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PERFECTECH INTERNATIONAL HOLDINGS LIMITED

威發國際集團有限公司*

(the “Company”)

(incorporated in Bermuda with limited liability)

(Stock Code: 765)

**ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

RESULTS

The board of directors (the “Board”) of Perfectech International Holdings Limited (the “Company”) hereby announces that the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31 December 2014 and the comparative figures in 2013 were as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2014

	<i>Notes</i>	2014 <i>HK\$’000</i>	2013 <i>HK\$’000</i>
Continuing operations			
Revenue	3 & 4	225,549	248,741
Cost of sales		(169,011)	(182,691)
Gross profit		56,538	66,050
Net other income	5	1,682	9,425
Distribution costs		(5,880)	(7,135)
Increase in fair value of investment properties		34	1,200
Administrative expenses		(38,175)	(36,511)
Finance costs	6	(359)	(317)

* *for identification purpose only*

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit before tax	7	13,840	32,712
Income tax expenses	8	(3,494)	(8,449)
		<hr/>	<hr/>
Profit for the year from continuing operations		10,346	24,263
		<hr/>	<hr/>
Discontinued operations			
Loss for the year from discontinued operations		–	(8,272)
		<hr/>	<hr/>
Profit for the year		10,346	15,991
		<hr/>	<hr/>
Other comprehensive expenses, net of income tax items that may be reclassified subsequently to profit or loss:			
Exchange difference on translation of overseas operations			
Exchange difference arising during the year		(90)	(249)
Reclassification adjustments relating to derecognition of foreign subsidiaries during the year		–	(321)
		<hr/>	<hr/>
		(90)	(570)
		<hr/>	<hr/>
Total comprehensive income for the year		10,256	15,421
		<hr/> <hr/>	<hr/> <hr/>
Profit for the year attributable to:			
Owners of the Company		7,677	12,512
Non-controlling interests		2,669	3,479
		<hr/>	<hr/>
Profit for the year		10,346	15,991
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2014 HK\$'000	2013 <i>HK\$'000</i>
Total comprehensive income for the year attributable to:			
Owners of the Company		7,591	11,906
Non-controlling interests		2,665	3,515
		<hr/>	<hr/>
Total comprehensive income for the year		10,256	15,421
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share	10		
From continuing and discontinued operations			
Basic		2.61 Cents	4.48 Cents
		<hr/>	<hr/>
Diluted		2.57 Cents	4.37 Cents
		<hr/>	<hr/>
From continuing operations			
Basic		2.61 Cents	7.44 Cents
		<hr/>	<hr/>
Diluted		2.57 Cents	7.27 Cents
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

	<i>Notes</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		66,991	63,818
Investment properties		44,700	11,400
Deferred tax assets		4,640	4,140
Deferred rental income		–	5
		<hr/> 116,331	<hr/> 79,363
CURRENT ASSETS			
Inventories		19,700	26,527
Trade and other receivables	11	27,690	32,986
Deferred rental income		–	5
Amounts due from a related company		–	62
Tax recoverable		2,422	362
Investments held-for-trading		46,993	46,675
Derivative financial instruments		45	175
Financial assets designated as at fair value through profit or loss		–	1,299
Pledged bank deposits		1,895	6,746
Bank balances and cash		49,060	86,406
		<hr/> 147,805	<hr/> 201,243
CURRENT LIABILITIES			
Trade and other payables	12	31,289	35,917
Derivative financial instruments		4,156	945
Tax liabilities		1,219	6,829
Bank borrowings		30,255	21,918
		<hr/> 66,919	<hr/> 65,609
NET CURRENT ASSETS		<hr/> 80,886	<hr/> 135,634
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 197,217	<hr/> 214,997
NON-CURRENT LIABILITIES			
Deferred tax liabilities		319	368
NET ASSETS		<hr/> 196,898	<hr/> 214,629
CAPITAL AND RESERVES			
Share capital		29,867	29,012
Reserves		152,434	171,897
Equity attributable to owners of the Company		<hr/> 182,301	<hr/> 200,909
Non-controlling interests		14,597	13,720
TOTAL EQUITY		<hr/> 196,898	<hr/> 214,629

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2014

1. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost basis except for certain properties and financial instruments that are measured at fair values. Historical cost is generally based on fair value of the consideration given in exchange for assets.

The principal activities of the Group are the manufacture and sale of novelties, decorations and toys products.

The consolidated financial statements are presented in Hong Kong dollars, which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and revised HKFRSs applied with no material effects on the financial statements

The accounting policies and methods of computation used in these financial statements are the same as those followed in the preparation of the Group’s financial statements for the year ended 31 December 2013, except for the following amendments to HKFRSs that the Group has applied for the first time in the current year. The application of these new and revised HKFRSs has had no material impact on the Group’s financial performance and positions for the current and prior years but may affect the accounting for future transactions or arrangements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	Investment Entities
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
HK(IFRIC)-Int 21	Levies

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments ⁴
HKFRS 14	Regulatory Deferral Accounts ⁵
HKFRS 15	Revenue from Contracts with Customers ³
Amendments to HKAS 1	Disclosure Initiative ²
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an investor and its Associate or Joint Venture ²
Amendments to HKFRS 11	Accounting for Acquisition of Interest in Joint Operations ²
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation ²
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants ²
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions ¹
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements ²
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the consolidation Exception ²
Amendments to HKFRSs	Annual Improvements 2010-2012 Cycle ⁶
Amendments to HKFRSs	Annual Improvements 2011-2013 Cycle ¹
Amendments to HKFRSs	Annual Improvements 2012-2014 Cycle ²

¹ Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted

² Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted

³ Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted

⁴ Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted

⁵ Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group as the Group is not a first-time adopter of HKFRSs.

⁶ Effective for annual periods beginning on or after 1 July 2014, with limited exceptions

3. REVENUE

Revenue represents the amounts received and receivable for goods sold by the Group to outside customers, less returns and trade discounts, during the year from continuing operations.

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Novelties and decorations products	57,077	66,216
Toys products	168,472	182,525
	225,549	248,741

4. SEGMENTS REPORTING

For management purposes, the Group is currently organised into two operating segments, namely the manufacture and sale of novelties and decorations products and the manufacture and sale of toy products.

Manufacture and sale of packaging products was discontinued in 2013. The segment information reported on the next pages does not include any amounts for these discontinued operations.

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	2014			
	Novelties and decorations products HK\$'000	Toy products HK\$'000	Eliminations HK\$'000	Consolidated HK\$'000
REVENUE				
External sales	57,077	168,472	–	225,549
Inter-segment sales	–	–	–	–
Total revenue or continuing operations	<u>57,077</u>	<u>168,472</u>	<u>–</u>	<u>225,549</u>
RESULT				
Segment result	<u>(5,387)</u>	<u>22,113</u>	<u>–</u>	16,726
Loss from investments				(1,700)
Increase in fair value of investment properties				34
Unallocated corporate expenses				(861)
Finance costs				<u>(359)</u>
Profit before tax				13,840
Income tax expenses				<u>(3,494)</u>
Profit for the year				<u>10,346</u>

Inter-segment sales are charged at prevailing market rates.

	Novelties and decorations products HK\$'000	Toy products HK\$'000	Consolidated HK\$'000
ASSETS			
Segment assets	39,399	83,598	122,997
Unallocated corporate assets			141,139
			<u>264,136</u>
LIABILITIES			
Segment liabilities	19,268	21,703	40,971
Unallocated corporate liabilities			26,267
			<u>67,238</u>

	Novelties and decorations products HK\$'000	Toy products HK\$'000	Others HK\$'000	Consolidated HK\$'000
Additions of property, plant and equipment	503	10,895	–	11,398
Depreciation and amortisation	1,430	5,207	1,550	8,187
Interest income	16	15	53	84
	<u>16</u>	<u>15</u>	<u>53</u>	<u>84</u>

2013

	Novelties and decorations products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Eliminations <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
REVENUE				
External sales	66,216	182,525	–	248,741
Inter-segment sales	–	–	–	–
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue or continuing operations	<u>66,216</u>	<u>182,525</u>	<u>–</u>	<u>248,741</u>
RESULT				
Segment result	<u>2,062</u>	<u>29,897</u>	<u>–</u>	31,959
Profit from investments				2,888
Increase in fair value of an investment property				1,200
Unallocated corporate expenses				(3,018)
Finance costs				(317)
				<hr/>
Profit before tax				32,712
Income tax expenses				(8,449)
				<hr/>
Profit for the year				<u>24,263</u>

Inter-segment sales are charged at prevailing market rates.

	Novelties and decorations products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
ASSETS			
Segment assets	56,806	102,165	158,971
Unallocated corporate assets			104,532
Assets relating to packaging products			17,103
			<u>17,103</u>
Consolidated total assets			<u><u>280,606</u></u>
LIABILITIES			
Segment liabilities	13,931	29,594	43,525
Unallocated corporate liabilities			20,755
Liabilities relating to packaging products			1,697
			<u>1,697</u>
Consolidated total liabilities			<u><u>65,977</u></u>

	Novelties and decorations products <i>HK\$'000</i>	Toy products <i>HK\$'000</i>	Others <i>HK\$'000</i>	Consolidated <i>HK\$'000</i>
Additions of property, plant and equipment	1,206	7,363	31,660	40,229
Depreciation and amortisation	1,578	4,784	489	6,851
Interest income	20	16	2	38
	<u>20</u>	<u>16</u>	<u>2</u>	<u>38</u>

Segment profit represents the profit earned by each segment without allocation of central administration costs including directors' salaries, investment and other income, finance costs, and income tax expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than held-for-trading investments, other financial assets, investment property, land and building held for own use and deferred tax assets. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and
- all liabilities are allocated to operating segments other than deferred tax liabilities, other financial liabilities and borrowings. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

Geographical Information

The Group's revenue from continuing operations from external customers by location of operations are detailed below:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Sales revenue by geographical market:		
Hong Kong	15,929	10,841
Europe	53,410	85,560
America	57,112	53,649
Asia (other than Hong Kong)	95,544	96,777
Others	3,554	1,914
	225,549	248,741

The following is an analysis of the carrying amount of segment assets, and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

	Carrying amount of segment assets		Additions to property, plant and equipment	
	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Hong Kong	185,029	188,644	1,033	32,311
The People's Republic of China (the "PRC")	79,107	91,962	10,365	7,918
	264,136	280,606	11,398	40,229

Information about major customer

Included in revenues arising from sales of toy products of approximately HK\$168,472,000 (2013: HK\$182,525,000) are revenues of approximately HK\$160,632,000 (2013: HK\$173,097,000) which arose from sales to the Group's largest customer.

5. NET OTHER INCOME

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Bad debt recovered	–	51
Bond interest income	304	312
Dividend incomes on investments held-for-trading	1,681	1,429
Gain on disposal of property, plant and equipment	419	121
Gain on derecognition of subsidiaries	–	2,786
Interest income	84	38
Loss on redemption of financial assets designated as at fair value through profit or loss	(47)	–
Net change in fair value of investments held-for-trading	(2,764)	(1,293)
Net change in fair value of derivative financial instruments	(3,341)	3,384
Net change in fair value of financial assets designated as at fair value through profit or loss	–	49
Rental income	131	366
Realised gain (loss) on disposal of investments held-for-trading	2,451	(945)
Scrap sales	1,441	812
Others	1,323	2,315
	<u>1,682</u>	<u>9,425</u>

6. FINANCE COSTS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Continuing operations		
Interest on:		
Bank borrowings wholly repayable within five years	119	216
Bank borrowings not wholly repayable within five years	240	101
	<u>359</u>	<u>317</u>

7. PROFIT BEFORE TAX

	2014	2013
	HK\$'000	HK\$'000
Continuing operations		
Profit before tax has been arrived at after charging (crediting):		
Auditor's remuneration	1,000	885
Bad debt recovered	–	51
Cost of inventories recognised as an expense	60,776	75,190
Depreciation of property, plant and equipment	8,187	6,851
Foreign exchange losses, net	2,855	3,266
Operating lease rentals in respect of rented premises	6,161	5,865
Gross rental income from investment properties	(131)	(178)
Less:		
Direct operating expenses incurred for investment properties that generated rental income during the year	25	33
Direct operating expenses incurred for investment properties that did not generated rental income during the year	8	–
	(98)	(145)
Share-based payment expenses	–	2,123
Staff costs (including Directors' emoluments)	88,339	85,133

8. INCOME TAX EXPENSES

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Relating to continuing operations		
Current tax:		
Hong Kong Profits Tax	4,235	6,750
PRC Enterprise Income Tax	163	46
	<u>4,398</u>	<u>6,796</u>
(Over) under provision in prior years:		
Hong Kong Enterprise Income Tax	(440)	2,226
PRC Profits Tax	85	–
	<u>(355)</u>	<u>2,226</u>
Deferred tax		
Current year	(549)	(573)
	<u>3,494</u>	<u>8,449</u>
Total income tax expenses recognised in profit or loss	<u>3,494</u>	<u>8,449</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% for both years.

The tax charge for the year can be reconciled to the profit before tax as follows:

	2014	2013
	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before tax	<u>13,840</u>	<u>32,712</u>
Tax at Hong Kong Profits Tax rate of 16.5%	2,284	5,397
Tax effect of income not taxable for tax purposes	(1,614)	(1,858)
Tax effect of expenses not deductible for tax purposes	2,658	3,781
Tax effect on temporary differences not recognised	41	(136)
Tax effect on tax losses not recognised	577	(62)
Utilisation of tax losses not previously recognised	(17)	(15)
(Over) under provision in prior year	(355)	2,226
Effect of different tax rates of group entities operating in the PRC	(80)	(884)
	<u>3,494</u>	<u>8,449</u>
Tax charge for the year	<u>3,494</u>	<u>8,449</u>

9. DIVIDENDS

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Interim, paid – 1.0 HK cent (2013: 1.0 HK cent) per share	2,958	2,901
Final and special, paid – 10.0 HK cents per share for 2013 (2013: 11.0 HK cents per share for 2012)	29,312	31,880
	32,270	34,781

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2014 of 2.0 HK cents (2013: 3.0 HK cents) per share have been proposed by the Directors and is subject to approval by the shareholders in general meeting.

10. EARNINGS PER SHARE

From continuing and discontinued operations

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the net profit for the year of approximately HK\$7,677,000 (2013: profit of HK\$12,512,000) and the following data:

	2014	2013
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	294,479,716	279,202,368
Effect of dilutive potential ordinary shares on share options	4,817,298	6,816,212
Weighted average number of ordinary shares for the purposes of diluted earnings per share	299,297,014	286,018,580

From continuing operations

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Profit for the year attributable to owners of the Company	7,677	12,512
Add: Loss for the year from discontinued operations	–	8,272
	<hr/>	<hr/>
Earnings for the purpose of basic and diluted earnings per share from continuing operations	<u>7,677</u>	<u>20,784</u>

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

11. TRADE AND OTHER RECEIVABLES

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Trade receivables	28,706	29,990
Less: impairment loss on trade receivables	(7,144)	(7,144)
	<hr/>	<hr/>
	21,562	22,846
Prepayment and other receivables	6,128	10,140
	<hr/>	<hr/>
	<u>27,690</u>	<u>32,986</u>

The Group allows an average credit period of 60 days to its trade customers.

The following is an aging analysis of the Group's trade receivables by age, presented based on the invoice date and net of allowance for doubtful debts at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 60 days	18,786	20,279
61 – 90 days	2,068	1,453
91 – 120 days	444	53
Over 120 days	264	1,061
	<hr/> 21,562 <hr/>	<hr/> 22,846 <hr/>

Trade receivables disclosed above include amounts which are past due at the end of reporting period for which the Group has not recognised an allowance for doubtful debts because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The following is an aging analysis of the Group's trade receivables that are past due but not impaired at the end of the reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Overdue by:		
0 – 60 days	4,489	3,759
61 – 90 days	2,068	15
91 – 120 days	707	–
Over 120 days	1	214
	<hr/> 7,265 <hr/>	<hr/> 3,988 <hr/>

The following is the movement in the allowance for doubtful debts:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Balance at the beginning of the year	7,144	17,956
Allowance for doubtful debts during the year	–	–
Amounts recovered during the year	–	(71)
Amounts written off during the year	–	(10,741)
	<hr/> 7,144 <hr/>	<hr/> 7,144 <hr/>

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated. The fair value of the Group's trade and other receivables at 31 December 2014 approximates to the corresponding carrying amount.

The following is an aging analysis of the Group's impaired trade receivables:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
Overdue by:		
0 – 60 days	–	–
61 – 90 days	–	–
91 – 120 days	–	–
Over 120 days	7,144	7,144
	<hr/>	<hr/>
	7,144	7,144
	<hr/> <hr/>	<hr/> <hr/>

12. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables, presented based on the invoice date at the end of reporting period:

	2014 <i>HK\$'000</i>	2013 <i>HK\$'000</i>
0 – 60 days	6,700	7,593
61 – 90 days	3,251	6,209
91 – 120 days	1,153	2,675
Over 120 days	691	1,172
	<hr/>	<hr/>
Trade payable	11,795	17,649
Other payable	19,494	18,268
	<hr/>	<hr/>
	31,289	35,917
	<hr/> <hr/>	<hr/> <hr/>

The fair value of the Group's trade and other payables at 31 December 2014 approximates to the corresponding carrying amount.

CHAIRMAN’S STATEMENT

RESULTS

The board of directors of the Company (the “Board”) has resolved to announce the audited consolidated results for the year ended 31 December 2014. Total revenue for the year amounted to approximately HK\$225,549,000 (2013: HK\$248,741,000), representing a decrease of about 9%. The net profit for the year stood at approximately HK\$7,677,000 (2013: HK\$12,512,000). Basic earnings per share was approximately 2.61 HK cents (2013: 4.48 HK cents).

FINAL DIVIDEND

The Board recommends the payment of a final dividend for the year ended 31 December 2014 of 2.0 HK cents per share (2013: 3.0 HK cents per share) payable to shareholders whose names appear on the register of members of the Company (the “Register of Members”) on 5 June 2015. The proposed final dividend, together with the interim dividend of 1.0 HK cent per share (2013: 1.0 HK cent per share) will make a total dividend of 3.0 HK cents per share for the year ended 31 December 2014 (2013: 4.0 HK cents per share). Subject to the approval of shareholders at the forthcoming annual general meeting to be held on 27 May 2015 (the “AGM”), the final dividend will be paid on or about 18 June 2015.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining the eligibility of shareholders to attend and vote at the AGM, and entitlement to the final dividend, the Register of Members will be closed during the below period, details of which are set out below:

- (i) For determining the eligibility to attend and vote at the AGM:

Latest time to lodge transfer documents for registration –	4:30 pm on Friday, 22 May 2015
Closure of the Register of Members –	Tuesday, 26 May 2015 to Wednesday, 27 May 2015 (both dates inclusive)
Record date –	Wednesday, 27 May 2015

(ii) For determining the eligibility to receive the final dividend:

Latest time to lodge transfer documents
for registration – 4:30 pm on
Wednesday, 3 June 2015

Closure of the Register of Members – Thursday, 4 June 2015 to
Friday, 5 June 2015
(both dates inclusive)

Record date – Friday, 5 June 2015

During the above closure periods, no share transfer will be registered. In order to be eligible to attend and vote at the AGM, and to be entitled to the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong at Tricor Standard Limited no later than the aforementioned latest time respectively.

BUSINESS REVIEW

Since the discontinuation of the packaging segment in 2013, there remained two main business segments, namely, the novelties and decorations segment and the toys segment for the Group, for the year under review. As stated above, the turnover of the Group dropped by about 9% and both segments recorded a negative growth, details of the performance of the two segments are disclosed below. This was mainly due to the fact that, among others, the global economy stayed lacklustre, especially in Europe, weakening the demand for consumer products.

On the other hand, due to the influence of the highly volatile global financial markets, especially the price of oil in recent months, the Group recorded a loss from investment during the year under review. Details of the breakdown of income from investment will be disclosed below.

For the year of 2014, the profit of the Group included gain on disposal of investments held-for-trading of approximately HK\$2,451,000 (2013: loss of HK\$945,000), decrease in fair value of investments held-for-trading of approximately HK\$2,764,000 (2013: decrease of HK\$1,293,000) and decrease in fair value of derivative financial instruments of approximately HK\$3,341,000 (2013: increase of HK\$3,384,000).

Besides, administrative expenses increased by about 5% to approximately HK\$38,175,000 (2013: HK\$36,511,000). Such increase was mainly due to, among others, certain overheads formerly allocated to the packaging segment, which was discontinued in 2013, being now absorbed by the Group. On the other hand, distribution costs decreased by about 18% to HK\$5,880,000 (2013: HK\$7,135,000).

Finance costs increased by about 13% to approximately HK\$359,000 (2013: HK\$317,000) as a result of the drawdown of loans for the acquisition of the investment property during the year.

FUTURE PLAN & PROSPECT

Due to increasing costs of production in mainland China, it has become more difficult for manufacturers to strive for survival there, especially for processing industries without high value-added products. To overcome the above uneasy issue, the Group will continue to concentrate on profitable and high technique-based manufacturing businesses. For the novelties and decorations segment, extra efforts will be put in improving production efficiency and cost saving, together with proposed change of marketing strategy, it is targeted that the segment will achieve break-even in the coming year.

In order to diversify its income sources, the Group will continue to invest in the financial market with available funds on hand and in accordance with the Group's treasury policies on investment transactions ("Treasury Policies"). Moreover, the Group acquired further investment property for rental purposes during the year under review to increase source of stabilized income.

Looking ahead, although the overall environment of manufacturing business is still challenging, the Board is prudently optimistic that the performance of the Group in coming years may improve.

MANAGEMENT DISCUSSION AND ANALYSIS

SEGMENTAL RESULTS

Novelties and decorations

The turnover of this segment for the year under review showed a further decrease of about 14% to approximately HK\$57,077,000 (2013: HK\$66,216,000), and the segment recorded a loss before interests and tax of approximately HK\$5,387,000 (2013: gain of HK\$2,062,000). Included in the loss there was no gain on derecognition of subsidiary (2013: HK\$2,551,000). The substantial loss was mainly due to the decrease of sales amount to a record low level together with the decrease in profit margin as a result of keen competition and rising costs of production.

Toy products

The turnover of this segment decreased by about 8% to approximately HK\$168,472,000 (2013: HK\$182,525,000), and the segment result therefrom also decreased by about 26% to approximately HK\$22,113,000 (2013: HK\$29,897,000). The segment continued to be the best performing one within the Group and maintained a relatively stable performance, which is hard to be achieved under the current global and local manufacturing environment.

Investments

To well utilise the available cash on hand, the Group has invested in the securities of various listed companies, which are held for trading purposes for capital gain in the value of the securities. As at 31 December 2014, the market value of investments-held-for-trading was approximately HK\$46,993,000 (2013: HK\$46,675,000).

In addition, the Group may utilise its cash on hand by investing in other types of investment with a view to enhancing the return to the shareholders. However, that must be carried out in accordance with the Company's Treasury Policies, details of which are posted on the Company's website, www.perfectech.com.hk.

Foreign currency exposure

The Group's sales and purchases are mainly denominated in Hong Kong Dollar and US Dollar. As all its factories are located in the PRC, expenses incurred there are dominated in Renminbi.

Since Hong Kong Dollar remains pegged to US Dollar, the Group does not foresee a substantial exposure in this area, and will closely monitor the trend of Renminbi to see if any action is required.

As at 31 December 2014, the Group had not entered into any financial instrument for the hedging of foreign currency.

Liquidity and financial resources

As at 31 December 2014, there were no long-term finance lease obligation and bank loan of the Group (2013: HK\$nil), while the short term bank borrowings were approximately HK\$30,255,000 (2013: HK\$21,918,000), and none of the Group's plant and machinery (2013: HK\$nil) was held under a finance lease. The gearing ratio, measured by total bank and other borrowings divided by equity, of the Group was 17% (2013: 11%). As at 31 December 2014, the Group had bank balances and cash of approximately HK\$49,060,000 (2013: HK\$86,406,000).

With cash and other current assets as at 31 December 2014 of HK\$147,805,000 (2013: HK\$201,243,000) as well as available banking facilities, the Group had sufficient financial resources to satisfy its commitments and working capital requirements.

Net asset value

The net asset value of the Group as at 31 December 2014 was approximately HK\$0.61 (2013: HK\$0.69) per share based on the actual number of 298,665,607 (2013: 290,115,607) shares in issue on that date.

Employees and remuneration policies

As at 31 December 2014, the Group employed approximately 1,200 (2013: 1,350) full time employees. The Group remunerates its employees largely based on prevailing industry practice as well as individual merits. The Group has also established a share option scheme for its full time employees.

Directors' Securities Transactions

The Company has adopted a code of conduct governing the Directors' transactions in securities of the Group on terms no less exacting than the standard set out in the "Model Code for Securities Transactions by Directors of Listed Issuers" contained in Appendix 10 to the Listing Rules (the "Model Code").

Following specific enquiry by the Group, all Directors have confirmed that throughout the year 2014, they complied with the required standard set out in the Model Code and the Company's code of conduct regarding Directors' securities transactions.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the year ended 31 December 2014, the Company has adopted the code provisions (the "Code Provisions") set out in the "Corporate Governance Code and Corporate Governance Report" in Appendix 14 (the "Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its corporate governance code, and has taken steps to comply with the Code Provisions wherever appropriate.

On 27 March 2013, the Company has adopted the Code Provisions of the latest Code as the guideline for corporate governance of the Company.

Throughout the year ended 31 December 2014, the Company has complied with the Code Provisions save for the following deviations:

Under Code Provision A.2.1, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

While the Company does not have the position of chief executive officer, the responsibilities normally assumed by such a role are taken up by the managing director of the company. Mr. Poon Siu Chung is the chairman (the “Chairman”) of the board of directors of the Company (the “Board”) and the managing director of the Company (the “Managing Director”). The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals who meet regularly to discuss issues affecting the operations of the Company. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Poon and believes that having Mr. Poon performing the roles of Chairman and Managing Director is beneficial to the business prospects of the Company.

Under Code Provision A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the views of the shareholders.

Due to other pre-arranged business commitments which must be attended to by him, Mr. Yip Chi Hung, being the independent non-executive director of the Company, was not present at the annual general meeting of the Company held on 20 May 2014.

Under Code Provision C.3.3(b), the Audit Committee shall review and monitor the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences.

Due to the tight timeline of the audit timetable for the year ended 31 December 2014, the Audit Committee did not meet physically with the external auditors to discuss the nature and scope of the 2014 annual audit before the audit commenced. However, to ensure that the effectiveness of the 2014 annual audit, audit issues, if any, were reported by the external auditors from time to time during the 2014 annual audit summarizing matters arising from their audit of the Group for the year 2014.

Under Code Provision D.1.4, all directors should clearly understand delegation arrangements in place, and the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment.

The Company has no formal letters of appointment for the independent non-executive directors, namely Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David, as all of them have been serving as directors of the Company (the “Directors”) for a considerable period of time, a clear understanding of the terms and conditions of their appointment already exists between the Company and the said Directors, and so there is no written record of the same.

In any event, all Directors, including those without a letter of appointment and those appointed for a specific term, shall be subject to retirement by rotation in the manner prescribed under the bye-laws of the Company and on re-election of the retiring Directors, shareholders are given the information that is reasonably necessary for them to make an informed decision on the reappointment of the relevant Directors.

Under Code Provision F.1.1, the company secretary should be an employee of the Company and have day-to-day knowledge of the Company's affairs.

The company secretary of the Company, Ms. Pang Siu Yin, is a partner of the Company's legal adviser, Cheung, Tong & Rosa Solicitors. Ms. Pang has been appointed as the company secretary of the Company since 1 April 1998. The Company has also assigned Mr. Poon Wai Yip, Albert, an executive director of the Company, and Mr. Yuen Che Wai, Victor, the financial controller of the Company, as the contact persons with Ms. Pang. Information in relation to the performance, financial position and other major developments and affairs of the Group (including but not limited to the management monthly report to the Board) are speedily delivered to Ms. Pang through the contact persons assigned. Given the long-term relationship between Ms. Pang and the Group, she is very familiar with the operations of the Group and has an in depth knowledge of the management of the Group. Having in place a mechanism that she will get hold of the Group's development promptly without material delay and with her expertise and experience, the Board is confident that having Ms. Pang as the company secretary is beneficial to the Group's compliance with the relevant Board procedures, applicable laws, rules and regulations.

AUDIT COMMITTEE

The Company has established an audit committee which comprises all independent non-executive Directors ("INEDs"), Mr. Choy Wing Keung, David, Mr. Yip Chi Hung and Mr. Lam Yat Cheong, who is also the chairman of the committee.

The audit committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed with the management matters related to internal controls assessments and financial reporting including reviewing the audited financial statements for the year ended 31 December 2014 of the Company now reported on.

SCOPE OF WORK OF MESSRS. HLM CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2014 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. HLM CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. HLM CPA Limited in this respect did 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 Messrs. HLM CPA Limited in this announcement.

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

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed its own shares through the Stock Exchange or otherwise.

Appreciation

Finally, I would like to take this opportunity to thank all my fellow Directors and the staff for their contribution and cordial support during the year under review.

On behalf of the Board
Poon Siu Chung
Chairman & Managing Director

Hong Kong, 26 March 2015

As at the date of this announcement, the Board is composed of Mr. Poon Siu Chung, Dr. Poon Wai Tsun, William and Mr. Poon Wai Yip, Albert as executive directors, Mr. Lam Yat Cheong, Mr. Yip Chi Hung and Mr. Choy Wing Keung, David as independent non-executive directors.