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**Persta Resources Inc.**

*(incorporated under the laws of Alberta with limited liability)*

**(Stock code: 3395)**

- (1) RESIGNATION OF EXECUTIVE DIRECTOR, CHAIRMAN AND  
AUTHORIZED REPRESENTATIVE;**
- (2) APPOINTMENT OF EXECUTIVE DIRECTOR, CHAIRMAN AND  
AUTHORIZED REPRESENTATIVE;**
- (3) CHANGE OF THE COMPOSITION OF THE BOARD COMMITTEES; AND**
- (4) CONTINUING CONNECTED TRANSACTIONS PURSUANT TO  
RULE 14A.60(1) OF THE LISTING RULES**

Pursuant to Rule 13.51(2) of the Listing Rules, the Board announces that with effect from December 18, 2019 (Calgary time):

- Mr. Le Bo has resigned as an executive Director, the Chairman, an authorized representative of the Company under Rule 3.05 of the Listing Rules, the chairman of the Nomination Committee and a member of the Remuneration Committee, but remains as the president and Chief Executive Officer; and
- Mr. Yongtan Liu was appointed as an executive Director, the Chairman, an authorized representative of the Company under Rule 3.05 of the Listing Rules, the chairman of the Nomination Committee and a member of the Remuneration Committee.

## **CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES**

Mr. Liu has become a connected person of the Company upon being appointed as an executive Director. The transactions contemplated under the Gas Handling Agreement and the Voyager Compressor Agreement became continuing connected transactions of the Company following the appointment of Mr. Liu as an executive Director under Chapter 14A of the Listing Rules. Pursuant to Rule 14A.60(1) of the Listing Rules, the Company is required to comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules in respect of the Gas Handling Agreement and the Voyager Compressor Agreement. The Company would ensure annual review and relevant disclosure to be made on the Gas Handling Agreement and the Voyager Compressor Agreement in accordance with Chapter 14A of the Listing Rules in its upcoming annual report. In the event that the Gas Handling Agreement or the Voyager Compressor Agreement is varied or renewed, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

According to Rule 14A.60(1) of the Listing Rules, if the Company has entered into an agreement for a fixed period with fixed terms for a continuing transaction, and the transaction subsequently becomes a continuing connected transaction, the Company must as soon as practicable after becoming aware of this fact, comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules (including publishing an announcement and annual reporting) if the Company continues to conduct the transaction under the agreement, and comply with all connected transaction requirements when the agreement is renewed or its terms are varied.

## **RESIGNATION OF EXECUTIVE DIRECTOR, CHAIRMAN AND AUTHORIZED REPRESENTATIVE**

Pursuant to Rule 13.51(2) of the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), the board (the “**Board**”) of directors (the “**Directors**”) announces that, with effect from December 18, 2019 (Calgary time), Mr. Le Bo (“**Mr. Bo**”) will cease to act as an executive Director, the chairman (the “**Chairman**”) of the Board, an authorized representative of the Company under Rule 3.05 of the Listing Rules, the chairman of the nomination committee (the “**Nomination Committee**”) of the Company and a member of the remuneration committee (the “**Remuneration Committee**”) of the Company in order to redirect his time and energy from strategy planning and corporate activities of the Company to daily management and operations of the Company. Mr. Bo will remain as the president and chief executive officer of the Company (the “**Chief Executive Officer**”).

Mr. Bo has confirmed that he has no disagreement with the Board and there are no matters relating to his resignation that need to be brought to the attention of the shareholders (the “**Shareholders**”) of the Company and/or the Stock Exchange.

The Board would like to take this opportunity to express its sincere gratitude and appreciation to Mr. Bo for his efforts and invaluable contribution to the Company during his tenure of office, and wishes Mr. Bo success as he continues to serve and contribute to the Company as the president and the Chief Executive Officer.

## **APPOINTMENT OF EXECUTIVE DIRECTOR, CHAIRMAN AND AUTHORIZED REPRESENTATIVE**

The Board announces that, with effect from December 18, 2019 (Calgary time), Mr. Yongtan Liu (“**Mr. Liu**”) has been appointed as an executive Director, the Chairman, an authorized representative of the Company under Rule 3.05 of the Listing Rules, the chairman of the Nomination Committee and a member of the Remuneration Committee.

The biographic details of Mr. Liu are as follows:

### **Biographical information of Mr. Yongtan LIU (柳永坦)**

Mr. Liu, aged 64, is currently the chairman of Changchun City Jixing Gas Service for Auto Co., Ltd.\* (長春市吉星車用氣有限公司) (“**CCJGSA**”) in the People’s Republic of China (the “**PRC**”). Mr. Liu has more than 20 years of experience in the energy industry, and extensive experience in corporate development, corporate management, financial investment and project development. Mr. Liu established CCJGSA in 2002, aiming to build a new energy enterprise and maximize customers’ values through the development of green energy. Under the leadership of Mr. Liu, through a well-executed growth strategy and operation management, CCJGSA achieved rapid growth within the energy industry, particularly in the field of natural gas transportation pipeline, natural gas processing plants, natural gas compression and gas stations. Presently, CCJGSA is a sizeable natural gas service enterprise within the northeastern region of the PRC.

### **Terms of service with the Company**

Mr. Liu entered into a service agreement with the Company on December 18, 2019 (Calgary time), pursuant to which he was appointed by the Company as an executive Director for an initial term of three (3) years commencing from December 18, 2019 (Calgary time) unless terminated by not less than three (3) months’ notice in writing served by either party on the other or otherwise pursuant to the terms of the agreement expiring at the end of the initial term. In compliance with the by-laws (the “**By-Laws**”) of the Company, Mr. Liu is subject to retirement and re-election at the next annual general meeting of the Company after his appointment and thereafter, subject to the relevant provisions of the By-Laws in respect of, among others, retirement by rotation and re-election at least once every three years. Mr. Liu will not receive any remuneration from the Company in relation to his aforementioned appointments.

## **Other information**

As at the date of this announcement, Mr. Liu held beneficial interest in 23,600,000 shares of the Company, representing approximately 7.82% of the issued share capital of the Company, which was held beneficially by Jixing Gas Holdings Limited (“**Jixing Gas**”), a company controlled by Mr. Liu. Further, Mr. Liu confirmed to the Board that he also held an indirect interest in 185,982,832 shares of the Company as security interests, representing approximately 61.61% of the issued share capital of the Company.

Saved as disclosed, Mr. Liu has confirmed that, as at the date of this announcement, (i) he did not have any relationship with any Directors, senior management or substantial or controlling shareholders (as defined in the Listing Rules) of the Company; (ii) he did not have any interest in the securities of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong); (iii) has not held any other directorships in any other listed public companies or had other major appointments and professional qualifications in the last three years as at the date of this announcement; and (iv) there are no information which is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules and there were no other matters that need to be brought to the attention of the Shareholders in relation to his appointment.

The Board would like to extend a warm welcome to Mr. Liu on his appointment to the Board.

## **CONTINUING CONNECTED TRANSACTIONS PURSUANT TO RULE 14A.60(1) OF THE LISTING RULES**

Reference is made to the announcement of the Company dated May 10, 2019 (Hong Kong time) in relation to the gas handling agreement (the “**Gas Handling Agreement**”) entered into by the Company and Jixing Energy (Canada) Ltd.\* (吉星能源(加拿大)有限責任公司) (“**Jixing Energy**”) in relation to the use of Jixing Energy’s Voyager gas gathering system and pipeline to transport the natural gas and associated products produced by the Company to the Alberta Natural Gas Pipeline System.

Jixing Energy and the Company also entered into another agreement (the “**Voyager Compressor Agreement**”) on November 1, 2019 in relation to the use of Jixing Energy’s Voyager compression station and well batteries to transport the natural gas and associated products produced by the Company to the Alberta Natural Gas Pipeline System.

Upon the appointment of Mr. Liu as an executive Director, both of the First Gas Handling Agreement and the Voyager Compressor Agreement and the transactions contemplated thereunder will constitute continuing connected transactions of the Company under the Listing Rules, since both Jixing Energy and CCJGSA are associates of Mr. Liu and therefore connected persons of the Company.

## (1) Gas Handling Agreement

The principal terms of the Gas Handling Agreement are as follows:

**Date:** May 9, 2019

**Parties:** (1) The Company; and  
(2) Jixing Energy

**Subject matter:** Jixing Energy has agreed to let the Company use its Voyager gas gathering system to transport the natural gas and associated products produced by the Company to the Alberta Natural Gas Pipeline System.

**Term:** May 9, 2019 to December 31, 2044

**Pricing:** The aggregate monthly handling charges associated with the use of the Voyager gas gathering system by the Company will be as follows (which is calculated based on a pre-determined formula):

<b>March 1, 2020 to December 31, 2020</b>	<b>January 1, 2021 to December 31, 2021</b>	<b>January 1, 2022 to December 31, 2022</b>	<b>January 1, 2023 to December 31, 2023</b>
C\$361,000 (approximately HK\$2.1 million)	C\$441,000 (approximately HK\$2.4 million)	C\$474,000 (approximately HK\$2.8 million)	C\$551,000 (approximately HK\$3.3 million)
<b>January 1, 2024 to December 31, 2024</b>	<b>January 1, 2025 to December 31, 2025</b>	<b>January 1, 2026 to December 31, 2026</b>	<b>January 1, 2027 to December 31, 2044</b>
C\$648,000 (approximately HK\$3.8 million)	C\$764,000 (approximately HK\$4.5 million)	C\$912,000 (approximately HK\$5.4 million)	C\$433,000 (approximately HK\$2.6 million)

The fee payable under the Gas Handling Agreement was determined by the parties after arm's length negotiations and with reference to the prevailing market rate quoted on normal commercial terms by providers of similar services in the same or nearby geographical regions.

## (2) Voyager Compressor Agreement

The principal terms of the Voyager Compressor Agreement are as follows:

**Date:** November 1, 2019

**Parties:** (1) The Company; and  
(2) Jixing Energy

**Subject matter:** Jixing Energy has agreed to let the Company use its Voyager compressor station and well batteries to transport the natural gas and associated products produced by the Company to the Alberta Natural Gas Pipeline System.

**Term:** November 1, 2019 to December 31, 2026

**Pricing:** The aggregate monthly handling charges associated with the use of the Voyager compression station and well batteries by the Company will be C\$146,000 (equals to approximately HK\$867,240) (which is calculated based on a pre-determined formula), which shall be payable on a monthly basis.

The fee payable under the Voyager Compressor Agreement was determined by the parties after arm's length negotiations and with reference to the prevailing market rate quoted on normal commercial terms by providers of similar services in the same or nearby geographical regions.

## REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

As disclosed in the announcement of the Company dated May 10, 2019 (Hong Kong time), the Board considered that the Gas Handling Agreement was in line with the Company's latest business development plan, which would allow for tie-in and production from the Company's Voyager area gas wells which were drilled in 2017.

As disclosed in the announcements of the Company dated July 30, 2019, September 16, 2019 and October 21, 2019 (Hong Kong time), the Company, as the project management party, has assisted Jixing in completing pipeline engineering design, budget and risk assessment, procurement of equipment and materials, environmental assessment and obtaining approvals to allow for the start of pipeline construction. The construction of the natural gas pipeline and associated gas gathering infrastructure is proceeding on time and budget, and is forecast to be completed and commissioned by March 2020. Both of the Gas Handling Agreement and the Voyager Compressor Agreement would allow for future expansion of the Company's natural gas exploration and production from the Voyager area.

The Directors (including the independent non-executive Directors) are of the view that both of the Gas Handling Agreement and the Voyager Compressor Agreement are revenue nature transactions, are carried out in the ordinary and usual course of business of the Company, on normal commercial terms and the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

According to Rule 14A.60(1) of the Listing Rules, if the Company has entered into an agreement for a fixed period with fixed terms for a continuing transaction, and the transaction subsequently becomes a continuing connected transaction, the Company must as soon as practicable after becoming aware of this fact, comply with the annual review and disclosure requirements under Chapter 14A of the Listing Rules (including publishing an announcement and annual reporting) if the Company continues to conduct the transaction under the agreement, and comply with all connected transaction requirements when the agreement is renewed or its terms are varied.

The Company would ensure annual review and relevant disclosure be made on the Gas Handling Agreement and the Voyager Compressor Agreement in accordance with 14A of the Listing Rules in its upcoming annual report. In the event that the Gas Handling Agreement or the Voyager Compressor Agreement is varied or renewed, the Company shall also comply with the relevant requirements under Chapter 14A of the Listing Rules.

## **GENERAL INFORMATION**

The Company is a company incorporated under the laws of Alberta, Canada and is principally engaged in natural gas and crude oil exploration and production, with a focus on developing its natural gas reserves and resources.

Jixing Energy is a company incorporated under the laws of Alberta, Canada, and is a wholly-owned subsidiary of CCJGSA. Jixing Energy is principally engaged in natural gas transportation and sales.

CCJGSA is a company incorporated under the laws of the PRC with limited liability. It is held by Mr. Liu and Ms. Zhang Lijun, the spouse of Mr. Liu, as to approximately 66.7% and 33.3%, respectively, and is principally engaged in natural gas transportation and sales.

By order of the Board  
**Persta Resources Inc.**  
**Yongtan Liu**  
*Chairman*

Calgary, December 18, 2019  
Hong Kong, December 19, 2019

*As at the date of this announcement, the executive Director is Mr. Yongtan Liu; the non-executive Director is Mr. Yuan Jing; and the independent non-executive Directors are Mr. Richard Dale Orman, Mr. Bryan Daniel Pinney and Mr. Peter David Robertson.*

*For the purpose of illustration only and unless otherwise specified, conversion of C\$ to HK\$ in this announcement is based on the exchange rate of C\$1.00 to HK\$5.92. Such conversion should not be construed as a representation that any amount has been, could have been, or may be exchanged at this or any other rate.*

*\* for identification purpose only*