank loans	*19*	**–**	48,000
Trust receipt loans	*19*	**40,751**	39,597
		113,967	146,958
Total liabilities		**145,508**	178,245
Total equity and liabilities		**621,212**	629,416
Net current assets		**166,179**	144,058
Total assets less current liabilities		**507,245**	482,458

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2013

	Share capital *HK$'000*	Other reserves *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
As at 1st January 2013	**19,896**	**193,163**	**238,112**	**451,171**
Profit for the year	**–**	**–**	**21,216**	**21,216**
Items that may be subsequently reclassified to profit or loss				
Revaluation surplus on land and buildings	**–**	**5,035**	**–**	**5,035**
Deferred tax charged to revaluation reserve	**–**	**(508)**	**–**	**(508)**
Exchange difference arising from translation of financial statements of subsidiaries	**–**	**4,760**	**–**	**4,760**
Total comprehensive income for the year	**–**	**9,287**	**21,216**	**30,503**
Dividend paid	**–**	**–**	**(5,970)**	**(5,970)**
At 31st December 2013	**19,896**	**202,450**	**253,358**	**475,704**
Representing:				
2013 final dividend proposed			**3,980**	
Others			**249,378**	
Retained earnings as at 31st December 2013			**253,358**	
As at 1st January 2012	19,896	139,003	224,128	383,027
Profit for the year	–	–	19,954	19,954
Items that may be subsequently reclassified to profit or loss				
Revaluation surplus on land and buildings	–	63,725	–	63,725
Deferred tax charged to revaluation reserve	–	(11,555)	–	(11,555)
Exchange difference arising from translation of financial statements of subsidiaries	–	1,990	–	1,990
Total comprehensive income for the year	–	54,160	19,954	74,114
Dividend paid	–	–	(5,970)	(5,970)
At 31st December 2012	19,896	193,163	238,112	451,171
Representing:				
2012 final dividend proposed			3,980	
Others			234,132	
Retained earnings as at 31st December 2012			238,112	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2013

	2013	2012
	HK$'000	*HK$'000*
Cash flows from operating activities		
Net cash generated from operations	**30,495**	19,558
Hong Kong profits tax (paid)/received, net	**(1,527)**	1,534
Overseas tax paid, net	**(4,309)**	(1,802)
Bank loans interest	**(2,072)**	(2,593)
Net cash generated from operating activities	**22,587**	16,697
Cash flows from investing activities		
Purchases of property, plant and equipment	**(4,132)**	(5,333)
(Increase)/decrease in deposits paid for additions of property, plant and equipment	**(495)**	1,907
Interest received	**1,369**	750
Decrease/(increase) in short-term fixed deposit	**32,369**	(42,633)
Proceeds from sale of property, plant and equipment	**490**	52
Net cash generated from/(used in) investing activities	**29,601**	(45,257)
Cash flows from financing activities		
Net repayments of short-term bank loans	**(48,000)**	(8,000)
Net additions/(repayments) of trust receipt loans	**1,154**	(14,798)
Dividend paid to Company's shareholders	**(5,970)**	(5,970)
Net cash used in financing activities	**(52,816)**	(28,768)
Net decrease in cash and cash equivalents	**(628)**	(57,328)
Cash and cash equivalents at 1st January	**50,945**	108,142
Exchange difference on cash and cash equivalents	**(123)**	131
Cash and cash equivalents at 31st December	**50,194**	50,945

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31st December 2013

These consolidated financial statements are presented in Hong Kong dollars ("HK$") unless otherwise stated.

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment property and derivative financial instruments which are carried at fair value.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1st January 2013 and have a material impact on the Group:

Amendment to HKAS 1, "Financial statement presentation" regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'Other comprehensive income' on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

Amendment to HKFRS 7, "Financial instruments: Disclosures", on asset and liability offsetting. The amendments require new disclosure requirements which focus on quantitative information about recognised financial instruments that are offset in the consolidated statement of financial position, as well as those recognised financial instruments that are subject to master netting or similar arrangements irrespective of whether they are offset.

HKFRS 13, "Fair value measurement", aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across HKFRS. The requirements, which are largely aligned between HKFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within HKFRS.

(b) New standards and interpretations not yet adopted

At the date of approval of these consolidated financial statements, the following are new standards, amendments to standards and interpretations that are published and potentially relevant to the Group's operations, but not yet effective and have not been early adopted by the Group.

		Effective for the Group for annual periods beginning on or after
HKAS 32 (Amendment)	Financial instruments: Presentation – Offsetting financial assets and financial liabilities	1st January 2014
HKAS 36 (Amendment)	Impairment of assets – Recoverable amount disclosures for non-financial assets	1st January 2014
HKFRS 9	Financial instruments	1st January 2015
HK(IFRIC) – Int 21	Levies	1st January 2014
Annual Improvements Project (2012–2013 cycle)	Improvements to HKAS and HKFRS	1st July 2014

The adoption of the above standards, amendments to standards and interpretations in future periods is not expected to result in substantial changes to the Group's accounting policies.

3. REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of electric cable and wire products. Revenue recognised during the year is as follows:

	2013	2012
	HK$'000	*HK$'000*
Sale of goods	**466,706**	430,958

The Chief Executive Officer (the chief operation decision maker) has reviewed the Group's internal reporting and determines that there are five reportable segments, based on location of customers under electric cable and wire products business, including Hong Kong, the Mainland China, Other Asian countries, America and Europe. These segments are managed separately as each segment is subject to risks and returns that are different from others.

The segment information for the reportable segments for 2013 and 2012 are as follows:

	Revenue (external sales) 2013 *HK$'000*	**Segment results 2013** *HK$'000*	**Total segment assets 2013** *HK$'000*	**Capital expenditure 2013** *HK$'000*	**Depreciation 2013** *HK$'000*	**Amortisation 2013** *HK$'000*
Hong Kong	**178,596**	**14,882**	**257,526**	**1,044**	**3,815**	**–**
Mainland China	**70,647**	**4,971**	**267,587**	**3,088**	**8,585**	**376**
Other Asian countries	**25,759**	**1,426**	**10,849**	**–**	**–**	**–**
America	**190,294**	**11,479**	**52,366**	**–**	**–**	**–**
Europe	**1,410**	**78**	**323**	**–**	**–**	**–**
Reportable segment	**466,706**	**32,836**	**588,651**	**4,132**	**12,400**	**376**
Unallocated costs, net of income		**(1,294)**				
Operating profit		**31,542**				

	Revenue (external sales) 2012 *HK$'000*	Segment results 2012 *HK$'000*	Total segment assets 2012 *HK$'000*	Capital expenditure 2012 *HK$'000*	Depreciation 2012 *HK$'000*	Amortisation 2012 *HK$'000*
Hong Kong	189,297	20,236	261,513	265	3,534	–
Mainland China	64,798	2,773	263,431	5,068	7,684	375
Other Asian countries	27,263	1,534	6,518	–	–	–
America	148,836	5,128	68,521	–	–	–
Europe	764	42	60	–	–	–
Reportable segment	430,958	29,713	600,043	5,333	11,218	375
Unallocated costs, net of income		(3,707)				
Operating profit		26,006				

A reconciliation of total segment assets to Group's total assets.

	2013 *HK$'000*	2012 *HK$'000*
Total segment assets	**588,651**	600,043
Investment property	**27,000**	25,180
Deferred tax assets	**5,561**	4,193
Total assets	**621,212**	629,416

Unallocated costs, net of income mainly represent corporate expenses and income from investment property.

Revenue of approximately HK$256,901,000 (2012: HK$213,991,000) are derived from four major customers as follows:

	2013	2012
	HK$'000	*HK$'000*
Customer A	**76,114**	81,403
Customer B	**68,315**	58,747
Customer C	**65,115**	28,642
Customer D	**47,357**	45,199
	256,901	213,991

4. OTHER INCOME

	2013	2012
	HK$'000	*HK$'000*
Revaluation surplus on investment property	**1,820**	11,380
Scrap sales	**4,517**	1,449
Interest income	**1,369**	750
Rental income from investment property	**396**	–
	8,102	13,579

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting) the following:

	2013	2012
	HK$'000	*HK$'000*
Amortisation and depreciation:		
Amortisation of land use rights	**376**	375
Depreciation of owned property, plant and equipment	**12,400**	11,218
Auditor's remuneration	**1,394**	1,178
Cost of raw materials consumed	**308,030**	280,419
Net exchange gain	**(1,909)**	(583)
Operating lease rentals in respect of land and buildings	**324**	138
Loss on disposal of property, plant and equipment	**1,801**	468
Net gain on derivative financial instruments	**(91)**	(172)
Written-off of trade receivables	**–**	173
(Reversal of)/provision for slow-moving inventories	**(285)**	973
Staff costs (including directors' emoluments) *(note 10)*	**106,744**	93,824

6. FINANCE COSTS

	2013	2012
	HK$'000	*HK$'000*
Interest on bank loans		
– wholly repayable within five years	**2,072**	2,593

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2013	2012
	HK$'000	*HK$'000*
Hong Kong profits tax	**5,016**	1,427
Overseas taxation	**5,008**	5,276
Over provision in prior year	**(148)**	(228)
Deferred tax relating to the origination and reversal of temporary differences	**(1,622)**	(3,016)
	8,254	3,459

8. DIVIDEND

The dividends paid in 2013 and 2012 were HK$5,970,000 (HK$0.03 per share) and HK$5,970,000 (HK$0.03 per share) respectively. A dividend in respect of the year ended 31 December 2013 of HK$0.02 per share (2012: HK$0.02 per share), amounting to a total dividend of HK$3,980,000 (2012: HK$3,980,000), is to be proposed at the annual general meeting on 2nd May 2014. These consolidated financial statements do not reflect this dividend payable.

	2013	2012
	HK$'000	*HK$'000*
Interim, paid, of HK$0.01 (2012: HK$0.01) per ordinary share	**1,990**	1,990
Final, proposed, of HK$0.02 (2012: HK$0.02) per ordinary share	**3,980**	3,980
	5,970	5,970

The aggregate amounts of the dividends paid and proposed during 2013 and 2012 have been disclosed in the consolidated income statement in accordance with the Hong Kong Companies Ordinance.

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the year of HK$21,216,000 (2012: HK$19,954,000) divided by the weighted average number of 198,958,000 (2012: 198,958,000) ordinary shares in issue during the year.

In both 2013 and 2012, diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares at the end of the reporting period.

10. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2013 *HK$'000*	2012 *HK$'000*
Wages, salaries and fringe benefits	**100,789**	89,696
Social security costs	**5,270**	3,526
Pension costs – contribution to MPF scheme	**446**	430
Others	**239**	172
	106,744	93,824

11. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book value are analysed as follows:

	2013 *HK$'000*	2012 *HK$'000*
At 1st January	**13,043**	13,353
Amortisation of land use rights	**(376)**	(375)
Exchange adjustment	**165**	65
As 31st December	**12,832**	13,043
Outside Hong Kong, held on:		
– Leases of between 10 to 50 years	**12,832**	13,043

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings *(note)* In HK	Outside HK	Leasehold improvements	Plant and machinery	Furniture and fixtures	Office equipment	Motor vehicles	Pleasure boats	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Net book value at 1st January 2013	117,890	140,238	6,983	15,080	973	4,673	1,533	7,896	295,266
Additions	–	–	67	2,006	–	701	1,258	100	4,132
Disposals	–	–	–	(1,338)	(48)	(305)	(600)	–	(2,291)
Depreciation	(2,588)	(3,466)	(1,433)	(3,123)	(71)	(595)	(371)	(753)	(12,400)
Revaluation	(2)	5,037	–	–	–	–	–	–	5,035
Exchange adjustment	–	3,978	88	560	5	59	28	–	4,718
Net book value at 31st December 2013	115,300	145,787	5,705	13,185	859	4,533	1,848	7,243	294,460
At 31st December 2013									
At cost	–	–	12,292	80,153	5,477	13,489	4,201	14,767	130,379
At valuation – 2013	115,300	145,787	–	–	–	–	–	–	261,087
Accumulated depreciation	–	–	(6,587)	(66,968)	(4,618)	(8,956)	(2,353)	(7,524)	(97,006)
Net book value	115,300	145,787	5,705	13,185	859	4,533	1,848	7,243	294,460
Net book value at 1st January 2012	107,100	90,365	4,555	17,193	1,173	5,171	1,866	8,730	236,153
Additions	–	–	3,457	1,482	58	336	–	–	5,333
Disposals	–	–	(74)	(436)	(10)	–	–	–	(520)
Depreciation	(2,346)	(2,233)	(994)	(3,318)	(258)	(895)	(340)	(834)	(11,218)
Revaluation	13,136	50,589	–	–	–	–	–	–	63,725
Exchange adjustment	–	1,517	39	159	10	61	7	–	1,793
Net book value at 31st December 2012	117,890	140,238	6,983	15,080	973	4,673	1,533	7,896	295,266
At 31st December 2012									
At cost	–	–	12,039	89,545	6,191	13,784	5,356	14,667	141,582
At valuation – 2012	117,890	140,238	–	–	–	–	–	–	258,128
Accumulated depreciation	–	–	(5,056)	(74,465)	(5,218)	(9,111)	(3,823)	(6,771)	(104,444)
Net book value	117,890	140,238	6,983	15,080	973	4,673	1,533	7,896	295,266

note: Land and buildings in Hong Kong and Mainland China were revalued by open market basis or depreciated replacement costs valued by Centaline Surveyors Limited, an independent firm of chartered surveyors, as at 31st December 2013 and 2012.

The net book value of these land and buildings would have been HK$50,855,000 (2012: HK$54,507,000) had they been stated at cost less accumulated depreciation on the historical cost basis.

The net book value of the Group's interests in leasehold land classified as finance leases are held on leases of between 10 to 50 years in Hong Kong amounted to HK$100,840,000 (2012: HK$103,950,000).

13. INVESTMENT PROPERTY

	2013	2012
	HK$'000	*HK$'000*
Net book value at 1st January	**25,180**	13,800
Revaluation surplus credited to the consolidated income statement	**1,820**	11,380
Net book value at 31st December	**27,000**	25,180

The Group's interests in investment property are analysed as follows:

	2013	2012
	HK$'000	*HK$'000*
In Hong Kong, held on:		
– Lease of between 10 to 50 years	**27,000**	25,180

Investment property was revalued on the basis of open market valued by Centaline Surveyors Limited, an independent firm of chartered surveyors, as at 31st December 2013 and 2012.

14. INVENTORIES

	2013	2012
	HK$'000	*HK$'000*
Raw materials	**24,046**	26,582
Work in progress	**30,098**	20,304
Finished goods	**60,981**	46,123
	115,125	93,009
Provision for slow-moving inventories	**(3,073)**	(3,358)
	112,052	89,651

15. TRADE AND BILLS RECEIVABLES

At 31st December 2013, the ageing analysis of trade and bills receivables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current–3 months	**95,047**	88,382
4–6 months	**7,405**	11,660
Over 6 months	**8,321**	8,290
	110,773	108,332
Provision for returns and doubtful debts	**(8,383)**	(8,191)
	102,390	100,141

Payment terms with customers are mainly on credit with the exception of new customers, which are on cash on delivery basis. Invoices are normally payable within 30 to 90 days of issuance. Longer payment terms might be granted to customers have long-term business relationship with the Group and did not have default in payments in the past history.

16. SHARE CAPITAL

	No. of shares	*HK$'000*
Authorised		
At 31st December 2013 and 31st December 2012, ordinary shares of HK$0.10 each	**500,000,000**	50,000
Issued and fully paid		
At 31st December 2013 and 31st December 2012, ordinary shares of HK$0.10 each	**198,958,000**	19,896

17. RESERVES

	Share premium *HK$'000*	Exchange fluctuation reserve *HK$'000*	Land and building revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Total other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
As at 1st January 2013	**15,885**	**25,092**	**152,082**	**104**	**193,163**	**238,112**	**431,275**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**21,216**	**21,216**
Revaluation surplus on land and buildings	**–**	**–**	**5,035**	**–**	**5,035**	**–**	**5,035**
Deferred tax charged to revaluation reserve	**–**	**–**	**(508)**	**–**	**(508)**	**–**	**(508)**
Exchange difference arising from translation of financial statements of subsidiaries	**–**	**4,760**	**–**	**–**	**4,760**	**–**	**4,760**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(5,970)**	**(5,970)**
At 31st December 2013	**15,885**	**29,852**	**156,609**	**104**	**202,450**	**253,358**	**455,808**
As at 1st January 2012	15,885	23,102	99,912	104	139,003	224,128	363,131
Profit for the year	–	–	–	–	–	19,954	19,954
Revaluation surplus on land and buildings	–	–	63,725	–	63,725	–	63,725
Deferred tax charged to revaluation reserve	–	–	(11,555)	–	(11,555)	–	(11,555)
Exchange difference arising from translation of financial statements of subsidiaries	–	1,990	–	–	1,990	–	1,990
Dividend paid	–	–	–	–	–	(5,970)	(5,970)
At 31st December 2012	15,885	25,092	152,082	104	193,163	238,112	431,275

18. TRADE AND BILLS PAYABLES

At 31st December 2013, the ageing analysis of trade and bills payables based on invoice date is as follows:

	2013	2012
	HK$'000	*HK$'000*
Current–3 months	**33,775**	30,121
4–6 months	**2,286**	1,627
Over 6 months	**569**	909
	36,630	32,657

19. BORROWINGS

	2013	2012
	HK$'000	*HK$'000*
Current liabilities		
Short-term bank loans	**–**	48,000
Trust receipt loans	**40,751**	39,597
Total borrowings	**40,751**	87,597

Total borrowings included secured liabilities of HK$40,751,000 (2012: HK$87,597,000), which are secured by land and buildings and investment property of the Group.

20. COMMITMENTS

(a) Capital commitments

At 31st December 2013, the Group had the following capital commitments for leasehold improvements, plant and machinery, office equipment and motor vehicles:

	2013	2012
	HK$'000	*HK$'000*
Contracted for but not provided for	**2,480**	1,496

(b) Commitments under operating leases

At 31st December 2013, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings and office equipment	
	2013	2012
	HK$'000	*HK$'000*
Not later than one year	**687**	75
Later than one year and not later than five years	**201**	–
	888	75

At 31st December 2013, the Group had future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

	Land and buildings	
	2013	2012
	HK$'000	*HK$'000*
Not later than one year	**679**	–
Later than one year and not later than five years	**226**	–
	905	–

(c) The Company did not have any other significant commitments at 31st December 2013 and 2012.

21. FINANCIAL GUARANTEES AND PLEDGE

At 31st December 2013, the Group's banking facilities amounting to approximately HK$356,117,000 (2012: HK$268,075,000) were secured by the following:

(a) legal charges over certain land and buildings and investment property of the Group with a total net book value of HK$142,300,000 (2012: HK$143,070,000); and

(b) a deed of guarantee executed by the Company amounting to HK$145,000,000 (2012: HK$145,000,000).

FINANCIAL REVIEW

Results

The Group's revenue was HK$466,706,000 (2012: HK$430,958,000). Profit for the year was HK$21,216,000 compared to HK$19,954,000 in 2012, up 6.3%. Earnings per share were HK$0.107 (2012: HK$0.10).

Final Dividend

The Board recommend the payment of a final dividend of HK$0.02 per share. Together with the interim dividend of HK$0.01 per share, the Group's total dividend for the year 2013 amount to HK$0.03 per share (2012: HK$0.03 per share).

The proposed final dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting to be held on 2nd May 2014 ("2014 AGM"), is to be payable on 22nd May 2014 to shareholders whose names appear on the Register of Members on 15th May 2014.

Liquidity and Financial Resources

At the end of December 2013, the consolidated short-term indebtedness of the Group was approximately HK$40,751,000. The borrowings are denominated in Hong Kong dollars. The bank balances and cash including short term fixed deposits amounted to approximately HK$60,458,000.

At the end of December 2013, the Group's trade and bills receivables balance was approximately HK$102,390,000, representing 21.9% of the year's turnover of approximately HK$466,706,000. The Group adopted a stringent credit policy to minimize credit risk.

The interest cover was 15.2 times as compared to 10.0 times in 2012.

Capital Expenditure and Material Acquisitions

During the year under review, capital expenditures were approximate to HK$4,132,000.

Capital Structure

As at 31st December 2013, the consolidated shareholders' equity of the Group was approximately HK$475,704,000, an increase of 5.4% over that of the previous year. The debt to equity ratio, calculated by dividing total liabilities to shareholders' equity, was approximately 30.6%.

Pledge of Assets

As at 31st December 2013, the Group's banking facilities amounting to approximately HK$356,117,000 were secured by legal charges over certain land and buildings, and investment property of the Group with a total net book value of HK$142,300,000.

BUSINESS REVIEW

The Group's turnover was increased by 8.3% to HK$466.7 million in this financial year. The growth in turnover was mainly driven by growth in US segment. Turnover in terms of product mix was stable. Sales of power cords and power cord sets, cables and wires, wire harnesses and plastic resins accounted for 56%, 9%, 33% and 2% of the Group's total turnover respectively.

Our Company continued to remain profitable. The gross margin slightly improved from 15.9% in the year of 2012 to 17.9% in the year of 2013. The improvement in gross margin was mainly due to selling price adjustment and tight control on manufacturing cost.

The Group's operating environment in the People's Republic of China ("PRC") is still challenging. The minimum level of wages in the PRC increased year on year. In 2013, the minimum level of wages in Shenzhen, PRC (where our factories situated) is RMB1,600, had an increase of 6.7% when compared with that of last year. Together with various labor-related insurances, which are based on the level of minimum wages, the labor costs rise every year. In addition, the appreciation of Renminbi caused an overall increase in operating costs in the PRC.

In response, the Group streamlined the production processes, upgraded machinery and equipment, and controlled the headcounts and overtime hours. The aim is to improve the productivity per person and per each machine. For Renminbi appreciation, we maintained a proportion of our bank balances and deposits in Renminbi and used financial instrument to hedge the currency risk.

Owing to conversion from toll processing to import processing for our factories in the PRC in 2012, the Group is subject to more enterprise income tax in the PRC and no 50:50 apportionment was allowed by Hong Kong Inland Revenue Department in 2013. As a result, the overall taxation charge was increased.

The Group commits to maintain the high quality of its products and cares about the environmental protection. We have dedicated team to maintain and improve environmental protection and factory safety requirements. Our China factories complied with various quality system and international standards such as ISO 9001 and ISO 14001. We are conscious of quality of goods and it is not our strategy to compete on pricing.

FUTURE PROSPECTS

The continuing appreciation of Renminbi and rising labor costs exert pressure on our profit margin. In 2014, the minimum level of wages in Shenzhen increased to RMB1,808, an increase of 13% when compared with that of 2013. The Group is keen to look for another cost competitive location in the PRC to set up a new production plant.

Operationally, we continue to diversify our customer bases and products ranges. We target to produce sophisticated wire harness products, which command a higher price premium, for our high-end customers. Furthermore, we will continue to attract and retain talent through profit-linked compensation package and provision of adequate training.

Although the worldwide economic condition is not certain, the Group remains optimistic about its long-term prosperity. We have strong cash flows and adequate reserves to deal with uncertain fluctuation in business, whether in terms of volatile materials price or weak market demand.

EMPLOYEES' REMUNERATION POLICY

As at 31st December 2013, the Group employed approximately 1,200 full time management, administrative and production staff worldwide. The Group follows market practice on remuneration packages. Employee's remuneration is reviewed and determined by senior management annually depending on the employee's performance, experience and industry practice. The Group invests in its human capital. In addition to on-job training, the Group adopts policies of continuous professional training programs.

LITIGATION

A final judgment was amended by the PRC in July 2013. The Group has won the legal case against General Protecht Group Inc. for their overdue debt. The Group will follow the legal procedures in the PRC to enforce the debt collection.

SOCIAL RESPONSIBILITY

Our factories are regularly subject to factory audit by multinational enterprises. The factory audit serves as a catalyst to enhance our standard on corporate social respectability

The Group holds a strong belief in corporate social responsibility. So we continue to participate in and support community activities in both Hong Kong and the PRC.

AUDIT COMMITTEE

During the year, the Audit Committee reviewed the interim financial report and the audited financial results of the Group for the year ended 31st December 2013 and the accounting principles and practices adopted by the Group. The Audit Committee also reviewed the adequacy and effectiveness of the Company's internal control systems and made recommendations to the Board.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

With effect from 1st January 2005, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Directors confirm that the Company has fully complied with the code provisions set out in the Corporate Governance Code (the "Code") attached to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") as Appendix 14, and adopted recommended best practices set out in the Code whenever appropriate except Mr. Mon Chung Hung, the Chief Executive Officer and Deputy Chairman, Ms. Mon Tiffany, an Executive Director and Mr. Ma Chun Hon, Richard, an Independent Non-Executive Director, was unable to attend the Company's annual general meeting held on 3rd May 2013 due to the business engagements. During the year, Ms. Koo Di An, Louise, Chairman, was unable to hold a meeting with the Independent Non-Executive Directors without the presence of the Executive Directors due to other prior business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' and employees' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiry of all Directors, they had complied with the required standards of the said code during the year.

PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The information required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the website http://www.hkex.com.hk of the Stock Exchange and on the Company's website http://perennial.todayir.com in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed during the following periods:

(i) from 29th April 2014 to 2nd May 2014, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' eligibility to attend and vote at the 2014 AGM. In order to be eligible to attend and vote at the 2014 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 28th April 2014; and

(ii) from 13th May 2014 to 15th May 2014, both days inclusive and during which period no share transfer will be effected, for the purpose of ascertaining shareholders' entitlement to the proposed final dividend. In order to establish entitlements to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later that 4:30 p.m. on 12th May 2014.

APPRECIATION

On behalf of the Board, my sincere thanks to our loyal shareholders, partners and customers for their continuous support and to our staff for their dedication.

By Order of the Board
Koo Di An, Louise
Chairman

Hong Kong, 19th March 2014

The figures in respect of this preliminary announcement of the Group's results for the year ended 31st December 2013 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

As at the date of this announcement, the executive Directors are Mr. MON Chung Hung, Mr. SIU Yuk Shing, Marco, Ms. MON Wai Ki, Vicky and Ms. MON Tiffany, the non-executive Director is Ms. KOO Di An, Louise and the independent non-executive Directors are Mr. LAU Chun Kay, Mr. LEE Chung Nai, Jones and Mr. MA Chun Hon, Richard.

* *For identification purposes only*