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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 2014

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 2014.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2014

	Note	**2014** *HK$'000*	2013 *HK$'000*
Revenue	*3*	**455,403**	466,706
Cost of sales		**(370,935)**	(382,952)
Gross profit		**84,468**	83,754
Other income	*4*	**7,574**	8,102
Distribution expenses		**(10,408)**	(9,182)
Administrative expenses		**(49,668)**	(50,235)
Other operating expenses, net		**(5,021)**	(897)
Operating profit	*5*	**26,945**	31,542
Finance costs	*6*	**(1,029)**	(2,072)
Profit before taxation		**25,916**	29,470
Taxation	*7*	**(6,999)**	(8,254)
Profit for the year attributable to shareholders of the Company		**18,917**	21,216
Basic and diluted earnings per share (cents)	*9*	**9.5**	10.7

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 2014

	2014	2013
	HK$'000	*HK$'000*
Profit for the year	**18,917**	21,216
Other comprehensive income/(expenses):		
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus on land and buildings	**16,239**	5,035
Items that may be reclassified to profit or loss		
Deferred tax charged to revaluation reserve	**(2,955)**	(508)
Exchange difference arising from translation of financial statements of subsidiaries	**(6,872)**	4,760
Other comprehensive income for the year, net of tax	**6,412**	9,287
Total comprehensive income for the year attributable to shareholders of the Company	**25,329**	30,503

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2014

	Note	2014 HK$'000	2013 HK$'000
ASSETS			
Non-current assets			
Land use rights	*11*	**22,633**	12,832
Property, plant and equipment	*12*	**318,606**	294,460
Investment property	*13*	**27,000**	27,000
Non-current deposits		**1,758**	1,213
Deferred tax assets		**4,521**	5,561
		374,518	341,066
Current assets			
Inventories	*14*	**108,204**	112,052
Trade and bills receivables	*15*	**90,019**	102,390
Other receivables, deposits and prepayments		**5,101**	4,934
Taxation recoverable		**742**	312
Short-term fixed deposit		**–**	10,264
Cash and cash equivalents		**55,526**	50,194
		259,592	280,146
Total assets		**634,110**	621,212
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*16*	**19,896**	19,896
Other reserves	*17*	**208,862**	202,450
Retained earnings			
Others		**260,335**	249,378
Proposed final dividend		**3,980**	3,980
Total equity		**493,073**	475,704

	Note	2014 HK$'000	2013 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**33,986**	31,541
		33,986	31,541
Current liabilities			
Trade and bills payables	*18*	**32,910**	36,630
Other payables and accruals		**29,155**	28,739
Taxation payable		**2,973**	7,847
Derivative financial instruments	*20*	**1,207**	–
Trust receipt loans	*19*	**40,806**	40,751
		107,051	113,967
Total liabilities		**141,037**	145,508
Total equity and liabilities		**634,110**	621,212
Net current assets		**152,541**	166,179
Total assets less current liabilities		**527,059**	507,245

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31st December 2014

	Share capital *HK$'000*	Other reserves *(Note 17)* *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
As at 1st January 2014	**19,896**	**202,450**	**253,358**	**475,704**
Profit for the year	–	–	**18,917**	**18,917**
Items that will not be reclassified subsequently to profit or loss				
Revaluation surplus on land and buildings	–	**16,239**	–	**16,239**
Items that may be reclassified to profit or loss				
Deferred tax charged to revaluation reserve	–	**(2,955)**	–	**(2,955)**
Exchange difference arising from translation of financial statements of subsidiaries	–	**(6,872)**	–	**(6,872)**
Total comprehensive income for the year	–	**6,412**	**18,917**	**25,329**
Dividend paid *(Note 8)*	–	–	**(7,960)**	**(7,960)**
At 31st December 2014	**19,896**	**208,862**	**264,315**	**493,073**
Representing:				
2014 final dividend proposed			**3,980**	
Others			**260,335**	
Retained earnings as at 31st December 2014			**264,315**	

	Share capital HK$'000	Other reserves *(Note 17)* HK$'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 will not be reclassified subsequently to profit or loss				
Revaluation surplus on land and buildings	–	5,035	–	5,035
Items that may be reclassified to profit or loss				
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 *(Note 8)*	–	–	(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	

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31st December 2014

	2014 HK$'000	2013 HK$'000
Cash flows from operating activities		
Net cash generated from operations	**52,520**	30,495
Hong Kong profits tax paid, net	**(6,311)**	(1,527)
Overseas tax paid, net	**(3,550)**	(4,309)
Bank loans interest	**(1,029)**	(2,072)
Net cash generated from operating activities	**41,630**	22,587
Cash flows from investing activities		
Purchases of property, plant and equipment	**(27,924)**	(4,132)
Acquisition of land use right	**(10,475)**	–
Increase in deposits paid for additions of property, plant and equipment	**(545)**	(495)
Interest received	**394**	1,369
Decrease in short-term fixed deposit	**10,264**	32,369
Proceeds from sale of property, plant and equipment	**26**	490
Net cash (used in)/generated from investing activities	**(28,260)**	29,601
Cash flows from financing activities		
Net repayments of short-term bank loans	**–**	(48,000)
Net additions of trust receipt loans	**55**	1,154
Dividend paid to Company's shareholders	**(7,960)**	(5,970)
Net cash used in financing activities	**(7,905)**	(52,816)
Net increase/(decrease) in cash and cash equivalents	**5,465**	(628)
Cash and cash equivalents at 1st January	**50,194**	50,945
Exchange difference on cash and cash equivalents	**(133)**	(123)
Cash and cash equivalents at 31st December	**55,526**	50,194

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2014

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 consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

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 2014:

Amendment to HKAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1st January 2014 are not material to the group.

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Company's first financial year commencing on or after 3rd March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

(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
HKFRS 14	Regulatory Deferral Accounts	1st January 2016
HKAS 16 (Amendment)	Property, plant and equipment – Clarification of acceptable methods of depreciation and amortization	1st January 2016
HKFRS 15	Revenue from contracts with customers	1st January 2017
HKFRS 9	Financial Instruments	1st January 2018
Annual Improvements Projects (2012-2014 cycle)	Improvements to HKAS and HKFRS	1st January 2016

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:

	2014	2013
	HK$'000	*HK$'000*
Sale of goods	**455,403**	466,706

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, 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 2014 and 2013 are as follows:

	Revenue (external sales) 2014 *HK$'000*	**Segment results 2014** *HK$'000*	**Total segment assets 2014** *HK$'000*	**Capital expenditure 2014** *HK$'000*	**Depreciation 2014** *HK$'000*	**Amortisation 2014** *HK$'000*
Hong Kong	**186,911**	**9,903**	**237,143**	**1,733**	**4,753**	**–**
Mainland China	**58,577**	**7,477**	**301,727**	**36,666**	**9,711**	**411**
Other Asian Countries	**20,530**	**907**	**15,708**	**–**	**–**	**–**
America	**188,263**	**9,857**	**47,759**	**–**	**–**	**–**
Europe	**1,122**	**49**	**252**	**–**	**–**	**–**
Reportable segment	**455,403**	**28,193**	**602,589**	**38,399**	**14,464**	**411**
Unallocated costs, net of income		**(1,248)**				
Operating profit		**26,945**				

	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				

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

	2014 *HK$'000*	2013 *HK$'000*
Total segment assets	**602,589**	588,651
Investment property	**27,000**	27,000
Deferred tax assets	**4,521**	5,561
Total assets	**634,110**	621,212

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

Revenue of approximately HK$252,479,000 (2013: HK$256,901,000) are derived from four major customers as follows:

	2014	2013
	HK$'000	*HK$'000*
Customer A	**67,768**	76,114
Customer B	**71,135**	68,315
Customer C	**64,621**	65,115
Customer D	**48,955**	47,357
	252,479	256,901

4. OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Revaluation surplus on investment property	**–**	1,820
Scrap sales	**5,913**	4,517
Interest income	**394**	1,369
Rental income from investment property	**754**	396
Government subsidy	**513**	–
	7,574	8,102

5. OPERATING PROFIT

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

	2014	2013
	HK$'000	*HK$'000*
Amortisation and depreciation:		
Amortisation of land use rights	**411**	376
Depreciation of owned property, plant and equipment	**14,464**	12,400
Auditor's remuneration	**1,416**	1,394
Cost of raw materials consumed	**265,528**	308,030
Net exchange loss/(gain)	**1,637**	(1,909)
Operating lease rentals in respect of land and buildings	**410**	324
Loss on disposal of property, plant and equipment	**16**	1,801
Rental income, net of direct expenses from property that generated rental income	**679**	362
Loss on revaluation of buildings	**506**	–
(Recoverable)/provisions for return and doubtful debts	**(224)**	192
Net loss/(gain) on derivative financial instruments	**1,207**	(91)
Provision for/(reversal of) slow-moving inventories	**2,082**	(285)
Staff costs (including directors' emoluments) (note 10)	**110,739**	106,744

6. FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on bank loans		
– wholly repayable within five years	**1,029**	2,072

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2013: 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:

	2014	2013
	HK$'000	*HK$'000*
Hong Kong profits tax	**2,053**	5,016
Overseas taxation	**4,446**	5,008
Over provision in prior year	**(30)**	(148)
Deferred tax relating to the origination and reversal of temporary differences	**530**	(1,622)
	6,999	8,254

8. DIVIDEND

The dividends paid in 2014 and 2013 were HK$7,960,000 (HK$0.04 per share) and HK$5,970,000 (HK$0.03 per share) respectively. A dividend in respect of the year ended 31st December 2014 of HK$0.02 per share (2013: HK$0.02 per share), amounting to a total dividend of HK$3,980,000 (2013: HK$3,980,000), is to be proposed at the annual general meeting on 29th April 2015. These consolidated financial statements do not reflect this dividend payable.

	2014	2013
	HK$'000	*HK$'000*
Interim, paid, of HK$0.02 (2013: HK$0.01) per ordinary share	**3,980**	1,990
Final, proposed, of HK$0.02 (2013: HK$0.02) per ordinary share	**3,980**	3,980
	7,960	5,970

The aggregate amounts of the dividends paid and proposed during 2014 and 2013 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$18,917,000 (2013: HK$21,216,000) divided by the weighted average number of 198,958,000 (2013: 198,958,000) ordinary shares in issue during the year.

In both 2014 and 2013, 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)

	2014	2013
	HK$'000	*HK$'000*
Wages, salaries and fringe benefits	**103,915**	100,789
Social security costs	**6,036**	5,270
Pension costs – contribution to MPF scheme	**499**	446
Others	**289**	239
	110,739	106,744

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:

	Group	
	2014	2013
	HK$'000	*HK$'000*
At 1st January	**12,832**	13,043
Additions	**10,475**	–
Amortisation of land use rights	**(411)**	(376)
Exchange adjustment	**(263)**	165
As 31st December	**22,633**	12,832

	Group	
	2014	2013
	HK$'000	*HK$'000*
Outside Hong Kong, held on:		
– Leases of between 10 to 50 years	**22,633**	12,832

12. PROPERTY, PLANT AND EQUIPMENT

	Group								
	Land and buildings (notes (a) to (c))								
	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 2014	**115,300**	**145,787**	**5,705**	**13,185**	**859**	**4,533**	**1,848**	**7,243**	**294,460**
Additions	**–**	**23,796**	**–**	**1,825**	**–**	**583**	**1,720**	**–**	**27,924**
Disposals	**–**	**–**	**–**	**(4)**	**–**	**(3)**	**(35)**	**–**	**(42)**
Depreciation	**(3,440)**	**(4,822)**	**(1,439)**	**(2,879)**	**(41)**	**(575)**	**(576)**	**(692)**	**(14,464)**
Revaluation	**5,910**	**9,823**	**–**	**–**	**–**	**–**	**–**	**–**	**15,733**
Exchange adjustment	**–**	**(4,332)**	**(69)**	**(514)**	**(4)**	**(62)**	**(24)**	**–**	**(5,005)**
Net book value at 31st December 2014	**117,770**	**170,252**	**4,197**	**11,613**	**814**	**4,476**	**2,933**	**6,551**	**318,606**
At 31st December 2014									
At cost	**–**	**–**	**11,814**	**81,133**	**5,388**	**13,938**	**5,849**	**14,767**	**132,889**
At valuation – 2014	**117,770**	**170,252**	**–**	**–**	**–**	**–**	**–**	**–**	**288,022**
Accumulated depreciation	**–**	**–**	**(7,617)**	**(69,520)**	**(4,574)**	**(9,462)**	**(2,916)**	**(8,216)**	**(102,305)**
Net book value	**117,770**	**170,252**	**4,197**	**11,613**	**814**	**4,476**	**2,933**	**6,551**	**318,606**

	Group								
	Land and buildings (notes (a) to (c))								
	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

(a) Land and buildings in Hong Kong and Mainland China were using open market basis or depreciated replacement costs by Centaline Surveyors Limited, an independent firm of chartered surveyors, as at 31st December 2014 and 2013.

(b) The net book value of these land and buildings would have been HK$69,979,000 (2013: HK$50,855,000) had they been stated at cost less accumulated depreciation on the historical cost basis.

(c) 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$101,880,000 (2013: HK$100,840,000).

13. INVESTMENT PROPERTY

	Group	
	2014	2013
	HK$'000	*HK$'000*
At fair value		
Opening balance at 1st January	**27,000**	25,180
Revaluation surplus credited to the consolidated income statement	**–**	1,820
Net book value at 31st December	**27,000**	27,000

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 2014 and 2013. The revaluation gains or losses is included in 'other income' or 'other operating expense' in the consolidated income statement.

14. INVENTORIES

	Group	
	2014	2013
	HK$'000	*HK$'000*
Raw materials	**22,946**	24,046
Work in progress	**30,705**	30,098
Finished goods	**59,708**	60,981
	113,359	115,125
Provision for slow-moving inventories	**(5,155)**	(3,073)
	108,204	112,052

15. TRADE AND BILLS RECEIVABLES

At 31st December 2014, the ageing analysis of trade and bills receivables based on invoice date is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current – 3 months	**83,412**	95,047
4 – 6 months	**6,313**	7,405
Over 6 months	**8,453**	8,321
	98,178	110,773
Provision for returns and doubtful debts	**(8,159)**	(8,383)
	90,019	102,390

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

	Company	
	No. of shares	*HK$'000*
Authorised		
At 31st December 2014 and 31st December 2013, ordinary shares of HK$0.10 each	500,000,000	50,000
Issued and fully paid		
At 31st December 2014 and 31st December 2013, ordinary shares of HK$0.10 each	198,958,000	19,896

17. RESERVES

	Group						
	Share premium	Exchange fluctuation reserve	Land and building revaluation reserve	Capital redemption reserve	Total other reserves	Retained earnings	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1st January 2014	**15,885**	**29,852**	**156,609**	**104**	**202,450**	**253,358**	**455,808**
Profit for the year	–	–	–	–	–	**18,917**	**18,917**
Revaluation surplus on land and buildings	–	–	**16,239**	–	**16,239**	–	**16,239**
Deferred tax charged to revaluation reserve	–	–	**(2,955)**	–	**(2,955)**	–	**(2,955)**
Exchange difference arising from translation of financial statements of subsidiaries	–	**(6,872)**	–	–	**(6,872)**	–	**(6,872)**
Dividend paid	–	–	–	–	–	**(7,960)**	**(7,960)**
At 31st December 2014	**15,885**	**22,980**	**169,893**	**104**	**208,862**	**264,315**	**473,177**
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

18. TRADE AND BILLS PAYABLES

At 31st December 2014, the ageing analysis of trade and bills payables based on invoice date is as follows:

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current – 3 months	**27,485**	33,775
4 – 6 months	**4,439**	2,286
Over 6 months	**986**	569
	32,910	36,630

19. BORROWINGS

	Group	
	2014	2013
	HK$'000	*HK$'000*
Current liabilities		
Trust receipt loans	**40,806**	40,751
Total borrowings	**40,806**	40,751

Total borrowings included secured liabilities of HK$40,806,000 (2013: HK$40,751,000), which are secured by land and buildings and investment property of the Group.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2014	2013
	Liabilities	Liabilities
	HK$'000	*HK$'000*
Forward foreign exchange contracts		
– held for trading	**1,207**	–

The Group entered into forward foreign exchange contracts with banks to sell USD in exchange for RMB at predetermined rates, settled on a monthly basis for its operating use. As at 31st December 2014, the notional principal amounts of the outstanding forward exchange contracts at 31st December 2014 were USD4,900,000 (equivalent to HK$37,953,000), which to be settled at specified date of each month up to 23rd July 2015, for selling USD700,000 per month in exchange for RMB at strike rate of 6.075. (2013: nil).

The fair value of forward foreign exchange contracts are determined using quoted forward exchange rates at the end of the reporting period.

21. COMMITMENTS

(a) Capital commitments

At 31st December 2014, the Group had the following capital commitments for leasehold improvements, plant and machinery, office equipment and motor vehicles:

	2014	2013
	HK$'000	*HK$'000*
Contracted but not provided for	**878**	2,480

(b) Commitments under operating leases

At 31st December 2014, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings and office equipment	
	2014	2013
	HK$'000	*HK$'000*
Not later than one year	**203**	687
Later than one year and not later than five years	**30**	201
	233	888

(c) The Company did not have any other significant commitments at 31st December 2014 and 2013.

22. FINANCIAL GUARANTEES AND PLEDGE

At 31st December 2014, the Group's banking facilities amounting to approximately HK$495,415,000 (2013: HK$356,117,000) 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$144,770,000 (2013: HK$142,300,000); and

(b) a deed of guarantee executed by the Company amounting to HK$145,000,000 (2013: HK$145,000,000).

FINANCIAL REVIEW

Results

The Group's revenue was HK$455,403,000 (2013: HK$466,706,000). Profit for the year was HK$18,917,000 compared to HK$21,216,000 in 2013, down 10.8%. Earnings per share were HK$0.095 (2013: HK$0.107).

Final Dividend

The Board recommends the payment of a final dividend of HK$0.02 per share. Together with the interim dividend of HK$0.02 per share, the Group's total dividend for the year 2014 amount to HK$0.04 per share (2013: 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 29th April 2015 ("2015 AGM"), is to be payable on 20th May 2015 to shareholders whose names appear on the Register of Members on 13th May 2015.

Liquidity and Financial Resources

At the end of December 2014, the consolidated short-term indebtedness of the Group was approximately HK$40,806,000. The borrowings are denominated in Hong Kong dollars. The bank balances and cash including short term fixed deposits amounted to approximately HK$55,526,000.

At the end of December 2014, the Group's trade and bills receivables balance was approximately HK$90,019,000, representing 19.8% of the year's turnover of approximately HK$455,403,000. The Group adopted a stringent credit policy to minimize credit risk.

The interest cover in 2014 was 26.2 times as compared to 15.2 times in 2013.

Capital Expenditure and Material Acquisitions

During the year under review, capital expenditures were approximate to HK$38,399,000.

Capital Structure

As at 31st December 2014, the consolidated shareholders' equity of the Group was approximately HK$493,073,000, an increase of 3.7% over that of the previous year. The debt to equity ratio, calculated by dividing total liabilities to shareholders' equity, was approximately 28.6%.

Pledge of Assets

As at 31st December 2014, the Group's banking facilities amounting to approximately HK$495,415,000 were secured by legal charges over certain land and buildings, and investment property of the Group with a total net book value of HK$144,770,000.

Foreign Exchange Exposure

All foreseeable foreign exchange risks of the Group are appropriately managed and hedged. The solutions for hedging foreign exchange exposure may not be perfect, however, the Group becomes more cautious in selecting hedging products.

Contingent Liabilities

As at 31st December 2014, the Group did not have any material contingent liabilities.

BUSINESS REVIEW

The Group's turnover decreased by 2.4% to HK$455 million in this financial year. The decline in turnover was mainly due to decrease in sales of cables and wires products. 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 58%, 8%, 32% and 2% of the Group's total turnover respectively.

The Company continued to remain profitable. The gross margin slightly improved from 17.9% in 2013 to 18.5% in 2014. The improvement in gross margin was mainly due to decrease in the price of certain raw materials and tight control on manufacturing costs. However, the net margin was slightly decreased from 4.5% in 2013 to 4.2% in 2014. The decrease in net margin was mainly due to exchange losses and higher depreciation charges as a result of increase in fair value of land and buildings.

The Group's operating environment in the PRC is still challenging. In 2014, the minimum level of wages in Shenzhen, the PRC (where the Group's existing factories are situated) is RMB1,808 per month, an increase of 13% 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 move from one-way bet to two-way volatility of Renminbi makes the exchange rate of the currency more uncertain. The Group used financial instruments to hedge the appreciation of Renminbi. However, owing to two-way volatility of Renminbi, the Group incurred an exchange loss of HK$1.7 million during the year and a net loss on outstanding derivative financial instruments of HK$1.2 million re-measured at fair value at year-end.

To lessen the effect of rising labor costs, the Group set up a new production plant and in such connection had acquired an industrial land and buildings (the "Property") in Dongyuan County, Heyuan City, the PRC. Generally, the labor costs and the utilities expenses in Dongyuan County are lower than that of Shenzhen. The consideration for the Property was initially at RMB23,500,000 and then revised to RMB26,320,000 due to estimated tax payable by the vendor. For details of the transaction, please refer to the Company's announcement dated 25th July 2014 and 18th August 2014 respectively.

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

FUTURE PROSPECT

The rising labor costs in the PRC is one of the key cost drivers to the business of the Group. In 2015, the minimum level of wages in Shenzhen increased to RMB2,030 per month, an increase of 12% when compared with that of 2014. The purchase of the Property in Dongyuan County is intended to diversify our production base and in turn lessen the operations costs in the PRC. Currently, the minimum level of wages in Dongyuan County is RMB1,010 per month.

The Property already has an established factory building and can be put into use after some modifications. It is expected that production can be commenced in mid 2015 in that building. The Group also plans to construct a new factory building in the same land area and has engaged a architectural design firm in China to design the new factory building and its ancillary facilities. The construction cost will be financed by the Group's internal financial resources and external bank borrowings, if necessary. In a foreseeable future, the Group will maintain its production in both Shenzhen and Dongyuan County.

For currency fluctuation of Renminbi, it is a challenging task to manage the two-way volatility. The Group uses forward contracts to manage exposures arising from the fluctuation of Renminbi. Although the Group incurred exchange loss as a result of the two way volatility of Renminbi, the currency of Renminbi is not consistently appreciating as in previous years. Renminbi can depreciate does lower the Group's operating costs in the PRC. The solutions for hedging foreign exchange exposure may not be perfect; however; the Group becomes more cautious in selecting hedging products.

The Group continues to diversify the customer bases and products ranges. The Group target to produce sophisticated wire harness products so as to achieve a higher price premium. The Group remains optimistic about its long-term prospects and has strong cash flow and adequate reserves to face any upcoming challenges and business risk.

EMPLOYEES' REMUNERATION POLICY

As at 31st December 2014, 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.

SOCIAL RESPONSIBILITY

The Group's factories are regularly subject to factory audit by multinational enterprises. The factory audit served as a catalyst to enhance the Group's standard on corporate social responsibility.

Moreover, the Group holds a strong belief in corporate social responsibility. So the Group continues 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 2014 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. Ma Chun Hon, Richard, an Independent Non-Executive Director, was unable to attend the Company's annual general meeting held on 2nd May 2014 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 24th April 2015 to 29th April 2015, 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 2015 AGM. In order to be eligible to attend and vote at the 2015 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 23th April 2015; and

(ii) from 11th May 2015 to 13th May 2015, 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 8th May 2015.

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 2015

The figures in respect of this preliminary announcement of the Group's results for the year ended 31st December 2014 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*