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*Perennial*  
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**PERENNIAL INTERNATIONAL LIMITED**

**恒都集團有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00725)**

**MAJOR TRANSACTION IN RELATION TO  
THE CONSTRUCTION CONTRACT FOR THE THIRD PHASE  
CONSTRUCTION WORKS**

**THE THIRD PHASE CONSTRUCTION CONTRACT**

On 11 March 2020, the Principal, a wholly-owned subsidiary of the Company, entered into the Third Phase Construction Contract with the Contractor, pursuant to which the Contractor shall be appointed for the Third Phase Construction Works at the Consideration of VND45,106,066,547 (equivalent to approximately HK\$15,336,063).

**LISTING RULES IMPLICATIONS**

As the First Phase Construction Contract, the Second Phase Construction Contract and the Third Phase Construction Contract involve the same parties and project and form a series of transactions conducted within the past 12-month period, the Third Phase Construction Contract is required to be aggregated with the First Phase Construction Contract and the Second Phase Construction Contract for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

Upon aggregation of the First Phase Construction Contract, the Second Phase Construction Contract and the Third Phase Construction Project, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules is or are more than 25% but less than 100%, entering into the Third Phase Construction Contract (aggregate with the First Phase Construction Contract and the Second Phase Construction Contract) constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

\* For identification purposes only

Under Rule 14.40 of the Listing Rules, a major transaction must be made conditional on approval by shareholders of an issuer. In this regard and in lieu of holding a special general meeting of the Shareholders to approve the Third Phase Construction Contract, the Company will, according to the Listing Rules, obtain a written approval on the Third Phase Construction Contract from Spector Holdings to dispense with such special general meeting requirement.

A circular containing, among other things, further details of the Third Phase Construction Contract will be despatched to the Shareholders on or before 1 April 2020.

## **BACKGROUND**

Reference is made to the announcements of the Company dated 12 January 2018 and 4 September 2018 in relation to the First Phase Construction Contract and the Second Phase Construction Contract respectively.

On 11 March 2020, the Principal, a wholly-owned subsidiary of the Company, entered into the Third Phase Construction Contract with the Contractor, pursuant to which the Contractor shall be appointed for the Third Phase Construction Works at the Consideration of VND45,106,066,547 (equivalent to approximately HK\$15,336,063).

## **THE THIRD PHASE CONSTRUCTION CONTRACT**

Date: 11 March 2020 (after trading hours of the Stock Exchange)

Parties: (1) Perennial Cable (Vietnam) Company Limited, a wholly-owned subsidiary of the Company, as the Principal; and  
(2) Golden Lotus Construction J.S.C., as the Contractor.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are Independent Third Parties.

### **Details of the subject matter of the Third Phase Construction Contract**

Pursuant to the Third Phase Construction Contract, the Third Phase Construction Works shall consist of the construction of two factory buildings and one auxiliary warehouse on phase three development of the Land, comprising a gross floor area of approximately 6,068 square metres.

## **Consideration**

The Consideration is VND45,106,066,547 (equivalent to approximately HK\$15,336,063) and will be paid in the following manner:

- (i) within 15 days after the signing of the Third Phase Construction Contract, the Principal shall pay 10% of the Consideration;
- (ii) after commencement of the Third Phase Construction Works, the Contractor shall submit a completed work report every 30 days to the Principal and an invoice upon the Principal's confirmation. The Principal shall review the report and application within 5 days upon receiving such documents and make payment within 15 days upon confirmation. The total amount of such payments shall not exceed 80% of the Consideration; and
- (iii) the remaining 10% of the Consideration shall be retained by the Principal (the "**Retention Monies**"). 50% of the Retention Monies shall be released upon the provision of the original copies of a construction acceptance record and construction settlement application from the Contractor to the Principal and the remaining 50% of the Retention Monies shall be released upon the provision by the Contractor of the original copy of a letter of guarantee issued by a bank to the Principal.

The Consideration was arrived after arm's length negotiations between the Principal and the Contractor and was determined with reference to the size and project design of the Third Phase Construction Works.

It is intended that the Consideration will be funded by internal resources and banking facilities.

## **Condition precedent**

The Third Phase Construction Contract is conditional upon the satisfaction of the Company having obtained the written shareholder's approval from the Shareholder(s) in accordance with the requirements under the Listing Rules approving the Third Phase Construction Contract and the transactions contemplated thereunder.

## **Effective date**

The effective date of the Third Phase Construction Contract is on 16 March 2020 upon the satisfaction of the condition precedent under the Third Phase Construction Contract.

## **Performance guarantee**

The Contractor shall provide the Principal with a performance guarantee to guarantee the due performance and observance of the Third Phase Construction Contract by letter of guarantee issued by bank. The amount of performance guarantee is equivalent to 5% of the Consideration.

## **Construction period**

The Third Phase Construction Works are expected to be completed by the end of August 2020.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE THIRD PHASE CONSTRUCTION CONTRACT**

The Company is an investment holding company and its subsidiaries are principally engaged in the manufacturing and trading of electric cable and wire products.

The Principal entered into the Third Phase Construction Contract as its third phase of developing of the Land as the Group's production facilities in Vietnam.

The Directors consider that the terms of the Third Phase Construction Contract, including the Consideration, are on normal commercial terms, fair and reasonable and are in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE CONTRACTOR**

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, the Contractor is a company incorporated in the Vietnam and principally engaged in property development and construction. The Contractor was selected through tendering process. The Contractor is the contractor appointed for the construction works under the First Phase Construction Contract and the Second Phase Construction Contract. The Group satisfies with the services and works of the Contractor in relation to the First Phase Construction Works and the Second Phase Construction Works. After arm's length negotiations with the Contractor, the Group engaged the Contractor for the Third Phase Construction Works.

## **LISTING RULES IMPLICATIONS**

As the First Phase Construction Contract, the Second Phase Construction Contract and the Third Phase Construction Contract involve the same parties and project and form a series of transactions conducted within the past 12-month period, the Third Phase Construction Contract is required to be aggregated with the First Phase Construction Contract and the Second Phase Construction Contract for the purpose of computing the relevant percentage ratios pursuant to Rule 14.22 of the Listing Rules.

Upon aggregation of the First Phase Construction Contract, the Second Phase Construction Contract and the Third Phase Construction Project, one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules is or are more than 25% but less than 100%, entering into the Third Phase Construction Contract (aggregate with the First Phase Construction Contract and the Second Phase Construction Contract) constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

Under Rule 14.40 of the Listing Rules, a major transaction must be made conditional on approval by shareholders of an issuer. In this regard and in lieu of holding a special general meeting of the Shareholders to approve the Third Phase Construction Contract, the Company will, according to the Listing Rules, obtain a written approval on the Third Phase Construction Contract from Spector Holdings to dispense with such special general meeting requirement.

A circular containing, among other things, further details of the Third Phase Construction Contract will be despatched to the Shareholders on or before 1 April 2020.

## **DEFINITIONS**

In this announcement, the following expressions will have the following meanings unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Perennial International Limited (stock code: 725), a company incorporated in Bermuda with limited liability and the issued Shares are listed on the Stock Exchange
“Consideration”	the consideration of the Third Phase Construction Contract, being VND45,106,066,547
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Contractor”	Golden Lotus Construction J.S.C., a company incorporated in Vietnam
“Director(s)”	the director(s) of the Company
“First Phase Construction Contract”	the construction contract dated 12 January 2018 entered into between the Principal and the Contractor in relation to the First Phase Construction Works, details of which are set out in the Company's announcement dated 12 January 2018

“First Phase Construction Works”	the construction of the production facilities as phase one development of the Land, details of which are set out in the Company’s announcement dated 12 January 2018
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	any person(s) or company(ies) and their respective ultimate beneficial owner(s), to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are not connected persons of the Company and are third parties independent of the Company and its connected persons
“Land”	the land located in Vietnam Singapore Industrial Park in Quang Ngai Province, Vietnam with a site area of approximately 30,000 square metres
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Principal”	Perennial Cable (Vietnam) Company Limited, a company incorporated in Vietnam and a wholly-owned subsidiary of the Company
“Second Phase Construction Contract”	the construction contract dated 4 September 2018 entered into between the Principal and the Contractor in relation to the Second Phase Construction Works, details of which are set out in the Company’s announcement dated 4 September 2018
“Second Phase Construction Works”	the construction of the production facilities as phase two development of the Land
“Share(s)”	ordinary shares of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of issued Share(s)

“Spector Holdings”	Spector Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, and is a controlling shareholder (as defined in the Listing Rules) interested in 70.78% of the entire issued share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Third Phase Construction Contract”	the construction contract dated 11 March 2020 entered into between the Principal and the Contractor in relation to the Third Phase Construction Works
“Third Phase Construction Works”	the construction of the production facilities as phase three development of the Land
“VND”	Vietnam Dong, the lawful currency of Vietnam
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

*For illustration purposes, amounts in VND in this announcement have been translated into VND1.00 = HK\$0.00034. Such conversion shall not be construed as representations that amounts in VND were or may have been converted into HK\$ as such rate or any other exchange rate.*

By Order of the Board  
**Perennial International Limited**  
**Mon Chung Hung**  
*Chief Executive Officer*

Hong Kong, 11 March 2020

*As at the date of this announcement, the executive Directors are Mr. MON Chung Hung, Mr. SIU Yuk Shing, Marco, 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. LEE Chung Nai, Jones and Ms. CHUNG Kit Ying.*