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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)**

**REVISION OF ANNUAL CAP IN RESPECT OF  
CONTINUING CONNECTED TRANSACTIONS WITH PIEL**

Reference is made to the announcement of the Company dated 28 February 2007 in relation to the continuing connected transactions between the Group and PIEL.

Due to the rapid growth in the business and demand for Goods from existing customers of PIEL, the Directors consider that the Annual Cap is no longer sufficient and propose to revise the Annual Cap from RMB4 million (about HK\$4.11 million) to RMB9 million (about HK\$9.24 million).

Although the relevant percentage ratios represented by the revised Annual Cap exceed 2.5%, they are less than 25% and HK\$10 million as set out in Rule 14A.34 of the Listing Rules. Therefore, the supply of Goods to PIEL is only subject to announcement, reporting and annual review requirements, but is exempt from independent shareholders' approval.

Reference is made to the announcement of Perennial International Limited (the "Company", together with its subsidiaries, the "Group") dated 28 February 2007 (the "Announcement") in relation to the supply of certain cables and wires produced by the Group (the "Goods") to 常州市恒軒進出口有限公司 ("PIEL"). PIEL is wholly-owned by Mr. Zhou Jing Zhuan (周經傳), a director of an indirect wholly-owned subsidiary of the Company established in the PRC as a wholly-foreign owned enterprise under the name of "恒亞電線(深圳)有限公司". PIEL is thus a connected person of the Company and the transactions between PIEL and the Group constitute continuing connected transactions for the Company under the Listing Rules. Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning as defined in the Announcement.

As stated in the Announcement, the maximum annual amount of revenue expected to be received by the Group in connection with the sale of the Goods to PIEL (the "Annual Cap") is RMB4 million (about HK\$4.11 million) for each of the three financial years ending 31 December 2009. The Annual Cap was determined by reference to (i) the historical transaction amounts between PIEL and the Group for the period from 22 February 2006 (being the date of incorporation of PIEL) to 31 December 2006 and (ii) the estimated growth in demand for the Goods by PIEL as forecast by PIEL.

As business and demand for Goods from existing customers of PIEL is better than initially projected, the Directors believe that the Annual Cap for the supply of Goods to PIEL should be revised to RMB9 million (about HK\$9.24 million). The revised Annual Cap is determined by reference to (i) the historical transaction amounts between PIEL and the Group for the period from 1 January 2007 to 30 June 2007 which amounted to approximately RMB3 million (about HK\$3.08 million) and (ii) the estimated growth in demand for Goods by PIEL as forecast by PIEL. The amount of sales made by the Group to PIEL under the Master Agreement up to the date of this announcement has not exceeded the existing Annual Cap.

Other than the revision of the Annual Cap, the terms and conditions of the Master Agreement as disclosed in the Announcement remain unchanged.

Given that the Goods will be sold to PIEL on terms no less favourable to the Group than those offered to independent third parties, the supply of Goods to PIEL can help increase revenue and market coverage for the Group. The Directors (including independent non-executive Directors) consider that the continuance of the supply of Goods to PIEL pursuant to the Master Agreement is in the interests of the Company and its shareholders as a whole.

Although the relevant percentage ratios represented by the revised Annual Cap exceed 2.5%, they are less than 25% and HK\$10 million as set out in Rule 14A.34 of the Listing Rules. Therefore, the supply of Goods to PIEL is only subject to announcement, reporting and annual review requirements, but is exempt from independent shareholders' approval.

Details of such continuing connected transactions will also be disclosed in the annual reports of the Company in compliance with the Listing Rules and other applicable regulatory requirements.

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

Hong Kong, 4 September 2007

*As at the date of this announcement, the executive Directors are Mr. Mon Chung Hung, Mr. Siu Yuk Shing, Marco, Ms. Li Man Wai, Ms. Mon Wai Ki, Vicky and Ms. Mon Tiffany, the non-executive Director is Ms. Koo Di An, Louise, and the independent non-executive Directors are Mr. Lau Chun Kay, Mr. Liao Zhixiong and Mr. Ma Chun Hon Richard.*

*For the purpose of this announcement, the translation of RMB into HK\$ is based on the approximate exchange rate of RMB1.00 = HK\$1.0265.*

\* For identification purposes only