

On behalf of the Board of Directors (the "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 2004.

While the year 2004 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

The soaring price of raw materials and petroleum products has no doubt had an impact on our operation, but the Company is pleased to report positive year-end results. The Group's turnover was HK\$303,143,000 compared with HK\$238,928,000 in 2003, up 27%. Net profit after taxation was HK\$15,150,000, representing a decrease of 4% from that of last year. Earnings per share were HK\$7.6 cents, a decrease of 4%.

In a challenging price environment, it is critical wherever possible to optimize production processes and to lower costs. The Company has done this, achieving higher turnover and enhanced efficiency levels by implementing a range of cost-saving measures. Our Shenzhen factory, for example, now buys its power directly from the government to take advantage of stabilized rates. This reduces substantially the amount spent on electricity needed for manufacturing operations. Production facilities are also equipped with their own generators, enabling them to cope with China's increasingly frequently blackouts and to remain unaffected by its program of rotating power cuts.

A strategy of vertical integration has given the Company the internal capacity to make production components such as moulds and even small equipment by itself, lowering production costs. In addition, we safeguard profitability by focusing on premium products that command higher margins. Such measures have yielded abundant returns despite the challenging conditions of the market. As a result, we have realized a substantial increase in sales while maintaining our commitment to the highest standards of product quality.

Dividends

The Directors recommend the payment of a final dividend of HK\$2 cent per share. Together with the interim dividend of HK\$1 cent per share, the Group's total dividends for the year 2004 amount to HK\$3 cents per share.

The register of members of the Company will be closed from 25th April 2005 to 29th April 2005, 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 28th April 2005, the final dividend will be paid on or around 13th May 2005 to shareholders registered as at the close of business on 29th April 2005.

CHAIRMAN'S STATEMENT

Business Review

Sales in 2004 were characterized by continued strength across most business lines.

During the year, we revalued the Group's properties and recorded a revaluation surplus of HK\$21,774,000 of which HK\$163,000 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\$3,942,000 was credited to revaluation reserves 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 2004, sales of AC power supply cords, wire harnesses and cable wires accounted for about 63%, 29% and 8%, respectively.

Investments in new products and technology have allowed us to begin building on this positive foundation with a view toward capitalizing on rapid economic development in China. Among other things, such investments will establish the Company as a player in the Chinese automotive sector. China's market for passenger vehicles in particular has entered a phase of rapid expansion. Although growth will level off at some point, the mainland vehicle market will require quality electrical components for the foreseeable future. Appropriate investments in automation, coupled with targeted expansion of existing production facilities, have allowed the Company to secure the necessary certifications to serve this growing market in the years ahead.

The Company's commendable business practices have always been a source of pride. Increasingly, those standards have attracted recognition from outside parties:

- Chinese customs authorities acknowledged the Company's stringent measures of regulatory compliance by awarding the Company "Highest Compliance for an Enterprise".
- The Company has long earned plaudits for its green manufacturing practices and last year received ISO 14000 certification. This clearly reflects our commitment to good corporate citizenship and continues a trend that began when "Green Partner" awards were bestowed by customers Sony and Ricoh last year.
- The Company signed an Advance Transfer Pricing Agreement with mainland tax authorities, both an indication of the Company's commitment to good corporate governance and an effective means of preventing additional tax audits.
- Through sound financial management, we secured from Hong Kong tax authorities a refund of HK\$1,200,000 related to overpayment of taxes in prior years.

Prospects

Despite the challenges presented by high energy and commodity prices, the Company remains confident about future business prospects. We are optimizing automation at all production facilities to further enhance efficiency and reduce costs. At the same time, the Company is systematically expanding its presence in the global market. We recently hired one more regional manager in the United States to supervise our growing business there, and will soon begin focusing on the further development of selected markets in Europe.

Corporate Governance and Corporate Citizenship

The Company understands that exemplary corporate governance is critical to safeguarding the rights of our stakeholders. Our continuing efforts to strengthen corporate governance even further have garnered praise from a number of organizations. Perennial Cable Limited, a Company subsidiary, won first runner-up for the Hong Kong SME Accounting Management Excellent Award, an honor conferred by the Association of Chartered Certified Accountants.

The Company also remains active in the realm of corporate citizenship. We regularly support charitable organizations, making ongoing contributions to the community in which we operate.

Because corporate citizenship naturally extends to an organization's employees, we provide training and development for staff and offer medical and 24-hour personal accident insurance.

Acknowledgement

On behalf of the Board of Directors, I wish to express my gratitude to our customers, partners, suppliers and shareholders for their continuous support. I would also like to thank our team of dedicated staff for their invaluable contributions throughout the year.

By Order of the Board

Mon Chung Hung

Chairman

Hong Kong, 30th March 2005