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PERENNIAL INTERNATIONAL LIMITED
恒都集團有限公司 *

(Incorporated in Bermuda with limited liability)
(Stock Code: 00725)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board of directors (the "Directors" or "Management") of Perennial International Limited (the "Company") is pleased to announce the audited consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2024.

CONSOLIDATED INCOME STATEMENT
For the year ended 31 December 2024

	Note	**2024**	2023
		HK$'000	*HK$'000*
Revenue	*3*	**328,578**	303,527
Cost of sales		**(234,169)**	(217,101)
Gross profit		**94,409**	86,426
Other income	*4*	**12,973**	9,867
Distribution expenses		**(11,760)**	(7,259)
Administrative expenses		**(56,016)**	(56,088)
Other operating expenses, net	*5*	**(9,968)**	(14,686)
(Impairment loss)/Reversal of impairment loss on trade receivables		**(34)**	41
Operating profit	*6*	**29,604**	18,301
Finance costs	*7*	**(8)**	(689)
Profit before taxation		**29,596**	17,612
Taxation	*8*	**(3,792)**	(1,866)
Profit for the year attributable to shareholders of the Company		**25,804**	15,746
Basic and diluted earnings per share (HK cents)	*9*	**13.0**	7.9

* *For identification purposes only*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024	2023
	HK$'000	*HK$'000*
Profit for the year	**25,804**	15,746
Other comprehensive income/(loss):		
Item that will not be reclassified subsequently to profit or loss:		
Revaluation surplus on land and buildings, net of tax	**7,939**	–
Item that may be reclassified subsequently to profit or loss:		
Exchange difference arising from translation of financial statements of foreign operations	**(7,691)**	(4,423)
Other comprehensive income/(loss) for the year	**248**	(4,423)
Total comprehensive income for the year attributable to shareholders of the Company	**26,052**	11,323

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	2024 HK$'000	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*12*	**123,874**	134,419
Investment properties	*13*	**83,391**	80,644
Non-current deposits		**204**	390
Deferred tax assets		**11,010**	7,742
		218,479	223,195
Current assets			
Inventories	*14*	**129,365**	110,269
Trade and bills receivables	*15*	**80,903**	69,054
Other receivables, deposits and prepayments		**6,144**	5,542
Financial assets at fair value through profit or loss	*16*	**8,240**	7,712
Tax recoverable		**86**	72
Cash and cash equivalents		**52,765**	39,008
		277,503	231,657
Total assets		**495,982**	454,852
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	*17*	**19,896**	19,896
Reserves		**411,754**	389,628
Total equity		**431,650**	409,524

	Note	**2024**	2023
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Lease liabilities		–	47
Deferred tax liabilities		**8,106**	6,182
		8,106	6,229
Current liabilities			
Trade payables	*18*	**20,999**	17,006
Other payables and accruals		**30,349**	17,979
Lease liabilities		**47**	454
Derivative financial instruments		–	410
Tax payable		**4,831**	3,250
		56,226	39,099
Total liabilities		**64,332**	45,328
Total equity and liabilities		**495,982**	454,852

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

		Reserves							
	Share capital *HK$'000*	Share premium *HK$'000*	Exchange fluctuation reserve *HK$'000*	Land and building revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Statutory reserve *HK$'000* *(Note)*	Retained earnings *HK$'000*	Total *HK$'000*	Total equity *HK$'000*
At 1 January 2024	19,896	15,885	(15,706)	–	104	12,876	376,469	389,628	409,524
Profit for the year	–	–	–	–	–	–	25,804	25,804	25,804
Other comprehensive (loss)/income									
Revaluation surplus on land and buildings, net of tax	–	–	–	7,939	–	–	–	7,939	7,939
Exchange difference arising from translation of foreign operations	–	–	(7,691)	–	–	–	–	(7,691)	(7,691)
Other comprehensive (loss)/income for the year	–	–	(7,691)	7,939	–	–	–	248	248
Total comprehensive (loss)/income for the year	–	–	(7,691)	7,939	–	–	25,804	26,052	26,052
Transaction with owners									
Transfer to statutory reserve	–	–	–	–	–	590	(590)	–	–
Dividend paid *(note 10)*	–	–	–	–	–	–	(3,926)	(3,926)	(3,926)
	–	–	–	–	–	590	(4,516)	(3,926)	(3,926)
At 31 December 2024	19,896	15,885	(23,397)	7,939	104	13,466	397,757	411,754	431,650

		Reserves							
	Share capital *HK$'000*	Share premium *HK$'000*	Exchange fluctuation reserve *HK$'000*	Land and building revaluation reserve *HK$'000*	Capital redemption reserve *HK$'000*	Statutory reserve *HK$'000* *(Note)*	Retained earnings *HK$'000*	Total *HK$'000*	Total equity *HK$'000*
At 1 January 2023	19,896	15,885	(11,283)	–	104	12,365	367,203	384,274	404,170
Profit for the year	–	–	–	–	–	–	15,746	15,746	15,746
Other comprehensive loss									
Exchange difference arising from translation of foreign operations	–	–	(4,423)	–	–	–	–	(4,423)	(4,423)
Total comprehensive (loss)/income for the year	–	–	(4,423)	–	–	–	15,746	11,323	11,323
Transaction with owners									
Transfer to statutory reserve	–	–	–	–	–	511	(511)	–	–
Dividend paid *(note 10)*	–	–	–	–	–	–	(5,969)	(5,969)	(5,969)
	–	–	–	–	–	511	(6,480)	(5,969)	(5,969)
At 31 December 2023	19,896	15,885	(15,706)	–	104	12,876	376,469	389,628	409,524

Note: In accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to appropriate to the statutory reserve an amount not less than 10% of the amount of profit after taxation (as reported in the respective statutory financial statements of the PRC subsidiaries prepared in accordance with the PRC accounting regulations). If the accumulated statutory reserve reaches 50% of the registered capital of the respective PRC subsidiary, the subsidiary may not be required to make any further appropriation. The statutory reserve can be utilised, upon approval by the relevant authorities, to offset accumulated losses or to increase registered capital of the subsidiary.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	2024 *HK$'000*	2023 *HK$'000*
Cash flows from operating activities		
Cash generated from operations	**26,659**	63,226
Hong Kong profits tax paid, net	**(1,614)**	(489)
Overseas income tax paid, net	**(3,381)**	(3,513)
Interest paid	**(8)**	(689)
Net cash from operating activities	**21,656**	58,535
Cash flows from investing activities		
Purchase of property, plant and equipment	**(5,303)**	(4,114)
Deposits paid for property, plant and equipment	**–**	(151)
Dividend received from financial assets at FVPL	**231**	–
Interest received	**1,053**	444
Purchase of financial assets at FVPL	**(21,321)**	(7,788)
Proceeds from sale of financial assets at FVPL	**22,185**	–
Proceeds from sale of property, plant and equipment	**120**	309
Net cash used in investing activities	**(3,035)**	(11,300)
Cash flows from financing activities		
Net repayment of bank loans	**–**	(19,000)
Net repayment of trust receipt loans	**–**	(3,775)
Payments for principal portion of the lease liabilities	**(454)**	(445)
Dividend paid	**(3,926)**	(5,969)
Net cash used in financing activities	**(4,380)**	(29,189)
Net increase in cash and cash equivalents	**14,241**	18,046
Cash and cash equivalents at beginning of year	**39,008**	21,048
Exchange difference on cash and cash equivalents	**(484)**	(86)
Cash and cash equivalents at end of year	**52,765**	39,008

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2024

These consolidated financial statements are presented in Hong Kong dollars ("HK$") and all amounts have been rounded to the nearest thousand, unless otherwise stated.

1. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Companies Ordinance (the "CO"). These consolidated financial statements also comply with the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements except for the adoption of the following new/revised HKFRS Accounting Standards that are relevant to the Group and the change in accounting policy on provision for long service payments effective from the current year.

The measurement basis used in the preparation of these consolidated financial statements is historical cost, except for investment properties and financial assets at fair value through profit or loss ("FVPL"), which are measured at fair value as explained in the accounting policies set out below.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Adoption of new/revised HKFRS Accounting Standards

The Group has applied, for the first time, the following new/revised HKFRS Accounting Standards that are relevant to the Group:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HK Interpretation 5	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback

The adoption of these amendments does not have any significant impact on the consolidated financial statements.

Change in accounting policy on provision for long service payments

As the Hong Kong Employment and Retirement Scheme Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022, which will eventually abolish the statutory right of an employer to reduce its long service payments ("LSP") payable to a Hong Kong employee by drawing on its mandatory contributions to the Mandatory Provident Fund ("MPF") scheme, will become into effective from 1 May 2025, the Group has changed its accounting policy with respect to the Group's net obligation in respect of LSP.

The application of the amendments does not have any significant impact on the consolidated financial statements.

Future changes in HKFRS Accounting Standards

At the date of authorisation of these consolidated financial statements, the HKICPA has issued the following new/revised HKFRS Accounting Standards that are not yet effective for the current year, which the Group has not early adopted.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to HKFRS Accounting Standards	Volume 11[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] *Effective for annual periods beginning on or after 1 January 2025*

[2] *Effective for annual periods beginning on or after 1 January 2026*

[3] *Effective for annual periods beginning on or after 1 January 2027*

[4] *The effective date to be determined*

The directors are in the process of assessing the possible impact on the future adoption of the new/revised HKFRS Accounting Standards, but are not yet in a position to reasonably estimate their impact on the consolidated financial statements.

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:

	2024	2023
	HK\$'000	*HK\$'000*
Sale of goods – based on fixed price and recognised at a point in time	**328,578**	303,527

The Chief Executive Officer (the chief operation decision maker ("CODM") has reviewed the Group's internal reporting and determines that there are six reportable segments, based on location of customers under the electric cable and wire products business, including Hong Kong, the PRC, America, Vietnam, Japan and other countries. 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 2024 and 2023 is as follows:

	Revenue 2024 *HK$'000*	**Segment results 2024** *HK$'000*	**Total segment assets 2024** *HK$'000*	**Capital expenditure 2024** *HK$'000*	**Depreciation 2024** *HK$'000*
Hong Kong	**21,980**	**5,843**	**57,434**	**1,214**	**1,833**
The PRC	**40,055**	**2,614**	**89,030**	**627**	**3,336**
America	**236,405**	**20,077**	**135,428**	**–**	**3**
Vietnam	**134**	**25**	**117,164**	**3,462**	**3,810**
Japan	**27,275**	**3,697**	**2,310**	**–**	**–**
Other countries	**2,729**	**345**	**215**	**–**	**–**
Reportable segment	**328,578**	**32,601**	**401,581**	**5,303**	**8,982**
Unallocated costs		**(2,997)***			
Operating profit		**29,604**			

	Revenue 2023 *HK$'000*	Segment results 2023 *HK$'000*	Total segment assets 2023 *HK$'000*	Capital expenditure 2023 *HK$'000*	Depreciation 2023 *HK$'000*
Hong Kong	26,331	3,762	62,992	822	2,122
The PRC	37,370	2,484	98,148	2,465	3,740
America	212,293	10,107	106,016	7	2
Vietnam	125	24	96,572	971	4,113
Japan	24,375	3,716	1,879	–	–
Other countries	3,033	587	859	–	–
Reportable segment	303,527	20,680	366,466	4,265	9,977
Unallocated costs		(2,379)*			
Operating profit		18,301			

* *Unallocated costs represent corporate expenses.*

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

	2024	2023
	HK$'000	*HK$'000*
Total segment assets	**401,581**	366,466
Investment properties	**83,391**	80,644
Deferred tax assets	**11,010**	7,742
Total assets	**495,982**	454,852

Revenue of HK$207,343,000 *(2023: HK$186,485,000)* are derived from two *(2023: two)* major customers contributing 10% or more of the total revenue. These revenues are attributable to the America segment *(2023: America segment)*.

	2024	2023
	HK$'000	*HK$'000*
Customer A	**123,441**	107,914
Customer B	**83,902**	78,571
	207,343	186,485

4. OTHER INCOME

	2024	2023
	HK$'000	*HK$'000*
Scrap sales	**2,986**	1,990
Interest income	**1,053**	444
Dividend income from financial assets at FVPL	**231**	–
Net gain arising from changes in fair value of financial assets at FVPL	**1,392**	–
Rental income from investment properties	**2,696**	2,554
Government subsidies	**474**	5
Freight cost recharged to customers	**2,213**	4,096
Sundry income	**1,928**	778
	12,973	9,867

5. OTHER OPERATING EXPENSES, NET

	2024	2023
	HK$'000	*HK$'000*
Impairment loss of property, plant and equipment	**–**	5,192
Loss on revaluation of investment properties *(note 13)*	**8,076**	5,634
Charitable donations	**1,990**	1,774
Net loss on derivative financial instruments	**150**	2,819
Net loss arising from changes in fair value of financial assets at FVPL	**–**	76
Net exchange gain	**(1,884)**	(2,362)
Loss on disposal/write-off of property, plant and equipment	**303**	154
Other expenses	**1,333**	1,399
	9,968	14,686

6. OPERATING PROFIT

This is stated after charging:

	2024	2023
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment *(note 12)*	**8,982**	9,977
Auditor's remuneration		
– Audit services	**948**	968
– Non-audit services	**222**	125
Cost of inventories *(note 14)*	**152,670**	151,691
Lease payments for short-term and low-value leases	**28**	35
Direct expenses for investment properties	**254**	253
Provision for inventories (included in cost of inventories) *(note 14)*	**3,791**	5,312
Staff costs (including directors' emoluments) *(note 11)*	**94,590**	74,894

7. FINANCE COSTS

	2024	2023
	HK$'000	*HK$'000*
Interest on lease liabilities	**8**	17
Interest on bank borrowings	**–**	672
	8	689

8. TAXATION

For the years ended 31 December 2024 and 2023, Hong Kong Profits Tax is calculated in accordance with the two-tiered profits tax regime. Under the two-tiered profits tax regime, the first HK$2 million of profits of qualifying corporations will be taxed at 8.25% *(2023: 8.25%)*, and profits above HK$2 million will be taxed at 16.5% *(2023: 16.5%)*.

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the applicable rates of taxation prevailing in the jurisdictions in which the Group operates.

The amount of taxation charged to the consolidated income statement represents:

	2024	2023
	HK$'000	*HK$'000*
Hong Kong Profits Tax	**3,638**	730
Overseas taxation	**2,323**	2,165
Under/(Over) provision in prior years	**472**	(8)
Deferred tax relating to the origination and reversal of temporary differences	**(2,641)**	(1,021)
	3,792	1,866

9. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the year of HK$25,804,000 *(2023: HK$15,746,000)* divided by the weighted average number of 198,958,000 *(2023: 198,958,000)* ordinary shares in issue during the year.

During the years ended 31 December 2024 and 2023, 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. DIVIDENDS

An interim dividend in respect of year 2024 of HK$0.02 *(2023: nil)* per ordinary share, amounting to a total dividend of HK$3,926,000 *(2023: nil)* was approved and paid during the year.

A final dividend in respect of 2022 of HK$0.03 per ordinary share, amounting to a total dividend of HK$5,969,000, was approved and paid during the year ended 31 December 2023.

A final dividend in respect of year 2024 of HK$0.03 per ordinary share, amounting to a total dividend of approximately HK$5,969,000 is to be proposed at the 2025 AGM. These consolidated financial statements do not reflect this dividend payable.

11. STAFF COSTS (INCLUDING DIRECTORS' EMOLUMENTS)

	2024	2023
	HK$'000	*HK$'000*
Wages, salaries and fringe benefits	**88,518**	69,267
Social security costs	**4,071**	3,794
Pension costs – contribution to MPF scheme	**413**	426
Others	**1,588**	1,407
	94,590	74,894

12. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets	Buildings	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 1 January 2024	26,899	86,703	2,833	11,728	266	1,884	1,776	2,330	134,419
Addition	–	–	59	4,070	–	55	1,305	–	5,489
Disposals/write-off	–	–	–	(238)	–	(13)	(172)	–	(423)
Depreciation	(1,351)	(3,000)	(554)	(2,937)	(53)	(437)	(470)	(180)	(8,982)
Transfer to investment properties *(note 13)*	(1,709)	(9,991)	–	–	–	–	–	–	(11,700)
Revaluation surplus	–	9,090	–	–	–	–	–	–	9,090
Exchange adjustment	(472)	(2,988)	(138)	(396)	–	(18)	(7)	–	(4,019)
Net book value at 31 December 2024	23,367	79,814	2,200	12,227	213	1,471	2,432	2,150	123,874
At 31 December 2024									
At cost	41,584	124,676	17,487	90,098	4,648	14,298	5,996	14,429	313,216
Accumulated depreciation	(18,217)	(44,862)	(15,287)	(77,871)	(4,435)	(12,827)	(3,564)	(12,279)	(189,342)
Net book value	23,367	79,814	2,200	12,227	213	1,471	2,432	2,150	123,874

	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	Total HK$'000
Net book value at 1 January 2023	35,149	128,930	3,622	11,586	332	2,383	1,919	2,648	186,569
Addition	869	–	–	3,218	–	113	775	8	4,983
Disposals/write-off	–	–	–	(70)	–	(69)	(324)	–	(463)
Depreciation	(1,452)	(3,424)	(727)	(2,855)	(66)	(530)	(597)	(326)	(9,977)
Transfer to investment properties	(7,356)	(31,881)	–	–	–	–	–	–	(39,237)
Impairment loss	–	(5,192)	–	–	–	–	–	–	(5,192)
Exchange adjustment	(311)	(1,730)	(62)	(151)	–	(13)	3	–	(2,264)
Net book value at 31 December 2023	26,899	86,703	2,833	11,728	266	1,884	1,776	2,330	134,419
At 31 December 2023									
At cost	45,700	129,988	17,886	91,327	5,006	14,604	5,337	14,429	324,277
Accumulated depreciation	(18,801)	(43,285)	(15,053)	(79,599)	(4,740)	(12,720)	(3,561)	(12,099)	(189,858)
Net book value	26,899	86,703	2,833	11,728	266	1,884	1,776	2,330	134,419

The gross carrying amount of the Group's property, plant and equipment includes an amount of HK$18,272,000 *(2023: HK$16,351,000)* in respect of fully depreciated property, plant and equipment that is still in use.

At 31 December 2024 and 2023, no property, plant or equipment was pledged as security for the Group's banking facilities.

13. INVESTMENT PROPERTIES

	2024	2023
	HK$'000	*HK$'000*
At fair value		
At 1 January	**80,644**	47,154
Transfer from property, plant and equipment *(note 12)*	**11,700**	39,237
Revaluation loss (included in other operating expenses, net)	**(8,076)**	(5,634)
Exchange adjustment	**(877)**	(113)
At 31 December	**83,391**	80,644

The details of (i) rental income, (ii) direct operating expenses for the investment properties and (iii) minimum rental receivables on lease of investment properties are set out in notes 4, 6 and 19(b) to the consolidated financial information respectively.

At 31 December 2024 and 2023, no investment property was pledged as security for the Group's banking facilities.

14. INVENTORIES

	2024	2023
	HK$'000	*HK$'000*
Raw materials	**65,522**	52,006
Work in progress	**8,101**	13,937
Finished goods	**74,144**	58,937
	147,767	124,880
Less: Provision for inventories	**(18,402)**	(14,611)
	129,365	110,269

The cost of inventories recognised as an expense (included in cost of sales) during the year was HK$152,670,000 *(2023: HK$151,691,000)*, in respect of which HK$3,791,000 *(2023: HK$5,312,000)* represents write down of inventories to net realisable value.

15. TRADE AND BILLS RECEIVABLES

	2024	2023
	HK$'000	*HK$'000*
Up to 3 months	**67,663**	58,720
4 – 6 months	**11,687**	8,868
Over 6 months	**420**	153
Trade receivables, gross	**79,770**	67,741
Less: Loss allowance	**(345)**	(313)
Trade receivables, net	**79,425**	67,428
Bills receivables	**1,478**	1,626
	80,903	69,054

At 31 December 2024 and 2023, the aging analysis of gross trade receivables is based on invoice date.

16. FINANCIAL ASSETS AT FVPL

	2024	2023
	HK$'000	*HK$'000*
Mandatorily measured at FVPL		
Equity securities, listed in Hong Kong	**8,240**	7,712

17. SHARE CAPITAL

	No. of shares	*HK$'000*
Authorised		
At 1 January 2023 and 31 December 2023 and 2024, ordinary shares of HK$0.10 each	500,000,000	50,000
Issued and fully paid		
At 1 January 2023 and 31 December 2023 and 2024, ordinary shares of HK$0.10 each	198,958,000	19,896

18. TRADE PAYABLES

At 31 December 2024 and 2023, the ageing analysis of trade payables based on invoice date is as follows:

	2024	2023
	HK$'000	*HK$'000*
Up to 3 months	**20,478**	16,306
4 – 6 months	**133**	271
Over 6 months	**388**	429
	20,999	17,006

19. COMMITMENTS

(a) Capital commitments

At 31 December 2024, the Group did not have any capital commitments *(2023: nil)*.

(b) Commitments under operating lease as lessor

At 31 December 2024 and 2023, the Group had future aggregate minimum rental receivables under non-cancellable operating leases as follows:

	2024	2023
	HK$'000	*HK$'000*
Year 1	**1,730**	1,159
Year 2	**1,689**	–
Year 3	**878**	–
	4,297	1,159

20. FINANCIAL GUARANTEES AND PLEDGE

At 31 December 2024, the Group had the following banking facilities, of which HK$72,300,000 *(2023: HK$56,300,000)* were secured by limited guarantees given by the Company and certain subsidiaries *(2023: the Company and certain subsidiaries).*

	2024	2023
	HK$'000	*HK$'000*
Trade and loan finance facilities	**72,300**	56,300
Forward exchange contract line	**93,192**	124,944

FINANCIAL REVIEW

Results

The Group's revenue for the year was HK$328,578,000 (2023: HK$303,527,000). Profit for the year was HK$25,804,000 compared to HK$15,746,000 for 2023. Earnings per share for the year was HK$0.13 (2023: HK$0.079).

Final Dividend

The Board recommends the payment of a final dividend of HK$0.03 per share for the year. Together with the interim dividend of HK$0.02 per share, the Group's total dividend for the year 2024 amounted to HK$0.05 per share *(2023: nil)*.

The proposed final dividend is subject to approval of the shareholders at the forthcoming Annual General Meeting to be held on 20 May 2025 ("2025 AGM") and is to be payable on 6 June 2025 to shareholders whose names appear on the register of members of the Company on 30 May 2025.

Gross Profit and Gross Profit Margin

Despite the uncertain macro environment, the Directors are grateful in delivering a sturdy financial performance. During the year under review, the Group managed to maintain a gross profit margin of 28.7% (2023: 28.5%) as the Group adopted a series of proactive measures in responses to evolving challenges as well as benefiting from the strength of the US Dollar, being the main revenue currency of the Group. The ongoing measures to maintain operational efficiency resulted in the Group experiencing invariable overall costs of goods sold such as direct labour, utilities, depreciation and logistic expenses while facing pressures in supply chain and fluctuating material costs during the year. The cost of sales increased by approximately 7.9% or approximately HK$17,068,000 from approximately HK$217,101,000 for the year ended 31 December 2023 to approximately HK$234,169,000 for the year ended 31 December 2024 and it is in line with the growth in sales.

Other Income and Other Operating Expenses

During the year, the Group's other income mainly comprised of rental income, recharged freight cost, and scrap sales of approximately HK$2,696,000, HK$2,213,000 and HK$2,986,000 (2023: HK$2,554,000, HK$4,096,000 and HK$1,990,000) respectively.

During the year, there was a net loss of approximately HK$150,000 (2023: HK$2,819,000) on derivative financial instruments and a net gain on foreign exchange of approximately HK$1,884,000 (2023: HK$2,362,000) recorded under the Group's other operating expenses, net.

Revaluation loss of investment properties amounted to approximately HK$8,076,000 for the year ended 31 December 2024 *(2023: Revaluation loss of investment properties and impairment loss of buildings approximately HK$5,634,000 and HK$5,192,000 respectively)*. The loss was primarily attributable to the drop in their valuations under the influence of the PRC and Hong Kong real estate market environment.

Profit for the year

The Group recorded a net profit margin of 7.9% in 2024 compared to 5.2% in 2023. The increase in net profit margin were mainly due to cost controls implemented to maintain gross margins during the year as well as increase in other income for the year ended 31 December 2024.

The Group concluded the year with a net profit of approximately HK$25,804,000 in 2024, representing an increase of 64% as opposed to a net profit of approximately HK$15,746,000 achieved in 2023. Accordingly, the Group's EBITDA (earnings before interest, tax, depreciation and amortisation) for 2024 stood at approximately HK$38,586,000 as compared to approximately HK$28,278,000 recorded in 2023, representing a healthy increase. Basic earnings per share increased from 7.9 HK cents in 2023 to 13.0 HK cents in 2024.

Liquidity, financial resources and capital structure

Due to the stockpiling mandate from customers, Management had to order and purchased materials, produced finished goods and shipped in advance which resulted in higher inventory level of approximately HK$129,365,000 as at 31 December 2024 (2023: HK$110,269,000). Nonetheless, the increased sales volume resulted in a decrease of the Group's inventory turnover days from 216 days at 31 December 2023 to 187 days at 31 December 2024.

Due to the increased shipments, trade and bills receivables recorded an increase from approximately HK$69,054,000 as at 31 December 2023 to approximately HK$80,903,000 as at 31 December 2024. During the year under review, precautionary steps continued to be taken by Management included constant review and monitoring of receivables due from the major customers and regular assessment of their publicised financial status.

With that, the Group's cash and cash equivalents as of 31 December 2024 increased by 35.3% to approximately HK$52,765,000 *(2023: HK$39,008,000)*. The Group has no bank borrowings as at 31 December 2024 and 31 December 2023. The financial impacts for the strategies in place resulted in favourable financial position in view of the Group's zero gearing level for the two financial years. The Group had lower cash inflow from operating activities of approximately HK$21,656,000 *(2023: HK$58,535,000)* during the year was mainly due to an increase in inventories and trade receivables.

Capital Expenditure

During the year, capital expenditure approximates to HK$5,303,000 *(2023: HK$4,265,000)*.

Pledge of Assets

At 31 December 2024, the Group's trade and loan finance facilities amounted to approximately HK$72,300,000, which were secured by limited guarantees given by the Company and certain subsidiaries.

Segment Information

During the year under review, America, the PRC and Japan (2023: America, the PRC and Hong Kong) were the Group's major markets, accounting for approximately 72%, 12% and 8% *(2023: 70%, 12% and 9%)* of the Group's total sales respectively. The remaining 8% (2023: 9%) of sales were generated from customers located in Hong Kong, Vietnam and other countries *(2023: Japan, Vietnam and other countries)*.

Foreign Exchange Exposure

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

Contingent Liabilities

At 31 December 2024 and 2023, the Group did not have any material contingent liability.

BUSINESS REVIEW

Revenue

The Group's revenue increased by 8.3% to HK$328.5 million in this financial year 2024. Over the 12 months period, the Group delivered above market growth in certain regions. Sales in North America grew by 11.45%, while sales in the PRC grew a modest 2.2% and Japan sales also delivered 3.6% moderate growth.

However, the Group has other comprehensive loss for the year ended 31 December 2024 of HK$7,691,000 (2023: HK$4,423,000) due to the depreciation of Renminbi ("RMB") and Vietnamese Dong ("VND") against HK$, which led to a foreign exchange loss from translation of financial information of the subsidiaries in the PRC and Vietnam, as a substantial part of the Group's net assets is denominated in RMB and VND while the reporting currency of the consolidated financial information is in HK$. The Group also recorded a revaluation surplus of HK$7,939,000 (2023: nil) during the same financial year. This resulted in an audited total comprehensive income for the year of HK$26,052,000 (2023: HK$11,323,000).

The Group's major US customers are primary manufacturers of commercial and domestic heating, ventilation, and air conditioning (HVAC) equipment and white appliances. In spite of the enduring inflation, high interest rates and fear of an impending recession looming and other challenging conditions affecting North America market, the Group recorded a hike in deliveries to our US customers which accounted for 72% (2023: 70%) of sales during the year under review. For the North America economy in 2024, inflation has been a major hindrance. However, instead of raising rates to dampen inflation, the US Federal Reserve ("FED") cut rates since September 2024 to bolster the domestic market, causing spillover effects to certain segments of the American economy and resulting to the Group's major market, the U.S., demonstrated a solid growth during the year under review.

The uncertainties brought about by elections and change of leaderships in a number of major countries resulted in fluctuation in the economy, posing challenges not only for domestic consumptions but also business ordering decisions. In the PRC, the economic growth has slowed down, caused by the continuing weakness in real-estate market and sluggish consumption, but it still accounted for approximately 12% of the Group's revenue, as our products delivered within the PRC and Hong Kong may ultimately be shipped together with customers' finished goods to other regions.

Emerging markets showed varied growth across countries, with Japan remained stable despite the robust exports resulting from the weaker Japanese currency and solid local consumption, accounting for approximately 8% of the Group's revenue.

Management saw the year 2024 a recovery of economic activities as businesses continued to face multitude of challenges as global economic landscape continued to remain fragile and volatile. Throughout the year, regional geopolitical conflicts intensified as tensions continued to cast shadow over international trade and relations, with unresolved conflicts affecting recovery in global trades.

In the past year, global inflation reached its peak in many countries, causing interest rates to remain high at major economies. Continued uncertainties caused by the unceasing Russian–Ukrainian war, the ongoing worsening Sino-US trade contests and Israel-Gaza confrontation were further exacerbated by the outcome of the US election in November 2024.

This confluence of economic obstacles has hindered an overall global business and economic growth. In the face of these challenges, the Group operated in an environment fraught with uncertainties, but, at the same time, managed to demonstrate resilience and adaptability in product range offered despite the adversities. Sales of power cords accounted for 53% (2023: 55%), wire harness recorded 45% (2023: 42%) while cables, wires and plastic resins accounted for remaining 2% (2023: 3%) of the Group's revenue.

The Sino-US trade disputes induced customers to move further production away from the PRC for North America destined goods and led to weakness in certain customers' traditional target export markets and production location preference imposed by major customers and also to fewer orders for our PRC factory. The Directors have to make provisions for downsizing the PRC operations and shifted more production to our wholly owned Vietnam factory in Quang Ngai, which accounted for 67% (2023: 59%) of the Group's revenue, supported by additional new equipment to fulfill the enlarged orders allocated during the year under review.

The industry landscape in 2024 still presented several challenges, prompting the Directors to continue making adjustments. Even with the fluctuation in material costs, the Group was able to maintain gross margin of around 28% despite excess manufacturing capacity at many of its peers putting competitive pressure on the cable manufactory industry but customer restocking programs led to increase in Group's inventory level as at 31 December 2024 by approximately 17.3% to approximately HK$129,365,000 (2023: HK$110,269,000). In addition, political factors have led some customers to prioritize out-of-China suppliers and continued to pose significant challenges to fill production capacities of the Group's PRC factories.

The quest to move further production away from the PRC for North America destined goods led to less employment of the Group's PRC production facilities, which accounted for 33% (2023: 41%) of Group's revenue due to the underutilization of the Group's property, plant and equipment in the PRC during the year under review. Management resolved to convert the Group's Heyuan factory to investment property and was partially leased during the first half of the year to a third party for alternate usage which generated interim rental income for the Group.

Notwithstanding the increased sales, uncertain movements of copper prices, shipping costs plus additional workers to fulfill increased orders were mitigated by the depreciation of RMB and weaker VND. The Directors implemented cost control measures in minimizing direct labor costs, complimented by new and efficient production equipment, including installation of rooftop solar power system at the Vietnam factory, as well as keeping a tight lid on administrative and operating expenses. During the year under review, Management continued with cautious financial management strategies and kept zero gearing level (total borrowing divided by total equity) to avoid incurring high borrowing costs and resulted in the increase of audited consolidated profit attributable to shareholders by 7.9% to HK$25,804,000 (2023: HK$15,746,000). Earnings per share was HK$0.13 (2023: HK$0.079).

The Group delivered HK$14,241,000 of net cash inflow in 2024, reflecting the improvements in net profit and working capital strategies the Directors implemented in 2024. Our prudent management and conversative culture are the reasons for delivering favorable financial results.

FUTURE PROSPECT

There is a very significant level of uncertainty right now as geopolitical and trade tensions issues have dominated the markets in recent weeks and months and for the rest of 2025.

Perseverance was once again demonstrated as the Group adeptly navigated the cyclical nature of business environment, challenges and adversity in 2024. Throughout the year, the persistent global macroeconomic challenges have proven tenacious, with the combination of mounting interest rates, inflationary pressure and the escalating geopolitical tensions shaping the global economic landscape, rendering the business environment both volatile and challenging. In addition to these challenges, trade policy uncertainties, trade protectionism and tariff disputes among major economies have further complicated the international business environment for the Group with production facilities in the PRC.

As the Group approaches the year 2025, there is an expectation that the delicate nature of these macro-economic factors will persist. The unpredictable movement of the US Dollar and uncertain trade policies of the new US administration indicate a sustained vulnerability and fragility in the American economy, being the Group's major revenue currency and market. However, as challenging as it can be and barring any unforeseen circumstances, the Group endeavors to achieve yet another year of stable business growth with a steadfast focus on meeting our customers' needs.

The first few months of the new US President ("Trump") administration have been characterized by erratic changes to trade policy, implemented a whirlwind of tariffs including unleashing punishing excise against major trading partners like Mexico, Canada and China, and levies on certain goods. As Canada and Mexico vowed to retaliate against Trump's tariffs, China too had hit back. Management has to be prepared for a more turbulent time ahead in 2025, and will need to adjust and find workarounds. This time, the speed and scale of the tariffs, combined with retaliation from all sides, leave far less room to navigate.

Furthermore, our business is not immune to the fact that the United States ran a US$123.5 billion trade deficit with Vietnam in 2024, according to the Office of the United States Trade Representative (USTR). Being the third-highest behind China and Mexico, Vietnam is bound to have economic conflict with the US. US President Trump indicated that he would be imposing both broad reciprocal tariffs and additional sector-specific tariffs on 2 April, 2025, not long after the publication of this results announcement. The implications of the new policy on our major Southeast Asia production facility are still indeterminate, as many questions remain unanswered. Implementation difficulties could raise transaction costs in determining the origin of a product in a world of global supply chains and become increasingly difficult and costly. Trump's tariff policies will be marked with uncertainties in the coming months, as negotiations and retaliation threats continue. The president has flipped-flopped over when tariffs will be imposed, which goods they will apply to and how high they will be.

If the announced trade policy actions persist, the new bilateral tariff rates will raise revenues for the governments imposing them but there will be a drag on global activities, corporate revenues and regular consumer expenditures, adding to trade costs, raising the price of covered imported final goods for consumers and intermediate inputs for businesses.

The geopolitical landscape remains fraught with tariffs tensions that continue to impact global trade. Ongoing disputes between major economies and escalating regional and global conflicts are reshaping international relations and business environments. The unresolved Russia-Ukraine conflict and prolonged instability in the Middle East intensifying have influenced and continue to impact global trade, energy supplies and consumer confidence. The sanctions, trade barriers, and shifts in global alliances also push supply chain issues and further strain global markets. These factors are destabilizing economies, influencing supply chains, and reducing consumer purchasing power thereby dampening overall demand and adding a layer of uncertainty to market dynamics.

The Group's top five (5) customers accounted for approximately 82% *(2023: 79%)* of the Group's total revenue in the year 2024, the Group has relied heavily on a limited number of customers, products, and geographical markets, which may have significant impacts to its performance especially when the world is facing intensified geopolitical risks. With the goal to mitigate market concentration risks and ensure a steady recovery and sustainable growth, the Group has been agile but sustainable success depends on its customers' outsourcing strategies continue to change in response to the general economy, government policies and end consumer demands.

Continuous launch of newly developed wire cables and power cord products will enable the Group to continue to maintain our revenue impetus amid a rapidly changing business environment. The Group's continuing success in meeting demand by working closely with our clients underpin our expectation of further improvement in 2025. The strong product development capabilities of our PRC factory along with proven sourcing and procurement competence has placed the Group in a readiness position to respond to potential market disruption. Ongoing negative preferential sentiment makes situation rather difficult, but Management will continue to review utilization status of our PRC facilities to ensure better employment of resources going forward.

The plans to expand business is contingent upon the success of measures taken to alleviate and mitigate side effects of the persisting Sino-US trade rivalry, because few major American customers account for substantial portion of the Group's business. Similar to 2024, there are huge uncertainties on how the situation will unfold as management will need to maintain operations of both our valuable PRC and competitive Vietnam factories and align production in line with ongoing demand by our customers, who are periodically assessing their sourcing strategies and order allocations.

Against this backdrop, with the view of probable further deterioration of the values of the Group's investment properties in the PRC and Hong Kong, the Directors adopted a more conservative approach in maintaining zero borrowings and conserving cash and positioning itself strategically to remain competitive and relevant.

To conclude, the Directors maintain a keen awareness of the prevailing economic fragility and is committed to addressing it with a proactive and strategic approach which center on serving our customers' needs. In addition to allocating resources to areas with significant potential, the Group will continue to place a strong emphasis on continuous innovation and improvement in its product design and operational processes.

Looking forward to 2025, we are well positioned in anticipating sales growth for the Group overall, while continuing to focus on preserving performing areas of our business. With zero borrowings at the year end of 2024, our balance sheet is extremely healthy. We are actively deploying our capital and are well placed to make timely adjustments to continue growing the business and protecting profitability. In 2025, we will continue our mission of placing customers at heart of its business to provide exceptional values. The Group's development capabilities and agility, coupled with strong industry partnerships and diversified manufacturing bases, positioning itself well to maintain competitiveness in a rapidly changing environment, capitalize on new opportunities, and drive sustainable growth, while delivering satisfactory financial results.

We are confident as the Group is well placed to overcome ongoing and new challenges. We believe having weathered the effects of economic uncertainties and wars in 2024, the Group moved into 2025 with cautious optimism, prepared to both capture new opportunities arising from anticipated gradual market recovery and navigate through continuing disruptions.

EMPLOYEES' REMUNERATION POLICY

At 31 December 2024, the Group employed 880 *(2023: 730)* full time management, administrative and production staff worldwide. The proportion of male to female is 1:2.1 *(2023: 1:1.8)*. 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 total amount of employee's remuneration was set out in note 11 to the consolidated financial information in this report. The Group invests in its human capital, including on-job training as well as 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 Hong Kong, the PRC and Vietnam.

With regards to the Group's ESG performance, please refer to the Group's ESG report which will be available on the Company's website at https://perennial.todayir.com and the Stock Exchange's website before 30 April 2025.

AUDIT COMMITTEE

The Audit Committee has reviewed the interim financial report for the six months ended 30 June 2024 and the audited financial results of the Group for the year ended 31 December 2024 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 and risk management systems and made recommendations to the Board. The Board has engaged an outsourced consultant to perform internal control review services for the Group.

The Audit Committee has full and direct access to the outsourced internal audit consultant, reviews the reports on all audits performed and monitors the audit performance. The Audit Committee also reviews the adequacy of the scope, functions, competency and resources of the outsourced internal audit functions.

THE CORPORATE GOVERNANCE CODE

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 Listing Rules as Appendix C1, and adopted recommended best practices set out in the Code whenever appropriate. 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 (the "Model Code") as set out in Appendix C3 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 WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The information required by Appendix D2 to the Listing Rules will be published on the Stock Exchange's website http://www.hkex.com.hk and on the Company's website http://perennial.todayir.com in due course.

CLOSURE OF REGISTER OF MEMBERS

The forthcoming annual general meeting of the Company will be held on Tuesday, 20 May 2025 ("2025 AGM").

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

(i) from Thursday, 15 May 2025 to Tuesday, 20 May 2025, 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 2025 AGM. In order to be eligible to attend and vote at the 2025 AGM, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar, Union Registrars Limited at Suites 3301-04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Wednesday, 14 May 2025.

(ii) from Wednesday, 28 May 2025 to Friday, 30 May 2025, 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, Union Registrars Limited at Suites 3301–04, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Tuesday, 27 May 2025.

APPRECIATION

As we move forward into 2025, we wish to thank all our stakeholders – most notably the clients, shareholders, suppliers and employees – for their resilience, dedication and enthusiasm during these turbulent times. It is with their continued support that the Group will succeed in growing its strength and delivering even greater value in the new financial year and for many more years to come.

By Order of the Board
Perennial International Limited
MON CHUNG HUNG
Chief Executive Officer and Deputy Chairman

Hong Kong, 27 March 2025

The figures set out in the preliminary announcement in respect of the Group's consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and the related notes thereto for the year ended 31 December 2024 have been agreed by the Group's auditor, Forvis Mazars CPA Limited ("Forvis Mazars"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by Forvis Mazars 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 Forvis Mazars on the preliminary announcement.

As at the date of this announcement, the executive Directors are Mr. MON Chung Hung, Mr. CHAN Chun Yiu, Ms. MON Wai Ki, Vicky, Ms. MON Tiffany and Mr. MON Derek, 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.