

On behalf of the Board of Directors, I am pleased to announce the consolidated audited results of Perennial International Limited (the "Company") and its subsidiaries (collectively known as the "Group") for the year ended 31st December 2003.

While the year 2003 remained challenging and tough, the Group's efforts in rationalizing our manufacturing operations and enhancing our cost efficiency during the year under review showed improved performance.

Results

For the year under review, the Group's turnover was HK\$238,928,000 compared with HK\$227,635,000 in 2002, up 5%. Net profit after taxation was HK\$15,719,000, representing an increase of 85% from that of last year. Earnings per share were HK\$7.9 cents, a rise of 84%.

Dividends

The Directors recommend the payment of a final dividend of HK\$1 cent per share. Together with the interim dividend of HK\$1 cent per share, the Group's total dividends for the year 2003 will amount to HK\$2 cents per share (2002: HK\$2 cents).

The register of members of the Company will be closed from 14th April 2004 to 16th April 2004, 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 15th April 2004, the final dividend will be paid on or around 7th May 2004 to shareholders registered as at the close of business on 16th April 2004.

Business Review

Our Group places high value on quality management with premier standards, systems and efficiency.

Despite tough challenges from the Iraq War, Severe Acute Respiratory Syndrome (SARS) and soaring raw material prices, the Group maintained growth in profit during the year by implementing stringent cost and material cost control strategies, along with enhanced efficiency in our production functions.

To further improve our revenue and develop new income base, the Group continues to invest in research and development of new products to meet market needs. Of these, wire harness for automobiles has the most promising prospect.

Seemingly the market demands for automobiles has shown a gradual increase with effects from the booming economic development of the People's Republic of China (the "PRC"). To capitalize on this opportunity of enormous growth potential, the Group has already made investments in developing wire harness for automobiles and applying for international certifications. We expect to begin our production upon receipt of these quality and environmental accreditations in early 2005 the earliest.

During the year, we revalued the Group's properties and recorded a revaluation surplus of HK\$6,527,000 of which HK\$2,738,000 was credited to the consolidated profit and loss account up to the amount previously debited to the consolidated profit and loss account, and the remaining balance net of deferred taxation liability of HK\$1,042,000 was credited to land and building revaluation reserve in shareholders' equity.



For the year under review, we strived hard to deliver the best to the Group by improving efficiency and cost effectiveness through our operations rationalization program.

In 2003, sales of AC power supply cords, wire harnesses and cable wires accounted for about 63%, 28% and 9%, respectively.

Future Prospects

Pertaining superior quality management has been our mission. The Group has continued to receive recognitions and awards.

Our dedications to high standards in corporate governance and transparencies in management functions have allowed us to attain a fair transfer pricing agreement with the Shenzhen tax authorities. As a result of continuous negotiations, Perennial Cable (Shenzhen) Co., Limited, a subsidiary of the Group, signed a four years, "Advance Ruling on Transfer Pricing" Agreement with the Shenzhen tax authorities on 22nd December 2003.

The PRC's Customs Department will be awarding two factories of the Group "Grade A" certification in early 2004 for their outstanding governance.

The Group's commitment to environmental protection has continued to win support from its customers. During the year, SONY and RICOH have bestowed "Green Partner" awards on our environmentally friendly efforts. We pledge to continue to merit this worldwide reputation and recognition.

To cope with our future development, the Group has bought a plot of land in Shenzhen, the PRC, with a size of 10,000 square meters, to build a new manufacturing facility for production of new products.

During the year, prices of diesel oil and copper have continued to fluctuate significantly. As such, we have taken cautious steps and adjustments in accordance with the market trend and volatility to ease pressure from a surge in prices.

America and Japan continue to be our primary markets focused upon, despite having to have made more investments in Europe for the year under review to further expand our businesses in Europe.

Our People

The Group has always considered its employees to be its most important asset. To attract and retain more talents with professional knowledge to join the Group, we provide them with ongoing training and career development programs. Moreover, we launched an incentive scheme via offering medical insurance and personal 24-hour insurance plans for our employees. These benefits aimed to reward their commitment and support to the Group.

Corporate Governance

We are a firm believer in corporate governance, and are committed to principles of corporate governance consistent with prudent management of shareholder value. One of the examples demonstrating our demands to high standards in corporate governance is that we have already increased the number of our Independent Non-Executive Directors to three by appointing an additional Independent Non-Executive Director, having audit and accounting qualifications, on the Board during the year. Coincidentally, our act is in line with the proposal put by The Stock Exchange of Hong Kong Limited (the "Stock Exchange") to listed companies in January 2004.

Corporate Citizenship

Corporate citizenship whereby having corporate social responsibility has always been a ritual in our Group. For the year under review, we have donated an ambulance to the Shi Yan Hospital in Shenzhen. Additionally, in March 2004, we have also donated another ambulance to the People's Hospital in Ning Xiang County, Hunan Province, the PRC.

Acknowledgement

I would like to thank our shareholders and clients for their continuous support and our Directors, the management and employees for their dedication and hard work.

By Order of the Board
Mon Chung Hung
Chairman

Hong Kong, 23rd March 2004