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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Perennial Energy Holdings Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024, together with the comparative figures for the corresponding period in 2023 as follows:

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately RMB1,706.1 million (2023: approximately RMB1,715.6 million), representing a decrease of approximately 0.6% year-on-year ("**YoY**").

Gross profit amounted to approximately RMB885.1 million (2023: approximately RMB944.3 million), representing a decrease of approximately 6.3% YoY.

Gross profit margin was approximately 51.9% (2023: 55.0%), representing a decrease of approximately 3.1 percentage points ("**ppt**") YoY.

Profit and total comprehensive income for the year amounted to approximately RMB440.2 million (2023: approximately RMB504.2 million), representing a decrease of approximately 12.7% YoY.

Basic earnings per share was approximately RMB27.51 cents (2023: RMB31.51 cents).

No final dividend for the year ended 31 December 2024 was proposed (2023: HK5.0 cents per share).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	4	**1,706,108**	1,715,623
Cost of sales		**(820,977)**	(771,333)
Gross profit		**885,131**	944,290
Other income		**25,991**	35,661
Share of losses of an associate		**(12,711)**	(3,037)
Other gains and losses		**(4,126)**	(17,395)
Distribution and selling expenses		**(90,636)**	(97,441)
Administrative expenses		**(160,909)**	(134,038)
Other expenses		**(65,431)**	(86,792)
Finance costs		**(50,255)**	(36,044)
Profit before taxation	5	**527,054**	605,204
Taxation charge	6	**(86,825)**	(101,011)
Profit and total comprehensive income for the year		**440,229**	504,193
Earnings per share *(RMB cents)*			
Basic	8	**27.51**	31.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment		**2,376,772**	2,162,544
Investment properties		**46,200**	47,200
Mining rights		**847,570**	828,778
Interest in an associate		**376,300**	95,011
Restricted bank deposits		**7,006**	21,658
Deferred tax assets		**54,500**	46,626
Rental deposits		**40**	432
Deposits for purchase of property, plant and equipment		**7,977**	4,348
Other receivable		**6,345**	9,300
Deposits for acquisition of mining rights		**–**	90,566
		3,722,710	3,306,463
Current assets			
Investment in a debt instrument		**–**	36,248
Inventories		**33,879**	57,834
Trade and bills receivables	9	**896,981**	789,003
Deposits, prepayments and other receivables		**28,385**	45,987
Cash and cash equivalents		**177,076**	93,712
		1,136,321	1,022,784
Current liabilities			
Trade payables	10	**128,503**	139,422
Other payables and accrued charges		**278,942**	334,054
Lease liabilities		**–**	1,299
Tax payable		**17,675**	43,812
Bank and other borrowings	11	**976,910**	683,854
		1,402,030	1,202,441
Net current liabilities		**(265,709)**	(179,657)
Total assets less current liabilities		**3,457,001**	3,126,806

	NOTES	2024 RMB'000	2023 RMB'000
Non-current liabilities			
Deferred tax liabilities		**16,041**	15,051
Bank and other borrowings	11	**210,000**	230,000
Provision for restoration costs		**75,051**	73,943
Other payables and accrued charges		**–**	19,636
		301,092	338,630
Net assets		**3,155,909**	2,788,176
Capital and reserves			
Share capital	12	**14,136**	14,136
Reserves		**3,141,773**	2,774,040
Total equity		**3,155,909**	2,788,176

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Act Chapter 22 of the Cayman Islands on 7 June 2017. The shares of the Company were listed on the company Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 December 2018 and its parent and ultimate holding company is Spring Snow Management Limited, a limited liability company incorporated in the British Virgin Islands ("**BVI**"). The address of the Company's registered office and principal place of business is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands and Unit A1, 25th Floor, NCB Innovation Centre, 888 Lai Chi Kok Road, Kowloon, Hong Kong, respectively.

The Company is an investment holding company. The principal activities of its subsidiaries are principally engaged in the exploration and mining of coking coal and coal refinery in the People's Republic of China (the "**PRC**" or "**China**").

The controlling shareholder of the Company is Mr. Yu Bangping ("**Mr. Yu**").

The consolidated financial statements are presented in Renminbi ("**RMB**") which is also the same as the functional currency of the Company.

2. ADOPTION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Noncurrent and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts on application of Amendments to HKAS 1 Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) (the "2020 Amendments") and Amendments to HKAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

Impacts on application of Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The Group has applied the amendments for the first time in the current year.

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows.

In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by HKAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[3]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to HKAS 21	Lack of Exchangeability[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[4]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2025.
[3] Effective for annual periods beginning on or after 1 January 2026.
[4] Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRSs mentioned below, the directors of the Company anticipate that the application of all other amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and by the Hong Kong Companies Ordinance.

As at 31 December 2024, the Group had net current liabilities of RMB265,709,000 and outstanding capital commitments payable within twelve months of RMB122,500,000. During the year ended 31 December 2024, the Group recorded net profit for the year of RMB440,229,000 and the net operating cash outflow of RMB423,940,000. In order to mitigate the liquidity risk, the Group had prepared cash flows forecast for 12 months from end of reporting period and obtained sufficient short and long-term bank facilities. The Group has unutilised portion of facilities of RMB555,177,000 as at the report date. In addition, the management will undertake close monitoring process to control the timing of the expected cash outflows associated with the mining operation and the payment of capital expenditures. In this regard, the directors of the Company consider that the Group's liquidity risk has been significantly reduced and they are satisfied that the Group will be able to meet its financial obligations in full as and when they fall due for the coming twelve months from 31 December 2024.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and contingent consideration payables that are measured at fair values at the end of each reporting period.

4. REVENUE AND SEGMENT INFORMATION

Revenue

Revenue represents the fair value of amounts received and receivable from the sales of goods and services provided by the Group to related party/external customers, net of related taxes, for the year.

Disaggregation of revenue from contracts with customers

Sales of coal products and coalbed methane gas

For sales of coal products and coalbed methane gas, revenue is recognised when the control of goods is transferred, being when the goods are delivered to the customer's specific location. A receivable is recognised by the Group when the goods are delivered to the customers as this represents the Group's right to consideration becomes unconditional, as only the passage of time is required before payment is due. The customers have neither rights of return nor rights to defer or avoid payment for the goods once they are accepted by the customers upon receipt of goods.

All revenue contracts are for period of one year or less. As permitted by HKFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

	2024	2023
	RMB'000	*RMB'000*
Types of goods and services		
Recognised at a point in time:		
Sales of coal products:		
– Raw coal	**–**	2,468
– Clean coal	**1,551,553**	1,620,390
– Middling coal	**123,685**	64,925
– Sludge coal	**26,622**	22,741
	1,701,860	1,710,524
Sales of coalbed methane gas	**4,248**	5,099
	1,706,108	1,715,623
Geographical market		
The PRC	**1,706,108**	1,715,623

Segment information

The Group's operation is solely derived from the production and sales of coal products and coalbed methane gas. For the purpose of resources allocation and performance assessment, the chief operating decision maker ("**CODM**") (i.e. the chief executive officer) reviews the overall results and financial position of the Group as a whole prepared based on same accounting policies of the Group. Accordingly, the Group has only one single operating segment and no further analysis of this single segment is presented.

Geographical information

The Group's revenue are all derived from the PRC based on the location of the customers and the Group's non-current assets, excluding financial assets and deferred tax assets, of RMB3,627,585,000 (2023: RMB3,227,151,000) are located in the PRC and of RMB27,234,000 (2023: RMB1,296,000) are located in Hong Kong, respectively, by physical location of assets.

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

	2024	2023
	RMB'000	*RMB'000*
Customer A	**942,040**	719,358
Customer B	**197,030**	N/A*
Customer C	**N/A***	225,344
Customer D	**N/A***	175,485

* The revenue of relevant customer did not contribute over 10% of the total revenue of the Group.

5. PROFIT BEFORE TAXATION

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration:		
Audit services	**2,404**	2,341
Non-audit services	**41**	1,877
Directors' emoluments	**6,469**	7,535
Other staff costs:		
Salaries and other allowances	**396,990**	394,169
Retirement benefits schemes contributions*	**74,552**	72,534
Less: Capitalised in construction in progress	**(110,330)**	(150,661)
Less: Capitalised in inventories	**(255,406)**	(233,871)
Total staff costs (included in administrative, distribution and selling expenses and other expenses)	**112,275**	89,706
Depreciation of property, plant and equipment	**134,410**	121,999
Less: Capitalised in inventories	**(116,567)**	(104,969)
Total depreciation of property, plant and equipment included in administrative and other expenses	**17,843**	17,030
Amortisation of mining rights	**49,274**	40,589
Less: Capitalised in inventories	**(49,274)**	(40,589)
	–	–
Inventories recognised as an expense	**820,977**	771,333
Research and development expense (included in other expenses)	**56,773**	58,536
Rental income from investment properties net of negligible outgoing expenses	**(1,101)**	(1,101)
Penalties arising from operations (included in other expenses)	**(8,658)**	(24,718)

* No forfeited contributions may be used by the Group to reduce the existing level of contributions.

6. TAXATION CHARGE

	2024	2023
	RMB'000	*RMB'000*
PRC Enterprise Income Tax ("**EIT**"):		
– current year	**85,712**	97,184
– underprovision in prior years	**1,589**	3,121
– withholding tax	**6,408**	20,169
Deferred tax credit	**(6,884)**	(19,463)
Taxation charge	**86,825**	101,011

No provision for Hong Kong Profits Tax has been made as the subsidiary in Hong Kong has no assessable profits for both years.

Under the Law of the PRC on EIT and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25%. Subject to certain conditions on preferential tax treatment, the applicable tax rate of the PRC subsidiaries is 15% for the year ended 31 December 2024. On 26 May 2021, Guizhou Jiutai Bangda Energy Development Co., Ltd. 貴州久泰邦達能源開發有限公司 ("**Jiutai Bangda**") obtained an approval notice from the relevant authority, which approved Jiutai Bangda as being engaged in encouraged industry in the western region. Furthermore, the income derived from its coal refinery business accounted for more than 60% of its gross income in 2024 as stipulated in the Announcement of the Ministry of Finance, the State Taxation Administration and the National Development and Reform Commission on Continuing the Enterprise Income Tax Policies for the Large-Scale Development of Western China. The profits are therefore subject to preferential tax treatment and the applicable tax rate for the calendar year ended 31 December 2024 was 15%.

The taxation charge for the year can be reconciled to the profit before taxation as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before taxation	**527,054**	605,204
Taxation at PRC EIT rate of 25%	**131,763**	151,301
Tax effect of expenses not deductible for tax purposes	**8,205**	13,719
Additional tax benefit on research and development expenses *(Note (i))*	**(13,416)**	(14,634)
Tax effect of share of results of an associate	**3,178**	759
Underprovision in respect of prior years	**1,589**	3,121
Income tax at preferential tax rates	**(51,892)**	(60,458)
Withholding tax on distributed profits of a subsidiary	**6,408**	20,169
Deferred tax credit (charge) arising on undistributed profits of PRC subsidiaries	**990**	(12,966)
Taxation charge for the year	**86,825**	101,011

Note:

(i) According to the relevant laws and regulations promulgated by the PRC State Administration of Taxation made effective from 2023 onwards, enterprises engaging in research and development activities are entitled to claim up to 200% of their qualified research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year. The Group has made its best estimate for the additional deduction to be claimed for the Group's entities in ascertaining their assessable profits during the year ended 31 December 2024.

7. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final dividend of nil (2023: HK5.00 cents) per share	**–**	72,496

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2024 (2023: HK5.00 cents) per ordinary share (2023: HK$80,000,000), has been proposed by the directors of the Company. The majority of the final dividend in respect of the year ended 31 December 2023 has been paid during the year. However, a portion of the dividend remain unclaimed by the shareholders of the Company and was presented as dividend payable as at 31 December 2024.

8. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2024	2023
	RMB'000	*RMB'000*
Earnings:		
Earnings for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**440,229**	504,193
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**1,600,000**	1,600,000

No diluted earnings per share was presented for both years as there was no potential ordinary shares in issue for both years.

9. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**282,873**	348,479
Bills receivables	**614,108**	440,524
Total	**896,981**	789,003

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB272,625,000.

The Group allows credit period of 0–30 days to its trade customers. All bills receivables are matured within one year (2023: within one year). The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the invoice date at the end of each reporting period.

	2024	2023
	RMB'000	*RMB'000*
Trade receivables		
0–30 days	**155,041**	260,155
31–90 days	**106,998**	66,615
91–180 days	**–**	21,709
181–365 days	**7,357**	–
Over 365 days	**13,477**	–
	282,873	348,479

The following is an analysis of bills receivables, net of allowance for credit losses, presented based on number of days to bills maturity from the end of each reporting period:

	2024	2023
Bills receivables		
0–30 days	**115,000**	25,584
31–60 days	**115,050**	37,000
61–90 days	**18,500**	82,700
91–120 days	**108,000**	20,500
121–180 days	**257,558**	274,740
	614,108	440,524
Total	**896,981**	789,003

10. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**128,503**	139,422

As at 31 December 2023, included in trade payables are RMB2,717,000 due to Guizhou Yue Bang Integrated Energy Limited Liability Company ("**Guizhou Yue Bang**"), an entity was owned as to 48% by Guizhou Bangda Energy Development Co., Ltd ("**Guizhou Bangda**").

The average credit period on purchases of goods is 90 days. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2024	2023
	RMB'000	*RMB'000*
0–30 days	**13,751**	15,350
31–60 days	**6,796**	27,473
61–180 days	**56,805**	52,282
181–365 days	**24,533**	26,516
Over 365 days	**26,618**	17,801
	128,503	139,422

11. BANK AND OTHER BORROWINGS

	2024	2023
	RMB'000	*RMB'000*
Bank borrowings	**711,330**	672,070
Other borrowings from factoring of bills receivables with full recourse	**475,580**	241,784
Total secured	**1,186,910**	913,854

	2024	2023
	RMB'000	*RMB'000*
The carrying amounts of the above borrowings are repayable*:		
Within one year	**976,910**	683,854
Within a period more than one year but not exceeding two years	**210,000**	20,000
Within a period more than two years but not exceeding five years	**–**	210,000
	1,186,910	913,854
Less: amounts due within one year shown under current liabilities	**(976,910)**	(683,854)
Amount shown under non-current liabilities	**210,000**	230,000

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Secured bank borrowings carry fixed interest rate of 5.5% per annum for both years. Secured other borrowings from factoring of bills receivables with full recourse refers to discounting of bank acceptance bills received from the customers of the Group with fixed interest rate while the significant risks and rewards from the bills receivables are substantially retained by the Group. The effective interest rate of the secured other borrowings from factoring of bills receivables with full recourse is approximately 1.1%–3.1% (2023: 1% to 4.35%) per annum during the year ended 31 December 2024.

The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates at a discount offered by the suppliers. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 15–81 days after settlement by the banks with interest ranges from 2%–2.35% per annum. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates.

During the year ended 31 December 2024, the Group settled trade payables of RMB100,000,000 and other payables of RMB26,000,000 through bank loans under supplier finance arrangements.

12. SHARE CAPITAL

Details of the Company's shares are disclosed as follows:

	Number of shares	**Amount**	**Equivalent amount**
		HK$'000	*RMB'000*
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January 2023, 31 December 2023 and 2024	10,000,000,000	100,000	87,208
Issued and fully paid:			
At 1 January 2023, 31 December 2023 and 2024	1,600,000,000	16,000	14,136

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2024, the global economy experienced notable changes driven by various factors, including persistent inflationary pressures, ongoing geopolitical tensions, rapid technological advancements, and a significant transition towards greener energy sources. In China, the economic landscape was particularly shaped by domestic policy reforms, international trade relations, and a commitment to environmental sustainability. The Chinese government prioritised structural reforms which aimed at transitioning the economy from the one primarily driven by investment to the one emphasising consumption and innovation. According to preliminary data released by the National Bureau of Statistics, China's Gross Domestic Product ("**GDP**") surpassed RMB130 trillion for the first time, representing a 5.0% increase at constant prices from the previous year. The growth reflects the effectiveness of the policy measures implemented to stimulate domestic consumption and enhance innovation while navigating the complexities of a changing global economic environment.

In the coking coal industry, where the Group primarily operates, the year 2024 presented significant challenges. As a critical material for steel production, the demand for coking coal is closely tied to steel consumption in downstream industries. Given the underperformance of the real estate market, steel consumption in construction has declined in recent years, leading to a marketing adjustment that has driven the price of coking coal downwards to a relatively low level. A report from China Steel News (中國鋼鐵新聞網) revealed that the closing price of the main coking coal futures contract stood at RMB1,549 per tonne, marking a decrease of RMB141 per tonne compared to 2023, representing an 8.3% decline.

For the regional development of Guizhou, a province with the largest coal resources in Southern China, coal mining enterprises faced both opportunities and challenges in the past year. On the one hand, the slowdown in the growth rate of investment in infrastructure projects has squeezed the demand for coking coal. On the other hand, within the framework of the dual carbon policy, energy enterprises need to transition towards greener operations, and coal enterprises are encouraged to modernise their processes and adopt more sustainable practices. In the long run, these advancements can enhance operational efficiency, reduce environmental impact, and improve compliance with industry regulations, thereby positioning companies for stable and responsible growth. As the industry adapts to these evolving standards, coal enterprises that proactively embrace innovation and environmental responsibility may gain a competitive edge in a more sustainable energy landscape.

BUSINESS REVIEW

The Group mainly owns and operates three underground coal mines in Panzhou City, Guizhou Province, including 盤縣紅果鎮紅果煤礦 (Pan County Hongguo Town Hongguo Coal Mine*) ("**Hongguo Coal Mine**"), 盤縣紅果鎮苞谷山煤礦 (Pan County Hongguo Town Baogushan Coal Mine*) ("**Baogushan Coal Mine**") and 盤縣羊場鄉謝家河溝煤礦 (Pan County Yangchang Village Xiejiahegou Coal Mine*) ("**Xiejiahegou Coal Mine**").

Resource and Reserve

The following table indicates the resource and reserve data of the three mines:

	Hongguo Coal Mine *(Thousand tonnes)*	Baogushan Coal Mine *(Thousand tonnes)*	Xiejiahegou Coal Mine *(Thousand tonnes)*
Resource data under the JORC Code[#] Summary (as at 31 December 2024)[1]			
Measured resources	15,239	8,316	–
Indicated resources	7,780	24,700	14,597
Inferred resources	13,225	7,000	10,360
Reserve data under the JORC Code[#] Summary (as at 31 December 2024)[1]			
Proved reserves	11,431	6,169	–
Probable reserve	5,910	18,790	8,717
Marketable reserves[2]			
– Clean coal[3]	9,160	13,111	5,007
– Middling coal	3,237	4,680	930
– Sludge coal	898	1,405	1,195

Notes:

1. The resource and reserve data of Hongguo Coal Mine and Baogushan Coal Mine are estimated based on the resource and reserve review report prepared by Mr. Edmundo Laporte of Valtech Corporate Services Limited as of 31 December 2023 while the resource and reserve data of the Xiejiahegou Coal Mine are based on the resource and reserve review report provided by Mr. Leung Karfai of BAW Mineral Partners Limited as of 31 December 2022. The resource and reserve data as of 31 December 2024 of the Hongguo Coal Mine and Baogushan Coal Mine have been adjusted by the measured resource data and the proved reserve data as at 31 December 2023, after deducting the respective data extracted from the mining activities between 1 January 2024 and 31 December 2024, whereas the resource and the reserve data as of 31 December 2024 of the Xiejiahegou Coal Mine have been adjusted by the indicated resource data and the probable reserve data as at 31 December 2022, after deducting the respective data extracted from the mining activities between 1 January 2023 and 31 December 2024.

2. The marketable reserves of each of the three final products (clean coal, middling coal, and sludge coal) of the Hongguo Coal Mine, Baogushan Coal Mine and Xiejiahegou Coal Mine were estimated by deducting the respective data extracted from the mining activities between 1 January 2024 to 31 December 2024.

3. The clean coal produced from the Hongguo Coal Mine and Baogushan Coal Mine is mostly 1/3 coking coal whereas the clean coal produced from the Xiejiahegou Coal Mine is mostly coking coal.

[#] JORC Code: The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.

Production

During the year under review, both the Hongguo Coal Mine and the Baogushan Coal Mine secured safety production permits for their revised expansion plans from the Energy Bureau of Guizhou Province, increasing their respective permitted annual production capacity from 600 thousand tonnes to 1,200 thousand tonnes, laying a solid foundation for the future sustainable development.

As at 31 December 2024, each of the Hongguo Coal Mine and Baogushan Coal Mine had a permitted annual production capacity of 1,200 thousand tonnes, whereas the Xiejiahegou Coal Mine had a permitted annual production capacity of 450 thousand tonnes, totalling 2,850 thousand tonnes for the overall permitted annual production capacity of the Group's mines. Below sets forth the actual production and utilisation rate for the Group's coal mines for the year ended 31 December 2024 and 2023:

	2024			2023		
	Permitted Annual Production Capacity ***(Thousand tonnes)***	**Actual Production** ***(Thousand tonnes)***	**Utilisation Rate**[1] ***(Percentage)***	Permitted Annual Production Capacity *(Thousand tonnes)*	Actual Production *(Thousand tonnes)*	Utilisation Rate[1] *(Percentage)*
Hongguo Coal Mine	**808**[2]	**621**	**77**	600	554	92
Baogushan Coal Mine	**1,141**[2]	**634**	**56**	600	565	94
Xiejiahegou Coal Mine	**450**	**450**	**100**	450	423	94
	2,399	**1,705**	**71**	1,650	1,542	93

Notes:

1. Utilisation rate is calculated by actual production volume over the permitted annual production capacity for the relevant period.

2. The permitted annual production capacity of each of the Hongguo Coal Mine and Baogushan Coal Mine has been expanded from 600 thousand tonnes to 1,200 thousand tonnes, following the approval from the relevant authorities on 27 August 2024 and 6 February 2024, respectively. The capacities reflected in the above represent prorated figures for 2024 which were calculated based on the proportion of days each mine operated under its original (600 thousand tonnes) and expanded (1.2 million tonnes) capacities during the year under review.

For the year under review, the Group's total raw coal production was approximately 1,705 thousand tonnes, of which approximately 621 thousand tonnes, 634 thousand tonnes and 450 thousand tonnes of raw coal were produced by Hongguo Coal Mine, Baogushan Coal Mine, and Xiejiahegou Coal Mine, respectively, representing an increase of approximately 12.1%, 12.2% and 6.4% YoY, respectively. The utilisation rate of Hongguo Coal Mine, Baogushan Coal Mine, and Xiejiahegou Coal Mine was approximately 77%, 56% and 100%, respectively, representing a decrease of approximately 15 ppt, 38 ppt and an increase of approximately 6 ppt YoY, respectively. The decrease of the overall utilisation rates of Hongguo Coal Mine and Baogushan Coal Mine mainly stemmed from a doubling of permitted annual production capacity, while the actual production volume showed a less substantial increase due to the continued geological complexities encountered at certain mining faces that limit the production scalability.

Coal Processing

The Group operates its own coal preparation plants, 松山洗煤廠 (Songshan Coal Preparation Plant*) ("**Songshan CPP**") and 謝家河溝洗煤廠 (Xiejiahegou Coal Preparation Plant*) ("**Xiejiahegou CPP**") for processing the raw coal extracted from its coal mines. As at 31 December 2024, the capacity held by Songshan CPP is 2,400 thousand tonnes per annum. Xiejiahegou CPP currently holds a capacity of 1,800 thousand tonnes per annum.

During the year under review, a total of approximately 1,705 thousand tonnes (2023: approximately 1,535 thousand tonnes) of raw coal was processed, of which approximately 1,255 thousand tonnes (2023: approximately 1,119 thousand tonnes) and 450 thousand tonnes (2023: approximately 416 thousand tonnes) were processed by Songshan CPP and Xiejiahegou CPP, respectively.

Sales Volume and Average Selling Price

Below sets forth the sales volumes and average selling prices of the Group's coal products for the year ended 31 December 2024 and 2023, respectively:

		2024		2023	
	Unit	**Sales Volume**	**Average Selling Price** ***(RMB/unit)***	Sales Volume	Average Selling Price *(RMB/unit)*
Clean coal	Thousand tonne	**872**	**1,780**	842	1,924
Middling coal	Thousand tonne	**310**	**399**	203	321
Sludge coal	Thousand tonne	**234**	**114**	171	133
Raw coal	Thousand tonne	**–**	**–**	9	278
Coalbed methane gas	Thousand cubic meters	**23,552**	**180**	28,203	181

During the year under review, the sluggish performance of the construction industry resulted in an overall decrease in the average selling price of the Group's coal products. The Group's average selling price of clean coal decreased by approximately 7.5% YoY to approximately RMB1,780/tonne (2023: approximately RMB1,924/tonne). The average selling price of sludge coal dropped by approximately 14.3% YoY to approximately RMB114/tonne (2023: approximately RMB133/tonne). Middling coal was an exception, with its average selling price increasing by approximately 24.3% YoY to approximately RMB399/tonne (2023: approximately RMB321/tonne). The Group did not directly sell any raw coal, thus its average price record for 2024 is unavailable.

The Group's raw coal is processed into clean coal at Songshan CPP and Xiejiahegou CPP before being sold to customers. During the year under review, the sales volume of clean coal, the Group's primary product, reached approximately 872 thousand tonnes, reflecting a modest increase of approximately 3.6% YoY from approximately 842 thousand tonnes in 2023. Meanwhile, the sales volume of middling coal increased significantly by approximately 52.7% YoY to approximately 310 thousand tonnes (2023: approximately 203 thousand tonnes). The sales volume of sludge coal increased by approximately 36.8% YoY to approximately 234 thousand tonnes (2023: approximately 171 thousand tonnes). No raw coal was sold during the year under review (2023: approximately 9 thousand tonnes). Overall, the total sales volume of coal products amounted to approximately 1,416 thousand tonnes (2023: approximately 1,225 thousand tonnes), reflecting an increase of approximately 15.6% YoY.

FINANCIAL REVIEW

Revenue

During the year under review, the Group recorded a total revenue of approximately RMB1,706.1 million (2023: approximately RMB1,715.6 million) from the production and sales of clean coal, middling coal, sludge coal and coalbed methane gas, representing a decrease of approximately 0.6% YoY. The revenues for the year ended 31 December 2024 and 2023 were summarised as follows:

	2024		2023	
	Revenue **RMB'000**	***Percentage to total revenue***	Revenue *RMB'000*	*Percentage to total revenue*
Sales of coal products				
– Clean coal	**1,551,553**	**90.9%**	1,620,390	94.5%
– Middling coal	**123,685**	**7.3%**	64,925	3.8%
– Sludge coal	**26,622**	**1.6%**	22,741	1.3%
– Raw coal	**–**	**–**	2,468	0.1%
Sales of methane gas	**4,248**	**0.2%**	5,099	0.3%
Total	**1,706,108**	**100.0%**	1,715,623	100.0%

Consistent with the Group's strategy, clean coal remains the principal product of the Group and the Group has been adhering to the strategy of stabilising the proportion of clean coal products. For the year ended 31 December 2024, the proportion of revenue generated from the sales of clean coal amounted to approximately 90.9% (2023: approximately 94.5%).

During the year under review, following the overall drop in market price, the Group's sales revenue of clean coal decreased by approximately 4.2% to approximately RMB1,551.6 million (2023: approximately RMB1,620.4 million). The Group's sales revenue of middling coal increased by approximately 90.5% to approximately RMB123.7 million (2023: approximately RMB64.9 million), sales revenue of sludge coal increased by approximately 17.1% to approximately RMB26.6 million (2023: approximately RMB22.7 million), sales revenue of raw coal decreased by 100% as the Group ceased selling it in 2024 (2023: approximately RMB2.5 million), sales revenue of coalbed methane gas dropped by approximately 16.7% to approximately RMB4.2 million (2023: approximately RMB5.1 million). The decrease in total revenue during the year under review was mainly attributable to the drop of the average market price of coal products.

Gross Profit and Gross Profit Margin

The Group recorded a decrease in gross profit from approximately RMB944.3 million for the year ended 31 December 2023 to approximately RMB885.1 million for the year ended 31 December 2024, representing a decrease of approximately 6.3% YoY. The gross profit margin for the year ended 31 December 2024 was approximately 51.9% (2023: approximately 55.0%), representing a decrease of approximately 3.1 ppt YoY. The decrease in gross profit and gross profit margin was mainly due to the decline in revenue as a result of the decreased average coal price in the market.

Other Income

The Group's other income decreased by approximately 27.1% YoY to approximately RMB26.0 million during the year under review from approximately RMB35.7 million for 2023. Such decrease was primarily attributable to a decrease in sales of electricity during the year under review.

Other Gains and Losses

The Group recorded other losses of approximately RMB4.1 million for the year under review, representing a decrease from a loss of approximately RMB17.4 million for the year 2023, which was mainly attributable to the translation difference arising from the conversion of Hong Kong Dollar to RMB and decrease in loss on disposal/write-off of property, plant and equipment during the year under review.

Share of Losses of an Associate

Share of losses of an associate amounted to RMB12.7 million during the year under review, representing an increase by approximately 318.5% YoY. The amount represents the Company's share of losses incurred by the Company's associate, 中電建盤州低熱值煤發電有限公司 (PowerChina Panzhou Low Calorific Value Coal Power Generation Co., Ltd.*) ("**Panzhou Power Generation Co**").

Distribution and Selling Expenses

The Group's distribution and selling expenses decreased by approximately 7.0% YoY to approximately RMB90.6 million during the year under review from approximately RMB97.4 million for the year ended 31 December 2023. The decrease was mainly brought by the decrease in transportation costs resulting from increased sales to several customers who bore the transportation costs during the year under review.

Administrative Expenses

Administrative expenses increased by approximately 20.0% to approximately RMB160.9 million during the year under review from approximately RMB134.0 million for the year ended 31 December 2023. Such increase was mainly brought by an increase in staff related cost during the year under review.

Other Expenses

The Group's other expenses primarily consisted of research and development expenses and penalties, which decreased to approximately RMB65.4 million during the year under review from approximately RMB86.8 million for the year ended 31 December 2023. This reduction was mainly due to certain administrative fines imposed by the relevant authority in previous year, which were not incurred during the year under review.

Finance Costs

The Group's finance costs primarily comprised interest expenses on secured bank borrowings and interest expenses on secured other borrowings from factoring of bills receivables with full recourse from the Group's customers. Finance costs increased by approximately 39.4% to approximately RMB50.3 million during the year under review from approximately RMB36.0 million for the year ended 31 December 2023. The increase was mainly due to the interest expenses arising from the increase in average bank and other borrowings during the year under review.

Taxation Charge

The Group's income tax expense for the year under review was approximately RMB86.8 million, compared to approximately RMB101.0 million for the year ended 31 December 2023. The decrease of approximately 14.0% was mainly due to a decrease in profits before income tax.

Profit for the Year

As a result of the foregoing, the Group recorded a net profit of approximately RMB440.2 million during the year under review (2023: approximately RMB504.2 million), representing a decrease of approximately 12.7% YoY. The decrease mainly resulted from the decline in the price of clean coal during the year under review.

PROSPECTS

In 2025, the development of China's domestic coal industry continues to be influenced by various factors, with the demand for coal from downstream enterprises being particularly critical. The Chinese government has set a series of clear goals, such as "stabilising the housing market" and "continuing to make efforts to stabilise the housing market and prevent further decline". These initiatives are expected to bring some momentum to the recovery of the Chinese property market in 2025, supported by reinforced policies. In the long run, a stable real estate market could eventually lead to a resurgence in the construction industry, potentially increasing the demand for coking coal after several years of decline. However, it remains uncertain whether this trend will effectively stimulate coking coal prices, and the assessment over time is required to evaluate its potential impact.

Another factor that will affect the coal industry and the production activities of the Group is the regulatory requirements imposed by national and provincial policies on energy enterprises. At the national level, by the end of 2024, the National Development and Reform Commission revised and issued the "Regulations on Overall Planning and Management of Coal Mining Areas" (《煤炭礦區總體規劃管理規定》) which sets out the need to enhance the scale and efficiency of coal resource development and drive the energy sector towards a greener, low-carbon transition. From the perspective of Guizhou Province, the policy of "rich ore and refined development" (「富礦精開」) advocates for coal enterprises to adopt more sustainable and environmentally friendly extraction methods. To align with the growing emphasis on sustainability, the Group has already taken proactive measures to enhance environmentally responsible production. The Group prioritises the use of energy-efficient equipment to optimise energy consumption and has implemented real-time monitoring systems to prevent non-compliant waste discharge. These initiatives fully demonstrate the Group's commitment to sustainable resource utilisation and strict compliance with relevant regulatory requirements.

Moreover, turbulence in the international landscape, intensified trade protectionism, and shifts in the global energy trade patterns may also impact domestic coal prices. The Group will vigilantly monitor these changes and remain adaptable in its strategies to proactively cope with potential risks. Despite ongoing uncertainties in the market, the Group is committed to strengthening its operational efficiency, aligning with evolving policies, and seizing emerging opportunities to ensure steady and sustainable growth in a dynamic market environment. Moving forward, the Group will continue to strengthen its risk management and strategic planning capabilities to navigate the complexities of both international and domestic markets.

LIQUIDITY AND FINANCIAL INFORMATION

Bank Balances and Cash

As at 31 December 2024, bank balances and cash amounted to approximately RMB177.1 million (2023: approximately RMB93.7 million).

Bank and Other Borrowings

As at 31 December 2024, secured other borrowings from factoring of bills receivables with full recourse amounted to approximately RMB475.6 million (31 December 2023: approximately RMB241.8 million). The effective interest rate on the discounted bills was approximately 1.1% to 3.1% per annum during the year ended 31 December 2024 (2023: approximately 1% to 4.35%).

As at 31 December 2024, secured bank borrowings amounted to approximately RMB711.3 million (31 December 2023: approximately RMB672.1 million). The effective interest rate on bank borrowings was 5.5% per annum during the year under review (2023: 5.5%).

Gearing Ratio

As at 31 December 2024, the Group's gearing ratio was approximately 0.38 (2023: approximately 0.33). Gearing ratio is calculated based on the total bank and other borrowings divided by the total equity as at the end of the year. The increased gearing ratio was mainly due to an increase in the bank and other borrowings.

Foreign Currency Risk

The Group is subject to limited foreign currency exposure as its business activities mainly take place in China and all sales and most of its costs are denominated in the functional currency (RMB) of respective group entities. The Group's exposure to foreign currency risk is primarily Hong Kong dollars as certain bank balances, deposits and accrued charges are denominated in Hong Kong dollars. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Credit Risk

The Group's credit risk is primarily attributable to trade and bills receivables, deposits and other receivables, restricted bank deposits and bank balances as at 31 December 2024 and 2023. Such risk may cause financial loss to the Group in the case of a failure to discharge obligations by the counterparties.

As at 31 December 2024 and 31 December 2023, the top three trade debtors accounted for approximately 82% and 67% of the Group's total trade receivables, respectively. In view of this, the management regularly visits the customers relating to such trade receivables to understand their business operations and cash flow position and follows up with the subsequent settlement from the counterparties. The management delegates a team of staff to monitor procedures to ensure that follow-up actions are taken to recover overdue debts. In this regard, the management considers that such credit concentration risk has been significantly mitigated. Taking into account the financial condition of the customers, their historical settlement pattern with no previous default and the forward-looking information (such as the future coal prices and GDP growth of China), the management considers that based on internal credit rating assessment, the trade and bills receivables have low risk of default from the counterparties.

In respect of other receivables, restricted bank deposits, and bank balances, the management considers that no material inherent credit risk exists based on the assessment of historical settlement records.

Liquidity Risk

As at 31 December 2024, the Group recorded net current liabilities of approximately RMB265.7 million. In preparing the consolidated financial statements, the Directors have considered the future liquidity of the Group. The Directors are of the view that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due in the foreseeable future after taking into consideration of the cash flow forecasts, which assume the continuity of normal business activity and indicate that the Group will have sufficient liquidity to meet its operational needs, existing contractual debts and capital expenditure requirements for the 12 month period from 31 December 2024.

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to lease liabilities and bank and other borrowings and is also exposed to cash flow interest rate risk in relation to restricted bank deposits and bank balances. The Group currently has no interest rate hedging policy. However, the management closely monitors the Group's exposure to future cash flow interest rate risk because of changes in market interest rates and will consider hedging against market interest rate risk should the need arise.

Capital Commitments and Expected Source of Funding

As at 31 December 2024, the Group had capital commitments in respect of the acquisition of Panzhou Power Generation Co contracted for but not yet incurred for the amount of approximately RMB122.5 million (31 December 2023: approximately RMB416.5 million). The Group intends to finance its capital commitments by utilising a combination of internal resources and external financing.

Contingent Liabilities

As at 31 December 2024, the Group had no material contingent liabilities (31 December 2023: nil).

HUMAN RESOURCES

As at 31 December 2024, the Group had a total of 3,699 employees (31 December 2023: 3,745). During the year under review, staff costs (including Directors' remuneration) totalled approximately RMB112.3 million (2023: approximately RMB89.7 million). All members of the Group are equal opportunity employers, with the selection, promotion and remuneration of individual employees based on their suitability for the positions offered. The Group provides defined contribution to the Mandatory Provident Fund as retirement benefits for its employees in Hong Kong and provides its employees in China with various benefit schemes as required by the applicable laws and regulations in China. All the Group's employees are required to undergo induction training before they commence work. In addition, depending on the work nature, the Group's employees are also required to attend training pursuant to applicable laws and regulations.

MATERIAL ACQUISITIONS, DISPOSALS AND SIGNIFICANT INVESTMENT

On 31 October 2023, Guizhou Jiutai Bangda Energy Development Co., Ltd.* ("**Jiutai Bangda**"), a wholly-owned subsidiary of the Company, acquired 49% equity in Panzhou Power Generation Co. The consideration for the acquisition was approximately RMB4.9 million, and additional registered capital of RMB509.6 million was committed by Jiutai Bangda to Panzhou Power Generation Co in four instalments, due by 31 October 2023, 31 March 2024, 30 June 2024, and 31 March 2025, respectively.

Upon completion of the acquisition on 31 October 2023, Panzhou Power Generation Co has become an associated company of the Company and its results and net assets have been accounted for using the equity method in the consolidated financial statements of the Company with effect from 31 October 2023. For more information, please refer to the announcements of the Company dated 25 August 2023, 15 September 2023, 18 September 2023, 19 September 2023 and 31 October 2023 and the circular of the Company dated 25 October 2023.

Save as disclosed above, the Company did not have any material acquisitions or disposals and significant investments during the year under review.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2024 (2023: HK5.00 cents per share).

ASSET CHARGES

As at 31 December 2024, other borrowings from factoring of bills receivables with full recourse amounted to approximately RMB475.6 million (31 December 2023: approximately RMB241.8 million) and bank borrowings amounting to approximately RMB711.3 million were secured by the pledge of the Group's bills receivables, the mining right of the Hongguo Coal Mine, Baogushan Coal Mine and Xiejiahegou Coal Mine, respectively (31 December 2023: approximately RMB672.1 million were secured by the pledge of the Group's bills receivables, the mining right of the Hongguo Coal Mine and Baogushan Coal Mine).

EVENT AFTER THE REPORTING DATE

The Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2024 and up to the date of this announcement.

CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability. It is the belief of the Board that the shareholders of the Company can maximise their benefits from good corporate governance. In the opinion of the Directors, the Company complied with all code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the year ended 31 December 2024.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Having made specific enquiry of all Directors, the Company confirms that the Directors complied with the required standard set out in the Model Code during the year ended 31 December 2024.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the listed securities (including the sale of treasury shares) of the Company during the year ended 31 December 2024. As at 31 December 2024, the Company did not hold any treasury shares.

AUDIT COMMITTEE

The Company has an audit committee (the "**Audit Committee**") which was established in accordance with the requirements of the Listing Rules for the purposes of reviewing and providing supervision over the Group's financial reporting system, risk management and internal control. The Audit Committee comprises three independent non-executive Directors, namely Mr. Fong Wai Ho, Mr. Punnya Niraan De Silva and Ms. Yau Shu Shan. The Audit Committee has reviewed, with the management and the external auditor of the Company, the audited consolidated financial statements for the year ended 31 December 2024 of the Group and the accounting principles and policies adopted by the Group. The Audit Committee has also reviewed the effectiveness of the financial control, internal control and risk management systems of the Company.

SCOPE OF WORK OF MESSRS. DELOITTE TOUCHE TOHMATSU

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2024 as set out in this preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Messrs. Deloitte Touche Tohmatsu on this preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders' eligibility to attend and vote at the 2025 annual general meeting of the Company (the "**2025 AGM**") to be held on Thursday, 5 June 2025, the register of members of the Company will be closed from Monday, 2 June 2025 to Thursday, 5 June 2025, both dates inclusive. During this period, no transfer of shares will be registered. In order to qualify for attending and voting at the 2025 AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Friday, 30 May 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.perennialenergy.hk). The annual report of the Company for the year ended 31 December 2024 will be dispatched to the shareholders of the Company and made available on the abovementioned websites in due course.

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

Hong Kong, 18 March 2025

As at the date of this announcement, the executive Directors are Mr. Yu Bangping, Mr. Yu Zhilong, 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, Mr. Si Zeyu and Ms. Yau Shu Shan.

* *For identification purpose only*