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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:  
FINANCE LEASE OF YACHT**

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A letter from the board of directors of Perennial International Limited is set out on pages 3 to 5 of this circular.

\* *For identification purposes only*

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## DEFINITIONS

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

“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)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HP Agreement”	the hire purchase agreement dated 30 November 2006 entered into between PCL and the Lessor
“Latest Practicable Date”	20 December 2006, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Lessor”	Hang Seng Bank Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PCL”	Perennial Cable Limited, a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company
“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
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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## DEFINITIONS

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“Yacht”	a new Princess 67 flybridge motor yacht of approximately 68 feet with fuel capacity of 900 gallons
“GBP”	Sterling pounds, the lawful currency of the United Kingdom
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*For the purpose of illustration only, amounts denominated in GBP have been translated into HK\$ at the rate of GBP1.00 = HK\$13.71. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate 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  
and Deputy Chairman*)  
Mr. Siu Yuk Shing, Marco  
Ms. Li Man Wai  
Ms. Mon Wai Ki, Vicky  
Ms. Mon Tiffany  
Ms. Koo Di An, Louise<sup>#</sup> (*Chairman*)  
Mr. Lau Chun Kay<sup>^</sup>  
Mr. Liao Zhixiong<sup>^</sup>  
Mr. Ma Chun Hon, Richard<sup>^</sup>

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

<sup>^</sup> *Independent non-executive Directors*

*Registered office:*

Clarendon House  
2 Church Street  
Hamilton HM 11  
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

22 December 2006

*To the Shareholders*

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION:  
FINANCE LEASE OF YACHT**

**INTRODUCTION**

The Board announced on 8 December 2006 that PCL, a wholly-owned subsidiary of the Company, had entered into the HP Agreement with the Lessor, pursuant to which PCL shall lease from the Lessor the Yacht for a period of 5 years. As the transaction contemplated under the HP Agreement constitutes a finance lease and one of the relevant percentage ratios applicable to such transaction is more than 5% and less than 25%, it 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 HP Agreement.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### THE HP AGREEMENT

**Date:**

30 November 2006

**Parties:**

- (1) PCL, a wholly-owned subsidiary of the Company, as the hirer; and
- (2) Hang Seng Bank Limited as the lessor.

The Lessor is a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange. The principal activities of the Lessor include the provision of banking and related financial services. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Lessor and its ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

**Major terms:**

- Goods to be leased : The Yacht purchased by PCL in March 2006. Pursuant to the terms of the HP Agreement, the Lessor shall purchase from PCL the Yacht for HK\$10,000,000, which shall then be leased back to PCL.
- Lease payments : HK\$12,094,176, payable by PCL to the Lessor by 60 monthly instalments of HK\$201,569.60 each (assuming that the interest rate remains at 7.75% per annum throughout the lease period).
- Lease period : 5 years, but PCL may elect to early terminate the lease period.
- Title : The title to the Yacht shall remain fully vested in the Lessor throughout the lease period.
- Purchase option : At the end of the lease period, provided that all sums owed by PCL to the Lessor in respect of the Yacht have been satisfied and discharged in full, PCL shall have the option to purchase the Yacht from the Lessor for HK\$100.

### REASONS FOR, AND BENEFITS OF, ENTERING INTO THE HP AGREEMENT

The Group is principally engaged in the manufacturing and trading of high quality power cords, power cord sets, cables and wires, wire harnesses and plastic resins. 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 promote the products of the Group, PCL purchased the Yacht in March 2006 from the official distributor of Princess Yachts in Hong Kong for a consideration of GBP911,396 (equivalent to approximately

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## LETTER FROM THE BOARD

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HK\$12,495,239). Further particulars of the transaction are set out in the announcement and the circular of the Company dated 21 March 2006 and 7 April 2006 respectively. It is believed that, through organising business gatherings and functions on the Yacht, the Group could maintain and/or develop a better relationship with its existing and potential customers and/or business partners overseas and thus, enhance the business development of the Group.

As disclosed in the announcement of the Company dated 21 March 2006, the Directors intend to fund the consideration of the Yacht largely by long-term bank borrowings, but finance lease was not possible prior to delivery of the Yacht to PCL. Therefore, PCL has obtained a bridging finance from the Lessor prior to the delivery of the Yacht to settle the balance of the consideration, and such bridging finance is now replaced by the finance lease created under the HP Agreement. It is believed that such arrangement can improve the cashflow position of the Group. Further, since the terms of the HP Agreement were arrived at after arm's length negotiation between PCL and the Lessor, and reflect the normal commercial terms offered by the Lessor to other independent customers, the Directors believe that the terms of the HP Agreement are fair and reasonable and such arrangement is in the interest of the Company and its shareholders as a whole.

### FINANCIAL EFFECTS

The Yacht has been capitalised as a fixed asset in the books of the Group since October 2006 and the carrying value of the Yacht is approximately HK\$14 million. The lease payments payable by PCL to the Lessor under the HP Agreement, net of hire purchase charges, of HK\$10,000,000 will be treated as a liability in the books of the Group and the hire purchase charges (assuming that the interest rate remains at 7.75% per annum throughout the lease period) of HK\$2,094,176 will be charged to the profit and loss account of the Group over the lease periods.

### ADDITIONAL INFORMATION

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

Yours faithfully,  
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 Issuers of the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

*(i) Interests in 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	Corporate	142,154,000 <sup>1</sup>	71.45%
	Personal	1,000,000	0.50%
Ms. Koo Di An, Louise	Family	143,154,000 <sup>2</sup>	71.95%
Mr. Siu Yuk Shing, Marco	Personal	300,000	0.15%
Ms. Li Man Wai	Personal	2,350,000	1.18%
Mr. Lau Chun Kay	Personal	138,000	0.07%

*Notes:*

- 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 142,154,000 Shares held by Spector Holdings Limited and 1,000,000 Shares held by her husband, Mr. Mon Chung Hung.

- (ii) *Interests in 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 Issuers 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 option in respect of such capital) carrying rights to vote in all circumstances at general meetings of any other member of the Group:

<b>Name of Shareholder</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>
Spector Holdings Limited	Beneficial owner	142,154,000	71.45%

*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 a Director 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 option 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 principal place of business of the Company 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.