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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect about this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Perennial International Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.

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*Perennial*

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恒都集團有限公司\*

**PERENNIAL INTERNATIONAL LIMITED**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 725)**

**DISCLOSEABLE TRANSACTION**

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A letter from the board of directors of Perennial International Limited is set out on pages 3 to 6 of this circular.

\* *For identification purposes only*

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b>	
Introduction .....	3
The Sale and Purchase Agreement .....	4
Principal activity of the Group .....	4
Principal activity of Master Yachts .....	5
Reasons for and benefits of the Acquisition .....	5
Financial effect of the Acquisition .....	5
Additional information .....	6
<b>Appendix – General information</b> .....	7

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## DEFINITIONS

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*In this circular, unless the context otherwise requires, the following expressions have the following meanings:*

“Acquisition”	the acquisition of the Goods as provided for in the Sale and Purchase Agreement
“Associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Perennial International Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“Goods”	a new Princess 67 flybridge motor yacht of approximately 68 feet with fuel capacity of 900 gallons
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Latest Practicable Date”	4 April 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Master Yachts”	Master Yachts Company Limited, a company incorporated in Hong Kong with limited liability and the official distributor of Princess yachts in Hong Kong
“Purchaser”	Perennial Cable Limited, a company incorporated in the British Virgin Island with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 17 March 2006 entered into between the Purchaser and Master Yachts
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company

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## DEFINITIONS

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“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“GBP”	sterling pounds, the lawful currency of the United Kingdom
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*In this circular, amounts denominated in GBP have been translated into HK\$ at the rate of GBP1.00 = HK\$13.71. Such translation is for illustration purpose only and should not be construed as a representation that the amounts in question have been, could have been or could be converted at such rates or at any other rates or at all.*

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LETTER FROM THE BOARD

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恒  
*Perennial*  
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恒都集團有限公司\*  
**PERENNIAL INTERNATIONAL LIMITED**  
*(Incorporated in Bermuda with limited liability)*  
**(Stock Code: 725)**

**Directors:**

Mr. Mon Chung Hung (*Chief Executive Officer*)  
Mr. Siu Yuk Shing, Marco  
Mr. Li Ho Cheong  
Ms. Li Man Wai  
Ms. Mon Tiffany (*Deputy Chairman*)  
Ms. Koo Di An, Louise<sup>#</sup> (*Chairman*)  
Mr. Lau Chun Kay\*  
Mr. Liao Zhixiong\*  
Mr. Ma Chun Hon, Richard\*

<sup>#</sup> *Non-executive Director*

\* *Independent non-executive Directors*

**Registered office:**

Clarendon House  
2 Church Street  
Hamilton HM11  
Bermuda

**Principal place of business  
in Hong Kong:**

Units 2002-2006, 20/F  
Greenfield Tower  
Concordia Plaza  
1 Science Museum Road  
Tsimshatsui, Kowloon  
Hong Kong

7 April 2006

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION**

**INTRODUCTION**

On 21 March 2006, the Board announced that the Purchaser entered into a sale and purchase agreement with Master Yachts pursuant to which Master Yachts had agreed to sell to the Purchaser the Goods for a consideration of GBP911,396 (equivalent to approximately HK\$12,495,239) subject to the terms as set out in the Sale and Purchase Agreement.

The Acquisition constitutes a discloseable transaction for the Company under Rule 14.06(2) of the Listing Rules. The main purpose of this circular is to provide you with further particulars of the Acquisition.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### THE SALE AND PURCHASE AGREEMENT

**Date** : 17 March 2006

**Parties**

**Purchaser** : Perennial Cable Limited, a wholly-owned subsidiary of the Company

**Seller** : Master Yachts Company Limited

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Master Yachts and its ultimate beneficial owners are third parties independent of the Company and Connected Persons of the Company.

### Major terms of the Sale and Purchase Agreement

**Goods** : A new Princess 67 flybridge motor yacht of approximately 68 feet with fuel capacity of 900 gallons

**Price** : GBP911,396 (equivalent to approximately HK\$12,495,239)

**Payment Terms** : The consideration is payable by the Purchaser to Master Yachts in three instalments. The first instalment of GBP182,279 (equivalent to approximately HK\$2,499,045 and representing 20% of the sale price) has been paid upon confirmation of the order and was funded entirely by the Group's internal resources. The second instalment of GBP273,419 (equivalent to approximately HK\$3,748,574 and representing 30% of the sale price) will be payable upon completion of the hull which is expected to take place in August 2006 and which funding is expected to be by an equal split between the internal resources of the Group and bank borrowings. The remaining balance of GBP455,698 (equivalent to approximately HK\$6,247,620) will be paid before delivery from factory. It is currently expected that the Goods will be delivered in September 2006.

**Funding** : The Directors intend to fund the consideration by internal resources of the Group and bank borrowings. The exact proportion of the contribution between internal resources and bank borrowings has not yet been decided but the Directors expect that the consideration would be largely funded by long-term bank borrowings.

### PRINCIPAL ACTIVITY OF THE GROUP

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

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## LETTER FROM THE BOARD

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### PRINCIPAL ACTIVITY OF MASTER YACHTS

Master Yachts is the official distributor of Princess yachts in Hong Kong, and is principally engaged in the maintenance and selling of brand new and secondhand yachts and related equipment and accessories in Hong Kong.

### REASONS FOR AND BENEFITS OF THE ACQUISITION

At present, the Group's primary markets are America, Europe, Australia, China, Japan and Southeast Asia. In order to enhance the Group's image and to promote the products of the Group, the Directors intend to use the Goods for organizing business gatherings/functions so as to assist the business development of the Group and to maintain and/or develop a better relationship with its existing and potential customers and/or business partners overseas. The consideration for the acquisition of the Goods was arrived at after arm's length negotiation between the parties to the Sale and Purchase Agreement and on normal commercial terms with reference to the market price of vessel similar to the Goods. The Directors believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Purchaser has previously acquired and subsequently disposed of a similar vessel – a Princess 65 flybridge motor yacht (“the Previous Vessel”). The acquisition of the Previous Vessel took place in March 2004 for a consideration of GBP750,612 (equivalent to approximately HK\$10,456,025 at that time) and was acquired mainly for the purpose of business development. In August 2005, the Purchaser sold the Previous Vessel for a consideration of GBP780,000 (equivalent to approximately HK\$10,935,600 at that time) as the Directors considered the disposal represented a good opportunity for the Group to realize the vessel at a profit and to reduce the financial costs to the Group. Shareholders may refer to the Company's announcements dated 20 July 2004 and 19 August 2005 and circulars dated 10 August 2004 and 12 September 2005 respectively for further particulars regarding the acquisition and disposal of the Previous Vessel.

### FINANCIAL EFFECT OF THE ACQUISITION

As the Acquisition would be largely funded by long-term bank borrowings, it is expected that the liabilities of the Group as a whole would increase but that only a slight increase on the Group's gearing ratio would be caused. On the expectation that the bank borrowings will be repaid over a long period of time and that the gearing ratio will only be slightly increased, the Directors do not expect there to be any significant immediate financial impact on the Group resulting from the Acquisition. As the Goods is intended for self-use, no profit could be said to be directly attributable to it. The expected expenses of the Goods include finance charge, berth rental, and repair and maintenance, the sums of which cannot be estimated at present but for reference purposes, the Group had incurred approximately HK\$457,000 and HK\$401,000 respectively in relation to such expenses for the Previous Vessel for each of the two financial years ended 31 December 2005. In addition, the Goods will also be depreciated in accordance with the Group's accounting policy, currently at 10% of the purchase price, per annum. As at 31 December 2005, the Group recorded audited bank balances and cash of approximately HK\$19,000,000 and net current asset of approximately HK\$61,000,000.

The Goods will be capitalized as fixed assets in the books of the Group.

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## LETTER FROM THE BOARD

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### ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendix to this circular.

By order of the Board  
**Koo Di An, Louise**  
*Chairman*



**RESPONSIBILITY STATEMENT**

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

**DISCLOSURE OF INTERESTS****(a) Directors and chief executive**

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

**(i) Interests in the shares, underlying shares and debentures of the Company**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of Shares (long position)</b>	<b>Approximate percentage of existing issued share capital of the Company</b>
Mr. Mon Chung Hung <sup>1</sup>	Corporate	141,638,000	71.19%
	Personal	1,000,000	0.50%
Ms. Koo Di An, Louise <sup>2</sup>	Family	142,638,000	71.69%
Mr. Siu Yuk Shing, Marco	Personal	300,000	0.15%
Ms. Li Man Wai	Personal	2,150,000	1.08%
Mr. Lau Chun Kay	Personal	138,000	0.07%

*Notes:*

- 1 The corporate interest of Mr. Mon Chung Hung is beneficially owned by Spector Holdings Limited, the entire issued share capital of which is owned as to 99.9% by Mr. Mon Chung Hung and as to the remaining 0.1% by his wife, Ms. Koo Di An, Louise. Both Mr. Mon Chung Hung and Ms. Koo Di An, Louise are directors of Spector Holdings Limited.
- 2 The family interest of Ms. Koo Di An, Louise represents the interest in 141,638,000 Shares held by Spector Holdings Limited, and 1,000,000 Shares held by her husband, Mr. Mon Chung Hung.

*(ii) Interests in the shares, underlying shares and debentures of associated corporation of the Company***Spector Holdings Limited**

<b>Name of Director</b>	<b>Nature of interest</b>	<b>Number of shares (long position)</b>	<b>Percentage of shareholding</b>
Mr. Mon Chung Hung	Personal	999	99.9%
Ms. Koo Di An, Louise	Personal	1	0.1%

Save as disclosed above, as at the Latest Practicable Date:

- (i) none of the Directors or chief executive of the Company held any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies of the Listing Rules, to be notified to the Company and the Stock Exchange; and
- (ii) none of the Directors or chief executive of the Company was a director or employee of a company which had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

**(b) Substantial Shareholders**

As at the Latest Practicable Date, according to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any

class of share capital (including any options in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of Shareholder	Nature of interest	Number of Shares (long position)	Approximate percentage of the existing issued share capital of the Company
Spector Holdings Limited	Beneficial owner	141,638,000	71.19%

*Note:* Spector Holdings Limited is owned as to 99.9% by Mr. Mon Chung Hung and as to the remaining 0.1% by Ms. Koo Di An, Louise.

According to the register of interests kept by the Company under section 336 of the SFO and so far as was known to the Directors and chief executive of the Company, save as disclosed above, there were no other persons (other than the Directors or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or in any options in respect of such capital.

## LITIGATION

So far as the Directors are aware, as at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance and no litigation or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with the Company or any of its subsidiaries other than contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

## COMPETING INTERESTS

As at the Latest Practicable Date, none of the Directors or their respective Associate(s) was interested in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

**MISCELLANEOUS**

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The Company's principal place of business in Hong Kong is at Units 2002-2006, 20th Floor, Greenfield Tower, Concordia Plaza, 1 Science Museum Road, Tsimshatsui, Kowloon, Hong Kong.
- (c) The secretary and the qualified accountant of the Company is Ms. Li Man Wai. She is a Fellow of the Association of Chartered Accountant of the United Kingdom and a Fellow of the Hong Kong Institute of Certified Public Accountants.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Hong Kong Registrars Limited of 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (e) The English text of this circular shall prevail over the Chinese text in case of inconsistency.