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Perennial

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Perennial International Limited

(Stock code: 00725)

2024

Annual Report

CONTENTS

CORPORATE INFORMATION

Board of Directors

Executive Directors

Mon Chung Hung
(Chief Executive Officer and Deputy Chairman)
Chan Chun Yiu
Mon Wai Ki, Vicky
Mon Tiffany
Mon Derek

Non-Executive Director

Koo Di An, Louise *(Chairman)*

Independent Non-Executive Directors

Lau Chun Kay
Lee Chung Nai, Jones
Chung Kit Ying

Audit Committee

Lau Chun Kay *(Committee chairman)*
Lee Chung Nai, Jones
Chung Kit Ying
Koo Di An, Louise

Remuneration Committee

Lau Chun Kay *(Committee chairman)*
Lee Chung Nai, Jones
Chung Kit Ying
Koo Di An, Louise

Nomination Committee

Lau Chun Kay *(Committee chairman)*
Lee Chung Nai, Jones
Chung Kit Ying
Koo Di An, Louise

Compliance Committee

Koo Di An, Louise *(Committee chairman)*
Mon Chung Hung
Chan Chun Yiu
Mon Wai Ki, Vicky
Mon Tiffany
Mon Derek
Lau Chun Kay
Lee Chung Nai, Jones
Chung Kit Ying

Authorised Representatives

Mon Chung Hung
Chan Chun Yiu

Company Secretary

Lai Wing Hong

Registered Office

Clarendon House
2 Church Street, Hamilton HM11
Bermuda

Principal Place of Business in Hong Kong

Units 2004-06, 20th Floor
Greenfield Tower, Concordia Plaza
1 Science Museum Road
Tsimshatsui, Kowloon, Hong Kong

Stock Code

Stock Code on The Stock Exchange of
Hong Kong Limited: 00725

Legal Advisor

CLKW Lawyers LLP
Rm 1901A, 1902 & 1902A, 19/F,
16-18 Queen's Road Central,
Hong Kong

Principal Bankers

Hang Seng Bank
China Construction Bank (Asia)
Dah Sing Bank
DBS Bank

Auditors

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants and Registered PIE Auditor
42/F, 18 Harbour Road, Wanchai, Hong Kong

Principal Registrar and Transfer Office

Conyers Corporate Services (Bermuda) Limited
Clarendon House
2 Church Street, Hamilton HM 11
Bermuda

Branch Registrar and Transfer Office

Union Registrars Limited
Suites 3301-04, 33/F,
Two Chinachem Exchange Square
338 King's Road, North Point, Hong Kong

Website

https://perennial.todayir.com

Mission Statement

Perennial International Limited is dedicated to maintain the high quality of its products, manufacturing processes and service to customers and to forge a worldwide reputation as a business demanding excellence in all of its operations.

Corporate Profile

The Perennial Group, founded in 1989, manufactures and trades quality wire harnesses, power cords, power cord sets, cables and solid wire and plastic resins. The Group's primary markets are America, Europe, Australia, Mainland China, Japan and Southeast Asia where it sells to prominent multi-national producers of electrical and electronic products.

Headquartered in Hong Kong, as at 31 December 2024, the Group employed 880 full time staff worldwide involved in management, sales and marketing, shipping, procurement, financial and accounting, engineering, production and manufacturing. The Group considers its employees to be its most important asset while its key values are quality, prudence and integrity.

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors" or "Management") of Perennial International Limited (the "Company"), I am pleased to announce the audited consolidated financial results of the Company, together with its subsidiaries (the "Group") for the year ended 31 December 2024.

The Group's revenue 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 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.

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.

Business Review

Revenue

The Group's revenue increased by 8.3% to HK$328.5 million in this financial year 2024. Over the 12-month 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.

Business Review (Continued)

Revenue (Continued)

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 of 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 declined 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, complemented 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 date of this report. 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.

FUTURE PROSPECT (Continued)

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.

Corporate Governance

The Group is committed to safeguarding shareholders' rights and enhancing corporate governance standard. As a result, the Group has established the Compliance Committee, Audit Committee, Remuneration Committee and Nomination Committee to adhere to the best practice.

Social Responsibility

The Group's factories are regularly subject to factory audit by multinational enterprises. The factory audit serves 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.

Vote of Thanks

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
Koo Di An, Louise
Chairman

Hong Kong, 27 March 2025

MANAGEMENT DISCUSSION AND ANALYSIS

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 purchase materials, produce finished goods and ship 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)*.

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 13 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.

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.

CORPORATE GOVERNANCE REPORT

The Company is firmly committed to statutory and regulatory corporate governance standards with emphasis on transparency, independence, accountability, responsibility and fairness.

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.

The Board

The Board's primary role is to protect and enhance long-term shareholder value. It sets the overall strategy for the Group and supervises executive management to whom the responsibility of managing the day-to-day operation of the Group is delegated. In the course of discharging its duties, the Board acts in integrity, due diligence and care, and in the best interests of the Company and its shareholders.

The Board oversees the Company in a responsible and effective manner. It has adopted formal terms of reference which details its functions and responsibilities. Its main responsibilities include, but not limited to, ensuring competent management, approving objectives, strategies and business plans, ensuring prudent conduct of operations within laws and approved policies, ensuring and monitoring integrity in the Company's conduct of affairs. Day– to-day management of the Group is delegated to the Executive Directors or the officer in charge of each division who are given clear directions as to his/her powers and are required to report back to the Board. Functions reserved to the Board and delegated to the management are reviewed periodically. The Directors, as members of the Board, jointly share responsibility for the proper direction of the Company. The Company has formal service contract with each Director setting out the key terms and conditions of his/her appointment.

The Board currently consists of nine (9) members whose details are set out on pages 31 to 33 of this report. It meets quarterly and holds specific meetings as and when they are deemed necessary. The Board held four (4) meetings during the year ended 31 December 2024. Notices of Board meetings were given to the Directors at least 14 days prior to the date of the meetings with the agenda and any accompanying Board papers sent at least three days before the date of the meetings. All Directors are given the opportunity to include matters for discussion in the agenda. Minutes of the Board meetings and committee meetings, recording in sufficient detail the matters considered and decisions reached, are kept by the Company Secretary and sent to the Directors or the committee members (as appropriate) for their comment and records within reasonable time after the meeting is held. They are also available for inspection by the Directors at any reasonable time on reasonable notice by any Director. A record of the Directors' attendance at Board meetings is set out on page 26 of this report.

The Group provides extensive background information about its history, mission and businesses to the Directors. The Directors are also provided with the opportunity to visit the Group's operational facilities and meet with the management to gain a better understanding of its business operations.

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

During the year, all Directors, namely, Messrs Mon Chung Hung, Chan Chun Yiu, Mon Wai Ki, Vicky, Mon Tiffany, Mon Derek, Koo Di An, Louise, Lau Chun Kay, Lee Chung Nai, Jones and Chung Kit Ying, received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. Materials on new or changes to salient laws and regulations applicable to the Group were provided to the Directors. They also attended regulatory update sessions and seminars on relevant topics. All Directors are requested to provide the Company with their respective training record pursuant to the Code and confirmed that they have complied with C.1.4 of the Code.

The Board has separate and independent access to the senior management and the Company Secretary at all times. The Board and each Board Committee also has access to independent professional advice where appropriate.

The Company has arranged for appropriate liability insurance for the Directors and the senior management of the Group for indemnifying their liabilities arising out of corporate activities. The insurance coverage is reviewed on an annual basis.

The Board (Continued)

In order to reinforce independence, accountability and area of responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. Ms. Koo Di An, Louise is the chairman of the Company and Mr. Mon Chung Hung is the chief executive officer of the Company. Their respective responsibilities are clearly established and set out in writing. The Chairman manages the Board and is responsible for ensuring that adequate information is provided to the Directors in a timely manner and all Directors are properly briefed on issues arising at Board meetings, while the Chief Executive Officer is responsible for implementing strategies, policies, and for conducting the Group's businesses.

Pursuant to the Bye-laws of the Company, one-third of the Directors must retire at each annual general meeting, and may offer themselves for re-election. Notwithstanding that the non– executive Directors are appointed for a specific term of one to three years, they are also subject to retirement by rotation at least once every three years as other Directors do. To enhance accountability, any further re-appointment of an independent non-executive Director, who has served the Board for more than nine years, is subject to a separate resolution to be passed by the shareholders. In addition, Directors who are appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment according to the Company's Bye-laws.

Pursuant to the requirement of the Listing Rules, the Company confirms receipt of a written confirmation from each of the independent non-executive Directors for confirmation of his independence to the Company. The Company considers all its independent non-executive Directors to be independent.

Responsibilities of the Directors for the Consolidated Financial Statements

The Board should present a balanced, clear and comprehensible assessment of the Company's and the Group's performance, position and prospects. The Directors should prepare the consolidated financial statements on a going concern basis, with supporting assumptions or qualifications as necessary. The Board's responsibility to present a balanced, clear and understandable assessment extends to annual and interim reports, other price– sensitive announcements and other financial disclosures required under the Listing Rules, and reports to regulators as well as to information required to be disclosed pursuant to statutory requirements.

Board Committees

The Board has established four (4) committees, each of them having specific terms of reference, to consider matters relating to specialised areas and to advise the Board or, where appropriate, to decide on behalf of the Board on such matters. Details of these committees and their principal terms of reference are as follows:

Audit Committee

The Audit Committee was established on 1 April 2003. Its current members include three (3) independent non-executive Directors and one (1) non-executive Director, who are:

Independent Non-Executive Directors
Mr. LAU Chun Kay *(Chairman)*
Mr. LEE Chung Nai, Jones
Ms. CHUNG Kit Ying

Non-Executive Director
Ms. KOO Di An, Louise

The terms of reference of the Audit Committee are available on the Company's website at https://perennial.todayir.com and the Stock Exchange's website.

The Audit Committee is mainly responsible for reviewing the Group's financial and accounting policies and practices, making recommendation to the Board on the appointment, re-appointment and removal of the external auditor and any question of resignation or dismissal, their audit fees, matters relating to the independence of the external auditor; meeting with the external auditor to discuss the nature and scope of the audit, and matters of concern when requested to do so by the external auditor; reviewing the interim financial report and annual consolidated financial statements before they are submitted to the Board; discussing problems and reservations arising from the interim review and final audit, and any other matters the external auditor may wish to discuss, and reviewing the external auditor's letter to the management and the management's response; considering any major investigation findings on internal control and risk management systems matters as delegated by the Board or on its own initiative and the management's response to these findings and reviewing arrangements which employees may use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control, risk management systems or other matters.

Board Committees (Continued)

Audit Committee (Continued)

The Audit Committee meets at least twice a year with the external auditor. The Audit Committee held two (2) meetings during the year ended 31 December 2024. An attendance record of its members at the Audit Committee meetings is set out on page 16 of this report.

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.

Remuneration Committee

The Remuneration Committee was established on 21 November 2005. Its current members include three (3) independent non-executive Directors and one (1) non-executive Director, who are:

Independent Non-Executive Directors
Mr. LAU Chun Kay *(Chairman)*
Mr. LEE Chung Nai, Jones
Ms. CHUNG Kit Ying

Non-Executive Director
Ms. KOO Di An, Louise

The Remuneration Committee is mainly responsible for reviewing the Group's remuneration policies, determining the specific remuneration packages for executive Directors and senior management, including terms of salary, discretionary bonus scheme, benefits in kind, pension rights, compensation payments and other long-term incentive schemes, and making recommendations to the Board on remuneration of the non– executive Directors and senior management. The terms of reference of the Remuneration Committee setting out its authority and responsibilities are available on the Company's website at https://perennial.todayir.com and the Stock Exchange's website.

The Remuneration Committee met once (1) in the year of 2024. During the meeting, the committee members discussed the policy for the remuneration of the executive Directors and senior management, assessed the performance of the executive Directors and approved the remuneration packages of the executive Directors. An attendance record of its members at the Remuneration Committee meeting is set out on page 16 of this report.

Nomination Committee

The Nomination Committee was established on 21 November 2005. Its current members include three (3) independent non-executive Directors and one (1) non-executive Director, who are:

Independent Non-Executive Directors
Mr. LAU Chun Kay *(Chairman)*
Mr. LEE Chung Nai, Jones
Ms. CHUNG Kit Ying

Non-Executive Director
Ms. KOO Di An, Louise

The Board adopts a board diversity policy (the "Board Diversity Policy") which sets out its approach to achieve and maintain its diversity through consideration of a number of measurable objectives including skills, professional experience, cultural and educational background, gender, age, as well as other attributes and strengths that are required for the Company's business from time to time. Board appointments are made on a merit basis and candidates are considered against objective selection criteria, with due regard for the benefits of diversity on the Board.

Board Committees (Continued)

Nomination Committee (Continued)

The Nomination Committee is mainly responsible for reviewing the structure, size, composition and diversity (including, without limitation, gender, age, cultural and educational backgrounds, skills, knowledge and experience) of the Board on a regular basis, reviewing the candidates' qualification and competence and the Board Diversity Policy, assessing the independence of the independent non-executive Directors and making recommendations to the Board on appointment and re-appointment of Directors and the requirement on board diversity, so as to ensure that all nominations are fair and transparent. Having taken into account the above objective criteria, the Nomination Committee was of the view that the Company has a diverse Board. The revised terms of reference of the Nomination Committee setting out its authority and responsibilities are available on the Company's website at https://perennial.todayir.com and the Stock Exchange's website.

The Nomination Committee met once (1) in the year of 2024. During the meeting, the committee members discussed the procedures and criteria which should be adopted by them in nominating candidates for directorship and agreed that such criteria should include the candidates' professional background, their financial and commercial experience and their past track record with other listed companies (if any). Candidates who satisfy the relevant criteria are then short-listed by the chairman of the Nomination Committee before their nominations are proposed to the Nomination Committee. The Nomination Committee subsequently meets to select the final candidates and submit its recommendation to the Board for its final approval. An attendance record of its members at the Nomination Committee meeting is set out on page 16 of this report.

The Company currently has four female Directors and the Board will endeavour to at least maintain female representation on the Board and take opportunities to increase the proportion of female members over time as and when suitable candidates are identified.

Compliance Committee

The Compliance Committee was established on 25 November 2005. Its current members include five (5) executive Directors, one (1) non-executive Director and three (3) independent non-executive Directors, who are:

Executive Directors
Mr. MON Chung Hung
Mr. CHAN Chun Yiu
Ms. MON Wai Ki, Vicky
Ms. MON Tiffany
Mr. MON Derek

Non-Executive Director
Ms. KOO Di An, Louise *(Chairman)*

Independent Non-Executive Directors
Mr. LAU Chun Kay
Mr. LEE Chung Nai, Jones
Ms. CHUNG Kit Ying

The Compliance Committee is mainly responsible for (i) reviewing corporate communication issued by the Company so as to ensure compliance in every respect with the listing requirements contained in the Listing Rules; and (ii) reviewing transactions entered into by the Company so as to ensure compliance with the relevant laws and regulations applicable to the Company whether of Hong Kong or elsewhere. To enhance corporate governance, the Compliance Committee was also delegated with the responsibilities of (i) developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) developing, reviewing and monitoring the code of conduct applicable to employees and Directors; and (iv) reviewing the Company's compliance with the Code and disclosure in the corporate governance report. Where necessary, the Compliance Committee would seek professional advice in respect of the requirements of the Listing Rules and other applicable laws and regulations so as to improve the existing compliance procedures of the Company.

The Compliance Committee held one (1) meeting during the year ended 31 December 2024. During the meeting, the committee members discussed the recent amendments to the Listing Rules relating to corporate governance and resolved that more resources should be allocated for meeting the increasingly stringent requirements of the regulatory authorities. It was also suggested all future amendments to the Listing Rules should be circulated to members of the senior management so that they all understand and can help the Company to comply with its obligations under the Listing Rules and seminars on Listing Rules updates and corporate governance practices should be arranged for members of the senior management and other interested Directors. An attendance record of its members at the Compliance Committee meeting is set out on page 16 of this report.

Internal Control

The Board is responsible for internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance with applicable laws, rules and regulations. The procedures provide reasonable but not absolute assurance against material errors, losses or fraud.

The Board has engaged an outsourced internal audit consultant to perform independent internal control review services. Thereafter, the outsourced consultant has assisted the Group to perform a review of the effectiveness of internal control system for certain selected processes. The assessment results and proposed improvement recommendations were reported to the Audit Committee.

The Board, through the Audit Committee, has reviewed annually the effectiveness of the Group's internal control system covering all material controls, including financial, operational and compliance controls and risk management functions and, in particular, consider the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting and financial reporting function for the year ended 31 December 2024. Based on the findings of the outsourced internal audit consultant and the comments of the Audit Committee, the Board considers that the Group's internal control system is effective and adequate. Areas for improvement identified and appropriate measures taken so as to provide assurance that key business and operational risks are identified and managed.

The key procedures that the Board has established to provide effective internal control are as follows:

(a) a comprehensive monthly management reporting system is in place providing financial and operational performance indicators to the management, and the relevant financial information for reporting and disclosure purpose;

(b) management structure with defined roles, responsibilities and reporting lines are established. Delegated authorities are documented and communicated; and

(c) system and procedures are in place to identify, measure, manage and control risks including liquidity, credit, market, business, regulatory, operational and reputational risks that may have an impact on the Group.

Risk Management Function

The Group has established a robust risk management framework, which consists of the Board, the Audit Committee and Senior Management of the Group. The Board determines the nature and extent of risks that shall be taken in achieving the Group's strategic objectives, and has the overall responsibility for monitoring the overall effectiveness of risk management. The Group identifies key risks that would adversely affect the achievement of the Group's objectives, and assesses and prioritises the identified risks according to a set of standard criteria. Risk mitigation plans are then established by the risk owners to manage the risks to acceptable level.

The Board, through the Audit Committee, has reviewed annually the effectiveness of the Group's risk management system for the year ended 31 December 2024. Based on the findings and the comments of the Audit Committee, the Board considers that the Group's risk management system is effective and adequate.

External Auditor

The Audit Committee is responsible for considering the appointment, re-appointment and removal of external auditor subject to endorsement by the Board and final approval and authorisation by shareholders of the Company in general meeting. The Audit Committee assesses the external auditor, taking into account factors such as the performance and quality of the audit and the objectivity and independence of auditor. The existing auditor of the Company is Forvis Mazars CPA Limited ("Forvis Mazars") (formerly known as Mazars CPA Limited) who was first appointed in 2023.

External Auditor's Remuneration

The Group was charged HK$948,000 and HK$222,000 by Forvis Mazars for audit and non-audit services respectively for the year ended 31 December 2024. The non-audit services mainly consist of taxation services.

Financial Reporting

The Board, supported by the accounts department, is responsible for the preparation of the consolidated financial statements of the Company and the Group. In preparing the consolidated financial statements, the Board has adopted generally accepted accounting standards in Hong Kong and complied with accounting standards issued by the Hong Kong Institute of Certified Public Accountants. Appropriate accounting policies have also been used and applied consistently.

The reporting responsibilities of the external auditor are set out in the Independent Auditor's Report on pages 23 to 27 of this annual report.

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.

Shareholders' Rights

The Board and management shall ensure shareholders' rights and all shareholders are treated equitably and fairly. Pursuant to the Company's Bye-laws, any shareholder entitled to attend and vote at a general meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. In addition, shareholders who hold not less than one-tenth of the paid up capital of the Company shall have the right, by written requisition to the Board or the Company Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition. The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company, and may consist of several documents in like form each signed by one or more requisitionists. If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a meeting, but any meeting so convened shall not be held after the expiration of three (3) months from the said date.

Moreover, shareholders who hold not less than one-twentieth of the paid up capital of the Company or not less than 100 shareholders shall have the right, by written requisition to the Board or the Company Secretary of the Company, to put forward a resolution which may properly be moved and is intended to be moved at an annual general meeting. The Company shall not be bound to give notice of the proposed resolution or circulate a statement with respect to the matter referred to in the proposed resolution to shareholders unless (a) a copy of the requisition signed by the requisitionists, or two or more copies which between them contain the signatures of all the requisitionists, is deposited at the registered office of the Company not less than six (6) weeks before the meeting in the case of a requisition requiring notice of a resolution and not less than one (1) week before the meeting in the case of any other requisition and (b) there is deposited or tendered with the requisition a sum reasonably sufficient to meet the Company's expenses in giving effect thereto. If, however, after a copy of the requisition requiring notice of a resolution has been deposited at the registered office of the Company, an annual general meeting is called for a date six (6) weeks or less after the copy has been deposited, the copy though not deposited within the time required as referred to above shall be deemed to have been properly deposited for the purposes thereof.

Chairmen of the various Board committees, or failing the Chairmen, any member from the respective committees, must attend the annual general meetings of the Company to address shareholders' queries. External auditor shall also be invited to attend the Company's annual general meetings and are available to assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of its auditor's report.

For each substantially separate issue at a general meeting, a separate resolution would be proposed. Resolutions put to the vote at any general meeting (other than those on procedural and administrative matters) are taken by poll. Procedures regarding the conduct of the poll are explained to the shareholders at the commencement of each general meeting, and questions (if any) from shareholders regarding the voting procedures would be answered.

Investor Relations

The Company believes in regular and timely communication with shareholders as part of its efforts to help shareholders understand its business better and the way the Company operates.

To promote effective communication with the public at large, the Company maintains a website on which comprehensive information about the Company, its major businesses, financial information and particulars of Directors are posted. The Company's publications, including press releases, announcements, annual and interim reports, shareholders circulars are being made available on this website (https://perennial.todayir.com).

In addition, shareholders who have any enquiries regarding the Company may send their enquiries in writing to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary who will then forward the same to the Board and/or the relevant Board committees for response (where appropriate). The Company reviewed the implementation and effectiveness of the shareholders' communication policy and considered it to be effective.

To support environmental protection, save costs and enhance efficient communication between the Company and Shareholders, pursuant to Rule 2.07A of the Listing Rules, the Company has implemented the electronic dissemination of corporate communication. Details of such arrangements are set out on the Company's website.

The Bye-laws of the Company is available on the websites of the Company (https://perennial.todayir.com) and the Stock Exchange (www.hkexnews.hk).

Company Secretary

Mr. Lai Wing Hong is the company secretary of the Company. He has complied with Rule 3.29 of the Listing Rules and has taken no less than 15 hours of relevant professional training during the financial year ended 31 December 2024.

Directors' Attendance at Board, Audit Committee, Remuneration Committee, Nomination Committee, Compliance Committee and General Meetings

	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Compliance Committee Meetings	General Meetings
Total number of meetings held during the year ended 31 December 2024	4	2	1	1	1	1
Number of meetings attended:						
Executive Directors						
Mr. MON Chung Hung *(Chief Executive Officer & Deputy Chairman)*	4	N/A	N/A	N/A	1	1
Mr. CHAN Chun Yiu	4	N/A	N/A	N/A	1	1
Ms. MON Wai Ki, Vicky	4	N/A	N/A	N/A	1	1
Ms. MON Tiffany	4	N/A	N/A	N/A	1	1
Mr. MON Derek	4	N/A	N/A	N/A	1	1
Non-Executive Director						
Ms. KOO Di An, Louise (Chairman)	4	2	1	1	1	0
Independent Non-Executive Directors						
Mr. LAU Chun Kay	3	1	1	1	1	1
Mr. LEE Chung Nai, Jones	4	2	1	1	1	1
Ms. CHUNG Kit Ying	4	2	1	1	1	1

DIRECTORS' REPORT

The Directors are pleased to present their report together with the audited consolidated financial statements for the year ended 31 December 2024.

Principal Activities and Geographical Analysis of Operations

The principal activity of the Company is investment holding. Its subsidiaries are principally engaged in the manufacturing and trading of electric cable and wire products. The activities of the subsidiaries are set out in note 28 to the consolidated financial statements.

An analysis of the Group's performance for the year by geographical segment is set out in note 5 to the consolidated financial statements.

Five Years Financial Summary

A summary of the results, assets and liabilities of the Group for the last five financial years is set out below. Due to the change in accounting policy for land and buildings, the Group has made retrospective adjustments and restatement on the comparative amounts for the previous years in accordance with HKAS 8.

	2024	2023	2022	2021	2020
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Revenue	**328,578**	303,527	324,524	373,472	282,342
Profit for the year	**25,804**	15,746	18,510	23,597	(11,993)
Total assets	**495,982**	454,852	467,328	536,936	480,718
Total liabilities	**64,332**	45,328	63,158	127,753	103,341
Total equity	**431,650**	409,524	404,170	409,183	377,377

Analysis of the Group's Performance

An analysis of the Group's performance is set forth in the Chairman's Statement on pages 4 to 7 of this report.

Major Suppliers and Customers

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers respectively, classified by individual entity, are as follows:

	%
Purchases	
– the largest supplier	22%
– five largest suppliers combined	65%
Sales	
– the largest customer	37%
– five largest customers combined	82%

None of the directors, their close associates (as defined in the Listing Rules) or any shareholder (which to the knowledge of the directors owns more than 5% of the Company's share capital) had an interest in the major suppliers or customers noted above.

Dividend Policy

Pursuant to the Dividend Policy, the Board shall also take into account the following factors of the Company and its subsidiaries when considering the declaration and payment of dividends:

(a) operating and financial results;
(b) cash flow situation;
(c) business conditions and strategies;
(d) future operations and earnings;
(e) taxation considerations;
(f) capital requirements and expenditure plans;
(g) interests of shareholders;
(h) restrictions under the Bermuda Laws and the Company's memorandum of association and the bye-laws of the Company; and
(i) any other factors that the Board may consider relevant.

Results and Appropriations

The results of the Group for the year are set out in the consolidated income statement on page 28 of this report.

The Group has paid an interim dividend of HK$0.02 per share on 19 September 2024.

The Board recommends the payment of a final dividend of HK$0.03 per share for the year.

Principal Properties

Details of the principal properties held for the Group’s main operations are set out in note 15 to the consolidated financial statements.

Details of the principal properties held for investment purposes are set out in note 16 to the consolidated financial statements.

Share issued in the year

No new shares were issued during the year. Details of shares issued as at 31 December 2024 are set out in note 21 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2024, the Company’s reserves available for distribution, calculated in accordance with the laws of Bermuda, amounted to HK$24,208,000. In addition, the Company’s contributed surplus, amounting to HK$62,548,000 as at 31 December 2024, is available for distribution. However, the Company cannot declare or pay a dividend, or make a distribution out of the contributed surplus if (i) it is, or would after the payment be, unable to pay its liabilities as they become due; or (ii) the net realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital and share premium account. The Company’s share premium account with a balance of HK$15,885,000 as at 31 December 2024 is distributable in the form of fully-paid bonus shares.

Donations

Charitable donations made by the Group during the year amounted to approximately HK$1,990,000.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Company’s Bye-laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

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.

Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, more than 25% of the Company’s issued shares was held by the public as at 27 March 2025, being the latest practicable date prior to the issue of this annual report, in accordance with Rule 8.08 of the Listing Rules.

Analysis of Bank Loans and Other Borrowings

The Group did not have any bank loan and other borrowing as at 31 December 2024.

Directors

The Directors of the Company during the year and up to the date of this report were:

Executive Directors

Mr. MON Chung Hung *(Chief Executive Officer & Deputy Chairman)*
Mr. CHAN Chun Yiu
Ms. MON Wai Ki, Vicky
Ms. MON Tiffany
Mr. MON Derek

Non-Executive Director

Ms. KOO Di An, Louise *(Chairman)*

Independent Non-Executive Directors

Mr. LAU Chun Kay
Mr. LEE Chung Nai, Jones
Ms. CHUNG Kit Ying

Ms. KOO Di An, Louise, Ms. MON Tiffany and Mr. LEE Chung Nai, Jones will retire in accordance with clause 111 of the Company's Bye-laws at the forthcoming Annual General Meeting of the Company. All of them, being eligible, offer themselves for re-election.

The term of office of each non-executive and independent non– executive director is not more than three years and subject to retirement by rotation in accordance with the Company's Bye-laws.

Biographical Details of Directors and Senior Management

The biographical details of the directors and senior management of the Company are set out as follows:

Executive Directors

Mr. Mon Chung Hung, aged 74, is the founder of the Group, the Chief Executive Officer, the Deputy Chairman, an executive Director, the Authorised Representative and a member of the compliance committee of the Board. Mr. Mon has over 46 years of experience in the electric cable and wire industry. He is responsible for the Group's overall strategic planning and policy making. Mr. Mon is a director of Spector Holdings Limited, the controlling shareholder of the Company. He is also the husband of Ms. Koo Di An, Louise and the father of Ms. Mon Wai Ki, Vicky, Ms. Mon Tiffany and Mr. Mon Derek.

Mr. Chan Chun Yiu, aged 53, is an executive Director, the Authorised Representative and a member of the compliance committee of the Board. He is also the Group's Manufacturing Manager and is responsible for quality management and manufacturing engineering. He joined the Group in 1997, holds a Bachelor degree and Master degree in Mechanical Engineering and has over 28 years of experience in the electric cable and wire industry.

Ms. Mon Wai Ki, Vicky, aged 50, is an executive Director and a member of the compliance committee of the Board. She graduated from the Central Queensland University in Australia with a Bachelor of Communications degree. She joined the Group in 2004. As the Marketing Executive, she participates in developing marketing strategies. She is the daughter of Mr. Mon Chung Hung and Ms. Koo Di An, Louise, and the elder sister of Ms. Mon Tiffany and Mr. Mon Derek.

Ms. Mon Tiffany, aged 45, is an executive Director and a member of the compliance committee of the Board, bringing over two decades of experience since joining the Group in 2002. She holds a bachelor's double major degree in economics and management from the University of Sydney, Australia, and is certified as an "RSSGB" (Registered Six Sigma Green Belt) by Six Sigma Institute. She has attained a Professional Diploma for Company Director and a Certificate in Sustainability from the Hong Kong Institute of Directors. In her role as the Marketing Communications Manager, she coordinates marketing strategies and oversees the information system of the Group. Ms. Mon is the daughter of Mr. Mon Chung Hung and Ms. Koo Di An, Louise, and the younger sister of Ms. Mon Wai Ki, Vicky and the elder sister of Mr. Mon Derek.

Mr. Mon Derek, aged 37, is an executive Director and a member of the compliance committee of the Board and is also the Group's sales and marketing manager. He joined the group in 2013. He graduated from University of Sydney with a Bachelor of Science and Technology. He obtained "LSSBB" (Lean Six Sigma Black Belt) certification from Six Sigma Institute. Being the Group's sales representative, he also participates in new product development and product sales. Mr. Mon Derek is the son of Mr. Mon Chung Hung and Ms. Koo Di An, Louise, and the younger brother of Ms. Mon Wai Ki, Vicky and Ms. Mon Tiffany.

Biographical Details of Directors and Senior Management (Continued)

Non-Executive Director

Ms. Koo Di An, Louise, aged 73, is the Chairman, a non-executive Director, the chairman of the compliance committee and a member of the audit, remuneration and nomination committees of the Board. She joined the Group in 1989. Ms. Koo is a director of Spector Holdings Limited, the controlling shareholder of the Company. She is also the wife of Mr. Mon Chung Hung and the mother of Ms. Mon Wai Ki, Vicky, Ms. Mon Tiffany and Mr. Mon Derek.

Independent Non-Executive Directors

Mr. Lau Chun Kay, B.Sc., MBA, M.A., aged 76, is an independent non-executive Director, the chairman of the audit, remuneration and nomination committees and a member of the compliance committee of the Board. He joined the Group in 1996. Mr. Lau is a registered professional engineer and holds a master's degree in business administration and a bachelor's degree in electrical engineering from the University of Hong Kong, and a master degree in history and a master degree in Philosophy from the Chinese University of Hong Kong. Mr. Lau is a Life President of the Hong Kong Electrical Contractors Association. He is also the Executive Director of the Hong Kong Federation of Electrical and Mechanical Contractors. He has over 53 years of experience in management and engineering.

Mr. Lee Chung Nai, Jones, aged 76, is an independent non-executive Director and a member of the audit, remuneration, nomination and compliance committees of the Board. He joined the Group in 2010. Mr. Lee has over 41 years of experience in international trade in toys, among which Mr. Lee had also operated a toys factory with 2,000 workers in China for 11 years. Mr. Lee had also operated a subsidiary company in Hong Kong for a listed company in Australia. Mr. Lee has his own toy company.

Ms. Chung Kit Ying, aged 50, is an independent non-executive Director and a member of the audit, remuneration, nomination and compliance committee of the Board. She joined the Group in December 2017. Ms. Chung obtained a degree of Bachelor of Business Administration and a degree of Master of Science in Finance from the Chinese University of Hong Kong in 1997 and 2007, respectively. Ms. Chung has worked in an international firm of certified public accountants and the finance department of a listed group, and has over 26 years of experience in accounting and auditing. Ms. Chung is a member of Hong Kong Institute of Certified Public Accountants ("HKICPA") and a fellow member of the Association of Chartered Certified Accountants ("ACCA").

Senior Management

Mr. Wong Andy Tze On, aged 57, is the Chief Financial Officer (the "CFO"). He joined the Group in 2021. Mr. Wong has over 27 years of experience in financial management of multinational corporations. He was formally an executive director and the CFO of a locally listed electronic manufacturing group with operations in the US, and production facilities on Mainland China and Indonesia from 1997 to 2019. From August 2020 to September 2021, Mr. Wong was the CFO, authorised representative and Company Secretary of another listed company. Mr. Wong holds a business degree in accounting from Curtin University of Technology, Western Australia and a member of He is a fellow member of the CPA Australia and a member of the Association of Chinese Internal Auditors and the Pan– Asia Risk and Insurance Management Association.

Mr. Siu Yuk Shing, Marco, aged 65, is the Sales Director of the Group and is responsible for sales of the Group's products and product development. He joined the Group in 1989. Mr. Siu has over 36 years of experience in the electric cable and wire industry. Mr. Siu is the directors of several operating subsidiaries of the Company.

Mr. Lai Wing Hong, aged 47, is the Finance Manager and Company Secretary of the Company. He is fellow members of the HKICPA and the ACCA. He holds a Bachelor (Honours) Degree in Accountancy from the Hong Kong Polytechnic University and a Master Degree in Business Administration from the Holmes Institute. Mr. Lai joined the Group in 2019 and is responsible for finance functions and the Company Secretary work. He has over 23 years of experience in auditing and accounting including being the company secretary and the senior financial executive of a GEM board listed company in Hong Kong.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements and Contracts that are Significant in Relation to the Group's Business

No transactions, arrangements and contracts of significance in relation to the Group's business to which its holding company or the Company's subsidiaries was a party, and in which a director of the Company and the directors' connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures

As at 31 December 2024, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein or (iii) pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

Ordinary shares of HK$0.10 each in the Company (the "Shares")

Long Positions in Shares

	Number of shares				
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Total interests**	**Total interests as % of the relevant issued share capital**
MON Chung Hung	–	–	147,810,000 (note 1)	147,810,000	74.29%
KOO Di An, Louise	–	147,810,000 (note 2)	–	147,810,000	74.29%
LAU Chun Kay	138,000	–	–	138,000	0.07%

Note 1: The 147,810,000 Shares were held in the name of Spector Holdings Limited ("Spector Holdings") which is beneficially owned as to 99.9% by Mr. Mon Chung Hung ("Mr. Mon") and as to the remaining 0.1% by Ms. Koo Di An, Louise ("Ms. Koo"). Therefore, Mr. Mon is deemed to be interested in the Shares held by Spector Holdings. Each of Mr. Mon and Ms. Koo is a director of Spector Holdings.

Note 2: Ms. Koo is the wife of Mr. Mon and is thus deemed to be interested in the Shares in which Mr. Mon is deemed to be interested.

Interest in Shares of Associated Corporation of the Company

Name of Director	Name of associated corporation	Capacity	Approximate % of shareholding in associated corporation
Mr. Mon	Spector Holdings	Beneficial owner	99.9%
Ms. Koo	Spector Holdings	Beneficial owner	0.1%

All the interests stated above represent long positions. Save as disclosed above, as at 31 December 2024, none of the Directors and chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or to be entered in the register referred to therein pursuant to Section 352 of the SFO.

Other than those disclosed above, at no time during the year ended 31 December 2024 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or chief executives of the Company or any of their associates to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests in the Share Capital of the Company

As at 31 December 2024, as far as known to the Directors, the following person (other than the Directors and chief executives of the Company) had an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or as recorded in the register required to be kept by the Company under section 336 of the SFO:

	Number of Shares					
Name	**Personal interests**	**Family interests**	**Corporate interests**	**Other interests**	**Total interests**	**Total interests as % of the relevant issued share capital**
Spector Holdings Limited	147,810,000 (note 1)	–	–	–	147,810,000	74.29%

Note 1: Spector Holdings is owned as to 99.9% by Mr. Mon and as to the remaining 0.1% by Ms. Koo.

All the interests stated above represent long positions. Save as disclosed above, as at 31 December 2024, the Directors are not aware of any other person who had an interest or a short position in the Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

Directors' Interest in Competing Business

None of the Directors has an interest in any business which competes or is likely to compete with the business of the Group.

Business Review

Business review of the Group is set forth in the Chairman's Statement on pages 4 to 7 of this report.

Permitted Indemnity Provisions

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company (whether made by the Company or otherwise) or an associated company (if made by the Company).

Auditor

The consolidated financial statements have been audited by Forvis Mazars who will retire at the forthcoming annual general meeting of the Company and, being eligible, offer themselves for re-appointment.

On behalf of the Board
Koo Di An, Louise
Chairman

Hong Kong, 27 March 2025

INDEPENDENT AUDITOR'S REPORT

Forvis Mazars CPA Limited
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Perennial International Limited
To the shareholders of Perennial International Limited
(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Perennial International Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 28 to 71, which comprise the consolidated statement of financial position as at 31 December 2024, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2024, and of its financial performance and cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Consolidated Financial Statements"* section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties The Group owns investment properties in Hong Kong and the People's Republic of China (the "PRC") for investment purpose. These properties are classified as investment properties according to their use with carrying amount of HK$83.4 million as at 31 December 2024. For the year ended 31 December 2024, revaluation loss of HK$8.1 million relating to the investment properties is recorded in the consolidated income statement. The valuations of the investment properties are inherently subjective due to, among other factors, the individual nature of each property and its location. The valuations of the investment properties were carried out by independent professional qualified valuer. We identified the valuation of investment properties as a key audit matter because of its significance to the consolidated financial statements and the judgement and estimation involved in the valuation and the determination of the key assumptions applied in the valuation model. Related disclosures are included in notes 2.7, 4.2 and 16 to the consolidated financial statements.	Our key procedures, where applicable on a sample basis, included: • Obtaining an understanding of the management's internal control and assessment process of valuation for investment properties and assessing the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors; • Assessing the competence, capabilities and objectivity of the independent professional qualified valuer; • Assessing the reasonableness of the valuation methods, key assumptions and underlying data including comparable market transactions adopted by the independent professional qualified valuer based on our knowledge of the market; • Performing sensitivity analysis of the key assumptions to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions; and • Considering the adequacy of the Group's disclosure in respect of the fair value measurement.

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of land and buildings The carrying amount of the Group's property, plant and equipment amounted to HK$123.9 million as at 31 December 2024. Of which, the total carrying amount of the Group's land and buildings amounted to HK$103.2 million as at 31 December 2024. Any impairment of those assets identified may have material impact on the consolidated financial statements. At the end of each reporting period, the Group reviewed internal and external sources of information, including but not limited to technical obsolescence to usage, significant change in use of assets with adverse effect on the Group and economic performance of an asset was expected to be worse than expected, to assess whether there is any indication that land and buildings may be impaired. If any such indication exists, an impairment test will be conducted. The carrying amounts of the assets will be written down to their recoverable amounts which are the higher of fair value less costs of disposal and value in use. The Group shall perform impairment assessment on land and buildings by estimating the recoverable amounts of the cash generating units ("CGUs") to which the land and buildings belong principally based on their value in use or, if applicable, to measure the recoverable amount of certain individual land and building with reference to their fair value less costs of disposal. We identified the impairment of land and buildings as a key audit matter because of its significance to the consolidated financial statements and the judgement and estimation involved in the impairment review and test of land and buildings including the consideration of the indicators of impairment and the determination of the key assumptions applied in the impairment model. Related disclosures are included in notes 2.8, 4.6 and 15 to the consolidated financial statements.	Our key procedures, where applicable on a sample basis, included: • Discussing the process and basis used to identify indicators of impairment of land and buildings with management and reviewing profitability of land and buildings, where such indicators were identified, assessing whether management had performed impairment testing in accordance with the requirements of HKFRS Accounting Standards; • Assessing the competence, capabilities and objectivity of the independent professional qualified valuer; • Assessing the reasonableness of the valuation methods, key assumptions and underlying data including comparable market transactions adopted by the independent professional qualified valuer based on our knowledge of the market; • Performing sensitivity analysis of the key assumptions to assess what changes thereto, either individually or collectively, would result in a different conclusion being reached and assessing whether there were any indicators of management bias in the selection of key assumptions; and • Considering the adequacy of the Group's disclosure in respect of the impairment assessment.

Other Information

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2024 annual report of the Company but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the environmental, social and governance report (the "ESG report") for the year 2024, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Other Information (Continued)

When we read the ESG report for the year 2024, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the Audit Committee and take appropriate action considering our legal rights and obligations.

Responsibilities of Directors and the Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the HKICPA and the disclosure requirements of the Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group’s financial reporting process.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors’ use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants

Hong Kong, 27 March 2025

The engagement director on the audit resulting in this independent auditor's report is:
Chan Hiu Fun
Practising Certificate number: P05709

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	**2024 HK$'000**	2023 HK$'000
Revenue	5	**328,578**	303,527
Cost of sales		**(234,169)**	(217,101)
Gross profit		**94,409**	86,426
Other income	6	**12,973**	9,867
Distribution expenses		**(11,760)**	(7,259)
Administrative expenses		**(56,016)**	(56,088)
Other operating expenses, net	7	**(9,968)**	(14,686)
(Impairment loss)/Reversal of impairment loss on trade receivables	3.1(iii)	**(34)**	41
Operating profit	8	**29,604**	18,301
Finance costs	9	**(8)**	(689)
Profit before taxation		**29,596**	17,612
Taxation	10(a)	**(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)	11	**13.0**	7.9

The above consolidated income statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 **HK$'000**	2023 HK$'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

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Note	**2024** **HK$'000**	2023 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	**123,874**	134,419
Investment properties	16	**83,391**	80,644
Non-current deposits		**204**	390
Deferred tax assets	10(b)	**11,010**	7,742
		218,479	223,195
Current assets			
Inventories	17	**129,365**	110,269
Trade and bills receivables	18	**80,903**	69,054
Other receivables, deposits and prepayments		**6,144**	5,542
Financial assets at fair value through profit or loss	19	**8,240**	7,712
Tax recoverable		**86**	72
Cash and cash equivalents	20	**52,765**	39,008
		277,503	231,657
Total assets		**495,982**	454,852
EQUITY			
Equity attributable to shareholders of the Company			
Share capital	21	**19,896**	19,896
Reserves		**411,754**	389,628
Total equity		**431,650**	409,524
LIABILITIES			
Non-current liabilities			
Lease liabilities	15(b)	**–**	47
Deferred tax liabilities	10(b)	**8,106**	6,182
		8,106	6,229
Current liabilities			
Trade and other payables	22	**51,348**	34,985
Lease liabilities	15(b)	**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

The consolidated financial statements on pages 28 to 71 were approved by the Board of Directors on 27 March 2025 and were signed on its behalf by

MON Chung Hung	**CHAN Chun Yiu**
Director	*Director*

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

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 12)*	**–**	**–**	**–**	**–**	**–**	**–**	**(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 12)*	–	–	–	–	–	–	(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.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	**2024** **HK$'000**	2023 HK$'000
Cash flows from operating activities			
Cash generated from operations	24(a)	**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	24(b)	**–**	(19,000)
Net repayment of trust receipt loans	24(b)	**–**	(3,775)
Payments for principal portion of the lease liabilities	24(b)	**(454)**	(445)
Dividend paid	12	**(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	20	**52,765**	39,008

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. General Information

Perennial International Limited (the "Company") is an investment holding company. The Company and its subsidiaries (together the "Group") are principally engaged in the manufacturing and trading of electric cable and wire products. The principal activities of its subsidiaries are set out in note 28 to the consolidated financial statements.

The Company is a limited liability company incorporated in Bermuda and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

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

2. Summary of Principal Accounting Policies

2.1 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.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

2.2.1 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

Amendments to HKAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

2. Summary of Principal Accounting Policies (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2.1 Adoption of new/revised HKFRS Accounting Standards (Continued)

Amendments to HKAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

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

Amendments to HK Interpretation 5: Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

This Interpretation is revised as a consequence of the above Amendments to HKAS 1 to align the corresponding wordings with no change in conclusion.

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

Amendments to HKAS 7 and HKFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Amendments to HKFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

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

2.2.2 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.

2. Summary of Principal Accounting Policies (Continued)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2.3 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.

2.3 Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of an impairment of the transferred assets. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. Summary of Principal Accounting Policies (Continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker.

2.6 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in HK$, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are generally recognised in profit or loss.

All foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other operating expenses, net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

ii) income and expenses for each income statement and statement of comprehensive income are translated at an average exchange rate (unless this is not a reasonable approximation of the cumulative effects of the rates prevailing on the transaction dates, in which case income and expenses and translated of the date of the transactions); and

iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2.7 Investment properties

Investment properties are land and/or buildings that are held to earn rental income and/or for capital appreciation which include property interest held under lease carried at fair value. Land held under lease is accounted for as investment property when the rest of the definition of an investment property is met.

Investment property is measured initially at its cost, including related transaction costs.

After initial recognition, investment property is carried at fair value representing open market value determined at each reporting date by independent professional qualified valuer. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as income approach. Changes in fair values are recognised in the consolidated income statement as part of a valuation gain or loss in other operating expenses, net.

2. Summary of Principal Accounting Policies (Continued)

2.7 Investment properties (Continued)

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

2.8 Property, plant and equipment

(i) Right-of-use assets

Right-of-use assets consist of leasehold land in Hong Kong and land use rights in the PRC and Vietnam stated at cost less accumulated depreciation and impairment losses and leased property in Hong Kong measured in accordance with accounting policy as disclosed in note 2.9 to the consolidated financial statements. The above right-of-use assets are presented as the corresponding underlying assets of the property, plant and equipment.

(ii) Other property, plant and equipment

Other property, plant and equipment consists of buildings, leasehold improvements, plant and machinery, furniture and fixtures, office equipment, motor vehicles and pleasure boats stated at cost less accumulated depreciation and impairment losses. The cost of an item of other property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the year in which they are incurred.

(iii) Depreciation

Depreciation on leasehold land in Hong Kong and buildings is calculated to write off their costs less accumulated impairment losses on a straight-line basis over the unexpired period of the leases or their estimated useful lives, whichever is shorter. The principal annual rates used range from 1.5% to 4%.

Land use rights in the PRC and Vietnam are depreciated over the lease term on a straight-line basis.

Other property, plant and equipment are depreciated at rates sufficient to write off their costs less accumulated impairment losses over their estimated useful lives on a reducing balance basis. The principal annual rates are as follows:

Leasehold improvements	15%–20%
Plant and machinery	15%–20%
Furniture and fixtures	15%–20%
Office equipment	15%–20%
Motor vehicles	15%–20%
Pleasure boats	10%

(iv) Others

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are expensed in the consolidated income statement during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

If a property occupied by the Group as an owner-occupied property becomes an investment property measured at fair value, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation surplus or deficit in other comprehensive income ("OCI") and accumulated in the land and building revaluation reserve.

2. Summary of Principal Accounting Policies (Continued)

2.8 Property, plant and equipment (Continued)

(v) Gains and losses on disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the consolidated income statement and are recognised within other operating expenses, net.

2.9 Leases

(i) As lessee

The Group recognises a right-of-use asset and a lease liability when a lease is capitalised at the commencement date, except for leases with a lease term of 12 months or less ("short– term leases") and leases of low-value assets. Payments in relation to short-term leases and leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of lease payments payable with reference to an expected lease term, which includes optional lease periods when the Group is reasonably certain to exercise the option to extend or not to terminate the lease. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees and payments arising from options reasonably certain to be exercised. Variable lease payments that do not depend on an index or a rate are not included in the measurement of the lease liability and are expensed in the period to which they relate.

The lease liability is subsequently measured by increasing its carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing its carrying amount to reflect the lease payments made. The lease liability is remeasured (with a corresponding adjustment made to the related right-of-use asset) when there is a change in future lease payments in case of renegotiation, changes of an index or rate or in case of reassessment of options.

The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability, any initial direct costs incurred, the obligation to restore the asset, and any lease payments made in advance of the commencement date less any incentives received. The right-of-use asset is subsequently measured at cost less accumulated depreciation, applying the depreciation requirements in HKAS 16 Property, Plant and Equipment and is subject to impairment review whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

(ii) As lessor

Lease payments from properties letting under operating leases are recognised as rental income over the lease term on a straight-line basis.

2.10 Impairment of non-financial assets

At the end of each reporting period, the Group reviews internal and external sources of information to assess whether there is any indication that its property, plant and equipment may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately, except where the relevant asset is carried at revalued amount in which case the impairment loss is treated as a revaluation decrease in accordance with the accounting policy relevant to that asset.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment loss is recognised as income in profit or loss immediately.

2. Summary of Principal Accounting Policies (Continued)

2.11 Financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investment in equity instruments that are held for trading, the equity instruments measure at FVPL. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in the consolidated income statement.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories in which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in consolidated income statement and presented in other operating expenses, net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL is recognised in profit or loss in the period in which it arises.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses ("ECL") associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Impairment on these financial assets is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

2. Summary of Principal Accounting Policies (Continued)

2.11 Financial assets (Continued)

(iv) Impairment (Continued)

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires ECL to be recognised from initial recognition of the receivables. See note 3.1(iii) for further details.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria.

(i) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group); or

(ii) there is a breach of financial covenants by the counterparty.

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Notwithstanding the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

Credit-impaired financial asset

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower.

(b) a breach of contract, such as a default or past due event.

2. Summary of Principal Accounting Policies (Continued)

2.11 Financial assets (Continued)

(iv) Impairment (Continued)

Credit-impaired financial asset (Continued)

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. Assets and liabilities are classified as current if expected to be settled within 12 months; otherwise, they are classified as non-current.

Gains or losses arising from changes in the fair value of the derivatives are presented in the profit or loss within other operating expenses, net in the period in which they arise.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items on the first-in, first-out basis and are arrived at as follows:

(i) Raw materials purchased for use in the manufacturing process – invoiced price and shipping cost.

(ii) Work in progress and finished manufactured goods – costs of direct materials, direct labour and an appropriate proportion of production overheads.

(iii) Finished goods purchased for resale – invoiced price and shipping cost.

Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2.15 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measure them subsequently at amortised cost using effective interest method. See note 18 for further information about the Group's accounting for trade receivables and note 2.11(iv) for a description of the Group's impairment policies.

2. Summary of Principal Accounting Policies (Continued)

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held at call with financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts with original maturities of three months or less.

2.17 Share capital

Ordinary shares are classified as equity.

2.18 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Bonus plans

The expected cost of bonus payment is recognised as a liability and an expense when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plan are expected to be settled within twelve months and are measured at the amounts expected to be paid when they are settled.

(iii) Retirement benefit costs

The Group operates several defined contribution schemes.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For Hong Kong employees, the Group contributes to MPF scheme in accordance with Hong Kong Mandatory Provident Fund Schemes Ordinance. Contributions to the MPF scheme by the Group and employees are calculated as a percentage of employees' remuneration received. The Group's contributions to MPF scheme are expensed as incurred. The assets of the MPF scheme are held separately from those of the Group in an independently administered fund.

For employees in the PRC and Vietnam, the Group contributes to a defined contribution retirement scheme managed by the local municipal government in the PRC and Vietnam. The Group's contributions to the retirement scheme are expensed as incurred while the local municipal government in the PRC and Vietnam undertakes to assume that the retirement benefit obligations of the qualified employees in the PRC and Vietnam.

2. Summary of Principal Accounting Policies (Continued)

2.19 Employee benefits (Continued)

(iv) Long service payments

For Hong Kong employees, the Group's net obligation in respect of LSP under the Employment Ordinance (the "EO") is the amounts of future benefit that employees have earned in return for their services in the current and prior periods. The obligation is calculated using the projected unit credit method and discounted to its present value and after deducting the fair value of any related assets, including those retirement scheme benefits.

(v) Severance payments

For employees in the PRC, the Group's net obligation in respect of severance payments in accordance with relevant labour laws in the PRC is the amounts that eligible employees have earned in return for their services in the current and prior periods.

2.20 Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

2. Summary of Principal Accounting Policies (Continued)

2.20 Taxation (Continued)

(b) Deferred income tax (Continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in consolidated income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

2.21 Provision

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the management's best estimate of the expenditures required to settle the obligation present at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to passage of time is recognised as interest expense.

2.22 Revenue recognition

(i) Sale of goods

Revenue is recognised when control of the products has transferred to the customers at a point in time, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(ii) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(iii) Operating lease rental income

Operating lease rental income is recognised on a straight-line basis over the period of the lease.

(iv) Dividend income

Dividend income from financial assets is recognised when the Group's rights to receive dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.23 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income over the years necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Management regularly manages the financial risks of the Group.

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"), Vietnamese Dong ("VND") and United States Dollar ("US$"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. In addition, the conversion of RMB and VND are subject to the rules and regulations of foreign exchange control promulgated by the PRC monetary authority and Vietnam government respectively.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the Group enters into foreign exchange forward contracts with external financial institutions.

Should RMB strengthened/weakened by 5% *(2023: 5%)* during the year ended 31 December 2024 against the HK$, with all other variables held constant, the impact of the profit for the year would have been HK$995,000 *(2023: HK$615,000)* lower/higher, mainly as a result of foreign exchange losses/gains on translation of RMB denominated receivables and payables.

Should VND strengthened/weakened by 5% *(2023: 5%)* during the year ended 31 December 2024 against the HK$, with all other variables held constant, the impact of the profit for the year would have been HK$113,000 *(2023: HK$123,000)* lower/higher, mainly as a result of foreign exchange losses/gains on translation of VND denominated receivables and payables.

Certain of the assets and liabilities of the Group are denominated in US$ but the foreign exchange risk is considered not significant as HK$ is pegged to US$.

The foreign exchange risk on financial assets and liabilities denominated in currencies other than RMB, VND and US$ are insignificant to the Group.

(ii) Price risk

The Group is exposed to fluctuations in the market price of major raw materials such as copper rods and chemicals to make plastic resins and market price of investments in listed equity securities which are classified as financial assets at FVPL.

(a) Price risk from raw materials

The Group is able to pass certain realised price gains and losses on raw materials to certain customers through price adjustments, which can mitigate the price risk. The Group has not used any derivative instruments to hedge such economic exposures.

(b) Price risk from financial assets at FVPL

The directors of the Company manage the exposure by closely monitoring the portfolio of these financial instruments. The fair value of these financial instruments will be affected either positively or negatively, amongst others, by the changes in the closing market prices of the relevant listed equity securities.

Should the market price of the respective investments in financial assets at FVPL had been 10% higher/lower as at 31 December 2024, the impact of the profit for the year would have been HK$824,000 (2023: HK$771,000) higher/lower, as a result of the changes in fair value of investments in financial assets at FVPL.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk

Credit risk arises from trade and bills receivables, other receivables, financial assets at FVPL and deposits placed with banks.

Risk management

Credit risk is managed on a group basis.

For the financial assets at FVPL and deposits placed with banks and a financial institution, only independently rated parties with acceptable rating quality are accepted.

Risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Group. The compliance with credit limits by customers is regularly monitored by the Group.

The Group has policies in place to ensure sales are made to customers with appropriate credit terms and the Group performs periodic credit check with reference to credit rating performed by external agents.

At 31 December 2024, the Group had a concentration of credit risk as 41% *(2023: 37%)* and 87% *(2023: 81%)* of the total gross trade receivables was due from the Group's largest debtor and the five largest debtors respectively.

The Group has four types of financial assets that are subject to the expected credit loss model:

- Bills receivables
- Cash at banks
- Trade receivables
- Other financial assets at amortised cost

Cash at banks and bills receivables

As at 31 December 2024, bank deposits are mainly deposited with reputable banks in the PRC, Vietnam, Hong Kong and the United States of America (the "America") and bills receivables are issued by a reputable bank in the PRC. The credit quality of cash at banks and bills receivables has been assessed by reference to external credit ratings or to historical information about the default rates of the counterparties. The existing counterparties do not have default in the past. Therefore, the expected credit loss rates of cash at banks and bills receivables are assessed to be close to zero and no provision was made as at 31 December 2024 and 2023.

Trade receivables

The Group applies a simplified approach in calculating ECL for trade receivables and recognises a loss allowance based on lifetime ECL at each reporting date.

To measure the ECL, trade receivables have been grouped by invoice date and based on shared credit risk characteristics.

The expected loss rates are based on the payment profiles of sales over a period of 12 months before 31 December 2024 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

Trade receivables (Continued)

On that basis, the loss allowance of trade receivables as at 31 December 2024 and 2023 was determined as follows:

	By invoice date			
	0-3 months	**4-6 months**	**Over 6 months**	**Total**
31 December 2024				
Credit-impaired	**No**	**No**	**No**	
Expected loss rate	**0%**	**0%**	**82%**	
Gross carrying amount – trade receivables (HK$'000)	**67,663**	**11,687**	**420**	**79,770**
Loss allowance (HK$'000)	**–**	**–**	**345**	**345**
31 December 2023				
Credit-impaired	No	No	No	
Expected loss rate	0.1%	1.3%	100.0%	
Gross carrying amount – trade receivables (HK$'000)	58,720	8,868	153	67,741
Loss allowance (HK$'000)	47	113	153	313

The Group does not hold any collateral over trade receivables as at 31 December 2024 (2023: nil).

As at 31 December 2024, the Group recognised loss allowance of HK$345,000 (2023: HK$313,000) on the trade receivables. The movement in the loss allowance for trade receivables is summarised below.

	2024 HK$'000	2023 HK$'000
At beginning of year	**313**	353
Net increase/(decrease) in loss allowance recognised	**34**	(41)
Exchange adjustment	**(2)**	1
At end of year	**345**	313

3. Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(iii) Credit risk (Continued)

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortised cost

Other financial assets at amortised cost are considered to be low credit risk primarily because historically they had no history of default and the debtors had a strong capacity to meet its contractual cash flow obligations in the near term. Therefore, as at 31 December 2024 and 2023, the directors of the Company were of the opinion that no provision for loss allowance was necessary.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and making available and adequate amount of committed credit facilities with staggered maturities to reduce refinancing risk in any year and to fund working capital, debt servicing, dividend payments, new investments and close out market positions if required. The Group maintains significant flexibility to respond to opportunities and events by ensuring that committed credit lines are available. As at 31 December 2024, the Group had available trade and loan finance facilities of HK$72,300,000 *(2023: HK$56,300,000)* of which none *(2023: none)* was utilised.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	On demand or within 1 year HK$'000	**Between 1 to 2 years** HK$'000
At 31 December 2024		
Trade payables	**20,999**	**–**
Other payables	**7,286**	**–**
Lease liabilities	**47**	**–**
At 31 December 2023		
Trade payables	17,006	–
Other payables	4,884	–
Lease liabilities	462	47
Derivative financial instruments	410	–

3.2 Capital risk management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern, maintain a strong credit rating and a healthy capital ratio to support the business and to enhance shareholder value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and business strategies. To maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group's capital management objectives, policies or processes were unchanged during the years ended 31 December 2024 and 2023.

3. Financial Risk Management (Continued)

3.2 Capital risk management (Continued)

Except for the compliance of certain financial covenants for maintaining the Group's banking facilities and borrowings, the Group is not subject to any externally imposed capital requirements. The Group complied with the financial covenants attached to banking facilities and borrowings as at 31 December 2024 and 2023.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated by dividing total borrowings to total equity.

The gearing ratios at 31 December 2024 and 2023 were as follows:

	2024 **HK$'000**	2023 HK$'000
Total borrowings	**–**	–
Total equity	**431,650**	409,524
Gearing ratio	**0%**	0%

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities including cash and cash equivalents, trade and bills receivables, other receivables and deposits, financial assets at FVPL, trade payables, other payables and accruals and lease liabilities 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.

See note 16 for disclosure of the investment properties and note 19 for disclosure of the financial assets at FVPL that are measured at fair value and classified by level of the following fair value measurement hierarchy at 31 December 2024 and 2023:

1) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

2) Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).

3) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting date. The quoted market price used for financial assets and liabilities is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

4. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 Income taxes

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated taxes based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

4.2 Estimated fair value of investment properties

The fair value of investment properties is determined at the end of each reporting period by independent professional qualified valuer. The fair values of investment properties in Hong Kong and the PRC are determined on the combination of income and market approach and income approach respectively. Details of the key assumption and inputs used in estimating the fair value of investment properties are set out in note 16(f) to the consolidated financial statements.

4.3 Loss allowance for ECL

The Group makes loss allowance for ECL of trade receivables based on assumptions about risk of default and expected loss rate. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of key assumption and inputs used in estimating ECL are set out in note 3.1(iii) to the consolidated financial statements.

4.4 Allowance for inventories

Significant judgement is exercised in the assessment of the net realisable value of its inventory, which is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. In making its judgement, management considers a wide range of factors such as the age of the inventory items and the assessment of the results of the subsequent sales performance of the items. Management reassesses the provision at the end of the reporting period.

4.5 Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

4.6 Impairment of the land and buildings

In determining whether the land and buildings are impaired or the event previously causing the impairment no longer exists, the directors have to assess whether an event has occurred that may affect the land and buildings' value or such event affecting the land and buildings' value has not been in existence. If any such indication exists, the recoverable amounts of the land and buildings would be determined by reference to value in use and fair value less costs of disposal. Value in use is determined using the discounted cash flow method. Owing to inherent risk associated with estimations in the timing and magnitude of the future cash flows and fair value less costs of disposal, the estimated recoverable amount of the asset may be different from its actual recoverable amount and profit or loss could be affected by accuracy of the estimations.

5. 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 HK$'000	2023 HK$'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.*

5. Revenue and Segment Information (Continued)

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

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

6. Other Income

	2024 **HK$'000**	2023 HK$'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

7. Other Operating Expenses, Net

	2024 **HK$'000**	2023 HK$'000
Impairment loss of property, plant and equipment	**–**	5,192
Loss on revaluation of investment properties *(note 16)*	**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

8. Operating Profit

This is stated after charging:

	2024 HK$'000	2023 HK$'000
Depreciation of property, plant and equipment *(note 15)*	**8,982**	9,977
Auditor's remuneration		
– Audit services	**948**	968
– Non-audit services	**222**	125
Cost of inventories *(note 17)*	**152,670**	151,691
Lease payments for short-term and low-value leases *(note 15)*	**28**	35
Direct expenses for investment properties	**254**	253
Provision for inventories (included in cost of inventories) *(note 17)*	**3,791**	5,312
Staff costs (including directors'emoluments) *(note 13)*	**94,590**	74,894

9. Finance Costs

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

10. Taxation

(a) 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.

US corporation is subject to two level of taxes. Corporation is taxed on its earnings, and when the corporate earnings are distributed to the shareholders as dividend, the shareholders need to pay tax on the dividend received. Corporate income tax is imposed at the federal and state level on all entities treated as corporation. The federal corporate tax rate is 21% *(2023: 21%)* while the state corporate tax rate is varied by states.

The Enterprise Income Tax of the PRC is provided at 25% *(2023: 25%)* based on the assessable profits for the year less allowable losses brought forward, if applicable. Two *(2023: Two)* of the Group's subsidiaries registered in the PRC are recognised as small and low profit enterprise which have been granted tax concession by the local tax bureau and are entitled to the PRC Enterprise Income Tax at concessionary rate of 5% *(2023: 5%)* of the estimated assessable profits for the year ended 31 December 2024.

The Vietnam subsidiary is subject to corporate income tax at a rate of 20% *(2023: 20%)*. In accordance with the applicable tax regulations, the subsidiary is subject to a lower tax rate of 10% for fifteen consecutive years, commencing from the first year of making revenue. In addition, the subsidiary is entitled to full exemption from corporate income tax for the first four years from the earlier of (i) the year when profit is generated for the first time or (ii) the fourth year of making revenue; and a 50% reduction in corporate income tax for the next nine years, which is offered by the Vietnam government and is stipulated in the subsidiary's investment license. Perennial Cable (Vietnam) Co., Ltd. was entitled to full exemption from corporate income tax during the financial years 2019 to 2023 and subjected to a lower tax rate of 10% and 50% reduction in corporate income tax for nine years starting from the financial year ended 31 December 2024.

10. Taxation (Continued)

(a) (Continued)

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

	2024 HK$'000	2023 HK$'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 *(note 10(b))*	**(2,641)**	(1,021)
	3,792	1,866

The taxation on the Group's profit before taxation differs from the theoretical amount that would arise using the profits tax rate of Hong Kong as follows:

	2024 HK$'000	2023 HK$'000
Profit before taxation	**29,596**	17,612
Calculated at a taxation rate of 16.5% *(2023: 16.5%)*	**4,884**	2,906
Effect of different taxation rates	**(3,586)**	(2,139)
Income not subject to taxation	**(392)**	(680)
Expenses not deductible for taxation purposes	**1,644**	1,451
Under/(Over) provision in prior years	**472**	(8)
Utilisation of previously unrecognised deferred tax assets	**(101)**	(17)
Tax losses for which no deferred tax assets were recognised	**871**	353
Total tax charge for the year	**3,792**	1,866

(b) The movements of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position are as follows:

	Tax depreciation HK$'000	**Provision and others** HK$'000	**Tax losses** HK$'000	**Revaluation surplus** HK$'000	**Total** HK$'000
At 1 January 2024	**6,694**	**(6,849)**	**(1,405)**	**–**	**(1,560)**
Charged/(Credited) to profit or loss	**870**	**(4,438)**	**927**	**–**	**(2,641)**
Tax charge to other comprehensive income	**–**	**–**	**–**	**1,151**	**1,151**
Exchange adjustment	**(53)**	**131**	**68**	**–**	**146**
At 31 December 2024	**7,511**	**(11,156)**	**(410)**	**1,151**	**(2,904)**
At 1 January 2023	7,320	(5,148)	(2,765)	–	(593)
(Credited)/Charged to profit or loss	(613)	(1,749)	1,341	–	(1,021)
Exchange adjustment	(13)	48	19	–	54
At 31 December 2023	6,694	(6,849)	(1,405)	–	(1,560)

10. Taxation (Continued)

(b) (Continued)

Reconciliation to the consolidated statement of financial position is as follows:

	2024 HK$'000	2023 HK$'000
Deferred tax assets	**11,010**	7,742
Deferred tax liabilities	**(8,106)**	(6,182)
	2,904	1,560

Deferred tax assets are recognised for tax loss carry–forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred tax assets of HK$2,801,000 *(2023: HK$2,121,000)* in respect of losses amounting to HK$12,032,000 *(2023: HK$9,489,000)* that can be carried forward against future taxable income. As at 31 December 2024, tax losses for which no deferred tax assets were recognised amounting to HK$9,594,000 *(2023: HK$6,535,000)* will expire in 5 years, and the remaining tax losses of HK$2,438,000 *(2023: HK$2,954,000)* do not expire under current tax legislation.

Deferred tax liabilities of HK$10,035,000 *(2023: HK$9,368,000)* have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries at 31 December 2024. In the opinion of the directors, these unremitted earnings, at the present time, are required for financing the continuing operations of these subsidiaries and no distribution would be made in the foreseeable future. Accordingly, no provisions for additional deferred taxation have been made.

11. 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.

12. 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.

13. Staff Costs (Including Directors' Emoluments)

	2024 HK$'000	2023 HK$'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

14. Benefits and Interests of Directors and Key Management

(a) Directors' emoluments

Emoluments paid or receivable in respect of person's services as a director or other services in connection with the management of the affairs, whether of the Company or its subsidiary undertaking are set out below:

Name of directors	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Contributions to MPF scheme HK$'000	Other benefits (iv) HK$'000	Total HK$'000
For the year ended 31 December 2024						
MON Chung Hung (i)	**–**	**5,760**	**1,283**	**–**	**3,738**	**10,781**
KOO Di An, Louise (ii)	**–**	**1,680**	**743**	**–**	**1,247**	**3,670**
MON Wai Ki, Vicky	**–**	**379**	**31**	**18**	**246**	**674**
MON Tiffany	**–**	**1,088**	**296**	**18**	**406**	**1,808**
MON Derek	**–**	**562**	**47**	**18**	**370**	**997**
CHAN Chun Yiu	**–**	**708**	**59**	**18**	**–**	**785**
LAU Chun Kay (iii)	**180**	**–**	**–**	**–**	**–**	**180**
LEE Chung Nai, Jones (iii)	**84**	**–**	**–**	**–**	**–**	**84**
CHUNG Kit Ying (iii)	**120**	**–**	**–**	**–**	**–**	**120**
	384	**10,177**	**2,459**	**72**	**6,007**	**19,099**

Name of directors	Fees HK$'000	Salaries HK$'000	Discretionary bonuses HK$'000	Contributions to MPF scheme HK$'000	Other benefits (iv) HK$'000	Total HK$'000
For the year ended 31 December 2023						
MON Chung Hung (i)	–	5,260	1,316	–	722	7,298
KOO Di An, Louise (ii)	–	1,530	343	–	634	2,507
SIU Yuk Shing, Marco	–	192	5	–	–	197
MON Wai Ki, Vicky	–	367	31	18	19	435
MON Tiffany	–	1,275	191	18	19	1,503
MON Derek	–	725	46	18	19	808
CHAN Chun Yiu	–	522	58	14	–	594
LAU Chun Kay (iii)	180	–	–	–	–	180
LEE Chung Nai, Jones (iii)	84	–	–	–	–	84
CHUNG Kit Ying (iii)	120	–	–	–	–	120
	384	9,871	1,990	68	1,413	13,726

(i) Chief Executive Officer

(ii) Non-executive director

(iii) Independent non-executive directors

(iv) Other benefits include commission and insurance premium.

During the year, no emolument paid or receivable in respect of a person accepting office as a director *(2023: nil)* and no director waived any emoluments *(2023: nil)* or compensation for loss of office *(2023: nil)*.

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits during the year *(2023: nil)*.

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the year *(2023: nil)*.

14. Benefits and Interests of Directors and Key Management (Continued)

(d) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2024, the Group did not pay consideration to any third parties for making available directors' services *(2023: nil)*.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2024, there is no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled body corporates and connected entities of such directors *(2023: nil)*.

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year *(2023: nil)*.

(g) Five highest paid individuals

In 2024, the five individuals whose emoluments were the highest in the Group included four *(2023: three)* directors whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one *(2023: two)* non-director individual during the year are as follows:

	2024 HK$'000	2023 HK$'000
Basic salaries, other allowances and benefits in kind	**1,296**	1,873
Discretionary bonuses	**603**	262
Pension costs – contributions to MPF scheme	**18**	32
	1,917	2,167

The emoluments fell within the following bands:

	Number of individuals 2024	Number of individuals 2023
Nil – HK$1,000,000	**–**	1
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**1**	–

(h) Key management compensation

Key management includes all directors presented above and three *(2023: four)* senior management. The compensation paid or payable to key management for employee services is shown below:

	2024 HK$'000	2023 HK$'000
Basic salaries, other allowances and benefits in kind	**19,359**	14,429
Discretionary bonuses	**3,155**	2,276
Pension costs – contributions to MPF scheme	**108**	126
	22,622	16,831

The emoluments of senior management (excluding directors) are within the following bands:

	Number of individuals 2024	Number of individuals 2023
Nil – HK$1,000,000	**2**	3
HK$1,000,001 – HK$1,500,000	**–**	1
HK$1,500,001 – HK$2,000,000	**1**	–

15. Property, Plant and Equipment

	Right-of-use assets *(note a)* **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 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 e)*	**(1,709)**	**(9,991)**	**–**	**–**	**–**	**–**	**–**	**–**	**(11,700)**
Revaluation surplus *(note e)*	**–**	**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 *(note a)* 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.

15. Property, Plant and Equipment (Continued)

(a) Right-of-use assets

	Leasehold land in Hong Kong HK$'000	Land use rights in overseas HK$'000	Leased property in Hong Kong HK$'000	Total HK$'000
Net book value at 1 January 2024	**10,885**	**15,471**	**543**	**26,899**
Depreciation	**(444)**	**(473)**	**(434)**	**(1,351)**
Transfer to investment properties (note e)	**(1,709)**	**–**	**–**	**(1,709)**
Exchange adjustment	**–**	**(472)**	**–**	**(472)**
Net book value at 31 December 2024	**8,732**	**14,526**	**109**	**23,367**
At 31 December 2024				
At cost	**18,336**	**22,379**	**869**	**41,584**
Accumulated depreciation	**(9,604)**	**(7,853)**	**(760)**	**(18,217)**
Net book value	**8,732**	**14,526**	**109**	**23,367**

	Leasehold land in Hong Kong HK$'000	Land use rights in overseas HK$'000	Leased property in Hong Kong HK$'000	Total HK$'000
Net book value at 1 January 2023	11,348	23,689	112	35,149
Addition	–	–	869	869
Depreciation	(463)	(551)	(438)	(1,452)
Transfer to investment properties	–	(7,356)	–	(7,356)
Exchange adjustment	–	(311)	–	(311)
Net book value at 31 December 2023	10,885	15,471	543	26,899
At 31 December 2023				
At cost	21,885	22,946	869	45,700
Accumulated depreciation	(11,000)	(7,475)	(326)	(18,801)
Net book value	10,885	15,471	543	26,899

15. Property, Plant and Equipment (Continued)

(b) Leases

This note provides information for leases where the Group is a lessee.

(i) Amounts recognised in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	2024 **HK$'000**	2023 HK$'000
Right-of-use assets		
– Leasehold land in Hong Kong	**8,731**	10,885
– Land use rights in overseas	**14,527**	15,471
– Leased property in Hong Kong	**109**	543
	23,367	26,899
Lease liabilities		
– Current	**47**	454
– Non-current	**–**	47
	47	501

(ii) Amounts recognised in the consolidated income statement

The consolidated income statement shows the following amounts relating to leases:

	2024 **HK$'000**	2023 HK$'000
Depreciation of right-of-use assets		
– Leasehold land in Hong Kong	**444**	463
– Land use rights in overseas	**473**	551
– Leased property in Hong Kong	**434**	438
	1,351	1,452
Interest expenses (included in finance costs)	**8**	17
Expenses relating to short-term leases and low-value leases (included in administrative expenses)	**28**	35

The total cash payments for leases during the year ended 31 December 2024 was HK$490,000 *(2023: HK$497,000)*.

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

(d) Included in the total depreciation expenses, amounting to HK$6,723,000 *(2023: HK$7,304,000)* and HK$2,259,000 *(2023: HK$2,673,000)* were charged to cost of sales and administrative expenses, respectively.

15. Property, Plant and Equipment (Continued)

(e) During the year ended 31 December 2024, the Group has entered into a lease arrangement for renting an unit of the office premise located in Concordia Plaza, No. 1 Science Museum Road, Hong Kong, (the "Property") to a third party. The Group has engaged an independent professional qualified valuer, Ravia Global Appraisal Advisory Limited ("Ravia"), to determine the fair value of the Property at the date of change in use. In view of the fair value of the Property was higher than its carrying amount at the date of change, a revaluation surplus of HK$9,090,000 was recognised and respective buildings and right-of-use assets of HK$9,991,000 and HK$1,709,000 respectively were transferred to investment properties at the date of change. The valuation of the Property at the date of change was determined using the income approach. The most significant input used in this valuation approach was sales price which is ranging from HK$7,171 to HK$15,000 per square foot.

16. Investment Properties

	2024 HK$'000	2023 HK$'000
At fair value		
At 1 January	**80,644**	47,154
Transfer from property, plant and equipment *(note 15(e))*	**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

(a) The details of (i) rental income, (ii) direct operating expenses for the investment properties and (iii) minimum rental payments receivables on lease of investment properties are set out in notes 6, 8 and 25(b) to the consolidated financial statements respectively.

(b) As at 31 December 2024 and 2023, no investment property was pledged as security for the Group's banking facilities.

(c) As at 31 December 2024 and 2023, the Group has no unprovided contractual obligations for future repairs and maintenance.

(d) The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through sale. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rate and the tax bases that are consistent with the expected manner of recovery of these investment properties.

(e) The Group's investment properties are held under long lease. As at 31 December 2024, their locations and existing use are as follows:

Location	**Existing Use by lessee**
Concordia Plaza, No. 1 Science Museum Road, Hong Kong	Office
Hing Yip Centre, No. 31 Hing Yip Street, Hong Kong	Office and car-parking space
Lot Nos 03–07, Hu Die Ling Industrial Park, Heyuan city, the PRC	Vacant*

* During the year 2024, the Group has entered into a mutual agreement with the lessee to terminate the lease arrangement in respect of the investment property in Heyuan city (the "Property") with effective from 1 June 2024. the PRC. During the period from the date of termination up to the date of this report, the Property remains available for lease and continues to be classified as investment properties and carried at fair value at the end of the reporting period.

16. Investment Properties (Continued)

(f) The following table analyses the investment properties carried at fair value, by valuation techniques.

Description	**Fair value measurements at 31 December 2024** **Level 1 HK$'000**	**Level 2 HK$'000**	**Level 3 HK$'000**
Recurring fair value measurement – Investment properties	**–**	**–**	**83,391**

Description	Fair value measurements at 31 December 2023 Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000
Recurring fair value measurement – Investment properties	–	–	80,644

The Group's policy is to recognise transfer into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfers.

Fair value hierarchy

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

As one or more of the significant inputs is not based on observable market data, the investment properties are included in Level 3 fair value measurement.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2024 and 2023 by independent professional qualified valuer who holds recognised relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department considered and discussed the valuations performed by the independent professional qualified valuer for financial reporting purposes, including all key inputs to the valuations and property valuations movements as compared to the prior year.

Quantitative information of the significant unobservable inputs and description of valuation techniques used in Level 3 fair value measurement

The quantitative information of the significant unobservable input and description of valuation techniques used in Level 3 fair value measurement, including the description of the sensitivity to changes in unobservable inputs for recurring Level 3 fair value measurements, are as follows:

Description	Fair value at 31 December 2024	Valuation technique	Unobservable inputs	Relationship unobservable inputs to fair value
Land and buildings, Hong Kong	HK$44,300,000 *(2023: HK$37,200,000)*	Combination of income and market approach *(2023: Combination of income and market approach)*	(1) Sales prices, range from HK$3,563 to HK$4,091 *(2023: range from HK$5,121 to HK$5,984)* per square foot of comparable properties in close proximity	The higher the sales prices per square foot of comparable properties in close proximity, the higher the fair value *(2023: the higher the sales prices per square foot of comparable properties in close proximity, the higher the fair value)*
			(2) Sales prices, range from HK$5,767 to HK$13,963 *(2023: range from HK$11,347 to HK$21,003)* per square foot of comparable properties in close proximity	
Land and buildings, the PRC	HK$39,091,000 *(2023: HK$43,444,000)*	Income approach *(2023: income approach)*	Unit rent range from RMB5.9 to 6.9 *(2023: range from RMB8.8 to RMB12.0)* per square metre	The higher the prevailing market rent, the higher the fair value *(2023: the higher the prevailing market rent, the higher the fair value)*

17. Inventories

	2024 **HK$'000**	2023 HK$'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.

18. Trade and Bills Receivables

	2024 **HK$'000**	2023 HK$'000
Up to 3 months	**67,663**	58,720
4–6 months	**11,687**	8,868
Over 6 months	**420**	153
Trade receivables, gross *(note (a))*	**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

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

(b) Trade and bills receivables are denominated in the following currencies:

	2024 **HK$'000**	2023 HK$'000
HK$	**3,639**	9,532
RMB	**5,635**	4,604
US$	**71,629**	54,918
	80,903	69,054

(c) Information about the Group's exposure to credit risks and loss allowance for trade receivables is included in note 3.1(iii) to the consolidated financial statements.

19. Financial Assets at FVPL

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

The fair value of listed equity securities is determined by reference to the quoted market bid price available on the Stock Exchange and these financial instruments are included in Level 1 fair value measurement.

20. Cash and Cash Equivalents

	2024 **HK$'000**	2023 HK$'000
Cash at banks and in hand	**38,591**	22,965
Short-term time deposits	**14,174**	16,043
	52,765	39,008

The maximum exposure to credit risk at the end of the reporting period of the Group is cash at banks amounting to HK$52,601,000 *(2023: HK$38,887,000)*.

	2024 **HK$'000**	2023 HK$'000
Denominated in:		
HK$	**8,543**	2,481
RMB	**9,157**	19,209
US$	**22,476**	13,290
VND	**12,520**	3,923
Other currencies	**69**	105
	52,765	39,008

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Short-term time deposits are made between one month and three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing short-term deposit rates.

Included in the balance are cash deposited in banks in the PRC and Vietnam of HK$3,779,000 and HK$13,538,000 *(2023: HK$4,979,000 and HK$6,308,000)*, respectively, which are denominated in RMB, VND and USD and are subject to the exchange control restrictions imposed by the PRC and Vietnam governments.

21. 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**

22. Trade and Other Payables

	2024 **HK$'000**	2023 HK$'000
Trade payables *(note (a))*	**20,999**	17,006
Other payables and accruals	**14,918**	12,471
Provision for employee benefits *(note (b))*	**15,431**	5,508
Total *(note (c))*	**51,348**	34,985

Notes:

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

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

(b) Provision for employee benefits

The provision for employee benefits represents management's best estimate of the Group's net obligation in respect of LSP or severance payments payable to the eligible employees in accordance with relevant labour laws in Hong Kong and the PRC.

(c) Trade and other payables are denominated in the following currencies:

	2024 **HK$'000**	2023 HK$'000
HK$	**9,405**	14,312
RMB	**26,919**	17,013
US$	**12,459**	1,429
Other currencies	**2,565**	2,231
	51,348	34,985

23. Financial Instruments by Category

The accounting policies for financial instruments have been applied to the line items below:

	At amortised cost HK$'000	At FVPL HK$'000
At 31 December 2024		
Assets as per consolidated statement of financial position		
Trade and bills receivables	**80,903**	**–**
Financial assets at FVPL	**–**	**8,240**
Other receivables and deposits*	**1,037**	**–**
Cash and cash equivalents	**52,765**	**–**
	134,705	**8,240**
Liabilities as per consolidated statement of financial position		
Trade payables	**20,999**	**–**
Other payables**	**7,286**	**–**
Lease liabilities	**47**	**–**
	28,332	**–**
At 31 December 2023		
Assets as per consolidated statement of financial position		
Trade and bills receivables	69,054	–
Financial assets at FVPL	–	7,712
Other receivables and deposits*	1,077	–
Cash and cash equivalents	39,008	–
	109,139	7,712
Liabilities as per consolidated statement of financial position		
Trade payables	17,006	–
Other payables**	4,884	–
Lease liabilities	501	–
Derivative financial instruments	–	410
	22,391	410

* excluded non-current deposits, prepayments and other tax receivables.

** excluded employee benefits payables, other tax payables and provision.

24. Notes to the Consolidated Statement of Cash Flows

(a) Cash generated from operations

	2024 **HK$'000**	2023 HK$'000
Profit before taxation	**29,596**	17,612
Interest income	**(1,053)**	(444)
Interest expenses	**8**	689
Loss on disposal/write-off of property, plant and equipment	**303**	154
Exchange difference	**342**	–
Dividend income from financial assets at FVPL	**(231)**	–
Net (gain)/loss arising from changes in fair value of financial assets at FVPL	**(1,392)**	76
Loss on revaluation of investment properties	**8,076**	5,634
Impairment loss of property, plant and equipment	**–**	5,192
Depreciation of property, plant and equipment	**8,982**	9,977
Impairment loss/(Reversal of impairment loss) on trade receivables	**34**	(41)
Provision for inventories	**3,791**	5,312
Operating profit before working capital changes	**48,456**	44,161
– Inventories	**(25,275)**	28,635
– Trade and other receivables	**(12,990)**	(16,587)
– Derivative financial instruments	**(410)**	1,510
– Trade and other payables	**16,878**	5,507
Cash generated from operations	**26,659**	63,226

(b) Changes in liabilities arising from financing activities

	Bank loans		**Trust receipt loans**		**Lease liabilities**	
	2024 **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000	**2024** **HK$'000**	2023 HK$'000
At 1 January	**–**	19,000	**–**	3,775	**501**	77
New lease	**–**	–	**–**	–	**–**	869
Net cash flows	**–**	(19,000)	**–**	(3,775)	**(454)**	(445)
At 31 December	**–**	–	**–**	–	**47**	501

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

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

27. Ultimate Holding Company

The Directors of the Company regard Spector Holdings Limited, a company incorporated in the British Virgin Islands, as being the ultimate holding company and Mr. Mon Chung Hung as being the ultimate controlling party.

28. Subsidiaries

Details of the subsidiaries at the end of the reporting period are as follows:

Name	**Place of incorporation/ establishment**	**Issued and fully paid share capital/registered capital/charter capital**	**Principal activities**	**Interest**	
				2024	2023
Shares held directly					
Perennial Holdings Global Limited	British Virgin Islands	Ordinary US$1	Investment holding	**100%**	100%
Shares held indirectly					
Ever Peak Development Limited	Hong Kong	Ordinary HK$3	Property holding	**100%**	100%
Glitter Wire & Cable Company Limited	Hong Kong	Ordinary HK$500 Non-voting Deferred HK$2,000,000	Investment holding	**100%**	100%
New Technology Cable Limited	Hong Kong	Ordinary HK$1,000 Non-voting Deferred HK$10,000,000	License holding	**100%**	100%
Perennial Cable (H.K.) Limited	Hong Kong	Ordinary HK$2,000,000	Trading of electric cables, wires, wire harness and accessories	**100%**	100%
Perennial Cable Limited	British Virgin Islands	Ordinary US$1	Investment and property holding	**100%**	100%
Perennial Cable (Shenzhen) Co., Limited &# ("PCS") *(note (a))*	The PRC	Registered capital HK$65,000,000	Property holding	**100%**	100%
Perennial Plastics (H.K.) Limited	Hong Kong	Ordinary HK$2	Trading of plastic resins and compounds	**100%**	100%
Perennial Cable (BVI) Limited	British Virgin Islands	Ordinary US$50,000	Investment holding	**100%**	100%
New Technology Cable Pte. Limited	Singapore	Ordinary Singapore Dollar 2	License holding	**100%**	100%

28. Subsidiaries (Continued)

Name	Place of incorporation/ establishment	Issued and fully paid share capital/registered capital/charter capital	Principal activities	Interest 2024	Interest 2023
Shares held indirectly (Continued)					
Shinka K.K.	Japan	Ordinary Japanese Yen 10,000,000	License holding	**100%**	100%
Perennial USA Inc. *(note (b))*	America	Ordinary US$1	Trading of electric cables, wires, wire harness and accessories	**100%**	100%
Shenzhen Welldone Trading Co., Limited &# ("HJD") *(note(a))*	The PRC	Registered capital HK$1,000,000	Trading of electric cables, wires, wire harness and accessories	**100%**	100%
Shenzhen Perennial Plastics and Metal Co., Limited &# ("SPPM") *(note(a))*	The PRC	Registered capital HK$40,000,000	Manufacturing and sale of electric cables, wire, wire harness and accessories	**100%**	100%
Shenzhen Perennial Plastics Co., Limited &# ("SPP") *(note(a))*	The PRC	Registered capital HK$10,000,000	Manufacturing and sale of plastic resins and compounds	**100%**	100%
Heyuan Perennial Plastics and Metal Co., Limited &# ("HPPM") *(note(a))*	The PRC	Registered capital RMB65,000,000	Property holding	**100%**	100%
Perennial Cable (Vietnam) Co., Limited @ *(note(c))*	Vietnam	Charter capital US$8,000,000	Manufacturing and sale of electric cables, wires, wire harness and accessories	**100%**	100%

English translation for identification purpose only

& A wholly foreign owned enterprise established in the PRC

@ A wholly foreign owned enterprise established in the Vietnam

The legal form of all the above companies is limited liability company.

Save as noted below, the above companies operate principally in Hong Kong instead of their respective places of incorporation/establishment, except for:

(a) PCS, HJD, SPPM, SPP and HPPM are in the PRC.

(b) Perennial USA Inc. is in America.

(c) Perennial Cable (Vietnam) Co., Limited is in Vietnam.

29. Statement of Financial Position and Reserve Movement of the Company

Statement of Financial Position

	Note	**2024** **HK$'000**	2023 HK$'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**62,738**	62,738
Current assets			
Due from a subsidiary		**59,484**	55,066
Prepayments		**306**	151
Cash and cash equivalents		**176**	186
		59,966	55,403
Total assets		**122,704**	118,141
EQUITY			
Equity attributable to shareholders of the Company			
Share capital		**19,896**	19,896
Other reserves	(a)	**78,537**	78,537
Retained earnings	(a)	**24,208**	19,644
Total equity		**122,641**	118,077
LIABILITIES			
Current liabilities			
Other payables and accruals		**63**	64
Total liabilities		**63**	64
Total equity and liabilities		**122,704**	118,141

The statement of financial position of the Company was approved by the Board of Directors on 27 March 2025 and was signed on its behalf.

MON Chung Hung
Director

CHAN Chun Yiu
Director

29. Statement of Financial Position and Reserve Movement of the Company (Continued)

(a) Reserve Movement

	Share premium HK$'000	Contributed surplus *(note)* HK$'000	Capital redemption reserves HK$'000	Total other reserves HK$'000	Retained earnings HK$'000	Total HK$'000
At 1 January 2024	**15,885**	**62,548**	**104**	**78,537**	**19,644**	**98,181**
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**8,490**	**8,490**
Dividend paid	**–**	**–**	**–**	**–**	**(3,926)**	**(3,926)**
At 31 December 2024	**15,885**	**62,548**	**104**	**78,537**	**24,208**	**102,745**
At 1 January 2023	15,885	62,548	104	78,537	19,510	98,047
Total comprehensive income for the year	–	–	–	–	6,103	6,103
Dividend paid	–	–	–	–	(5,969)	(5,969)
At 31 December 2023	15,885	62,548	104	78,537	19,644	98,181

Note: The contributed surplus of the Company arose when the Company issued shares in exchange for the shares of subsidiaries being acquired in connection with the reorganisation of the Group prior to its listing on the Stock Exchange, and represented the difference between the nominal value of the Company's shares issued and the value of net assets of the subsidiaries acquired. Under the Companies Act of 1981 of Bermuda (as amended), the contributed surplus is distributable to the shareholders. At Group level, the contributed surplus is reclassified into its component reserves of the underlying subsidiaries.

30. Approval of the Consolidated Financial Statements

The consolidated financial statements were approved by the Board of Directors on 27 March 2025.

FINANCIAL HIGHLIGHTS

	2024	2023	2022	2021	2020
Operating results (HK$'000)					
Revenue	**328,578**	303,527	324,524	373,472	282,342
Operating profit/(loss)	**29,604**	18,301	22,472	28,623	(11,093)
Profit/(loss) for the year	**25,804**	15,746	18,510	23,597	(11,993)
Financial position (HK$'000)					
Net current assets	**221,277**	192,558	169,615	149,896	116,263
Shareholders' funds	**431,650**	409,524	404,170	409,183	377,377
Per share data (HK cent)					
Earnings/(loss) per share – basic and diluted	**13.0**	7.9	9.3	11.9	(6.0)
Dividend per share (interim and final dividend)	**5.0**	–	3.0	2.0	–
Key Statistics					
Inventory turnover (days)	**187**	216	227	173	181
Debtors' turnover (days)	**83**	73	73	67	90
Creditors' turnover (days)	**40**	33	39	46	46
Acid-test ratio (%)	**263%**	310%	141%	90%	99%
Working capital (%)	**494%**	592%	399%	224%	221%
Total liabilities/total capital employed (%)	**14.9%**	11.1%	15.6%	31.2%	27.4%
Return on capital employed (operating profit/shareholders' funds) (%)	**7.0%**	4.5%	5.6%	7.0%	(2.9%)
Return on average total assets (profit after taxation/average total assets) (%)	**5.4%**	3.4%	3.7%	4.6%	(2.5%)

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