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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)

TERMINATION OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the announcement of Perennial Energy Holdings Limited (the “**Company**”) dated 22 February 2022 (the “**Announcement**”) in connection with the Electricity Supply Agreement entered into between Xiejiahegou Coal Mine Branch, a branch of Jiutai Bangda (an indirect wholly-owned subsidiary of the Company), and Changxing Coal Mine Branch, pursuant to which Xiejiahegou Coal Mine Branch supplies electricity to Changxing Coal Mine Branch for a term commencing from 22 February 2022 to 31 December 2024 (both days inclusive). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

The Board wishes to announce that on 17 November 2023, Xiejiahegou Coal Mine Branch entered into a termination agreement (the “**Termination Agreement**”) with Changxing Coal Mine Branch, pursuant to which the Electricity Supply Agreement was early terminated with effect from 17 November 2023. Upon such termination, all rights and obligations of the parties to the Electricity Supply Agreement shall cease and no party shall have any claim against each other in connection with the Electricity Supply Agreement.

REASONS FOR EARLY TERMINATION OF THE ELECTRICITY SUPPLY AGREEMENT

As disclosed in the Announcement, Xiejiahegou Coal Mine and Changxing Coal Mine are located in the Yuni Township, Pan County, Guizhou, whereby the electricity supplier in the region, i.e. Guizhou Power Grid, is only able to build one power supply bay in the area. At the time when the Electricity Supply Agreement was entered into, since Guizhou Power Grid has been providing electricity supplies to Xiejiahegou Coal Mine Branch, Guizhou Power Grid was unable to provide the electricity supplies to Changxing Coal Mine Branch. As such, it was then necessary for Guizhou Power Grid to supply electricity to Changxing Coal Mine Branch through Xiejiahegou Coal Mine Branch. However, Changxing Coal Mine Branch has constructed its own power supply line in late 2022, enabling it to directly purchase electricity from Guizhou Power Grid. As a result, Changxing Coal Mine Branch will no longer be required to purchase electricity supplies from Xiejiahegou Coal Mine Branch in the future.

The Directors (including the independent non-executive Directors) are of the view that the terms and conditions of the Termination Agreement are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Board considers that the termination of the Electricity Supply Agreement will not cause any material adverse impact on the business, operation or financial condition of the Group.

Since Changxing Coal Mine Branch is a branch of Guizhou Bangda, a company which is owned as to 90% by Mr. Yu Bangping, 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 Termination Agreement. 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 Termination Agreement.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Changxing Coal Mine Branch is a branch of Guizhou Bangda, a company which is owned as to 90% by Mr. Yu Bangping and 10% by Mr. Yu Bangcheng. Mr. Yu Bangping is an executive Director. Also, (i) each of Mr. Yu Bangping and Mr. Yu Bangcheng is indirectly interested in approximately 61.21% and 7.2% shareholding interests in Spring Snow, respectively; and (ii) Spring Snow is interested in 54.0% 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 Electricity Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules and the Termination Agreement is subject to the announcement requirement under Rule 14A.35 of the Listing Rules.

By order of the Board
Perennial Energy Holdings Limited
Yu Bangping
Chairman and Executive Director

Hong Kong, 17 November 2023

As at the date of this announcement, the executive Directors are Mr. Yu Bangping, Mr. Yu Zhilong, Mr. Wang Shize, Mr. Li Xuezhong, Mr. Lau Kai Ming 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.