

CHAIRMAN'S STATEMENT

主席報告

On behalf of the Board of Directors (the "Directors"), I am pleased to announce the consolidated audited financial results of Perennial International Limited (the "Company"), together with its subsidiaries, (the "Group") for the year ended 31st December 2005. The Group's turnover was HK\$375,383,000 compared to HK\$303,143,000 in 2004, up 23.8%. Profit for the year amounted to HK\$25,408,000, representing an increase of 60.5% over that of last year. Earnings per share were HK\$0.128, up 60%.

The encouraging performance was achieved amidst improved productivity and cost efficiency, the Group's persistent efforts to adopt prudent and high transparent financial strategy and enhanced internal control and corporate governance.

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

FINAL DIVIDEND

The Directors recommend the payment of a final dividend of HK\$0.03 per share. Together with the interim dividend of HK\$0.01 per share, the Group's total dividends for the year 2005 amount to HK\$0.04 per share (2004: HK\$0.03 per share).

The register of members of the Company will be closed from 25th April 2006 to 28th April 2006, 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 2006, the final dividend will be paid on or before 8th May 2006 to shareholders whose names are registered in the register of members of the Company at the close of business on 24th April 2006.

In order to qualify for the final dividend, payable on or before 8th May 2006, to be approved at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrars, Hong Kong Registrars Limited at Room 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:00 p.m. on 24th April 2006.

* The figures of year 2004 were calculated on the basis of the restated accounts.

本人謹此代表董事會欣然公佈恒都集團有限公司（「本公司」連同其附屬公司統稱「本集團」）截至二零零五年十二月三十一日止年度經審核的綜合財務報告。本集團營業額為375,383,000港元，較二零零四年之303,143,000港元，增加23.8%。全年溢利為25,408,000港元，較去年同期增加60.5%。每股盈利為12.8港仙，上升60%。

業績表現理想乃本集團致力提升生產效率及成本效益，應用審慎及高透明度財務策略，加強內部監控及企業管治所得之成果。

本集團之主要業務包括專門製造及營銷優質的電源線、電源線組合、導線、組合束線及塑膠皮料。

末期股息

董事建議派發末期股息每股3港仙。連同已派發的中期股息每股1港仙，本集團二零零五年之全年股息為每股4港仙（二零零四年：每股3港仙）。

本公司將於二零零六年四月二十五日至二零零六年四月二十八日，首尾兩天包括在內，停止辦理股份過戶登記手續。待股東於二零零六年四月二十九日舉行之股東週年大會批准後，末期股息將在二零零六年五月八日或以前派付予於二零零六年四月二十四日營業時間結束時名字登記在本公司股東登記名冊之股東。

為了符合在二零零六年五月八日或以前獲派於股東週年大會上批准之末期股息之資格，股東最遲須於二零零六年四月二十四日下午四時前，將全部已經填妥之過戶表格，連同有關股票交回本公司在香港之股份過戶登記分處香港證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室。

* 二零零四年度之數據是以重列數為基礎。

BUSINESS REVIEW

The Group reviews and revises strategies on raising cost efficiencies; satisfactory financial results were achieved in the year of 2005 despite the challenging economic environment

Following the introduction of various measures to rationalize the structure, the Group reported solid business improvement by establishing defined objectives, optimizing the operations, enhancing cost control and inventory management. In addition, we focused on the development and production of profitable and quality products to maintain high returns and high growth.

In order to capture the rapid growth of China's automobile market, the Group is well prepared to obtain the international certification TS-16949 in 2006 and to manufacture the wire harness for automobiles.

The Group attained strong sales in AC power supply cord, wire harness cable wires and plastic resins, accounting for 62%, 24%, 13% and 1% of the Group's total sales respectively.

The Group's properties were revalued by DTZ Debenham Tie Leung Limited, an independent firm of chartered surveyors, and recorded a revaluation surplus of HK\$801,000 of which HK\$400,000 was credited to the consolidated profit and loss account and the remaining balance net of deferred taxation liability was credited to revaluation reserves in shareholder's equity.

業務回顧

本集團不時檢討及修訂策略以提升成本效益；於二零零五年儘管面對嚴峻的營商環境，本集團仍能取得良好的業績。

在推行多項措施精簡結構後，本集團得以確立清晰目標，加強優化生產程序，嚴格控制成本及庫存管理，致使業務表現顯著獲益。此外，我們專注開發和生產高利潤優質產品，保持高回報，高增長。

至於生產汽車專用組合線束方面，本集團亦已作好部署，期望在二零零六年取得TS-16949國際認可的認證，進一步把握內地蓬勃發展的汽車市場，積極拓展業務。

本集團之主要產品為交流電電源線、組合線束、導線及塑膠皮料於年內均錄得強勁的銷售成績，分別佔本集團營業額之62%、24%、13%及1%。

本集團之物業經由獨立專業估值師戴德梁行有限公司進行重新估值，並以審慎會計政策入賬，錄得重估盈餘801,000港元，其中400,000港元計入綜合損益賬，另外扣除遞延稅項負債之淨額則計入股東股本重估儲備。

* The figures of year 2004 were calculated on the basis of the restated accounts.

* 二零零四年度之數據是以重列數為基礎。

CHAIRMAN'S STATEMENT (CONTINUED)

主席報告 (續)

BUSINESS REVIEW (CONTINUED)

During the period, the Group's subsidiary sold the Group's pleasure boat to a third party for a cash consideration of GBP780,000 (equivalent to approximately HK\$10,935,600). Part of the net proceeds, in an amount of HK\$5,283,358, had been applied by the Group's subsidiary for the purchase of said pleasure boat under the Hire Purchase Agreement and the remaining balance would be used as the Group's general working capital. We consider that the disposal represents a good opportunity for the Group to realize the vessel at a reasonable price and believe that the termination of the Hire Purchase Agreement and the disposal are in the interests of the Group and its shareholders as a whole because they reduce the finance costs to the Group.

FUTURE PROSPECTS

On 17th March 2006, a subsidiary of the Group entered into a sale and purchase agreement with a third party to purchase a pleasure boat at a consideration of GBP911,396 (approximately HK\$12,495,239). The transaction has not yet been completed as at the date of this report.

To meet the market needs, the Group continues to pledge persistent efforts to develop and produce high value-added new products. We expect to manufacture the environmentally friendly halogen-free cable wire in the second half of 2006. Apart from self-consumption, the Group will sell its green plastic materials to other manufacturers who export their goods to Europe and America. We believe this vertical and horizontal expansion is effective as on the one hand it can lower costs and on the other it can generate revenue contributions.

業務回顧(續)

本集團之附屬公司於期內以780,000英鎊(約10,935,600港元)出售本集團之遊艇予第三者。除已動用所得款項之淨額約5,283,358港元根據租購協議購回該船隻外，餘額將用作本集團之一般營運資金。我們認為出售該船隻一方面讓本集團在獲得溢利下變現其資產，另一方面可減少本集團之財務成本，符合股東之整體利益。

未來展望

於二零零六年三月十七日，本集團之一間附屬公司與第三者訂立買賣合約，以911,396英鎊購入一艘遊艇(約12,495,239港元)。截至本報告日，交易尚未完成。

研發及生產優質高增值新產品，迎合市場需要是本集團一貫恪守之策略。預計符合環保要求之無鹵電線將於二零零六年下半年投產，而本集團製造之環保膠料，除供集團的產品使用外，更會銷售予其他生產出口至歐美等地之廠商。我們認為這項既垂直又平行的業務拓展措施，一方面可減低成本，另一方面可增闊溢利貢獻源頭，完全合乎經濟效益。

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* 二零零四年度之數據是以重列數為基礎。

FUTURE PROSPECTS (CONTINUED)

The United States of America, Europe, Australia, China, Japan and Southeast Asia remain as the Group's primary markets while we will continue to expand our business in Europe.

To cope with our overall development strategy, we will expand our existing production facility. We also plan to establish production, sales and distribution facility in the Jiangsu Province in the second half of 2006 to furnish our China customers with better service.

Lower costs, reduced manpower and increased productivity are our objectives. Given there's a strong need of skilled labor in China, we will expedite our automation operations, attract and retain talents by providing favorable remuneration, training and promotion opportunities.

CORPORATE GOVERNANCE

The Group is committed to the establishment of a sound internal control system and the adherence of the code provision for achieving its business objectives and enhancing shareholders' value, details of which are set out in the Corporate Governance Report set forth below. We establish the Compliance Committee, Audit Committee, Remuneration Committee and Nomination Committee to safeguard the Group's assets and the rights of shareholders.

Due to personal reasons, Mr. Cheng Kwok Kit, Edwin resigned as an Independent Non-Executive Director, a member of the Compliance Committee and the Chairman of the Audit, Remuneration and Nomination Committees, all with effect from 31st December 2005. In order to comply with the requirement under Rule 3.10 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited which prescribes that a listed company must have at least three independent non-executive directors, the Company appointed Mr. MA Chun Hon, Richard as our Independent Non-Executive Director on 13th February 2006.

未來展望(續)

美洲、歐洲、澳洲、中國、日本及東南亞仍然是本集團之主要市場。與此同時，本集團亦會致力開拓具潛力的歐洲市場。

為配合整體發展策略，我們將擴充現有廠房。我們同時計劃於二零零六年下半年在江蘇省設立生產廠房，營銷及分銷點，以提供更佳之客戶服務予國內客戶。

減低成本，節省人手，提升產力是我們的目標。鑑於國內對人才資源需求極為殷切，所以我們除加強全面自動化生產外，還要因應員工表現，改善待遇，提供培訓及晉升機會，吸引和挽留優秀人才。

企業管治

本集團致力於達致業務目標及維護股東利益，建立一套嚴謹有效的企業管治制度，遵守建議條文，詳見隨後的企業管治報告；並設有監察委員會、審核委員會、薪酬委員會及提名委員會，充份保障集團資產及股東權益。

基於私人理由，鄭國杰先生於年結日辭任本公司獨立非執行董事、監察委員會成員、審核委員會、薪酬委員會及提名委員會主席職務。為遵守香港聯合交易所有限公司證券上市規則第3.10條有關一間上市公司必須擁有一些不少於三名獨立非執行董事之規定，本公司已於二零零六年二月十三日委任馬鎮漢先生為本公司之獨立非執行董事。

CHAIRMAN'S STATEMENT (CONTINUED) 主席報告(續)

SOCIAL RESPONSIBILITY

As a responsible corporate citizen, the Group actively participates in communal and charity activities such as supporting the fund raising for Po Leung Kuk in Hong Kong and making donations to educational institution in the Mainland subsequent to the year under review (January 2006).

APPRECIATION

On behalf of the Board of Directors, I would like to express my gratitude to our team of dedicated staff for their unfailing service and to our shareholders, customers and suppliers for their enduring support to the Group.

By Order of the Board
KOO Di An, Louise
Chairman

Hong Kong, 31st March 2006

社會責任

作為負責任的企業，本集團積極參與公益活動，回饋社會，當中包括支持香港保良局籌募捐款活動，以及在回顧期後(二零零六年一月)，捐贈予國內教育事業。

致謝

本人謹代表董事會，向全體竭誠服務的優秀員工以及股東，客戶及供應商的鼎力支持，表示衷心謝意。

承董事會命
主席
顧迪安

香港，二零零六年三月三十一日