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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)

PLACING OF NEW SHARES UNDER GENERAL MANDATE

**Placing Agent
China Securities Limited**

PLACING OF NEW SHARES

On 31 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, in aggregate of up to 40,000,000 Placing Shares at the Placing Price of HK\$3.66 per Placing Share, to not less than six Placees, who and whose ultimate beneficial owners are Independent Third Parties.

The Placing Shares shall be up to 40,000,000 new Shares, representing (a) approximately 2.50% of the existing issued share capital of the Company as at the date of this announcement; and (b) approximately 2.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming the Placing proceeds to completion in full.

Assuming all the Placing Shares are allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$146.4 million and the net proceeds (after deduction of the relevant commission and expenses) to be received by the Company under the Placing are estimated to be approximately HK\$144.9 million. The net issue price per Placing Share is approximately HK\$3.62. The Directors intend to apply the net proceeds from the Placing for the general working capital of the Group and for any possible business development and investment of the Group when appropriate opportunities arise.

GENERAL

The maximum of 40,000,000 Placing Shares will be allotted and issued under the General Mandate and accordingly, the allotment and issuance of the Placing Shares will not be subject to the approval of the Shareholders.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

On 31 August 2020 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best endeavour basis, in aggregate of up to 40,000,000 Placing Shares at the Placing Price of HK\$3.66 per Placing Share, to not less than six Places, who and whose ultimate beneficial owners are Independent Third Parties.

The principal terms of the Placing Agreement are set out below.

THE PLACING AGREEMENT

Date

31 August 2020

Issuer

The Company

Placing Agent

China Securities Limited

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Placing Shares

The Placing Shares shall be up to 40,000,000 new Shares, representing:

- (a) approximately 2.50% of the existing issued share capital of the Company as at the date of this announcement; and
- (b) approximately 2.44% of the issued share capital of the Company as enlarged by the allotment and issue of the Placing Shares, assuming (i) the Placing proceeds to completion in full; and (ii) there will be no change in the issued share capital of the Company from the date of this announcement up to the Completion Date.

The aggregate nominal value of the maximum of 40,000,000 Placing Shares under the Placing will be HK\$400,000.

Ranking of Placing Shares

The Placing Shares will rank, upon issue, pari passu in all respects among themselves and with the Shares in issue at the date of allotment and issue of the Placing Shares.

Placing Price

The Placing Price of HK\$3.66 per Placing Share represents:

- (a) a discount of approximately 19.91% to the closing price of HK\$4.57 per Share as quoted on the Stock Exchange on 31 August 2020, being the date of the Placing Agreement;
- (b) a discount of approximately 13.64% to the average closing price of HK\$4.24 per Share as quoted on the Stock Exchange from 24 August 2020 to 28 August 2020 (both dates inclusive), being the last five consecutive trading days prior to the date of the Placing Agreement; and
- (c) a discount of approximately 12.82% to the average closing price of HK\$4.20 per Share as quoted on the Stock Exchange from 17 August 2020 to 28 August 2020 (both dates inclusive), being the last ten consecutive trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing trading price of the Shares and was negotiated on an arm's length basis among the Company and the Placing Agent. The Directors consider that the Placing Price is fair and reasonable and is in the best interests of the Company and the Shareholders as a whole.

Placees

The Placing Agent will, on a best endeavour basis, place the Placing Shares to not less than six placees which will be professional, institutional or other investors who and whose ultimate beneficial owner(s) are Independent Third Parties. It is expected that none of the placees will become a substantial shareholder of the Company immediately after completion of the Placing.

Placing commission

The Placing Agent will receive a placing commission of 1.00% of the aggregate Placing Price of the Placing Shares successfully placed in accordance with the Placing Agreement. Such placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent and determined with reference to, among other things, the prevailing market commission rate for similar transactions and the size of the Placing.

The Directors consider that the terms of the Placing Agreement, including the placing commission, are fair and reasonable based on the current market conditions and the Placing is in the interests of the Company and the Shareholders as a whole.

Conditions of the Placing

Completion of the Placing is conditional upon the obtaining of the approval granted by the Listing Committee or the Listing Division of the Stock Exchange for the listing of, and permission to deal in, all of the Placing Shares on or before 30 September 2020 or such later date as the parties to the Placing Agreement may agree in writing.

The parties shall use their best endeavours to procure the satisfaction of the condition of the Placing.

In the event that the conditions of the Placing is not fulfilled by 30 September 2020 or such later date as the parties to the Placing Agreement may agree in writing, all obligations of the Placing Agent and the Company under the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Termination

The Placing Agent may, in its reasonable opinion, after consultation with the Company, terminate the Placing Agreement by notice in writing to the Company at any time up to 8:00 a.m. on the Completion Date if:

- (a) there is any change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Placing Agent would be materially adverse in the consummation of the Placing; or
- (b) there is any breach of the warranties, representations and undertakings given by the Company in the Placing Agreement and such breach is considered by the Placing Agent on reasonable grounds to be material in the context of the Placing; or
- (c) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Placing Agent would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (d) any statement contained in the Previous Announcements has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Placing Agent would be materially adverse in the consummation of the Placing.

The Company may, in its reasonable opinion, after consultation with the Placing Agent, terminate the Placing Agreement by notice in writing to the Placing Agent at any time up to 8:00 a.m. on the Completion date if there is a breach of the warranties, representations and undertakings given by the Placing Agent in the Placing Agreement and such breach is considered by the Company on reasonable grounds to be material.

Upon termination of the Placing Agreement, all liabilities of the parties to the Placing Agreement under the Placing Agreement shall cease and determine and no party thereto shall have any claim against the other party in respect of any matter or thing arising out of or in connection with the Placing Agreement save in respect of any antecedent breach of any obligation under the Placing Agreement.

Completion of the Placing

Completion of the Placing will take place on the fourth business day after the fulfilment of the conditions of the Placing or such other date as agreed by the Company and the Placing Agent in writing.

Mandate to issue the Placing Shares

As at the date of this announcement, the General Mandate has not been utilized since it was granted on 10 June 2020 and the number of new Shares that could be issued by the Company under the General Mandate is 320,000,000 Shares. The maximum of 40,000,000 Placing Shares will be allotted and issued under the General Mandate and accordingly, the allotment and issue of the Placing Shares will not be subject to the approval of the Shareholders.

Application for listing

An application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Placing Shares.

EFFECTS ON SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (a) as at the date of this announcement; and (b) immediately upon completion of the Placing (assuming there are no other changes in the shareholding structure of the Company from the date of this announcement up to the Completion Date) are as follows:

| Shareholders | As at the date of this announcement | | Immediately after completion of the Placing (assuming all the Placing Shares are fully placed) | |
|-----------------------------------|--|------------------|---|------------------|
| | Number of Shares | Approximate % | Number of Shares | Approximate % |
| Spring Snow Management Limited | 856,000,000 | 53.50 | 856,000,000 | 52.20 |
| Places of the Placing Shares | – | – | 40,000,000 | 2.44 |
| Other public Shareholders | 744,000,000 | 46.50 | 744,000,000 | 45.36 |
| Total | 1,600,000,000 | 100.00 | 1,640,000,000 | 100.00 |

Note: Spring Snow Management Limited is a limited liability company incorporated in the British Virgin Islands and is owned by Lucky Street Limited, Black Pearl Limited, Sunrise Morning Limited, Beautiful Day Limited and Seasons In The Sun Limited as to approximately 48.3%, 12.9%, 28.7%, 7.2% and 2.9%, respectively. Lucky Street Limited, Black Pearl Limited, Sunrise Morning Limited, Beautiful Day Limited and Seasons In The Sun Limited are companies wholly-owned by Mr. Yu Bangping, Mr. Sun Dawei, Ms. Qu Liu Mei, Mr. Yu Bangcheng and Mr. Wang Shize, respectively. Mr. Yu Bangping, Mr. Sun Dawei and Mr. Wang Shize are executive Directors. Ms. Qu Liu Mei and Mr. Yu Bangcheng is the spouse and brother of Mr. Yu Bangcheng, respectively.

REASONS FOR THE PLACING AND USE OF PROCEEDS

The Company is an investment holding company and through its subsidiaries, the Group is principally engaged in the exploration and mining of coal and coal refinery in the PRC. The Directors are of the view that the Placing will strengthen the Group's financial position and broaden the Company's shareholder base.

The Directors consider that the terms of the Placing Agreement (including the placing commission) are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole.

Assuming all the Placing Shares are allotted and issued, the gross proceeds of the Placing will amount to approximately HK\$146.4 million and the net proceeds (after deduction of the relevant commission and expenses) to be received by the Company under the Placing are estimated to be approximately HK\$144.9 million. The net issue price per Placing Share is approximately HK\$3.62. The Directors intend to apply the net proceeds from the Placing for general working capital of the Group and for any possible business development and investment of the Group when appropriate opportunities arise.

EQUITY FUND RAISING ACTIVITIES IN THE PAST 12 MONTHS BEFORE THE DATE OF THIS ANNOUNCEMENT

The Company has not conducted any equity fund raising activities in the past twelve months immediately preceding the date of this announcement.

Shareholders and potential investors of the Company should note that completion of the Placing is subject to the fulfilment of the conditions set out in the Placing Agreement. The Placing may or may not proceed. Shareholders and potential investors of the Company are therefore urged to exercise caution when dealing in the Shares and other securities of the Company.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

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| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “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 |
| “Completion Date” | the date of completion of the Placing which will take place on the fourth business day after the fulfilment of the conditions of the placing or such other date as agreed by the Company and the Placing Agent |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | the director(s) of the Company |

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|--------------------------------|---|
| “General Mandate” | the general mandate granted to the Directors pursuant to an ordinary resolution passed by the Shareholders at the annual general meeting of the Company convened and held on 10 June 2020 to issue and allot up to 320,000,000 new Shares, representing 20% of the issued share capital of the Company on the date of the passing of the relevant ordinary resolution |
| “Group” | the Company and its subsidiaries |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “Hong Kong” | the Hong Kong Special Administrative Region of the People’s Republic of China |
| “Independent Third Party(ies)” | third party(ies) who are not connected persons of the Company and are independent of, and not acting in concert (within the meaning of the Takeovers Code) with, and not connected with, the Company, any director(s), supervisor(s), chief executive(s) or substantial shareholder(s) (as defined in the Listing Rules) of the Company or any of its subsidiaries or their respective associates (as defined in the Listing Rules) |
| “Listing Committee” | the listing committee of the Stock Exchange |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Placing” | the placing, on a best endeavour basis, of up to an aggregate of 40,000,000 new Shares to be allotted and issued by the Company pursuant to the terms of the Placing Agreement |
| “Placing Agent” | China Securities Limited, a corporation licensed to engage in type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO |
| “Placing Agreement” | the conditional placing agreement dated 31 August 2020 and entered into between the Company and the Placing Agent in relation to the Placing |
| “Placing Price” | HK\$3.66 per Placing Share |
| “Placing Shares” | up to an aggregate of 40,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement, each a Placing Share |
| “PRC” | The People’s Republic of China, and for the purpose of this announcement only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |

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| “Previous Announcements” | all announcements, circulars, interim and annual reports issued by the Company to the Stock Exchange and/or the Shareholders since the publication of the announcement of the Company relating to the annual results of the Company for the year ended 31 December 2019 |
| “SFO” | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, modified and supplemented from time to time |
| “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 Share(s) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “substantial shareholder(s)” | has the meaning ascribed to it under the Listing Rules |
| “Takeovers Code” | the Hong Kong Code on Takeovers and Mergers |
| “%” | per cent. |

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

Hong Kong, 31 August 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.