恒
Perennial
都

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 2015

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 2015.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2015

	Note	**2015** *HK$'000*	2014 *HK$'000*
Revenue	*3*	**401,669**	455,403
Cost of sales		**(327,721)**	(370,935)
Gross profit		**73,948**	84,468
Other income	*4*	**7,381**	7,574
Distribution expenses		**(10,011)**	(10,408)
Administrative expenses		**(53,054)**	(49,668)
Other operating expenses, net		**(2,089)**	(5,021)
Operating profit	*5*	**16,175**	26,945
Finance costs	*6*	**(965)**	(1,029)
Profit before taxation		**15,210**	25,916
Taxation	*7*	**(3,522)**	(6,999)
Profit for the year attributable to shareholders of the Company		**11,688**	18,917
Basic and diluted earnings per share (cents)	*9*	**5.9**	9.5

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

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2015

	2015 *HK$'000*	2014 *HK$'000*
Profit for the year	**11,688**	18,917
Other comprehensive income/(expenses):		
Items that will not be reclassified subsequently to profit or loss		
Revaluation surplus on land and buildings	**21,905**	16,239
Items that may be reclassified to profit or loss		
Deferred tax charged to revaluation reserve	**(1,711)**	(2,955)
Exchange difference arising from translation of financial statements of subsidiaries	**(14,591)**	(6,872)
Other comprehensive income for the year, net of tax	**5,603**	6,412
Total comprehensive income for the year attributable to shareholders of the Company	**17,291**	25,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2015

	Note	**2015** **HK$'000**	2014 *HK$'000*
ASSETS			
Non-current assets			
Land use rights	*11*	**21,122**	22,633
Property, plant and equipment	*12*	**313,245**	318,606
Investment properties	*13*	**46,170**	27,000
Non-current deposits		**2,226**	1,758
Deferred tax assets		**4,791**	4,521
		387,554	374,518
Current assets			
Inventories	*14*	**89,919**	108,204
Trade and bill receivables	*15*	**92,806**	90,019
Other receivables, deposits and prepayments		**4,541**	5,101
Taxation recoverable		**1,339**	742
Cash and cash equivalents		**66,560**	55,526
		255,165	259,592
Total assets		**642,719**	634,110
EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	*16*	**19,896**	19,896
Other reserves	*17*	**214,465**	208,862
Retained earnings	*17*	**272,023**	264,315
Total equity		**506,384**	493,073

	Note	**2015** HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**35,125**	33,986
Current liabilities			
Trade and bill payables	*18*	**24,011**	32,910
Other payables and accruals		**28,381**	29,155
Taxation payable		**3,581**	2,973
Derivative financial instruments	*20*	**–**	1,207
Bank loan	*19*	**17,917**	–
Trust receipt loans	*19*	**27,320**	40,806
		101,210	107,051
Total liabilities		**136,335**	141,037
Total equity and liabilities		**642,719**	634,110

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2015

	Share capital *HK$'000*	Other reserves *(Note 17)* *HK$'000*	Retained earnings *HK$'000*	Total equity *HK$'000*
As at 1st January 2015	**19,896**	**208,862**	**264,315**	**493,073**
Comprehensive income				
Profit for the year	**–**	**–**	**11,688**	**11,688**
Other Comprehensive income/ (expenses)				
Revaluation surplus on land and buildings	**–**	**21,905**	**–**	**21,905**
Deferred tax charged to revaluation reserve	**–**	**(1,711)**	**–**	**(1,711)**
Exchange difference arising from translation of financial statements of subsidiaries	**–**	**(14,591)**	**–**	**(14,591)**
Total comprehensive income for the year	**–**	**5,603**	**11,688**	**17,291**
Dividend paid *(Note 8)*	**–**	**–**	**(3,980)**	**(3,980)**
At 31st December 2015	**19,896**	**214,465**	**272,023**	**506,384**
Representing:				
2015 final dividend proposed			**3,980**	
Others			**268,043**	
Retained earnings as at 31st December 2015			**272,023**	

	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
Comprehensive income				
Profit for the year	–	–	18,917	18,917
Other Comprehensive income/ (expenses)				
Revaluation surplus on land and buildings	–	16,239	–	16,239
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	

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31st December 2015

	2015	2014
	HK$'000	*HK$'000*
Cash flows from operating activities		
Net cash generated from operations	**32,865**	52,520
Hong Kong profits tax paid, net	**(1,326)**	(6,311)
Overseas tax paid, net	**(2,245)**	(3,550)
Bank loans interest paid	**(965)**	(1,029)
Net cash generated from operating activities	**28,329**	41,630
Cash flows from investing activities		
Purchases of property, plant and equipment	**(17,098)**	(27,924)
Acquisition of land use right	**–**	(10,475)
Increase in deposits paid for additions of property, plant and equipment	**(468)**	(545)
Interest received	**184**	394
Decrease in short-term fixed deposit	**–**	10,264
Proceeds from sale of property, plant and equipment	**119**	26
Net cash used in investing activities	**(17,263)**	(28,260)
Cash flows from financing activities		
Net addition of bank loan	**17,917**	–
Net (repayments)/additions of trust receipt loans	**(13,486)**	55
Dividend paid to Company's shareholders	**(3,980)**	(7,960)
Net cash generated from/(used in) financing activities	**451**	(7,905)
Net increase in cash and cash equivalents	**11,517**	5,465
Cash and cash equivalents at 1st January	**55,526**	50,194
Exchange difference on cash and cash equivalents	**(483)**	(133)
Cash and cash equivalents at 31st December	**66,560**	55,526

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31st December 2015

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 all applicable 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 properties 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.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1st January 2015:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Other standards, amendments and interpretations which are effective for the financial year beginning on 1st January 2015 are not material to the Group.

(b) New Hong Kong Companies Ordinance (Cap 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1st January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

		Effective for accounting period beginning on or after
Amendment to HKAS 1	Presentation of Financial Statements	1st January 2016
Amendment to HKAS 16	Property, plant and equipment	1st January 2016
Annual Improvements Projects (2014 cycle)	Improvements to HKAS and HKFRS	1st January 2016
HKFRS 15	Revenue from contracts with customers	1st January 2018
HKFRS 9	Financial Instruments	1st January 2018

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:

	2015	2014
	HK$'000	*HK$'000*
Sale of goods	**401,669**	455,403

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 2015 and 2014 are as follows:

	Revenue (external sales) 2015 *HK$'000*	**Segment results 2015** *HK$'000*	**Total segment assets 2015** *HK$'000*	**Capital expenditure 2015** *HK$'000*	**Depreciation 2015** *HK$'000*	**Amortisation 2015** *HK$'000*
Hong Kong	**136,070**	**5,539**	**206,498**	**883**	**4,746**	**–**
Mainland China	**54,710**	**4,260**	**295,058**	**16,215**	**9,740**	**600**
Other Asian Countries	**24,790**	**692**	**13,621**	**–**	**–**	**–**
America	**184,889**	**6,977**	**76,292**	**–**	**–**	**–**
Europe	**1,210**	**35**	**289**	**–**	**–**	**–**
Reportable segment	**401,669**	**17,503**	**591,758**	**17,098**	**14,486**	**600**
Unallocated costs, net of income		**(1,328)**				
Operating profit		**16,175**				

	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				

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

	2015 *HK$'000*	2014 *HK$'000*
Total segment assets	**591,758**	602,589
Investment properties	**46,170**	27,000
Deferred tax assets	**4,791**	4,521
Total assets	**642,719**	634,110

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

Revenue of approximately HK$201,094,000 (2014: HK$252,479,000) are derived from three (2014: four) major customers contributing 10% or more of the total revenue. These revenues are attributable to the America segment (2014: America and Hong Kong segments).

	2015	2014
	HK$'000	*HK$'000*
Customer A	**69,535**	64,621
Customer B	**69,025**	71,135
Customer C	**62,534**	67,768
Customer D	**–**	48,955
	201,094	252,479

4. OTHER INCOME

	2015	2014
	HK$'000	*HK$'000*
Scrap sales	**4,176**	5,913
Interest income	**184**	394
Rental income from investment properties	**488**	754
Other income from customers	**1,578**	–
Compensation, storage and delivery income from customers	**955**	–
Government subsidy	**–**	513
	7,381	7,574

5. OPERATING PROFIT

	2015	2014
	HK$'000	*HK$'000*
Amortisation and depreciation:		
Amortisation of land use rights	**600**	411
Depreciation of owned property, plant and equipment	**14,486**	14,464
Auditor's remuneration		
– Audit services	**1,230**	1,190
– Non-audit services	**947**	801
Cost of raw materials consumed	**213,740**	265,528
Net exchange (gains)/losses	**(556)**	1,637
Operating lease rentals in respect of land and buildings	**452**	410
Loss on disposal of property, plant and equipment	**97**	16
Rental income, net of direct expenses from property that generated rental income	**(434)**	(679)
Gain on revaluation of investment property	**(600)**	–
(Reversal of revaluation deficit)/revaluation deficit of building	**(506)**	506
Reversal of provision for returns and doubtful debts	**(164)**	(224)
Unrealised loss on derivative financial instruments	**–**	1,207
Provision for slow-moving inventories	**220**	2,082
Staff costs (including directors' emoluments) *(note 10)*	**107,526**	110,739

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest expenses on bank borrowings	**965**	1,029

7. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 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:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong profits tax	**770**	2,053
Overseas taxation	**3,616**	4,446
Over provision in prior year	**(22)**	(30)
Deferred tax relating to the origination and reversal of temporary differences	**(842)**	530
	3,522	6,999

8. DIVIDEND

The dividends paid in 2015 and 2014 were HK$3,980,000 (HK$0.02 per share) and HK$7,960,000 (HK$0.04 per share) respectively. A dividend in respect of the year ended 31st December 2015 of HK$0.02 per share, amounting to a total dividend of HK$3,980,000, is to be proposed at the annual general meeting on 9th May 2016. These consolidated financial statements do not reflect this dividend payable.

	2015	2014
	HK$'000	*HK$'000*
Interim, paid, of HK$Nil (2014: HK$0.02) per ordinary share	**–**	3,980
Final, proposed, of HK$0.02 (2014: HK$0.02) per ordinary share	**3,980**	3,980
	3,980	7,960

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the year of HK$11,688,000 (2014: HK$18,917,000) divided by the weighted average number of 198,958,000 (2014: 198,958,000) ordinary shares in issue during the year.

In both 2015 and 2014, diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the reporting period.

10. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2015	2014
	HK$'000	*HK$'000*
Wages, salaries and fringe benefits	**100,491**	103,915
Social security costs	**6,417**	6,036
Pension costs – contribution to MPF scheme	**511**	499
Others	**107**	289
	107,526	110,739

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:

	2015	2014
	HK$'000	*HK$'000*
At 1st January	**22,633**	12,832
Additions	**–**	10,475
Amortisation of land use rights	**(600)**	(411)
Exchange adjustment	**(911)**	(263)
At 31st December	**21,122**	22,633

12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings (notes (a) to (b)) In HK HK$'000	Outside HK HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Pleasure boats HK$'000	Construction in progress HK$'000	Total HK$'000
Net book value at 1st January 2015	**117,770**	**170,252**	**4,197**	**11,613**	**814**	**4,476**	**2,933**	**6,551**	**–**	**318,606**
Additions	**–**	**–**	**335**	**5,088**	**–**	**872**	**795**	**–**	**10,008**	**17,098**
Disposals	**–**	**–**	**–**	**(107)**	**–**	**(109)**	**–**	**–**	**–**	**(216)**
Depreciation	**(3,445)**	**(5,329)**	**(930)**	**(2,935)**	**(32)**	**(565)**	**(624)**	**(626)**	**–**	**(14,486)**
Transfer to investment property	**(18,570)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(18,570)**
Revaluation	**11,065**	**11,346**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**22,411**
Exchange adjustment	**–**	**(10,076)**	**(119)**	**(1,088)**	**(7)**	**(131)**	**(43)**	**–**	**(134)**	**(11,598)**
Net book value at 31st December 2015	**106,820**	**166,193**	**3,483**	**12,571**	**775**	**4,543**	**3,061**	**5,925**	**9,874**	**313,245**
At 31st December 2015										
At cost	**–**	**–**	**11,770**	**82,642**	**5,205**	**12,946**	**6,580**	**14,767**	**9,874**	**143,784**
At valuation-2015	**106,820**	**166,193**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**273,013**
Accumulated depreciation	**–**	**–**	**(8,287)**	**(70,071)**	**(4,430)**	**(8,403)**	**(3,519)**	**(8,842)**	**–**	**(103,552)**
Net book value	**106,820**	**166,193**	**3,483**	**12,571**	**775**	**4,543**	**3,061**	**5,925**	**9,874**	**313,245**

	Land and buildings (notes (a) to (b)) In HK HK$'000	Outside HK HK$'000	Leasehold improvements HK$'000	Plant and machinery HK$'000	Furniture and fixtures HK$'000	Office equipment HK$'000	Motor vehicles HK$'000	Pleasure boats HK$'000	Construction in progress HK$'000	Total HK$'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

(a) Land and buildings in Hong Kong and Mainland China were revalued using open market basis or depreciated replacement costs by Centaline Surveyors Limited, an independent firm of chartered surveyors, as at 31st December 2015 and 2014.

(b) The net book value of these land and buildings would have been HK$70,323,000 (2014: HK$84,024,000) 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$92,270,000 (2014: HK$101,880,000).

13. INVESTMENT PROPERTIES

	2015	2014
	HK$'000	*HK$'000*
At fair value		
Opening balance at 1st January	**27,000**	27,000
Transfer from property, plant and equipment	**18,570**	–
Revaluation surplus credited to the consolidated income statement	**600**	–
Net book value at 31st December	**46,170**	27,000

Investment properties were revalued on the basis of open market valued by Centaline Surveyors Limited, an independent firm of chartered surveyors, as at 31st December 2015 and 2014. The revaluation gains or losses is included in 'other operating expenses, net' in the consolidated income statement.

14. INVENTORIES

	2015	2014
	HK$'000	*HK$'000*
Raw materials	**16,393**	22,946
Work in progress	**25,578**	30,705
Finished goods	**53,323**	59,708
	95,294	113,359
Provision for slow-moving inventories	**(5,375)**	(5,155)
	89,919	108,204

15. TRADE AND BILL RECEIVABLES

At 31st December 2015, the ageing analysis of trade and bill receivables based on invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Up to 3 months	**83,926**	83,412
4 – 6 months	**8,566**	6,313
Over 6 months	**316**	8,453
	92,808	98,178
Provision for returns and doubtful debts	**(2)**	(8,159)
	92,806	90,019

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 that have long- term business relationships 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 2015 and 31st December 2014, ordinary shares of HK$0.10 each	500,000,000	50,000
Issued and fully paid		
At 31st December 2015 and 31st December 2014, 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 buildings revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Total other reserves *HK$'000*	Retained earnings *HK$'000*	Total *HK$'000*
At 1st January 2015	**15,885**	**22,980**	**169,893**	**104**	**208,862**	**264,315**	**473,177**
Profit for the year	**–**	**–**	**–**	**–**	**–**	**11,688**	**11,688**
Revaluation surplus on land and buildings	**–**	**–**	**21,905**	**–**	**21,905**	**–**	**21,905**
Deferred tax charged to revaluation reserve	**–**	**–**	**(1,711)**	**–**	**(1,711)**	**–**	**(1,711)**
Exchange difference arising from translation of financial statements of subsidiaries	**–**	**(14,591)**	**–**	**–**	**(14,591)**	**–**	**(14,591)**
Dividend paid	**–**	**–**	**–**	**–**	**–**	**(3,980)**	**(3,980)**
At 31st December 2015	**15,885**	**8,389**	**190,087**	**104**	**214,465**	**272,023**	**486,488**
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

18. TRADE AND BILL PAYABLES

At 31st December 2015, the ageing analysis of trade and bill payables based on invoice date is as follows:

	2015 *HK$'000*	2014 *HK$'000*
Up to 3 months	**21,761**	27,485
4 – 6 months	**2,236**	4,439
Over 6 months	**14**	986
	24,011	32,910

19. BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Current liabilities		
Trust receipt loans	**27,320**	40,806
Bank loan	**17,917**	–
Total borrowings	**45,237**	40,806

Total borrowings included secured liabilities of HK24,271,000 (2014: HK$40,806,000), which are secured by land and buildings and investment properties of the Group. The borrowings are supported by guarantees given by the Company and its certain subsidiaries.

20. DERIVATIVE FINANCIAL INSTRUMENTS

	2015	2014
	Liabilities	Liabilities
	HK$'000	*HK$'000*
Forward foreign exchange contracts		
– held for trading	**–**	1,207

The Group entered into forward foreign exchange contracts with a bank 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 were USD4,900,000 (equivalent to HK$37,953,000), which were 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.

There is no forward exchange contract held by the Group as at 31st December 2015.

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 2015, the Group had the following capital commitments for leasehold improvements, property, plant and machinery, office equipment and motor vehicles:

	2015	2014
	HK$'000	*HK$'000*
Contracted but not provided for	**21,960**	878

(b) Commitments under operating leases as lessee

At 31st December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings and office equipment	
	2015	2014
	HK$'000	*HK$'000*
Not later than one year	**705**	203
Later than one year and no later than five years	**134**	30
	839	233

22. FINANCIAL GUARANTEES AND PLEDGE

At 31st December 2015, the Group has the following banking facilities, of which HK$460,018,000 (2014: HK$495,415,000) were secured by legal charges over certain land and buildings and investment properties of the Group with a total net book value of HK$152,990,000 (2014: HK$144,770,000).

	2015	2014
	HK$'000	*HK$'000*
Trade and loan finance facilities	**238,917**	256,577
Forward exchange contract line	**279,018**	278,838

In addition, the Company and its certain subsidiaries also provided guarantees in favour of the banks to secure these banking facilities granted to the Group.

FINANCIAL REVIEW

Results

The Group's revenue was HK$401,669,000 (2014: HK$455,403,000). Profit for the year was HK$11,688,000 compared to HK$18,917,000 in 2014. Earnings per share were HK$0.059 (2014: HK$0.095).

Final Dividend

The Board recommends the payment of a final dividend of HK$0.02 per share. The Group's total dividend for the year 2015 amounts to HK$0.02 per share (2014: HK$0.04 per share).

The proposed final dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting to be held on 9th May 2016 ("2016 AGM"), is to be payable on 25th May 2016 to shareholders whose names appear on the register of members of the Company on 13th May 2016.

Liquidity and Financial Resources

At the end of December 2015, the consolidated short-term indebtedness of the Group was approximately HK$45,237,000. The borrowings are denominated in Hong Kong dollars. The bank balances and cash amounted to approximately HK$66,560,000.

At the end of December 2015, the Group's trade and bill receivables balance was approximately HK$92,806,000, representing 23.1% of the year's turnover of approximately HK$401,669,000. The Group adopted a stringent credit policy to minimize credit risk.

The interest cover in 2015 was 16.8 times as compared to 26.2 times in 2014.

Capital Expenditure and Material Acquisitions

During the year under review, capital expenditures were approximate to HK$17,098,000.

Capital Structure

As at 31st December 2015, the consolidated shareholders' equity of the Group was approximately HK$506,384,000, an increase of 2.7% over that of the previous year. The debt to equity ratio, calculated by dividing total liabilities to shareholders' equity, was approximately 26.9%.

Pledge of Assets

As at 31st December 2015, the Group's trade and loan finance facilities amounts to approximately HK$238,917,000 and of which HK$181,000,000 were secured by legal charges over certain land and buildings, and investment properties of the Group with a total net book value of HK$152,990,000.

Foreign Exchange Exposure

All foreseeable foreign exchange risks of the Group are appropriately managed and hedged.

Contingent Liabilities

As at 31st December 2015, the Group did not have any material contingent liabilities.

BUSINESS REVIEW

The Group's turnover decreased by 11.8% to HK$402 million in this financial year. The decline in turnover was mainly due to decrease in sales of power cord products. In turn, the decrease was caused by less orders placed by a major customer due to change in purchasing strategy of that customer. Decrease in sales of power cord products reduced its Group's sales proportion from 58% in 2014 to 55% in 2015. Thus, sales of power cords and power cord sets, cable and wires, wire harnesses and plastic resins accounted for 55%, 7%, 35% and 3% of the Group's turnover respectively.

Although the price competition was keen during the year, the gross margin remained stable at 18.4% (2014: 18.5%) mainly due to usage of new machinery to enhance productivity. The net margin decreased from 4.2% in 2014 to 2.9% in 2015. The decrease in net margin was mainly due to increase in safety approval and certificate fees, higher depreciation charges as a result of increase in fair value of land and buildings and additional expenses to run the new factory in Dongyuan County, Heyuan City, the PRC ("the New Factory").

The New Factory already has an established production plant. The Group has commenced test production of small quantity in that plant. The Group has also commenced construction of a new production plant, canteen and dormitories in the same land area. For details of the construction, please refer to the Company's announcement dated 13th October 2015.

On 6th July, 2015, the Company terminated the placing of shares due to adverse market conditions. Originally, the Directors intended to apply the net placing proceeds for factory construction, new investment opportunity and general working capital. For details of the share placing and its termination, please refer to the Company's announcements dated 2nd July 2015 and 6th July 2015, respectively.

The Group's operating environment is still challenging. The continual decrease in copper price did exert pressure on the selling price of the Group's products. Moreover, in 2015, the minimum level of wages in Shenzhen City, the PRC was RMB2,030 per month, representing an increase of 12.3% when compared with that of last year. Positively, the deprecation of Renminbi during the year alleviated the operating costs in the PRC.

The Group's factory operation is constantly subject to inspection and audit by multinational clients. The factory inspection and audit cover the areas of environmental protection, labor practices, health and safety and other social responsibility affairs. The Group has dedicated teams to monitor and improve the results of factory inspection and audit.

FUTURE PROSPECT

Although the global economic outlook in 2016 remains tilted to the downside, the Group is still cautiously optimistic. The current year's challenge is keen price competition and weak market demand. The Group will adopt the traditional business strategy of boosting sales and cutting costs. For the sales side, the Group has put more effort on deepening the development of Japanese market in anticipation of more purchase orders from that market in 2016.

Regarding to operations costs, the Group will increase the production output in the New Factory so as to improve the absorption of fixed costs and drive down the labor costs. Currently, the New Factory operates below its normal capacity level and its fixed costs are not fully absorbed. In 2015, the minimum level of wages in Heyuan City, the PRC was only RMB1,210 per month which is more cost advantageous.

The construction of the new production plant is expected to be completed in August 2016. In the short run, the Group will incur a higher expenditure due to additional fixed costs in running the New Factory. In the long run, the Group will reap the benefit of operating in a more cost effective area. Financially, the Group has sufficient cash flows and adequate reserves to withstand business risk and uncertainty.

The Hong Kong Stock Exchange has introduced ESG reporting and published its requirements on risk management and internal controls. These requirements are effective on 1st January 2016. In response, the Group will engage appropriate external consultants to help the Group fulfill these requirements.

EMPLOYEES' REMUNERATION POLICY

As at 31st December 2015, the Group employed approximately 1,150 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 2015 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 29th April 2015 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 4th May 2016 to 9th May 2016, 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 2016 AGM. In order to be eligible to attend and vote at the 2016 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 3rd May 2016; and

(ii) from 16th May 2016 to 18th May 2016, 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 13th May 2016.

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, 15th March 2016

The figures in respect of this preliminary announcement of the Group's results for the year ended 31st December 2015 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.