



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 2002.

While the year 2002 remained challenging and tough, the Group's efforts in rationalising our manufacturing operations and enhancing our cost efficiency during the period under review showed improved performance.

RESULTS

For the year under review, the Group's turnover was HK\$227,635,000 compared with HK\$205,510,000 in 2001, up 11%. Net profit after taxation was HK\$8,754,000, representing a rise of 182% from that of last year. Earnings per share were HK\$4.4 cents, also an increase of 182%.

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 2002 will amount to HK\$2 cents per share (2001: Nil).

The register of members of the Company will be closed from 24th April 2003 to 25th April 2003, 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 23rd April 2003, the final dividend will be paid on or about 7th May 2003 to shareholders registered as at the close of business on 23rd April 2003.

BUSINESS REVIEW

Our Group places very high value on management with premier standards, systems and efficiency because they are of paramount importance to our success.

Capitalizing on the growth momentum for the first half of 2002, the Group continued to benefit from the cost savings associated with the reorganisation of the financial, production and material control processes, and improvements in our factory systems and controls.

During the year, the Group also realised the benefits of stringent controls across all key operating functions in 2002. This enabled us to leverage solid financial efficiency in manufacturing, business and product development.

The Group's major investment in recycling equipment continued to pay off. As a result of the dramatic decrease in the amount of waste generated from our manufacturing processes, we improved our manufacturing efficiency and enhanced the quality of our customer's products by making use of environmentally friendly materials.

In 2002, sales of AC power supply cords, wire harness and cable wires were approximately 65%, 24% and 11%, respectively. Despite the tough market situation, our continued sales growth in AC power supply cords over the last few years evidenced that the quality of our products earned strong support and recognition from our customers.



FUTURE PROSPECTS

The Group is confident in the prospects for our businesses, especially with China's promising outlook. The flourishing economic development and market liberalization on the mainland has provided us with a clear focus looking ahead.

To capitalise on the opportunities evolving from China's WTO entry and to cope with the Group's rapid development in the years ahead, we continue to streamline our manufacturing facilities. By early 2003, we will complete the rationalisation of our operations in Shenzhen, China, to meet the changing needs and requirements of our customers worldwide.

In addition to reducing costs, researching and developing high value-added products and increasing production capacity and flexibility, we began to institute a new OEM service for our customers and to initiate development of wire harnesses for automobiles in early 2003. This will not only broaden our scope of business, but will also explore new sources of revenue.

While America, Japan and Southeast Asia remain our priority markets, we will also put more resources into expanding our European operations. Our strategy is to leverage the existing solid customer base for growth opportunities in the long term.

We will grow the business prudently by developing new efficiencies that increase productivity while at the same time maintaining the highest standards of quality. Because of our investment in quality control, the Group has earned a worldwide reputation as a quality leader. Our blue-chip customers have bestowed "Environmental Management System" certificate from October 2002 to October 2003 and "Preferred Supplier" award for Year 2001 to 2002, respectively, upon the Group. We pledge to continue to be worthy of this recognition.

OUR PEOPLE

The Group considers its employees to be its most important asset. The Group's success in achieving its goals is due to the hard work and dedication of its employees, and we encourage a team spirit throughout the organisation. To continually improve their skills and enhance career development, we provided our staff with various in-house training programs during the year including English and finance classes as well as computer training.

For the period under review, we successfully launched a scheme to tie our bonus distribution to our business results, which in turn, significantly increased our cost efficiency.

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. Good corporate governance practices can help to ensure the protection of shareholders' rights, enhance the effectiveness of our Board of Directors and improve transparency of our business and performance. Good practices can also bring benefits to us as the perceived quality of the Group's corporate governance can influence its share price as well as its ability and cost of raising capital. The higher quality we achieve, the greater chance we have to attract and retain the right investors, particularly international investors.



As a result, corporate governance will be our focus in the years ahead. We will continue to undertake appropriate initiatives to enhance the standards of our corporate governance.

CORPORATE CITIZENSHIP

Being a good corporate citizen is always our goal. We place high value on integrity in everything we do. In addition to our concern with employee development and well-being, we also promote workplace safety and security. The Group is also concerned with the welfare of the community and provides modest financial support to non-profit social welfare organisations.

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.

Mon Chung Hung

Chairman

27th March 2003

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