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恒都集團有限公司*
PERENNIAL INTERNATIONAL LIMITED

(Incorporated in Bermuda with limited liability)

(Stock Code: 725)

**ANNUAL RESULTS
 FOR THE YEAR ENDED 31ST DECEMBER 2009**

The Board of Directors (the “Directors”) is pleased to announce the audited consolidated financial results of Perennial International Limited (the “Company”) and its subsidiaries (collectively, the “Group”) for the year ended 31st December 2009.

CONSOLIDATED INCOME STATEMENT

For the year ended 31st December 2009

	<i>Note</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
Revenue	2	411,192	507,628
Cost of sales		(313,807)	(421,229)
Gross profit		97,385	86,399
Other income	3	2,407	1,606
Distribution expenses		(8,875)	(11,522)
Administrative expenses		(45,286)	(43,999)
Other operating expenses		(8,728)	(2,800)
Operating profit	4	36,903	29,684
Finance costs	5	(1,589)	(4,724)
Profit before taxation		35,314	24,960
Taxation	6	(5,123)	(2,666)
Profit for the year		30,191	22,294
Basic and diluted earnings per share (cents)	8	15.2	11.2

Details of proposed final dividend payable to shareholders of the Company are set out in note 7.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31st December 2009

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Profit for the year	30,191	22,294
Other comprehensive income:		
Revaluation surplus on buildings	8,921	4,843
Deferred tax charged to revaluation reserve	(980)	(1,299)
Exchange difference arising from translation of financial statements of subsidiaries	3,100	5,847
Other comprehensive income for the year, net of tax	11,041	9,391
Total comprehensive income attributable to shareholders of the Company	41,232	31,685

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31st December 2009

	<i>Note</i>	2009 HK\$'000	2008 <i>HK\$'000</i>
ASSETS			
Non-current assets			
Leasehold land and land use rights		33,873	34,694
Property, plant and equipment		128,767	122,401
Investment property		9,000	8,600
Non-current deposits		247	2,510
Deferred tax assets		2,181	1,442
		<hr/> 174,068	<hr/> 169,647
Current assets			
Inventories		64,412	68,542
Trade receivables	9	87,586	106,576
Other receivables, deposits and prepayments		3,235	4,217
Derivative financial instruments		–	776
Cash and cash equivalents		29,293	14,307
		<hr/> 184,526	<hr/> 194,418
Total assets		<hr/> 358,594	<hr/> 364,065
EQUITY			
Share capital		19,896	19,896
Other reserves	10	50,302	39,261
Retained earnings			
Others		189,535	171,284
Proposed final dividend	7	7,960	5,970
Total equity		<hr/> 267,693	<hr/> 236,411

	<i>Note</i>	2009 HK\$'000	2008 HK\$'000
LIABILITIES			
Non-current liabilities			
Long-term bank loans		–	2,030
Obligations under finance lease contracts		2,056	4,283
Deferred tax liabilities		7,571	5,586
		<hr/> 9,627 <hr/>	<hr/> 11,899 <hr/>
Current liabilities			
Trade payables	<i>11</i>	31,585	31,382
Other payables and accruals		19,463	15,220
Derivative financial instruments		–	557
Taxation payable		3,417	1,499
Current portion of obligations under finance lease contracts		2,227	2,524
Current portion of long-term bank loans		252	3,148
Short-term bank loans		–	20,000
Trust receipt loans		24,330	41,425
		<hr/> 81,274 <hr/>	<hr/> 115,755 <hr/>
Total liabilities		<hr/> 90,901 <hr/>	<hr/> 127,654 <hr/>
Total equity and liabilities		<hr/> 358,594 <hr/>	<hr/> 364,065 <hr/>
Net current assets		<hr/> 103,252 <hr/>	<hr/> 78,663 <hr/>
Total assets less current liabilities		<hr/> 277,320 <hr/>	<hr/> 248,310 <hr/>

NOTES:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”). These consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, investment property and derivative financial instruments, which are carried at fair value.

The Group has adopted all of the new and revised HKFRSs and interpretations that are effective for annual periods beginning on or after 1st January 2009. There have been no significant changes to the accounting policies applied in the consolidated financial statements for the year ended 31st December 2009, except for the following adoption:

HKAS 1 (Revised), “Presentation of Financial Statements” (effective from 1st January 2009)

The revised standard prohibits the presentation of items of income and expenses (that is, ‘non-owner changes in equity’) in the statement of changes in equity, requiring ‘non-owner changes in equity’ to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented to conform with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

HKFRS 8 “Operating Segments” (effective from 1st January 2009)

HKFRS 8 replaces HKAS 14, ‘Segment reporting’, and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a ‘management approach’, under which segment information is presented on the same basis as that used for internal reporting purposes. This has resulted in an increase in the number of reportable segments presented. The Chief Executive Officer who is to designated as chief operating decision maker.

At the date of approval of these consolidated financial statements, the following are standards, amendments and interpretations to existing standards that are published and potentially relevant to the Group’s operations, but not yet effective and have not been early adopted by the Group:

HKAS 24 (Revised), “Related Party Disclosures” (effective for the Group for annual periods beginning 1st January 2011)

HKAS 27 (revised), “Consolidated and Separate Financial Statements”, (effective for the Group for annual periods beginning 1st January 2010)

HKAS 32 (Amendment), “Classification of Rights Issue” (effective for the Group for annual periods beginning 1st January 2011)

HKAS 39 (Amendment), “Eligible Hedge Items” (effective for the Group for annual periods beginning 1st January 2010)

HKFRS 1 (Revised), “First-time adoption of HKFRSs” (effective for the Group for annual periods beginning 1st January 2010)

HKFRS 2 (Amendments), “Group Cash-settled Share-based Payment Transactions” (effective for the Group for annual periods beginning 1st January 2010)

HKFRS 3 (Revised), “Business Combinations” (effective for the Group for annual periods beginning 1st January 2010)

HKFRS 9, “Financial Instruments” (effective for the Group for annual periods beginning 1st January 2013)

HK(IFRIC) Int 14, “Prepayments of a Minimum Funding Requirement” (effective for the Group for annual periods beginning 1st January 2011)

HK(IFRIC) Int 17 “Distribution of Non-cash Assets to Owners” (effective for the Group for annual periods beginning 1st January 2010)

HK(IFRIC) Int 19, “Extinguishing Financial Liabilities with Equity Instruments” (effective for the Group for annual periods beginning 1st January 2011)

In addition, Hong Kong Institute of Certified Public Accountants also published a number of amendments to the existing standards under its annual improvement projects. These amendments are not expected to have a significant financial impact on the results and financial position of the Group.

2. Revenue and segment information

HKFRS 8 “Operating Segments” replaces HKAS 14 “Segment Reporting” with effect from 1st January 2009. HKFRS 8 is a disclosure standard that requires the disclosure of information about the Group’s operating segments. It replaces the requirement under HKAS 14 to determine primary (business) and secondary (geographical) reporting segments of the Group. The Chief Executive Officer (chief operating decision maker) reviews the Group’s internal reporting and determines that there are five reportable segments, based on location of customers under cable and wire products business, including Hong Kong, Mainland China, Other Asian Countries, America and Europe. These segments are managed separately as each segment is subject to risks and returns that are different from the others.

The segment information for the reportable segments for the years ended 31st December 2009 and 2008 are as follows:

	Revenue (external sales) 2009 HK\$'000	Segment results 2009 HK\$'000	Total segment assets 2009 HK\$'000	Capital expenditure 2009 HK\$'000	Depreciation 2009 HK\$'000	Amortisation 2009 HK\$'000
Hong Kong	176,259	20,668	109,432	152	1,894	554
Mainland China	61,824	6,487	177,365	2,638	7,446	368
Other Asian Countries	42,156	4,958	9,741	–	–	–
America	128,191	9,693	41,175	–	–	–
Europe	2,762	325	9,700	–	–	–
Reportable segment	<u>411,192</u>	<u>42,131</u>	<u>347,413</u>	<u>2,790</u>	<u>9,340</u>	<u>922</u>
Unallocated costs, net of income		<u>(5,228)</u>				
Operating profit		<u>36,903</u>				

	Revenue (external sales) 2008 <i>HK\$'000</i>	Segment results 2008 <i>HK\$'000</i>	Total segment assets 2008 <i>HK\$'000</i>	Capital expenditure 2008 <i>HK\$'000</i>	Depreciation 2008 <i>HK\$'000</i>	Amortisation 2008 <i>HK\$'000</i>
Hong Kong	217,971	19,861	112,601	29	2,033	554
Mainland China	84,370	6,296	179,409	17,725	6,622	346
Other Asian Countries	43,098	3,799	10,740	–	–	–
America	155,177	4,726	49,724	–	–	–
Europe	7,012	618	1,549	–	–	–
	<u>507,628</u>	<u>35,300</u>	<u>354,023</u>	<u>17,754</u>	<u>8,655</u>	<u>900</u>
Reportable segment						
	<u><u>507,628</u></u>	<u><u>35,300</u></u>	<u><u>354,023</u></u>	<u><u>17,754</u></u>	<u><u>8,655</u></u>	<u><u>900</u></u>
Unallocated costs, net of income		(5,616)				
Operating profit		<u><u>29,684</u></u>				

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

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Total segment assets	347,413	354,023
Investment property	9,000	8,600
Deferred tax assets	2,181	1,442
	<u>358,594</u>	<u>364,065</u>
Total assets	<u><u>358,594</u></u>	<u><u>364,065</u></u>

There is no sales between the reporting segments.

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

Revenue of approximately HK\$75,828,000 (2008: HK\$75,962,000) is derived from a single customer.

3. Other income

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Gross rental income from investment property	143	320
Revaluation surplus on investment property	400	–
Reversal of impairment provision on property, plant and equipment	914	–
Sundry income	926	1,145
Interest income	24	141
	<u>2,407</u>	<u>1,606</u>
	<u><u>2,407</u></u>	<u><u>1,606</u></u>

4. Operating profit

Operating profit is stated after charging the following:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Amortisation and depreciation:		
Amortisation of leasehold land and land use rights	922	900
Depreciation of owned property, plant and equipment	8,187	7,200
Depreciation of property, plant and equipment held under finance lease contracts	1,153	1,455
Auditor's remuneration	1,357	1,444
Cost of inventories sold	240,104	349,811
Net exchange loss	471	166
Operating lease rentals in respect of land and buildings	320	255
Outgoing expenses in respect of investment property	14	14
Loss on disposal of property, plant and equipment	42	184
Net loss on derivative financial instruments	219	6
Write-off of trade receivables	2,660	1,246
Provisions for returns and doubtful debts	3,936	2,419
Staff costs (including directors' emoluments)	73,180	68,739
	<u>73,180</u>	<u>68,739</u>

5. Finance costs

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Interest on bank loans – wholly repayable within five years	1,305	4,271
Interest of finance lease contracts	284	453
	<u>1,589</u>	<u>4,724</u>

6. Taxation

The amount of taxation charged/(credited) to the consolidated income statement represents:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Hong Kong profits tax	3,190	1,088
Overseas taxation	1,162	1,113
Under/(over)-provision in prior year	505	(260)
Deferred taxation relating to the origination and reversal of temporary differences	266	725
	<u>5,123</u>	<u>2,666</u>

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

7. Dividend

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Interim, paid, of HK\$0.02 (2008: HK\$0.02) per ordinary share	3,980	3,980
Final, proposed, of HK\$0.04 (2008: HK\$0.03) per ordinary share	7,960	5,970
	<hr/> 11,940 <hr/>	<hr/> 9,950 <hr/>

At a meeting held on 10th March 2010, the directors proposed a final dividend of HK\$0.04 per ordinary share.

8. Earnings per share

The calculation of basic earnings per share is based on the Group's profit for the year of HK\$30,191,000 (2008: HK\$22,294,000) divided by the weighted average number of 198,958,000 (2008: 198,958,000) ordinary shares in issue during the year.

In both 2009 and 2008, diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares as at the year-end date.

9. Trade receivables

At 31st December 2009, the ageing analysis of trade receivables is as follows:

	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current – 3 months	86,464	95,086
4 – 6 months	4,470	12,291
Over 6 months	264	246
	<hr/> 91,198 <hr/>	<hr/> 107,623 <hr/>
Provisions for returns and doubtful debts	(3,612)	(1,047)
	<hr/> 87,586 <hr/>	<hr/> 106,576 <hr/>

Payment terms with customers are mainly on credit with the exception of new customers, which are on cash on delivery basis. Invoices are normally payable within 30 to 90 days of issuance. Longer payment terms might be granted to customers who have long-term business relationship with the Group and did not have default in payments in the past history.

10. Other reserves

	Share premium <i>HK\$'000</i>	Exchange fluctuation reserve <i>HK\$'000</i>	Building revaluation reserve <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Total other reserves <i>HK\$'000</i>
As at 1st January 2009	15,885	10,932	12,340	104	39,261
Surplus on revaluation of buildings	–	–	8,921	–	8,921
Deferred taxation charged to revaluation reserve	–	–	(980)	–	(980)
Exchange difference arising from translation of financial statements of subsidiaries	–	3,100	–	–	3,100
	<u>15,885</u>	<u>14,032</u>	<u>20,281</u>	<u>104</u>	<u>50,302</u>
At 31st December 2009	<u>15,885</u>	<u>14,032</u>	<u>20,281</u>	<u>104</u>	<u>50,302</u>
As at 1st January 2008	15,885	5,085	8,796	104	29,870
Surplus on revaluation of buildings	–	–	4,843	–	4,843
Deferred taxation charged to revaluation reserve	–	–	(1,299)	–	(1,299)
Exchange difference arising from translation of financial statements of subsidiaries	–	5,847	–	–	5,847
	<u>15,885</u>	<u>10,932</u>	<u>12,340</u>	<u>104</u>	<u>39,261</u>
At 31st December 2008	<u>15,885</u>	<u>10,932</u>	<u>12,340</u>	<u>104</u>	<u>39,261</u>

11. Trade payables

At 31st December 2009, the ageing analysis of trade payables is as follows:

	2009 <i>HK\$'000</i>	2008 <i>HK\$'000</i>
Current – 3 months	31,137	27,320
4 – 6 months	156	3,770
Over 6 months	292	292
	<u>31,585</u>	<u>31,382</u>

FINANCIAL REVIEW

Results

The Group's revenue was HK\$411,192,000 (2008: HK\$507,628,000). Profit for the year was HK\$30,191,000 compared to HK\$22,294,000 in 2008, up 35%. Earnings per share were HK\$0.152 (2008: HK\$0.112).

Final Dividend

The Board of Directors recommend the payment of a final dividend of HK\$0.04 per share. Together with the interim dividend of HK\$0.02 per share, the Group's total dividend for the year 2009 amount to HK\$0.06 per share (2008: HK\$0.05 per share).

Liquidity and Financial Resources

As at 31st December 2009, the consolidated indebtedness of the Group, including long-term borrowings of HK\$2,056,000, was HK\$28,865,000. The borrowings are mainly denominated in Hong Kong dollars. The cash and cash equivalents amounted to HK\$29,293,000.

As at 31st December 2009, the Group's trade receivable balance was HK\$87,586,000, representing 21.3% of the year's revenue of HK\$411,192,000. The Group adopted a stringent credit policy to minimize credit risk. The interest cover was 23.2 times as compared to 6.3 times in 2008.

Capital Expenditure and Material Acquisition

During the year under review, capital expenditures were approximate to HK\$2,790,000.

Capital Structure

As at 31st December 2009, the consolidated shareholders' equity of the Group was HK\$267,693,000, an increase of 13.2% over that of the previous year. The debt to equity ratio, (calculated by dividing total liabilities to shareholders' equity), was approximately 34.0%.

Pledge of Assets

As at 31st December 2009, the Group's banking facilities amounting to approximately HK\$27,186,000 were secured by legal charges over certain leasehold land, land use rights, buildings, and investment property of the Group with a total net book value of HK\$39,784,000.

BUSINESS REVIEW

The Group is principally engaged in the manufacturing and trading of quality power cord, power cord sets, cables and wires, wire harnesses and plastic resins.

During the year, our sales in power cord and power cord sets, cables and wires, wire harnesses and plastic resins accounted for 54%, 10%, 34% and 2% of the Group's total revenue, respectively.

Despite the drop in revenue, our profitability has sustained during the year under review. This is primarily attributed to the successful implementation of the "Lean Production" strategy which aims to rationalize the internal operating process within each department and between departments.

In addition, the Group has continued to adopt prudent strategy, conduct regular audit on cost control, enhance production efficiency and take defensive measures to pre-empt potential accidents and risks.

In respect of raw material costs, the Group has adopted the proven strategy of hedging with delivery to reduce costs which results in solid growth in profit.

While the implementation of the People's Republic of China's new labour law in early 2008 increased our costs, the Group has reduced the surging pressure on labour costs by capitalizing on semi-automation to realign manpower.

FUTURE PROSPECTS

The outburst of the Global Financial Tsunami has taken place for over one year. Despite there are signals indicating that the global economy has revived gradually, it will take some time for the full recovery from the economic downturn. The Group will continue to implement prudent strategy and take cautious steps to weather challenges arising from the weak global economy in many mature countries.

Our core strategy for 2010 is to create value for our customers. We will continue to provide high quality products at competitive price.

In addition to producing more environmentally-sound products, we will continue to invest our resources in research and development of environmentally-proof and green products in order to meet the new environmental protection regulation adopted by the European Union.

This year, in order to tap into the high potential market, the Group plans to apply for the ISO 13485 certification which is dedicated to Medical Devices – Quality Management Systems.

Currently, the United States of America is the Group's most major overseas market. We will expedite our expansion into other overseas markets in the future, with an aim to develop new revenue driver for the Group.

On the human resources front, we will continue to attract and retain talents through the provision of competitive remuneration package and employee recognition.

2010 will be another challenging year. But we believe if we remain positive in enhancing efficiency, adding value to our products and building closer partnership relationship with our customers, the Group's business will continue to achieve steady growth in profit.

EMPLOYEES' REMUNERATION POLICY

As at 31st December 2009, the Group employed approximately 1,500 full time management, administrative and production staff worldwide. The Group follows market practice on remuneration packages. Employee's remuneration is reviewed and determined by senior management annually depending on the employee's performance, experience and industry practice. The Group invests in its human capital, In addition to on-job training, the Group adopts policies of continuous professional training programs.

SOCIAL RESPONSIBILITY

Being a responsible corporate citizen is the Group's strong belief. So we continue to participate in and support community activities in both Hong Kong and the People's Republic of China.

AUDIT COMMITTEE

During the year, the Audit Committee reviewed the interim financial report and the financial results of the Group for the year ended 31st December 2009 and the accounting principles and practices adopted by the Group. The Audit Committee also evaluated the adequacy and effectiveness of the Group's internal control systems and made recommendations to the Board.

THE CODE ON CORPORATE GOVERNANCE PRACTICES

With effect from 1st January 2005, the Company has applied the principles and complied with the requirements of the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Directors confirm that the Company fully complies to the Code Provisions, and adopts Recommended Best Practices as defined in Appendix 14 of the Rules Governing the Listing of Securities appropriately when possible.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the Model Code for Securities Transactions by Directors of Listing Issuers as set out in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, they had complied with the required standards of the said code during the year.

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

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year.

DISCLOSURE OF INFORMATION ON THE WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

The information required by paragraphs 45(1) to 45(8) of Appendix 16 to the Listing Rules will be published on the website <http://www.hkex.com.hk> of the Stock Exchange and on the Company's website <http://www.equitynet.com.hk/0725> in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 26th April 2010 to 29th April 2010, both days inclusive, during which period no transfer of shares will be effected. Subject to the approval of shareholders at the Annual General Meeting to be held on 29th April 2010, the final dividend will be paid on or before 11th May 2010 to shareholders whose names are registered in the register of members of the Company at the close of business on 29th April 2010.

In order to qualify for the final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Hong Kong Registrars Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30p.m. on 23rd April 2010.

APPRECIATION

On behalf of the Board of Directors, my sincere thanks to our shareholders, partners and customers for their continuous support and to our staff for their dedication.

By order of the Board
Koo Di An, Louise
Chairman

Hong Kong, 10th March 2010

The figures in respect of this preliminary announcement of the Group's results for the year ended 31st December 2009 have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

As at the date of this announcement, the executive Directors are Mr. MON Chung Hung, Ms. LI Man Wai, Mr. SIU Yuk Shing, Marco, Ms. MON Wai Ki, Vicky and Ms. MON Tiffany, the non-executive Director is Ms. KOO Di An, Louise and the independent non-executive Directors are Mr. LAU Chun Kay, Mr. CHENG Kwok Kit, Edwin and Mr. MA Chun Hon, Richard.

** For identification purposes only*