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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the section headed “Connected Transactions” in the Prospectus in relation to, among other things, the 2018 Operations Agreement, 2018 Gas Supply Agreements and 2018 Electricity Supply Agreements.

As the current terms of the 2018 Operations Agreement, 2018 Gas Supply Agreements and 2018 Electricity Supply Agreements will expire on 31 December 2020, on 16 December 2020, the respective parties entered into the 2020 Operations Agreement, 2020 Baogushan Gas Supply Agreement and 2020 Baogushan Electricity Supply Agreement, subject to the terms and conditions therein, to, among other things, extend the respective terms of the agreements to 31 December 2023.

In addition, on 16 December 2020, Hongguo Coal Mine Branch, a branch of an indirect wholly-owned subsidiary of the Company, and Panzhou Hongda entered into the 2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement, pursuant to which Hongguo Coal Mine Branch supplies all coalbed gas extracted from the Hongguo Coal Mine to Panzhou Hongda at a price of RMB0.18/m<sup>3</sup> (tax inclusive) and the coalbed gas is then used by Panzhou Hongda to generate electricity to supply to Hongguo Coal Mine Branch at a price of RMB0.5117 for each kWh (tax inclusive). The term of the 2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement shall be three years from 1 January 2021 to 31 December 2023.

## **LISTING RULES IMPLICATIONS**

### **2020 Operations Agreement**

As at the date of this announcement, Guizhou Bangda is owned as to 90% and 10% by Mr. Yu Bangping and Mr. Yu Bangcheng, respectively. Mr. Yu Bangping is an executive Director. Also, (i) each of Mr. Yu Bangping and Mr. Yu Bangcheng is indirectly interested in approximately 48.3% and 7.2% shareholding interests in Spring Snow, respectively; and (ii) Spring Snow is interested in approximately 53.5% Shares. Hence, Mr. Yu Bangping and Mr. Yu Bangcheng are regarded as the controlling shareholders of the Company. As such, Guizhou Bangda, an entity controlled by Mr. Yu Bangping and Mr. Yu Bangcheng, is regarded as a connected person of the Company under the Listing Rules. Accordingly, the transactions as contemplated under the 2020 Operations Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **2020 Baogushan Gas Supply Agreement and 2020 Baogushan Electricity Supply Agreement**

As at the date of this announcement, Guizhou Bangda has 45% equity interests in Guizhou Yue Bang and Guangdong Energy is the ultimate single largest beneficial owner of Guizhou Yue Bang. Hence, Guizhou Yue Bang is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions as contemplated under the 2020 Baogushan Gas Supply Agreement and 2020 Baogushan Electricity Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement**

As at the date of this announcement, Guizhou Bangda has 49% equity interests in Panzhou Hongda and the remaining 51% equity interests in Panzhou Hongda is owned by Guangdong Energy. Hence, Panzhou Hongda is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions as contemplated under the 2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, the transactions as contemplated under the 2020 Baogushan Gas Supply Agreement and the 2020 Hongguo Gas Supply Agreement shall be aggregated because Guizhou Bangda is interested in 45% and 49% equity interests in Guizhou Yue Bang and Panzhou Hongda, respectively, and the nature of transactions under the 2020 Baogushan Gas Supply Agreement and the 2020 Hongguo Gas Supply Agreement are the same. Likewise, the transactions as contemplated under the 2020 Baogushan Electricity Supply Agreement and the 2020 Hongguo Electricity Supply Agreement shall be aggregated pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the highest annual cap of the transactions contemplated under each of the 2020 Operations Agreement, 2020 Gas Supply Agreements and 2020 Electricity Supply Agreements is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transactions under the 2020 Operations Agreement, 2020 Gas Supply Agreements and 2020 Electricity Supply Agreements are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, but are subject to the reporting, announcement and annual review requirements.

## I. INTRODUCTION

Reference is made to the section headed “Connected Transactions” in the Prospectus in relation to, among other things, the 2018 Operations Agreement, 2018 Gas Supply Agreements and 2018 Electricity Supply Agreements.

As the current terms of the 2018 Operations Agreement, 2018 Gas Supply Agreements and 2018 Electricity Supply Agreements will expire on 31 December 2020, on 16 December 2020, the respective parties entered into the 2020 Operations Agreement, 2020 Baogushan Gas Supply Agreement and 2020 Baogushan Electricity Supply Agreement, subject to the terms and conditions therein, to, among other things, extend the respective terms of the agreements to 31 December 2023.

In addition, on 16 December 2020, Hongguo Coal Mine Branch, a branch of an indirect wholly-owned subsidiary of the Company, and Panzhou Hongda entered into the 2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement, pursuant to which Hongguo Coal Mine Branch supplies all coalbed gas extracted from the Hongguo Coal Mine to Panzhou Hongda at a price of RMB0.18/m<sup>3</sup> (tax inclusive) and the coalbed gas is then used by Panzhou Hongda to generate electricity to supply to Hongguo Coal Mine Branch at a price of RMB0.5117 for each kWh (tax inclusive). The term of the 2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement shall be three years from 1 January 2021 to 31 December 2023.

## II. CONTINUING CONNECTED TRANSACTIONS

### (1) 2020 Operations Agreement

#### *The principal terms of the 2020 Operations Agreement*

**Date:** 16 December 2020

**Parties:** (a) Jiutai Bangda (as the service recipient)  
(b) Guizhou Bangda (as the service provider)

**Subject:** Jiutai Bangda commissions Guizhou Bangda to temporarily store and load Jiutai Bangda’s coal and coal side products on trains for onward transportation at Huajiazhuang Railway Logistics Centre (the “**Logistics Service**”) at a cost of RMB5 per tonne (tax inclusive).

**Term:** 1 January 2021 to 31 December 2023

**Pricing policy:** The prices are determined with reference to the depreciation charge under a straight-line approach in relation to the Huajiazhuang Railway Logistics Centre related to the 2020 Operations Agreement. The terms and conditions are no less favourable to Jiutai Bangda than terms available from independent third parties of the Company.

### ***Historical transaction amounts and existing annual caps***

The table below sets out the historical transaction amounts and the existing annual caps for the Logistics Service provided by Guizhou Bangda to Jiutai Bangda under the 2018 Operations Agreement for each of the two years ended 31 December 2019 and for the year ending 31 December 2020:

<b>For the Year ended 31 December 2018</b>		<b>For the Year ended 31 December 2019</b>		<b>For the Year ending 31 December 2020</b>	
<b>Annual cap RMB'000</b>	<b>Actual amount RMB'000</b>	<b>Annual cap RMB'000</b>	<b>Actual amount RMB'000</b>	<b>Annual cap RMB'000</b>	<b>Actual amount up to 31 October 2020 RMB'000</b>
2,600	1,085	2,900	1,762	3,500	2,398

The Board confirms that, as at the date of this announcement, the existing annual cap for the Logistics Service provided by Guizhou Bangda to Jiutai Bangda under the 2018 Operations Agreement for the year ending 31 December 2020 has not been exceeded.

### ***Proposed Annual Caps for Logistics Service***

The table below sets out the Proposed Annual Caps for Logistics Service under the 2020 Operations Agreement for the three years ending 31 December 2023:

<b>Proposed Annual Caps for Logistics Service For the year ending 31 December</b>		
<b>2021 RMB'000</b>	<b>2022 RMB'000</b>	<b>2023 RMB'000</b>
5,000	5,500	6,050

### ***Reasons for the increase in Proposed Annual Caps for Logistics Service***

As a result of the increase in the production capacity of each of the Baogushan Coal Mine and Hongguo Coal Mine to 600,000 tonnes in August 2019, the Group's completion of the acquisition of Xiejiahegou Coal Mine on 1 January 2020 and the expected change in customers' preference to use rail transport rather than truck transport for delivery of coal and coal side products in the foreseeable future, it is expected that there will be an increase in the volume of coal and coal side products to be transported to the customers by railway thereby increasing the demand for the Logistics Service.

The above Proposed Annual Caps for the Logistics Service have been determined with reference to:

- (i) the historical transaction amounts for the Logistics Service provided by Guizhou Bangda to Jiutai Bangda under the 2018 Operations Agreement;
- (ii) the increase in the production capacity of each of the Baogushan Coal Mine and Hongguo Coal Mine from 450,000 tonnes to 600,000 tonnes per annum in August 2019 and the production capacity of Xiejiahegou Coal Mine of 450,000 tonnes per annum; and
- (iii) the expected increase in the demand for the Logistics Service resulting from the expansion of the mining business and expected change in customers' preference to use rail transport rather than truck transport for delivery of coal and coal side products in the foreseeable future.

## (2) 2020 Gas Supply Agreements

### (i) *The principal terms of the 2020 Baogushan Gas Supply Agreement*

<b>Date:</b>	16 December 2020
<b>Parties:</b>	(a) Guizhou Yue Bang, a member of Guangdong Energy Group (as the purchaser) (b) Baogushan Coal Mine Branch (as the supplier)
<b>Subject:</b>	Baogushan Coal Mine Branch supplies all coalbed gas extracted from the Baogushan Coal Mine to Guizhou Yue Bang at a price of RMB0.0688 for each kWh electricity generated (tax inclusive).
<b>Term:</b>	1 January 2021 to 31 December 2023
<b>Pricing policy:</b>	The price of coalbed gas was agreed after arm's length negotiations between the parties with regard to the market price of coalbed gas of similar power generating capability and quality as that of the coalbed gas extracted from the Baogushan Coal Mine. The terms and conditions are no less favourable to Baogushan Coal Mine Branch than terms available from independent third parties of the Company.
<b>Termination:</b>	The 2020 Baogushan Gas Supply Agreement may be terminated by either Baogushan Coal Mine Branch or Guizhou Yue Bang by giving prior written notice to the other party in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.

(ii) *The principal terms of the 2020 Hongguo Gas Supply Agreement*

<b>Date:</b>	16 December 2020
<b>Parties:</b>	(a) Panzhou Hongda, a member of Guangdong Energy Group (as the purchaser) (b) Hongguo Coal Mine Branch (as the supplier)
<b>Subject:</b>	Hongguo Coal Mine Branch supplies all coalbed gas extracted from the Hongguo Coal Mine to Panzhou Hongda at a price of RMB0.18/m <sup>3</sup> (tax inclusive).
<b>Term:</b>	1 January 2021 to 31 December 2023
<b>Pricing policy:</b>	The price of coalbed gas was agreed after arm's length negotiations between the parties with regard to the market price of coalbed gas of similar power generating capability and quality as that of the coalbed gas extracted from the Hongguo Coal Mine. The terms and conditions are no less favourable to Hongguo Coal Mine Branch than terms available from independent third parties of the Company.
<b>Termination:</b>	The 2020 Hongguo Gas Supply Agreement may be terminated by either Hongguo Coal Mine Branch or Panzhou Hongda by giving prior written notice to the other party in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.

*Historical transaction amounts and existing aggregated annual caps*

The table below sets out the historical transaction amounts and the existing aggregated annual caps for the coalbed gas supplied by Baogushan Coal Mine Branch and Hongguo Coal Mine Branch to Guizhou Yue Bang under the 2018 Gas Supply Agreements for each of the two years ended 31 December 2019 and for the year ending 31 December 2020:

<b>For the Year ended 31 December 2018</b>		<b>For the Year ended 31 December 2019</b>		<b>For the Year ending 31 December 2020</b>	
<b>Aggregated annual cap RMB'000</b>	<b>Actual amount RMB'000</b>	<b>Aggregated annual cap RMB'000</b>	<b>Actual amount RMB'000</b>	<b>Aggregated annual cap RMB'000</b>	<b>Actual amount up to 31 October 2020 RMB'000</b>
3,000	2,062	4,100	2,524	4,300	2,047

The Board confirms that, as at the date of this announcement, the existing aggregated annual cap for the coalbed gas supplied by Baogushan Coal Mine Branch and Hongguo Coal Mine Branch to Guizhou Yue Bang under the 2018 Gas Supply Agreements for the year ending 31 December 2020 has not been exceeded.

***Proposed Aggregated Annual Caps for Coalbed Gas Supply***

The table below sets out the Proposed Aggregated Annual Caps for Coalbed Gas Supply under the 2020 Gas Supply Agreements for the three years ending 31 December 2023:

<b>Proposed Aggregated Annual Caps for Coalbed Gas Supply</b>		
<b>For the year ending 31 December</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
6,000	6,600	7,260

***Reasons for the increase in Proposed Aggregated Annual Caps for Coalbed Gas Supply***

The increase in Proposed Aggregated Annual Caps for Coalbed Gas Supply is mainly due to the following reasons:

- (1) expansion of the elevation and horizontal boundaries of the mining areas arising from the increase in the production capacity of each of the Baogushan Coal Mine and Hongguo Coal Mine to 600,000 tonnes in August 2019. It is expected that more coalbed gas will be released from the on-going mining activities within the expanded mining areas; and
- (2) due to a temporary suspension of operation of the gas drainage pipes systems on the surface in the Hongguo Coal Mine for maintenance and equipment upgrade in early 2020, the supply of coalbed gas by the Hongguo Coal Mine has ceased since then and is expected to resume operation in early 2021. As a result, the supply of coalbed gas during the year ending 31 December 2020 is mainly derived from the Baogushan Coal Mine only. Also, the efficiency and effectiveness of the gas drainage transmit process will be greatly improved after completion of the equipment upgrade in the Hongguo Coal Mine. Therefore, it is expected that there will be a significant increase in production and supply of coalbed gas from the Hongguo Coal Mine to be sold to Panzhou Hongda going forward.

The above Proposed Aggregated Annual Caps for Coalbed Gas Supply have been determined with reference to:

- (i) the historical transaction amounts for the coalbed gas supplied by Baogushan Coal Mine Branch and Hongguo Coal Mine Branch to Guizhou Yue Bang under the 2018 Gas Supply Agreements;
- (ii) the increase in the production capacity of each of the Baogushan Coal Mine and Hongguo Coal Mine from 450,000 tonnes to 600,000 tonnes per annum in August 2019; and
- (iii) the expected increase in the supply of the coalbed gas following the completion of equipment upgrade in the Hongguo Coal Mine.

**(3) 2020 Electricity Supply Agreements**

*(i) The principal terms of the 2020 Baogushan Electricity Supply Agreement*

- Date:** 16 December 2020
- Parties:** (a) Baogushan Coal Mine Branch (as the purchaser)  
(b) Guizhou Yue Bang, a member of Guangdong Energy Group (as the supplier)
- Subject:** Guizhou Yue Bang supplies electricity generated at the Baogushan Coal Mine low-concentration methane gas power plant to Baogushan Coal Mine Branch at a price of RMB0.5038 for each kWh (tax inclusive).
- Term:** 1 January 2021 to 31 December 2023
- Pricing policy:** The price of electricity was agreed after arm's length negotiations between the parties with regard to the market price of electricity in the region where the Baogushan Coal Mine is located. The terms and conditions are no less favourable to Baogushan Coal Mine Branch than terms available from independent third parties of the Company.
- Termination:** The 2020 Baogushan Electricity Supply Agreement may be terminated by either Baogushan Coal Mine Branch or Guizhou Yue Bang by giving prior written notice to the other party in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.



(ii) *The principal terms of the 2020 Hongguo Electricity Supply Agreement*

<b>Date:</b>	16 December 2020
<b>Parties:</b>	(a) Hongguo Coal Mine Branch (as the purchaser) (b) Panzhou Hongda, a member of Guangdong Energy Group (as the supplier)
<b>Subject:</b>	Panzhou Hongda supplies electricity generated at the Hongguo Coal Mine low-concentration methane gas power plant to Hongguo Coal Mine Branch at a price of RMB0.5117 for each kWh (tax inclusive).
<b>Term:</b>	1 January 2021 to 31 December 2023
<b>Pricing policy:</b>	The price of electricity was agreed after arm's length negotiations between the parties with regard to the market price of electricity in the region where the Hongguo Coal Mine is located. The terms and conditions are no less favourable to Hongguo Coal Mine Branch than terms available from independent third parties of the Company.
<b>Termination:</b>	The 2020 Hongguo Electricity Supply Agreement may be terminated by either Hongguo Coal Mine Branch or Panzhou Hongda by giving prior written notice to the other party in advance and the parties should decide on the terms and conditions of such termination by mutual agreement.

*Historical transaction amounts and existing aggregated annual caps*

The table below sets out the historical transaction amounts and the existing aggregated annual caps for the electricity supplied by Guizhou Yue Bang to Baogushan Coal Mine Branch and Hongguo Coal Mine Branch under the 2018 Electricity Supply Agreements for each of the two years ended 31 December 2019 and for the year ending 31 December 2020:

<b>For the Year ended 31 December 2018</b>		<b>For the Year ended 31 December 2019</b>		<b>For the Year ending 31 December 2020</b>	
<b>Aggregated annual cap RMB'000</b>	<b>Actual amount RMB'000</b>	<b>Aggregated annual cap RMB'000</b>	<b>Actual amount RMB'000</b>	<b>Aggregated annual cap RMB'000</b>	<b>Actual amount up to 31 October 2020 RMB'000</b>
12,500	9,213	16,700	5,196	17,500	4,093

The Board confirms that, as at the date of this announcement, the existing aggregated annual cap for the electricity supplied by Guizhou Yue Bang to Baogushan Coal Mine Branch and Hongguo Coal Mine Branch under the 2018 Electricity Supply Agreements for the year ending 31 December 2020 has not been exceeded.

***Proposed Aggregated Annual Caps for Electricity Supply***

The table below sets out the Proposed Aggregated Annual Caps for Electricity Supply under the 2020 Electricity Supply Agreements for the three years ending 31 December 2023:

<b>Proposed Aggregated Annual Caps for Electricity Supply</b>		
<b>For the year ending 31 December</b>		
<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
13,200	14,520	15,972

It is expected that the consumption of electricity supplied by Guangdong Energy Group to the Baogushan Coal Mine and the Hongguo Coal Mine will increase going forward due to the following reasons:

- (1) expansion of the elevation and horizontal boundaries of the mining areas arising from the increase in the production capacity of each of the Baogushan Coal Mine and Hongguo Coal Mine to 600,000 tonnes in August 2019. It is expected that more coalbed gas will be released from the on-going mining activities within the expanded mining areas; and
- (2) due to a temporary suspension of operation of the gas drainage pipes systems on the surface in the Hongguo Coal Mine for maintenance and equipment upgrade in early 2020, the supply of coalbed gas by the Hongguo Coal Mine has ceased since then and is expected to resume operation in early 2021. As a result, the supply of coalbed gas during the year ending 31 December 2020 is mainly derived from the Baogushan Coal Mine only. Also, the efficiency and effectiveness of the gas drainage transmit process will be greatly improved after completion of the equipment upgrade in the Hongguo Coal Mine. Therefore, it is expected that there will be a significant increase in production and supply of coalbed gas from the Hongguo Coal Mine to be sold to Panzhou Hongda going forward. As more coalbed gas is sold by the Baogushan Coal Mine and the Hongguo Coal Mine to Guangdong Energy Group for electricity generation purposes, it is expected that, in return, more electricity will be sold by Guangdong Energy Group to the Baogushan Coal Mine and Hongguo Coal Mine. As stated in the Prospectus, the Group's mining operations require a substantial amount of electricity and the Group expects that it will be able to consume all electricity generated by the low-concentration methane gas power plants at the Baogushan Coal Mine and the Hongguo Coal Mine which are supplied by Guangdong Energy Group.

The above Proposed Aggregated Annual Caps for Electricity Supply have been determined with reference to:

- (i) the historical transaction amounts for the electricity supplied by Guizhou Yue Bang to Baogushan Coal Mine Branch and Hongguo Coal Mine Branch under the 2018 Electricity Supply Agreements;
- (ii) the increase in the production capacity of each of the Baogushan Coal Mine and Hongguo Coal Mine from 450,000 tonnes to 600,000 tonnes per annum in August 2019;
- (iii) the expected increase in the demand for the electricity resulting from the expansion of the mining business; and
- (iv) the expected increase in the supply of electricity by Panzhou Hongda following the completion of equipment upgrade in the Hongguo Coal Mine.

### **III. REASONS FOR AND BENEFITS OF THE RENEWAL OF THE TRANSACTIONS**

#### **2020 Operations Agreement**

Although there are some other logistics centres that provide similar logistics services for coal companies in the Panzhou City area where the Group has operations, the Huajiazhuang Railway Logistics Centre is geographically closer to the coal mines operated by the Group. Hence, the cost of transportation of coal and coal side products to and from the Huajiazhuang Railway Logistics Centre is lower than the transportation costs that would have been incurred in transporting coal and coal side products to and from the other logistics centres in the Panzhou City area. As such, the Directors are of the view that it is more cost efficient to the Group to engage Guizhou Bangda instead of other logistics centres to provide the Logistics Service.

#### **2020 Gas Supply Agreements and 2020 Electricity Supply Agreements**

Each of Guizhou Yue Bang and Panzhou Hongda is a member of Guangdong Energy Group. Guangdong Energy Group is an operator of electricity stations in the vicinity of the operations of the Group that utilizes coalbed gas for generating electricity. Each of the Baogushan Coal Mine and Hongguo Coal Mine has a low-concentration methane gas power plant which is owned and operated by Guizhou Yue Bang and Panzhou Hongda, respectively. Guangdong Energy Group, through Guizhou Yue Bang and Panzhou Hongda, purchases from Jiutai Bangda coalbed gas extracted from the Baogushan Coal Mine and Hongguo Coal Mine. The coalbed gas is used by Guangdong Energy Group to generate electricity to Jiutai Bangda with priority which ensure a secured and stable supply of electricity to Baogushan Coal Mine and Hongguo Coal Mine. Such arrangement not only enables the Group to generate revenue from the sale of coalbed gas, it also ensures the Group has a secured and stable supply of electricity to its coal mines. Therefore, the Directors are of the view that it is in the Group's interests to continue with such arrangement going forward.

The Directors (including the independent non-executive Directors) consider that the 2020 Operations Agreement, 2020 Gas Supply Agreements and 2020 Electricity Supply Agreements, the transactions contemplated thereunder and the Proposed Annual Caps are: (i) on normal commercial terms or better and in the ordinary and usual course of business of the Group; (ii) fair and reasonable; and (iii) in the interests of the Company and the Shareholders as a whole.

Since Guizhou Bangda is owned as to 90% by Mr. Yu Bangping, Guizhou Yue Bang is owned as to 45% by Guizhou Bangda and Panzhou Hongda is owned as to 49% by Guizhou Bangda, Mr. Yu Bangping and his son, Mr. Yu Zhilong, who were present at the Board meeting were not counted in the quorum and they have abstained from voting at the Board meeting to approve the 2020 Operations Agreement, 2020 Gas Supply Agreements, 2020 Electricity Supply Agreements and the Proposed Annual Caps. Save as disclosed above, none of the Directors attending the Board meeting has a material interest in or is required to abstain from voting on the 2020 Operations Agreement, 2020 Gas Supply Agreements, 2020 Electricity Supply Agreements and the Proposed Annual Caps.

#### **IV. LISTING RULES IMPLICATIONS**

##### **2020 Operations Agreement**

As at the date of this announcement, Guizhou Bangda is owned as to 90% and 10% by Mr. Yu Bangping and Mr. Yu Bangcheng, respectively. Mr. Yu Bangping is an executive Director. Also, (i) each of Mr. Yu Bangping and Mr. Yu Bangcheng is indirectly interested in approximately 48.3% and 7.2% shareholding interests in Spring Snow, respectively; and (ii) Spring Snow is interested in approximately 53.5% Shares. Hence, Mr. Yu Bangping and Mr. Yu Bangcheng are regarded as the controlling shareholders of the Company. As such, Guizhou Bangda, an entity controlled by Mr. Yu Bangping and Mr. Yu Bangcheng, is regarded as a connected person of the Company under the Listing Rules. Accordingly, the transactions as contemplated under the 2020 Operations Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

##### **2020 Baogushan Gas Supply Agreement and 2020 Baogushan Electricity Supply Agreement**

As at the date of this announcement, Guizhou Bangda has 45% equity interests in Guizhou Yue Bang and Guangdong Energy is the ultimate single largest beneficial owner of Guizhou Yue Bang. Hence, Guizhou Yue Bang is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions as contemplated under the 2020 Baogushan Gas Supply Agreement and 2020 Baogushan Electricity Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement**

As at the date of this announcement, Guizhou Bangda has 49% equity interests in Panzhou Hongda and the remaining 51% equity interests in Panzhou Hongda is owned by Guangdong Energy. Hence, Panzhou Hongda is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions as contemplated under the 2020 Hongguo Gas Supply Agreement and 2020 Hongguo Electricity Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Chapter 14A of the Listing Rules, the transactions as contemplated under the 2020 Baogushan Gas Supply Agreement and the 2020 Hongguo Gas Supply Agreement shall be aggregated because Guizhou Bangda is interested in 45% and 49% equity interests in Guizhou Yue Bang and Panzhou Hongda, respectively, and the nature of transactions under the 2020 Baogushan Gas Supply Agreement and the 2020 Hongguo Gas Supply Agreement are the same. Likewise, the transactions as contemplated under the 2020 Baogushan Electricity Supply Agreement and the 2020 Hongguo Electricity Supply Agreement shall be aggregated pursuant to Chapter 14A of the Listing Rules.

Since the highest applicable percentage ratio calculated with reference to the highest annual cap of the transactions contemplated under each of the 2020 Operations Agreement, 2020 Gas Supply Agreements and 2020 Electricity Supply Agreements is more than 0.1% but less than 5%, pursuant to Rule 14A.76(2)(a) of the Listing Rules, the continuing connected transactions under the 2020 Operations Agreement, 2020 Gas Supply Agreements and 2020 Electricity Supply Agreements are exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules, but is subject to the reporting, announcement and annual review requirements.

## **V. INFORMATION OF THE PARTIES**

Baogushan Coal Mine Branch and Hongguo Coal Mine Branch are branches of Jiutai Bangda. Jiutai Bangda is an indirect wholly-owned subsidiary of the Company and is principally engaged in the exploration and mining of coking coal and coal refinery in the PRC.

Guizhou Bangda, a company established under the laws of the PRC, is owned as to 90% by Mr. Yu Bangping and 10% by Mr. Yu Bangcheng and is a connected person of the Company. It is principally engaged in coal mining, and coal washing and processing and low-concentration methane gas power generation in the PRC.

Guizhou Yue Bang, a company established under the laws of the PRC, is owned as to 45% and 55% by Guizhou Bangda and 貴州粵網綜合能源有限公司 (transliterated as Guizhou Guangdong Network Comprehensive Co., Ltd.\*), an independent third party of the Company, respectively and is a connected person of the Company. Guangdong Energy is the ultimate single largest beneficial owner of Guizhou Yue Bang. Guizhou Yue Bang is principally engaged in methane gas power generation, purification and production of electricity and heat.

Panzhou Hongda, a company established under the laws of the PRC, is owned as to 49% and 51% by Guizhou Bangda and Guangdong Energy, an independent third party of the Company, respectively and is a connected person of the Company. It is principally engaged in methane gas power generation, purification and production of electricity and heat.

## VI. DEFINITIONS

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

“2018 Electricity Supply Agreements”	collectively, the Baogushan electricity supply agreement entered into between Baogushan Coal Mine Branch and Guizhou Yue Bang in January 2018 and the Hongguo electricity supply agreement entered into between Hongguo Coal Mine Branch and Guizhou Yue Bang in January 2018, details of which are set out in the section headed “Connected Transactions – Non-exempt Continuing Connected Transactions – 3. Purchase of electricity from Guizhou Yue Bang” in the Prospectus
“2018 Gas Supply Agreements”	collectively, the Baogushan gas supply agreement entered into between Baogushan Coal Mine Branch and Guizhou Yue Bang in January 2018 and the Hongguo gas supply agreement entered into between Hongguo Coal Mine Branch and Guizhou Yue Bang in January 2018, details of which are set out in the section headed “Connected Transactions – Non-exempt Continuing Connected Transactions – 2. Sale of coalbed gas to Guizhou Yue Bang” in the Prospectus
“2018 Operations Agreement”	the operations agreement dated 1 January 2018 and entered into between Jiutai Bangda and Guizhou Bangda, details of which are set out in the section headed “Connected Transactions – Non-exempt Continuing Connected Transactions – 1. Logistics service provided by Guizhou Bangda” in the Prospectus
“2020 Baogushan Electricity Supply Agreement”	the Baogushan electricity supply agreement dated 16 December 2020 and entered into between Baogushan Coal Mine Branch and Guizhou Yue Bang
“2020 Baogushan Gas Supply Agreement”	the Baogushan gas supply agreement dated 16 December 2020 and entered into between Baogushan Coal Mine Branch and Guizhou Yue Bang
“2020 Electricity Supply Agreements”	collectively, the 2020 Baogushan Electricity Supply Agreement and the 2020 Hongguo Electricity Supply Agreement
“2020 Gas Supply Agreements”	collectively, the 2020 Baogushan Gas Supply Agreement and the 2020 Hongguo Gas Supply Agreement

“2020 Hongguo Electricity Supply Agreement”	the Hongguo electricity supply agreement dated 16 December 2020 and entered into between Hongguo Coal Mine Branch and Panzhou Hongda
“2020 Hongguo Gas Supply Agreement”	the Hongguo gas supply agreement dated 16 December 2020 and entered into between Hongguo Coal Mine Branch and Panzhou Hongda
“2020 Operations Agreement”	the operations agreement dated 16 December 2020 and entered into between Jiutai Bangda and Guizhou Bangda
“Baogushan Coal Mine”	a coal mine located in Panzhou City, Guizhou Province, the PRC, which is wholly-owned and operated by Jiutai Bangda
“Baogushan Coal Mine Branch”	貴州久泰邦達能源開發有限公司盤縣紅果鎮苞谷山煤礦 (transliterated as Guizhou Jiutai Bangda Energy Development Co., Ltd. Panxian Hongguo Town Baogushan Coal Mine*), a branch of Jiutai Bangda
“Board”	the board of Directors
“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 thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangdong Energy”	廣東省能源集團貴州有限公司 (transliterated as Guangdong Energy Group Guizhou Co., Ltd.*), a company established in the PRC with limited liability and an independent third party of the Company
“Guangdong Energy Group”	Guangdong Energy and its subsidiaries which include Guizhou Yue Bang and Panzhou Hongda

“Guizhou Bangda”	貴州邦達能源開發有限公司 (transliterated as Guizhou Bangda Energy Development Co., Ltd.*), a company established in the PRC with limited liability and is owned as to 90% by Mr. Yu Bangping and 10% by Mr. Yu Bangcheng and is a connected person of the Company
“Guizhou Yue Bang”	貴州粵邦綜合能源有限責任公司 (transliterated as Guizhou Yue Bang Integrated Energy Limited Liability Company*), a company established in the PRC with limited liability and owned by Guizhou Bangda and 貴州粵網綜合能源有限公司 (transliterated as Guizhou Guangdong Network Comprehensive Co., Ltd.*), an independent third party of the Company, as to 45% and 55%, respectively, Guizhou Yue Bang is an indirect non-wholly owned subsidiary of Guangdong Energy and is a connected person of the Company
“Hongguo Coal Mine”	a coal mine located in Panzhou City, Guizhou Province, the PRC, which is wholly-owned and operated by Jiutai Bangda
“Hongguo Coal Mine Branch”	貴州久泰邦達能源開發有限公司盤縣紅果鎮紅果煤礦 (transliterated as Guizhou Jiutai Bangda Energy Development Co., Ltd. Panxian Hongguo Town Hongguo Coal Mine*), a branch of Jiutai Bangda
“Hong Kong”	the Hong Kong Special Administrative Region of PRC
“Huajiazhuang Railway Logistics Centre”	the railway logistics centre which is located in Huajiazhuang Village, Hongguo Town, Panzhou City and is built and owned by Guizhou Bangda
“Jiutai Bangda”	貴州久泰邦達能源開發有限公司 (transliterated as Guizhou Jiutai Bangda Energy Development Co., Ltd.*), a company established in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mr. Yu Bangcheng”	one of the controlling shareholders of the Company and the brother of Mr. Yu Bangping
“Mr. Yu Bangping”	an executive Director and one of the controlling shareholders of the Company



“Panzhou Hongda”	盤州市紅達綜合能源有限公司 (transliterated as Panzhou Hongda Comprehensive Energy Co., Ltd.*), a company established in the PRC with limited liability and owned by Guizhou Bangda and Guangdong Energy, as to 49% and 51%, respectively, and is a connected person of the Company
“PRC”	The People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macau Special Administrative Region of PRC and Taiwan
“Proposed Aggregated Annual Caps for Coalbed Gas Supply”	the proposed aggregated annual caps for coalbed gas supply as described in the section headed “II. Continuing Connected Transactions – (2) 2020 Gas Supply Agreements – Proposed Aggregated Annual Caps for Coalbed Gas Supply” in this announcement
“Proposed Aggregated Annual Caps for Electricity Supply”	the proposed aggregated annual caps for electricity supply as described in the section headed “II. Continuing Connected Transactions – (3) 2020 Electricity Supply Agreements – Proposed Aggregated Annual Caps for Electricity Supply” in this announcement
“Proposed Annual Caps”	collectively, the Proposed Annual Caps for Logistics Service, the Proposed Aggregated Annual Caps for Coalbed Gas Supply and the Proposed Aggregated Annual Caps for Electricity Supply
“Proposed Annual Caps for Logistics Service”	the proposed annual caps for Logistics Service as described in the section headed “II. Continuing Connected Transactions – (1) 2020 Operations Agreement – Proposed Annual Caps for Logistics Service” in this announcement
“Prospectus”	the prospectus of the Company dated 26 November 2018
“RMB”	Renminbi yuan, the lawful currency of the PRC
“Share(s)”	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Spring Snow”	Spring Snow Management Limited, a controlling shareholder of the Company which directly holds 856,000,000 Shares, representing approximately 53.5% of the total issued share capital of the Company as at the date of this announcement
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xiejiahegou Coal Mine”	a coal mine located in Panzhou City, Guizhou Province, the PRC, which is wholly-owned and operated by Jiutai Bangda
“%”	per cent

\* *The English transliteration of the Chinese name(s) in this announcement, where indicated, is included for information purpose only, and should not be regarded as the official English name(s) of such Chinese name(s).*

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

Hong Kong, 16 December 2020

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