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Perennial Energy Holdings Limited

久泰邦達能源控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 2798)

DISCLOSEABLE TRANSACTION ACQUISITION OF EQUIPMENT

On 15 March 2019, Jiutai Bangda, a wholly-owned subsidiary of the Company, entered into Agreement A and Agreement B with Shanping Machinery Equipment, pursuant to which Jiutai Bangda will acquire the Equipment from Shanping Machinery Equipment for a consideration of RMB34,029,785 and RMB40,446,000, respectively.

Pursuant to the Previous Agreement, Jiutai Bangda acquired the Equipment from Shanping Machinery Equipment on 15 December 2018 for a consideration of RMB36,000,000. The Previous Acquisition did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules as each of the applicable percentage ratios for the Previous Acquisition was below 5%.

Each of the Agreements, on a standalone basis, does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. However, the Previous Acquisition would need to be aggregated with Acquisition A and Acquisition B as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules as the Agreements were entered into by the parties within a 12-month period and were similar in nature.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions under the Agreements exceed 5% but are below 25%, the Acquisitions constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirement but exempt from the shareholders' approval requirement under the Listing Rules.

INTRODUCTION

On 15 March 2019, Jiutai Bangda, a wholly-owned subsidiary of the Company, entered into Agreement A and Agreement B with Shanping Machinery Equipment, pursuant to which Jiutai Bangda will acquire the Equipment for an aggregate consideration of RMB74,475,785.

PRINCIPAL TERMS OF THE AGREEMENT A AND AGREEMENT B

Date: 15 March 2019

Vendor: Shanping Machinery Equipment

Purchaser: Jiutai Bangda

Assets to be acquired:

Jiutai Bangda will acquire the Equipment which consists of various sets of hydraulic shields from Shanping Machinery Equipment pursuant to the terms and conditions of the Agreement A and Agreement B.

Consideration and payment terms

Consideration A

Consideration A for the purchase of Equipment under Agreement A shall be RMB34,029,785 and payable by Jiutai Bangda in the following manner:

- (a) 40% of the Consideration A is payable within 10 business days upon the signing of the Agreement A;
- (b) 30% of the Consideration A is payable before delivery;
- (c) 20% of Consideration A is payable after delivery; and
- (d) the remaining balance of the Consideration A shall be treated as quality retention money and is payable one year after the delivery date of the Equipment.

Consideration B

Consideration B for the purchase of Equipment under Agreement B shall be RMB40,446,000 and payable by Jiutai Bangda in the following manner:

- (a) 40% of the Consideration B is payable within 5 business days upon the signing of the Agreement B;
- (b) 30% of the Consideration B is payable before delivery;
- (c) 20% of Consideration B is payable after delivery; and
- (d) the remaining balance of the Consideration B shall be treated as quality retention money and is payable one year after the delivery date of the Equipment.

Consideration A and Consideration B under Agreement A and Agreement B, respectively, were arrived at after arm's length negotiation between the parties with reference to the purchase prices of similar equipment in the open market.

The payment of Consideration A and Consideration B will be financed by way of the Group's internal resources and part of the net proceeds from the Share Offer.

Each of Agreement A and Agreement B is independent and their respective signing and execution are not inter-conditional upon each other.

INFORMATION ABOUT THE PARTIES IN RESPECT OF THE ACQUISITIONS

Jiutai Bangda is a wholly-owned subsidiary of the Company and is principally engaged in the exploration and mining of coking coal and coal refinery in China.

Shanping Machinery Equipment is a limited liability company established under the laws of China and a state-owned enterprise. It is principally engaged in the processing and sales of coal mine machinery, mining machinery and accessories manufacturing.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of Shanping Machinery Equipment and its ultimate beneficial owner is independent of and not connected with the Company and its connected persons.

REASONS FOR THE ACQUISITIONS

The Group is principally engaged in mining business in China comprising exploration and mining of coking coal and coal refining. The Equipment is purchased for the Group's daily coal mining operating activities and the Group intends to expand the production capacity of each of the Hongguo Mine and Baogushan Mine to 600,000 tonnes per annum with using the Equipment.

Given that the Acquisitions were made under normal commercial terms and in the ordinary course of business of the Group, and that each of the Consideration was reached after arm's length negotiations with reference to the prevailing market prices of similar equipment, the Directors are of the view that the terms of the Acquisitions are fair and reasonable and that the Acquisitions are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to the Previous Agreement, Jiutai Bangda acquired various sets of hydraulic shields from Shanping Machinery Equipment on 15 December 2018 for a consideration of RMB36,000,000. The Previous Acquisition did not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules as each of the applicable percentage ratios for the Previous Acquisition was below 5%.

Each of the Agreements, on a standalone basis, does not constitute a notifiable transaction for the Company under Chapter 14 of the Listing Rules. However, the Previous Acquisition would need to be aggregated with Acquisition A and Acquisition B as a series of transactions pursuant to Rules 14.22 and 14.23 of the Listing Rules as the Agreements were entered into by the parties within a 12-month period and were similar in nature.

As one or more of the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Acquisitions under the Agreements exceed 5% but are below 25%, the Acquisitions constitute a discloseable transaction for the Company pursuant to Chapter 14 of the Listing Rules and is therefore subject to reporting and announcement requirement but exempt from the shareholders' approval requirement under the Listing Rules.

DEFINITIONS

Unless otherwise specified, the following terms shall have the following meanings in this announcement:

- “Acquisition A” : the acquisition of Equipment pursuant to the terms of Agreement A
- “Acquisition B” : the acquisition of Equipment pursuant to the terms of Agreement B
- “Acquisitions” : the acquisition of the Equipment pursuant to the terms of the Agreements
- “Agreement A” : the agreement dated 15 March 2019 entered into between Jiutai Bangda and Shanping Machinery Equipment in relation to Acquisition A
- “Agreement B” : the agreement dated 15 March 2019 entered into between Jiutai Bangda and Shanping Machinery Equipment in relation to Acquisition B
- “Agreements” : collectively, the Previous Agreement, Agreement A and Agreement B
- “Baogushan Mine” : a coal mine located at longitudes from 104°27'14"E to 104°27'35"E and latitudes from 25°46'41"N to 25°47'07"N in Panzhou City, Guizhou Province, China, which is wholly-owned by Jiutai Bangda
- “Board” : the board of Directors of the Company
- “China” : The People's Republic of China
- “Company” : Perennial Energy Holdings Limited (久泰邦達能源控股有限公司), an exempted company with limited liability incorporated in the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
- “connected person(s)” : has the meaning ascribed to it under the Listing Rules

“Consideration A”	:	the consideration for Acquisition A of RMB34,029,785 payable by Jiutai Bangda to Shanping Machinery Equipment pursuant to Agreement A
“Consideration B”	:	the consideration for Acquisition B of RMB40,446,000 payable by Jiutai Bangda to Shanping Machinery Equipment pursuant to Agreement B
“Director(s)”	:	the director(s) of the Company
“Equipment”	:	various sets of hydraulic shields supplied/to be supplied by Shanping Machinery Equipment under the Previous Agreement, Agreement A and Agreement B
“Group”	:	the Company and its subsidiaries
“Hong Kong”	:	the Hong Kong Special Administrative Region of China
“Hongguo Mine”	:	a coal mine located at longitudes from 104°27’14”E to 104°28’22”E and latitudes from 25°47’23”N to 25°48’24”N in Panzhou City, Guizhou Province, China, which is wholly-owned by Jiutai Bangda
“Jiutai Bangda”	:	Guizhou Jiutai Bangda Energy Development Co., Ltd.* (貴州久泰邦達能源開發有限公司), a company established in China with limited liability and is a wholly-owned subsidiary of the Company
“Listing Rules”	:	the Rules Governing the Listing of Securities on the Stock Exchange
“Previous Acquisition”	:	the acquisition of Equipment pursuant to the terms of the Previous Agreement
“Previous Agreement”	:	the agreement dated 15 December 2018 entered into between Jiutai Bangda and Shanping Machinery Equipment in relation to the Previous Acquisition with a consideration of RMB36,000,000
“RMB”	:	Renminbi yuan, the lawful currency of China
“Shanping Machinery Equipment”	:	Pingding Shanping Coal Mine Machinery Equipment Co., Ltd.*(平頂山平煤機煤礦機械裝備有限公司), a company established in China with limited liability and a state-owned enterprise

- “Share Offer” : the public offer and placing of the Company’s shares as detailed in the prospectus of the Company dated 26 November 2018
- “Stock Exchange” : The Stock Exchange of Hong Kong Limited
- “%” : per cent

By order of the Board
PERENNIAL ENERGY HOLDINGS LIMITED
Yu Bangping
Chairman and Executive Director

Hong Kong, 15 March 2019

As of the date of this announcement, the executive Directors are Mr. Yu Bangping, Mr. Sun Dawei, Mr. Wang Shize, Mr. Li Xuezhong and Mr. Lam Chik Shun, Marcus; and the independent non-executive Directors are Mr. Fong Wai Ho, Mr. Punnya Niraan De Silva, Ms. Cheung Suet Ting, Samantha and Mr. Wang Hongchuan.

** For identification purposes only*