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恒
Perennial
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PERENNIAL INTERNATIONAL LIMITED

恒都集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 00725)

INTERIM RESULTS

FOR THE SIX MONTHS ENDED 30TH JUNE 2021

INTERIM RESULTS

The board (the “Board”) of directors (the “Directors”) of Perennial International Limited (the “Company”) is pleased to present the unaudited condensed consolidated interim financial information of the Company and its subsidiaries (collectively the “Group”) for the six months ended 30th June 2021 together with comparative figures as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

for the six months ended 30th June 2021

	<i>Notes</i>	Six months ended 30th June	
		2021	2020
		HK\$'000	HK\$'000
Revenue	5	179,064	124,402
Cost of sales		(142,701)	(103,685)
Gross profit		36,363	20,717
Other income	6	4,659	1,438
Distribution expenses		(5,012)	(3,634)
Administrative expenses		(28,922)	(25,365)
Other operating income, net		1,419	145
Reversal of impairment loss/(impairment loss) on financial assets	15	827	(4,465)
Operating profit/(loss)	7	9,334	(11,164)
Finance costs	8	(487)	(1,102)
Profit/(loss) before taxation		8,847	(12,266)
Income tax (charge)/credit	9	(2,023)	2,120
Profit/(loss) for the period attributable to shareholders of the Company		6,824	(10,146)
Basic and diluted earnings/(loss) per share (cents)	11	3.4	(5.1)

* *For identification purposes only*

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)**

for the six months ended 30th June 2021

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Profit/(loss) for the period	<u>6,824</u>	<u>(10,146)</u>
Other comprehensive income/(loss):		
Items that may be subsequently reclassified to profit or loss		
Exchange difference arising from translation of financial information of subsidiaries	<u>5,071</u>	<u>(7,232)</u>
Other comprehensive income/(loss) for the period	<u>5,071</u>	<u>(7,232)</u>
Total comprehensive income/(loss) for the period attributable to shareholders of the Company	<u>11,895</u>	<u>(17,378)</u>

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(UNAUDITED)**

as at 30th June 2021

		30th June 2021	31st December 2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment	12	418,347	419,948
Investment properties	13	42,980	42,980
Non-current deposits		766	652
Deferred tax assets		9,053	9,726
		<hr/>	<hr/>
		471,146	473,306
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Current assets			
Inventories	14	156,184	117,352
Trade and bill receivables	15	77,040	58,642
Derivative financial instruments	16	204	2,592
Other receivables, deposits and prepayments		22,820	10,939
Taxation recoverable		99	777
Cash and cash equivalents		17,401	22,370
		<hr/>	<hr/>
		273,748	212,672
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Total assets		744,894	685,978
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EQUITY AND LIABILITIES			
Equity attributable to shareholders of the Company			
Share capital	17	19,896	19,896
Reserves	18	541,279	529,384
		<hr/>	<hr/>
Total equity		561,175	549,280
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		30th June	31st December
		2021	2020
	<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Lease liabilities		305	–
Deferred tax liabilities		39,572	40,289
		39,877	40,289
Current liabilities			
Trade payables	19	29,523	23,737
Other payables, accruals and contract liabilities		20,480	22,630
Lease liabilities		447	77
Taxation payable		5,881	4,238
Bank loans	20	60,000	37,200
Trust receipt loans	20	27,511	8,527
		143,842	96,409
Total liabilities		183,719	136,698
Total equity and liabilities		744,894	685,978

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

for the six months ended 30th June 2021

	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1st January 2021	19,896	265,605	263,779	549,280
Total comprehensive income for the period	—	5,071	6,824	11,895
At 30th June 2021	<u>19,896</u>	<u>270,676</u>	<u>270,603</u>	<u>561,175</u>
	Share capital <i>HK\$'000</i>	Other reserves <i>HK\$'000</i>	Retained earnings <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1st January 2020	19,896	259,618	283,010	562,524
Total comprehensive loss for the period	—	(7,232)	(10,146)	(17,378)
At 30th June 2020	<u>19,896</u>	<u>252,386</u>	<u>272,864</u>	<u>545,146</u>

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)*for the six months ended 30th June 2021*

	Six months ended 30th June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Cash flows from operating activities		
Net cash (used in)/generated from operations	(42,890)	14,526
Hong Kong profits tax and overseas income tax paid, net	(119)	(418)
Interest paid	(487)	(1,102)
	<hr/>	<hr/>
Net cash (used in)/generated from operating activities	(43,496)	13,006
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Cash flows from investing activities		
Purchases of property, plant and equipment	(4,634)	(4,124)
Deposits paid for additions of property, plant and equipment	(114)	235
Interest received	6	16
Proceeds from sale of property, plant and equipment	592	9
Net proceeds from investment in securities	828	–
	<hr/>	<hr/>
Net cash used in investing activities	(3,322)	(3,864)
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Cash flows from financing activities		
Net additions of bank loans	22,800	7,600
Net additions/(repayments) of trust receipt loans	18,984	(13,641)
Payments for principal portion of the lease liability	(223)	(231)
	<hr/>	<hr/>
Net cash generated from/(used in) financing activities	41,561	(6,272)
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Net (decrease)/increase in cash and cash equivalents	(5,257)	2,870
Cash and cash equivalents at 1st January	22,370	36,548
Exchange difference on cash and cash equivalents	288	(710)
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Cash and cash equivalents at 30th June	17,401	38,708
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NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

The Company is an investment holding company. The Group is principally engaged in the manufacturing and trading of electric cable and wire products.

The Company is a limited liability company incorporated in Bermuda. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

This unaudited condensed consolidated interim financial information is presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

2 BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

3 ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New standards and amendments to standards adopted by the Company

The Company has applied the following new standards and amendments to standards for the first time for the annual reporting period commencing 1st January 2021:

Amendments to HKFRS 16	COVID-19-Related Rent Concession
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2

The adoption of the new standards and amendments to standards listed above did not have material impact on the amounts recognised in prior years and are not expected to significantly affect the current or future period.

- (b) New standards, amendments to standards and interpretation that have been issued but are not yet effective during the year and have not been early adopted by the Company:

		Effective for accounting year beginning on or after
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020	1st January 2022
Amendments to HKFRS 3	Reference to the Conceptual Framework	1st January 2022
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended Use	1st January 2022
Amendments to HKAS 37	Onerous Contracts – cost of fulfilling a contract	1st January 2022
HKFRS 17	Insurance Contracts	1st January 2023
HK Int 5 (2020)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1st January 2023
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (amendments)	1st January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Company will adopt the new standards, amendments and interpretation to standards when they become effective. Management is in the process of making an assessment of the impact of adopting these standards and amendments and does not expect any impact they would have on the Company's results of operations and financial position.

4 ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this unaudited condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31st December 2020.

Fair value estimation

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, trade and bill receivables, other receivables and deposits, derivative financial instruments, trade payables, other payables and accruals and short-term borrowings approximate to their fair values due to their short-term maturities. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments, unless the discounting effect is insignificant.

5 REVENUE AND SEGMENT INFORMATION

The Group is principally engaged in the manufacturing and trading of electric cable and wire products business.

Revenue recognised during the period is as follows:

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Sale of goods – at a point in time	179,064	124,402

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, America, Europe and Other Countries. These segments are managed separately as each segment is subject to risks and returns that are different from the others.

The unaudited segment information for the reportable segments and unaudited segment assets for the six months ended 30th June 2021 are as follows:

	Six months ended 30th June 2021				
	Revenue (external sales) HK\$'000	Segment results HK\$'000	Total segment assets HK\$'000	Capital expenditure HK\$'000	Depreciation HK\$'000
Hong Kong	39,129	1,975	140,291	899	2,599
Mainland China	39,381	2,640	335,755	133	6,221
America	99,034	5,522	109,880	9	1
Europe	417	39	171	–	–
Other Countries	1,103	151	106,764	4,582	1,382
Reportable segment	179,064	10,327	692,861	5,623	10,203
Unallocated costs		(993)			
Operating profit		9,334			

Unallocated costs represent corporate expenses.

The unaudited segment information for the reportable segments and unaudited segment assets for the six months ended 30th June 2020 are as follows:

	Six months ended 30th June 2020				
	Revenue (external sales) <i>HK\$'000</i>	Segment results <i>HK\$'000</i>	Total segment assets <i>HK\$'000</i>	Capital expenditure <i>HK\$'000</i>	Depreciation <i>HK\$'000</i>
Hong Kong	34,186	(5,205)	159,627	349	2,836
Mainland China	19,782	(4,200)	299,085	184	6,374
America	68,772	(327)	79,294	–	–
Europe	189	(24)	79	–	–
Other Countries	1,473	(80)	90,749	3,591	1,507
Reportable segment	<u>124,402</u>	<u>(9,836)</u>	<u>628,834</u>	<u>4,124</u>	<u>10,717</u>
Unallocated costs		<u>(1,328)</u>			
Operating loss		<u>(11,164)</u>			

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

	Six months ended 30th June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Total segment assets	692,861	628,834
Investment properties	42,980	47,200
Deferred tax assets	9,053	7,778
Total assets	<u>744,894</u>	<u>683,812</u>

Revenue of approximately HK\$91,841,000 (six months ended 30th June 2020: HK\$64,935,000) are derived from two (six months ended 30th June 2020: two) major customers contributing 10% or more of the total revenue as below:

	Six months ended 30th June	
	2021 <i>HK\$'000</i>	2020 <i>HK\$'000</i>
Customer A ¹	48,959	30,373
Customer B ¹	42,882	34,562
	<u>91,841</u>	<u>64,935</u>

¹ Revenue from the America segment.

6 OTHER INCOME

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Scrap sales	1,196	4
Interest income	6	16
Government subsidy	97	112
Rental income from investment properties	713	406
Other income from customers	2,647	900
	<u>4,659</u>	<u>1,438</u>

7 OPERATING PROFIT/(LOSS)

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

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Depreciation	10,203	10,717
Auditor's remuneration	741	800
Cost of inventories	100,369	66,889
Net (gain)/loss on derivative financial instruments	(470)	801
Net exchange gain	(154)	(1,604)
Lease payments for short-term and low-value leases	15	11
Direct expenses for investment properties	71	76
Gain on disposal of property, plant and equipment	(467)	(1)
(Reversal of provision)/provision for slow-moving inventories	(161)	183
Staff costs (including directors' emoluments) (note 10)	46,574	37,470
	<u>46,574</u>	<u>37,470</u>

8 FINANCE COSTS

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Interest expenses on bank borrowings	476	1,095
Finance expenses on lease liabilities	11	7
	<u>487</u>	<u>1,102</u>

9 INCOME TAX

Hong Kong profits tax is provided at the two-tiered rate of 8.25% for the first HK\$2 million of the estimated assessable profits for one of the Group's Hong Kong subsidiaries for the year and 16.5% on the remaining estimated assessable profits for the year (2020: 8.25% for the first HK\$2 million and 16.5% for the remaining).

Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30th June	
	2021 HK\$'000	2020 HK\$'000
Hong Kong profits tax	206	22
Overseas taxation	1,873	486
Deferred tax relating to the origination and reversal of temporary differences	(56)	(2,628)
	<u>2,023</u>	<u>(2,120)</u>

10 STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 30th June	
	2021 HK\$'000	2020 HK\$'000
Wages, salaries and fringe benefits	43,127	34,765
Social security costs	2,797	2,130
Pension costs		
– contributions to MPF scheme	223	217
Others	427	358
	<u>46,574</u>	<u>37,470</u>

(a) Directors' Emoluments

Included in the staff costs are emoluments paid to the directors set out as below:

	Six months ended 30th June	
	2021 HK\$'000	2020 HK\$'000
Basic salaries, other allowances and benefits in kind	4,685	4,608
Pension costs		
– contributions to MPF scheme	27	27
	<u>4,712</u>	<u>4,635</u>

(b) Key Management Compensation

The emoluments paid or payable to key management including all directors and three (six months ended 30th June 2021: three) senior management for employee services is shown below:

	Six months ended 30th June	
	2021	2020
	HK\$'000	HK\$'000
Basic salaries, other allowances and benefits in kind	6,002	5,920
Pension costs		
– contributions to MPF scheme	54	54
	6,056	5,974

11 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share is based on the Group's unaudited profit for the six months ended 30th June 2021 of HK\$6,824,000 (loss per share for the six months ended 30th June 2020: loss of HK\$10,146,000) divided by the number of 198,958,000 (30th June 2020: 198,958,000) ordinary shares in issue during the period.

For the six months ended 30th June 2021 and 2020, diluted earnings/(loss) per share is the same as basic earnings/(loss) per share due to the absence of dilutive potential ordinary shares at the end of the reporting period.

12 PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets HK\$'000	Buildings 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 2021	114,665	266,122	3,163	10,804	519	3,727	2,520	3,484	14,944	419,948
Additions	-	-	-	746	-	67	-	-	3,822	4,635
Modification	899	-	-	-	-	-	-	-	-	899
Disposals	-	-	-	(113)	-	(12)	-	-	-	(125)
Depreciation	(2,253)	(4,812)	(479)	(1,696)	(52)	(472)	(264)	(175)	-	(10,203)
Exchange adjustment	205	2,765	14	95	-	19	8	-	89	3,193
Net book value at										
30th June 2021	<u>113,516</u>	<u>264,073</u>	<u>2,698</u>	<u>9,836</u>	<u>467</u>	<u>3,329</u>	<u>2,264</u>	<u>3,309</u>	<u>18,855</u>	<u>418,347</u>
At 30th June 2021										
At cost	34,736	-	15,719	92,454	5,256	15,692	7,407	14,421	18,855	204,540
At valuation	88,520	268,892	-	-	-	-	-	-	-	357,412
Accumulated depreciation	<u>(9,740)</u>	<u>(4,819)</u>	<u>(13,021)</u>	<u>(82,618)</u>	<u>(4,789)</u>	<u>(12,363)</u>	<u>(5,143)</u>	<u>(11,112)</u>	-	<u>(143,605)</u>
Net book value	<u>113,516</u>	<u>264,073</u>	<u>2,698</u>	<u>9,836</u>	<u>467</u>	<u>3,329</u>	<u>2,264</u>	<u>3,309</u>	<u>18,855</u>	<u>418,347</u>
Net book value at										
1st January 2020	131,216	262,289	4,312	12,382	678	4,138	2,687	3,871	-	421,573
Additions	-	-	-	283	-	362	-	-	3,479	4,124
Disposals	-	-	-	(9)	-	-	-	-	-	(9)
Depreciation	(2,466)	(4,458)	(553)	(1,047)	(339)	(1,382)	(279)	(193)	-	(10,717)
Exchange adjustment	(297)	(4,291)	(35)	(198)	-	(20)	(17)	-	-	(4,858)
Net book value at										
30th June 2020	<u>128,453</u>	<u>253,540</u>	<u>3,724</u>	<u>11,411</u>	<u>339</u>	<u>3,098</u>	<u>2,391</u>	<u>3,678</u>	<u>3,479</u>	<u>410,113</u>
At 30th June 2020										
At cost	33,168	-	15,044	90,836	4,985	14,882	6,889	14,421	3,479	183,704
At valuation	104,720	257,972	-	-	-	-	-	-	-	362,692
Accumulated depreciation	<u>(9,435)</u>	<u>(4,432)</u>	<u>(11,320)</u>	<u>(79,425)</u>	<u>(4,646)</u>	<u>(11,784)</u>	<u>(4,498)</u>	<u>(10,743)</u>	-	<u>(136,283)</u>
Net book value	<u>128,453</u>	<u>253,540</u>	<u>3,724</u>	<u>11,411</u>	<u>339</u>	<u>3,098</u>	<u>2,391</u>	<u>3,678</u>	<u>3,479</u>	<u>410,113</u>

Right-of-use assets consist of leasehold land in Hong Kong measured at fair value, land use rights in Mainland China and Vietnam stated at cost less accumulated depreciation and accumulated impairment losses and leased property in Hong Kong measured at cost less accumulated depreciation and accumulated impairment losses.

At 30th June 2021, the net book value of land and buildings pledged as security for the Group's bank loans amounted to HK\$98,506,000 (31st December 2020: HK\$100,400,000).

13 INVESTMENT PROPERTIES

**30th June 2021
and
31st December
2020**
HK\$'000

At fair value 42,980

- (a) Investment properties were revalued on the basis of open market valued by direct comparison approach by Centaline Surveyors Limited, an independent firm of chartered surveyors, as at 31st December 2020.
- (b) As at 30th June 2021, the fair value of the investment properties, as determined by the directors, approximates to the fair value as at 31st December 2020.
- (c) At 30th June 2021 and 31st December 2020, the net book value of investment properties pledged as security for the Group's bank borrowings amounts to HK\$25,850,000.

14 INVENTORIES

	30th June 2021	31st December 2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
Raw materials	56,444	45,778
Work in progress	16,415	13,803
Finished goods	<u>89,636</u>	<u>64,242</u>
	162,495	123,823
Provision for inventories	<u>(6,311)</u>	<u>(6,471)</u>
	<u><u>156,184</u></u>	<u><u>117,352</u></u>

15 TRADE AND BILL RECEIVABLES

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Up to 3 months	68,888	54,502
4–6 months	5,334	2,957
Over 6 months	10,869	16,395
Trade receivables, gross	85,091	73,854
Loss allowance	(10,171)	(16,790)
Trade receivables, net	74,920	57,064
Bills receivables	2,120	1,578
	77,040	58,642

The aging analysis of gross trade receivables is based on invoice dates.

The carrying value of trade and bill receivables approximate their fair values due to their short term maturities.

The net decrease in loss allowance for the period was HK\$827,000 (2020: increase of HK\$4,465,000).

16 DERIVATIVE FINANCIAL INSTRUMENTS

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Financial assets at fair value through profit or loss and included in the condensed consolidated statement of financial position as current assets		
– Foreign exchange forward contracts	204	2,592

The Group has certain outstanding foreign exchange forward contracts with external reputable banks with long positions in RMB and VND for hedging its purchase transactions and operating expenses denominated in RMB and VND.

The notional principal amounts of the outstanding foreign exchange forward contracts at 30th June 2021 were approximately US\$3,260,000 (31st December 2020: US\$7,800,000).

17 SHARE CAPITAL

	<i>Number of shares</i>	<i>HK\$'000</i>
Authorised:		
At 30th June 2021 and 31st December 2020, ordinary shares of HK\$0.10 each	500,000,000	50,000
Issued and fully paid:		
At 30th June 2021 and 31st December 2020, ordinary shares of HK\$0.10 each	198,958,000	19,896

18 OTHER RESERVES

	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Land and building revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
At 1st January 2021	15,885	15,122	234,494	104	265,605
Exchange difference arising from translation of financial information of subsidiaries	—	5,071	—	—	5,071
At 30th June 2021	<u>15,885</u>	<u>20,193</u>	<u>234,494</u>	<u>104</u>	<u>270,676</u>
	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Land and building revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
At 1st January 2020	15,886	(786)	244,414	104	259,618
Exchange difference arising from translation of financial information of subsidiaries	—	(7,232)	—	—	(7,232)
At 30th June 2020	<u>15,886</u>	<u>(8,018)</u>	<u>244,414</u>	<u>104</u>	<u>252,386</u>

19 TRADE PAYABLES, OTHER PAYABLES, ACCRUALS AND CONTRACT LIABILITIES

	30th June 2021 <i>HK\$'000</i>	31st December 2020 <i>HK\$'000</i>
Trade payables	29,523	23,737
Other payables and accruals	19,166	21,706
Contract liabilities	<u>1,314</u>	<u>924</u>
	<u>50,003</u>	<u>46,367</u>

At 30th June 2021 and 31st December 2020, the ageing analysis of trade payables based on invoice date were as follows:

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Up to 3 months	29,497	23,668
4–6 months	26	–
Over 6 months	–	69
	<u>29,523</u>	<u>23,737</u>

20 BORROWINGS

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Current liabilities		
Trust receipt loans	27,511	8,527
Bank loans	60,000	37,200
	<u>87,511</u>	<u>45,727</u>

Total borrowings included secured liabilities of HK\$87,511,000 (31st December 2020: HK\$38,527,000), which are secured by certain land and buildings and investment properties of the Group.

The borrowings are supported by guarantees given by the Company and its certain subsidiaries.

The maturity of borrowings in accordance with the repayment schedule (without taking into account the repayment on-demand clause) is as follows:

	Bank loans		Trust receipt loans	
	30th June 2021 HK\$'000	31st December 2020 HK\$'000	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Within 1 year	60,000	37,200	27,511	8,527
	<u>60,000</u>	<u>37,200</u>	<u>27,511</u>	<u>8,527</u>

21 FINANCIAL GUARANTEES AND PLEDGE

At 30th June 2021, the Group has the following banking facilities, of which HK\$173,040,000 (31st December 2020: HK\$173,040,000) were secured by the legal charges over certain land and buildings and investment properties of the Group with a total net book value of HK\$124,356,000 (31st December 2020: HK\$126,250,000).

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Trade and loan finance facilities	193,040	193,040
Forward exchange contract line	62,104	62,024

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.

22 COMMITMENTS

(a) Capital commitments

At 30th June 2021 and 31st December 2020, the Group had the following capital commitments for buildings, plant and equipment:

	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Contracted for but not provided for	–	2,561

(b) Commitments under operating lease as lessor

At 30th June 2021 and 31st December 2020, the Group had future aggregate minimum rental receivables under non-cancellable operating leases as follows:

	Land and buildings	
	30th June 2021 HK\$'000	31st December 2020 HK\$'000
Not later than one year	1,462	1,444
Between one year and two years	438	1,169
	1,900	2,613

23 DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31st December 2020.

The Board does not recommend the payment of an interim dividend for the six months ended 30th June 2021 (2020: Nil).

24 APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

The unaudited condensed consolidated interim financial information was approved by the Board on 17th August 2021.

FINANCIAL REVIEW

Results

The Group's revenue for the six months ended 30th June 2021 was HK\$179,064,000 (2020: HK\$124,402,000). Unaudited consolidated profit attributable to shareholders was HK\$6,824,000 (2020: unaudited consolidated loss attributable to shareholders: HK\$10,146,000). Profit per share was HK3.4 cents (2020: Loss per share HK5.1 cents).

The Board does not recommend the payment of interim dividend (2020: Nil).

Liquidity and Financial Resources

As at 30th June 2021, the Group bank balances and cash was HK\$17,401,000. The consolidated indebtedness of the Group was HK\$87,958,000 which was in short-term borrowings. The borrowings were denominated in Hong Kong dollars and US dollars and bore interest at floating rates.

The amount of the Group's current working capital was HK\$129,906,000 (31st December 2020: HK\$116,263,000). The current ratio was 1.90. The Group's trade and bill receivables were HK\$77,040,000, representing 43.0% of the period's revenue of HK\$179,064,000.

BUSINESS REVIEW

The Group's revenue increased by approximately 43.9% from approximately HK\$124,402,000 during the six months ended 30th June 2020 to approximately HK\$179,064,000 during the six months ended 30th June 2021. The increase in sales was mainly due to the resumption of sales to the normal level upon gradual recovery of global economy.

The gross profit margin increased from approximately 16.7% for the six months ended 30th June 2020 to approximately 20.3% for the six months ended 30th June 2021. The increase in gross profit margin was mainly due to the tightened cost control measures in view of the increase in costs of operation including costs of raw materials and operation expenses.

As a result, the Group recorded a positive net profit margin of approximately 3.8% for the six months ended 30th June 2021 whereas it was a negative net profit margin of approximately 8.2% for the first half of 2020. In addition, the Group has invested various effort in the implementation of cost control measures, optimization of business management processes and reallocation of resources to strengthen the business performance of the Group.

The factory in Quang Ngai, Vietnam has been operating normally in expected efficiency. As to the third phase construction of the factory in Quang Ngai, the construction was completed in February this year, however, certain internal renovation, and factory setup works were delayed by the intensified situation of COVID-19 pandemic in Vietnam. The cable manufacturing factory is expected to come into operations in fourth quarter 2021.

PROSPECTS

COVID-19 pandemic is still adversely impacting the globe and all international markets, causing disruption to the economic and trade activities across the globe. Although we are seeing wide extent of rollouts of COVID-19 vaccination programs, the Group expects that the global economy and international trade will continue to remain uncertain and full of challenges. The Group has been closely monitoring the development of the COVID-19 pandemic and will take prudent approach and implement appropriate business strategies to face the challenges.

The Group will also continue to evaluate the impact of the COVID-19 pandemic on its financial position and operating results from time to time and will continue to use its best endeavor to improve the efficiency and effectiveness of the operation.

EMPLOYEES AND REMUNERATION POLICIES

As at 30th June 2021, the Group employed approximately 1,020 (2020: 1,030) full time management, administrative and production staff in Hong Kong, the People's Republic of China (the "PRC") and Vietnam. The Group follows market practice on remuneration packages. Employees' 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 encourages employees to further their studies in extramural courses.

REVIEW BY THE AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has reviewed with the management the accounting principles and practices adopted by the Group and discussed risk management and internal controls and financial reporting matters, including a review of the unaudited condensed consolidated financial information for the six months ended 30th June 2021 with the Directors.

CORPORATE GOVERNANCE

The Group is committed to safeguarding shareholders' rights and enhancing corporate governance standard. As a result, we established the compliance committee, the Audit Committee, the remuneration committee and the nomination committee to adhere to best practices.

SOCIAL RESPONSIBILITY

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors confirm that during the six months ended 30th June 2021, the Company has complied with the code provisions set out in the Corporate Governance Code (the "Code") as set out in Appendix 14 to the Rules (the "Listing Rules") Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), and adopted recommended best practices set out in the Code whenever appropriate.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuer (the "Model Code") as set out in Appendix 10 of the Listing Rules as its code of conduct regarding Directors' securities transactions. Having made specific enquiry with the Directors, the Company confirms that all the Directors complied with the required standards of the Model Code during the six months ended 30th June 2021.

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

Neither the Company nor its subsidiaries has purchased, redeemed or sold any of the listed securities of the Company during the six months ended 30th June 2021.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place after the six months ended 30th June 2021 to the date of this announcement.

PUBLICATION OF INFORMATION ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This interim results announcement and the interim report have been published on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at <http://perennial.todayir.com>.

VOTE OF THANKS

The Board would like to extend its sincere thanks to the loyal shareholders, partners and customers of the Group for their continuous support and to the staff for their dedication.

By order of the Board
Perennial International Limited
KOO Di An, Louise
Chairman

Hong Kong, 17th August 2021

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 Ms. CHUNG Kit Ying.