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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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The board (the “**Board**”) of directors (the “**Directors**”) of Perennial Energy Holdings Limited (the “**Company**”) announces the consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2025, together with the comparative figures for the corresponding period in 2024 as follows:

FINANCIAL HIGHLIGHTS

Revenue amounted to approximately RMB1,206.1 million (2024: approximately RMB1,706.1 million) representing a year-on-year (“**YoY**”) decrease of approximately 29.3%.

Gross profit amounted to approximately RMB359.9 million (2024: approximately RMB885.1 million) representing a YoY decrease of approximately 59.3%.

Gross profit margin was approximately 29.8% (2024: approximately 51.9%), representing a decline of approximately 22.1 percentage points (“**ppt**”) YoY.

Loss and total comprehensive expense for the year amounted to approximately RMB197.8 million (2024: profit and total comprehensive income of approximately RMB440.2 million).

Basic loss per share was approximately RMB12.36 cents (2024: earnings per share of RMB27.51 cents).

No final dividend for the year ended 31 December 2025 was proposed (2024: nil).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	4	1,206,097	1,706,108
Cost of sales		<u>(846,229)</u>	<u>(820,977)</u>
Gross profit		359,868	885,131
Other income		13,576	25,991
Share of losses of an associate		(17,748)	(12,711)
Other gains and losses		(7,576)	(4,126)
Impairment losses under expected credit loss (“ECL”) model		(5,706)	–
Impairment losses recognised on mining rights and property, plant and equipment		(204,586)	–
Distribution and selling expenses		(82,318)	(90,636)
Administrative expenses		(152,312)	(160,909)
Other expenses		(43,986)	(65,431)
Finance costs		<u>(49,389)</u>	<u>(50,255)</u>
(Loss)/profit before taxation	5	(190,177)	527,054
Taxation charge	6	<u>(7,616)</u>	<u>(86,825)</u>
(Loss)/profit and total comprehensive (expense)/income for the year		<u>(197,793)</u>	<u>440,229</u>
(Loss)/earnings per share (<i>RMB cents</i>)			
Basic	8	<u>(12.36)</u>	<u>27.51</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

		2025	2024
	NOTES	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		2,404,796	2,376,772
Investment properties		39,800	46,200
Mining rights		705,476	847,570
Interest in an associate		481,052	376,300
Restricted bank deposits		16,672	7,006
Deferred tax assets		58,930	54,500
Rental deposits		39	40
Deposits for purchase of property, plant and equipment		2,754	7,977
Other receivables		5,905	6,345
		<u>3,715,424</u>	<u>3,722,710</u>
Current assets			
Inventories		30,969	33,879
Trade and bills receivables	9	568,098	896,981
Deposits, prepayments and other receivables		30,951	28,385
Restricted bank deposits		15,712	–
Cash and cash equivalents		70,499	177,076
		<u>716,229</u>	<u>1,136,321</u>
Current liabilities			
Trade and bills payables	10	140,270	128,503
Other payables and accrued charges		187,115	278,942
Tax payable		6,040	17,675
Bank and other borrowings	11	1,053,285	976,910
		<u>1,386,710</u>	<u>1,402,030</u>
Net current liabilities		<u>(670,481)</u>	<u>(265,709)</u>
Total assets less current liabilities		<u>3,044,943</u>	<u>3,457,001</u>

	<i>NOTES</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Non-current liabilities			
Deferred tax liabilities		16,041	16,041
Deferred income		4,037	–
Bank and other borrowings	11	–	210,000
Provision for restoration costs		66,749	75,051
		<u>86,827</u>	<u>301,092</u>
Net assets		<u>2,958,116</u>	<u>3,155,909</u>
Capital and reserves			
Share capital	12	14,136	14,136
Reserves		2,943,980	3,141,773
		<u>2,958,116</u>	<u>3,155,909</u>
Total equity		<u>2,958,116</u>	<u>3,155,909</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law 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, Umland 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.

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 an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standard as 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 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to HKFRS Accounting Standard 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.

New and Amendments to HKFRS Accounting Standards in issue but not yet effective

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

Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
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 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

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 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards 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 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) 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. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (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 (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

As at 31 December 2025, the Group has net current liabilities of RMB670,481,000. The Directors have given careful consideration to the future liquidity of the Group when preparing the consolidated financial statements. Taking into account the ongoing availability of finance to the Group, including the unutilised credit facility granted from a bank to the Group of RMB531,776,000 as at 31 December 2025, which can be utilised if necessary subsequent to the reporting period, the Directors are of the opinion that the Group has sufficient working capital to meet in full its financial obligations as they fall due for at least the next twelve months from the end of the reporting period and accordingly these consolidated financial statements have been prepared on a going concern basis.

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.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Types of goods and services		
<i>Recognised at a point in time:</i>		
Sales of coal products:		
– Clean coal	1,047,222	1,551,553
– Middling coal	118,300	123,685
– Sludge coal	37,490	26,622
	<u>1,203,012</u>	<u>1,701,860</u>
Sales of coalbed methane gas	3,085	4,248
	<u>1,206,097</u>	<u>1,706,108</u>
Geographical market		
The PRC	<u>1,206,097</u>	<u>1,706,108</u>

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 RMB3,608,040,000 (2024: RMB3,627,585,000) are located in the PRC and of RMB25,838,000 (2024: RMB27,234,000) 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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Customer A	640,228	942,040
Customer B	N/A*	197,030
Customer C	153,471	N/A*

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

5. (LOSS)/PROFIT BEFORE TAXATION

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/profit before taxation has been arrived at after charging (crediting):		
Auditor's remuneration	2,250	2,404
Directors' emoluments	5,691	6,469
Other staff costs:		
Salaries and other allowances	383,099	396,990
Retirement benefits schemes contributions*	103,807	74,552
Less: Capitalised in construction in progress	(112,735)	(110,330)
Less: Capitalised in inventories	(256,450)	(255,406)
	<u>123,412</u>	<u>112,275</u>
Total staff costs (included in administrative, distribution and selling expenses and other expenses)		
Depreciation of property, plant and equipment	147,270	134,410
Less: Capitalised in inventories	(130,399)	(116,567)
	<u>16,871</u>	<u>17,843</u>
Total depreciation of property, plant and equipment included in administrative and other expenses		
Amortisation of mining rights	44,941	49,274
Less: Capitalised in inventories	(44,941)	(49,274)
	<u>-</u>	<u>-</u>
Inventories recognised as an expense	846,229	820,977
Research and development expense (included in other expenses)	39,400	56,773
Rental income from investment properties (net of negligible outgoing expenses)	(1,101)	(1,101)
Penalties arising from operations (included in other expenses)	(3,843)	(8,658)
	<u><u>846,229</u></u>	<u><u>820,977</u></u>

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

6. TAXATION CHARGE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PRC Enterprise Income Tax (“EIT”):		
– current year	7,895	85,712
– underprovision in prior years	4,151	1,589
– withholding tax	–	6,408
Deferred tax credit	<u>(4,430)</u>	<u>(6,884)</u>
Taxation charge	<u><u>7,616</u></u>	<u><u>86,825</u></u>

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 both years. 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 both years 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 (“**Announcement No. 23 2020**”). The profits are therefore subject to preferential tax treatment and the applicable tax rate for the both years were 15%.

The taxation charge for the year can be reconciled to the (loss)/profit before taxation as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/profit before taxation	<u><u>(190,177)</u></u>	<u><u>527,054</u></u>
Taxation at PRC EIT rate of 25%	(47,544)	131,763
Tax effect of expenses not deductible for tax purposes	58,732	8,205
Additional tax benefit on research and development expenses (<i>Note</i>)	(9,850)	(13,416)
Tax effect of share of results of an associate	4,437	3,178
Underprovision in respect of prior years	4,151	1,589
Income tax at preferential tax rates	(2,310)	(51,892)
Withholding tax on distributed profits of a subsidiary	–	6,408
Deferred tax charge arising on undistributed profits of PRC subsidiaries	<u>–</u>	<u>990</u>
Taxation charge for the year	<u><u>7,616</u></u>	<u><u>86,825</u></u>

Note: 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 both years.

7. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
2024 Final: nil (2024: 2023 final dividend HK\$0.05) per share	–	72,496

Subsequent to the end of the reporting period, no final dividend in respect of the year ended 31 December 2025 (2024: nil), has been proposed by the directors of the Company.

8. (LOSS)/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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
(Loss)/earnings:		
(Loss)/earnings for the purpose of basic earnings per share ((loss)/profit for the year attributable to owners of the Company)	<u>(197,793)</u>	<u>440,229</u>
	<i>'000</i>	<i>'000</i>
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic (loss)/earnings per share	<u>1,600,000</u>	<u>1,600,000</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	240,647	282,873
Less: Allowance for credit losses	<u>(5,706)</u>	<u>–</u>
	234,941	282,873
Bills receivables	<u>333,157</u>	<u>614,108</u>
Total	<u>568,098</u>	<u>896,981</u>

As at 1 January 2024, trade receivables from contracts with customers amounted to RMB348,479,000.

The Group allows credit period of 0–30 days to its trade customers. All bills receivables are matured within one year (2024: 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.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables		
0–30 days	162,861	155,041
31–90 days	19,147	106,998
91–180 days	7,779	–
181–365days	3,746	7,357
Over 365 days	41,408	13,477
	<u>234,941</u>	<u>282,873</u>

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:

Bills receivables		
0–30 days	93,279	115,000
31–60 days	5,866	115,050
61–90 days	49,071	18,500
91–120 days	–	108,000
121–180 days	134,941	257,558
181–365 days	50,000	–
	<u>333,157</u>	<u>614,108</u>
Total	<u><u>568,098</u></u>	<u><u>896,981</u></u>

Before accepting any new customer, the Group will assess the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with a satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good settlement records.

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying balance of RMB72,080,000 (2024: RMB127,832,000) which are past due as at the report date. As at 31 December 2025, out of the past due date balances, RMB52,933,000 has been past due 90 days or more and is not considered as in default since the management of the Group are of the opinion that the balances are still considered recoverable due to the management's historical experience.

The Group applies simplified approach to provide for ECL prescribed by HKFRS 9. To measure the ECL of trade and bills receivables, trade and bills receivables have been assessed individually. Taking into account the financial condition of the customers and historical settlement pattern with no history of default in the past and the forward-looking information (such as future coal price and gross domestic product growth (“GDP”) in the PRC), the management of the Group considers the trade and bills receivables are at lower risk under internal credit rating assessment and the probability of default of the counterparties was low. The Group applied ECL rate of 0.02%–11.22% (2024: 0.02%–1.56%) on trade and bills receivables.

Transfers of financial assets

The followings were the bills receivables as at 31 December 2025 and 2024 that were transferred to banks by discounting bills receivables on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these bills receivables, it continues to recognise the full carrying amount of the bills receivables and has recognised the cash received on the transfer as secured bank borrowings.

These financial assets and financial liabilities are carried at amortised cost in consolidated statement of financial position.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of transferred assets	219,923	475,580
Carrying amount of associated liabilities (<i>Note</i>)	<u>(219,923)</u>	<u>(475,580)</u>

Note: At 31 December 2025, the amount of RMB219,923,000 (2024: RMB475,580,000) represents bank and other borrowings arising from discounting bills receivables with recourse as the Group has not transferred the significant risks and rewards relating to these bills receivables.

During the year ended 31 December 2025, bills receivables of RMB759,351,000 (2024: RMB1,291,070,000) were discounted with recourse have been presented as “New borrowings from factoring of bills receivables” in consolidated statement of cash flows. Corresponding borrowings of RMB1,015,007,000 (2024: RMB1,057,274,000) were discharged without cash outflows upon bills matured with full settlement by original issuers.

10. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade and bills payables	<u>140,270</u>	<u>128,503</u>

As at 31 December 2025, included in trade and bills payables are RMB1,058,000 and RMB7,396,000 due to Guizhou Bangda Energy Development Co., Ltd. (“**Guizhou Bangda**”) and Guizhou Yue Bang Integrated Energy Limited Liability Company, an entity was owned as to 48% by Guizhou Bangda, respectively.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
0–30 days	33,466	13,751
31–60 days	21,237	6,796
61–180 days	39,161	56,805
181–365 days	13,736	24,533
Over 365 days	<u>32,670</u>	<u>26,618</u>
	<u>140,270</u>	<u>128,503</u>

11. BANK AND OTHER BORROWINGS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bank borrowings	833,362	711,330
Other borrowings from factoring of bills receivables with full recourse	<u>219,923</u>	<u>475,580</u>
Total secured	<u><u>1,053,285</u></u>	<u><u>1,186,910</u></u>
	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
The carrying amounts of the above borrowings are repayable*:		
Within one year	1,053,285	976,910
Within a period more than one year but not exceeding two years	<u>–</u>	<u>210,000</u>
	1,053,285	1,186,910
Less: amounts due within one year shown under current liabilities	<u>(1,053,285)</u>	<u>(976,910)</u>
Amount shown under non-current liabilities	<u><u>–</u></u>	<u><u>210,000</u></u>

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

Secured bank borrowings carry fixed interest rate of 3.1% to 5.5% (2024: 5.5%) per annum as at 31 December 2025. 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 1.5% to 3.1% (2024: 1.1% to 3.1%) per annum as at 31 December 2025.

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 180 to 360 days after settlement by the banks with interest ranges from 1.9% to 3.5% 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 2025, the Group settled trade and bills payables of RMB229,281,000 (2024: RMB100,000,000) and other payables of nil (2024: 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 '000	Amount HK\$'000	Equivalent amount RMB'000
Ordinary shares of HK\$0.01 each			
Authorised:			
At 1 January 2024, 31 December 2024 and 2025	<u>10,000,000</u>	<u>100,000</u>	<u>87,208</u>
Issued and fully paid:			
At 1 January 2024, 31 December 2024 and 2025	<u>1,600,000</u>	<u>16,000</u>	<u>14,136</u>

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In 2025, China navigated a complex external environment characterised by uneven global economic recovery, heightened geopolitical tensions, and profound shifts in international trade patterns. Against this backdrop, the Chinese economy continued to achieve steady growth, supported by policy measures, structural optimisation, and gradually strengthening domestic demand. Industrial profitability for enterprises above a designated size edged up modestly, with total profits reaching RMB7,398.2 billion, a 0.6% increase over 2024, reflecting a more stable business environment.

Despite this overall resilience, the mining sector faced persistent headwinds. In 2025, total profits from mining activities amounted to RMB834.5 billion, representing a YoY decline of 26.2%, underscoring the ongoing pressure on the industry. Within this context, the coal sector exhibited mixed performance across regions and product categories.

Nationally, coal production expanded slightly, with total output reaching 4.83 billion tonnes, up 1.2% YoY, reflecting a policy shift from “expanding production to secure supply” towards maintaining stable output, optimising structure, and ensuring orderly capacity development. The coking coal market in 2025 followed a pattern of “decline, rebound, and wide fluctuations.” This movement was primarily driven by changes in supply-side policies and evolving market expectations, and market sentiment was further constrained by subdued downstream steel demand, as recovery in the construction and manufacturing sectors remained gradual.

Guizhou, as one of the major coal-producing provinces in southwestern China, despite downward pressure on coal prices, displayed stronger fundamentals. Data from the Guizhou Provincial Bureau of Statistics indicated a significant role for coal within the local economy, with value added from coal mining and washing increasing by 8.8% YoY, while total mining value added rose by 9.4%. The province’s coal production capacity reached approximately 216 million tonnes per annum, up 33.3% since 2020, with large and medium-sized mines accounting for 87.1% of total capacity. Investment in the energy sector remained active, with a series of key projects advancing under provincial initiatives to enhance energy security and promote high-quality, efficient resource development.

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 <i>(Thousand tonnes)</i>	Baogushan Coal Mine <i>(Thousand tonnes)</i>	Xiejiahegou Coal Mine <i>(Thousand tonnes)</i>
Resource data under the JORC Code# Summary (as at 31 December 2025)¹			
Measured resources	14,536	7,515	–
Indicated resources	7,780	24,700	13,899
Inferred resource	13,225	7,000	9,520
Reserve data under the JORC Code# Summary (as at 31 December 2025)¹			
Proved reserves	10,728	5,368	–
Probable reserves	5,910	18,790	8,099
Marketable reserve ²			
– Clean coal ³	8,844	12,750	4,808
– Middling coal	3,123	4,550	863
– Sludge coal	758	1,246	1,133

Notes:

- 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 (“**Valtech**”) as of 31 December 2023 while the resource and reserve data of the Xiejiahegou Coal Mine are based on the competent persons’ report provided by Mr. Liu Hongbo, Mr. Leung Karfai and Dr. Zhao Shugang of BAW Mineral Partners Limited (“**BAW**”) as of 30 November 2025. The resource and reserve data as of 31 December 2025 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 2025, whereas the resource and the reserve data as of 31 December 2025 of the Xiejiahegou Coal Mine have been adjusted by the indicated resource data and the probable reserve data as at 30 November 2025, after deducting the respective data extracted from the mining activities between 1 December 2025 and 31 December 2025.
- 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 2025 to 31 December 2025.
- 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

As at 31 December 2025, 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. The table below sets out the actual production and utilisation rate of the Group's coal mines for 2025 and 2024:

	2025			2024		
	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	1,200	703	59	808 ²	621	77
Baogushan Coal Mine	1,200	801	67	1,141 ²	634	56
Xiejiahegou Coal Mine	450	370	82	450	450	100
	2,850	1,874	66	2,399	1,705	71

Notes:

- Utilisation rate is calculated as actual production volume divided by the permitted annual production capacity for the relevant period.
- 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 2024.

For the year under review, the Group's total raw coal production was approximately 1,874 thousand tonnes, of which approximately 703 thousand tonnes, 801 thousand tonnes and 370 thousand tonnes were produced by Hongguo Coal Mine, Baogushan Coal Mine and Xiejiahegou Coal Mine, respectively, representing a YoY increase of approximately 13.2% and 26.3%, and a YoY decrease of approximately 17.8%, respectively. The utilisation rates of Hongguo Coal Mine, Baogushan Coal Mine and Xiejiahegou Coal Mine were approximately 59%, 67% and 82%, respectively, representing a YoY decline of approximately 18 ppt, a YoY increase of approximately 11 ppt, and a YoY decrease of approximately 18 ppt, respectively. Although the overall permitted annual production capacity has increased substantially, total raw coal output rose only by approximately 10%, primarily due to geological complexities encountered at certain mining faces, which constrained production progress.

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 and 2025, 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 1,874 thousand tonnes (2024: approximately 1,705 thousand tonnes) of coal was processed, of which, approximately 1,504 thousand tonnes (2024: approximately 1,255 thousand tonnes) and 370 thousand tonnes (2024: approximately 450 thousand tonnes) were processed by Songshan CPP and Xiejiahegou CPP, respectively.

Sales Volume and Average Selling Price

The table below sets out the sales volumes and average selling prices of the Group’s coal products for the year ended 31 December 2025 and 2024, respectively:

	Unit	2025		2024	
		Sales Volume	Average Selling Price (RMB/unit)	Sales Volume	Average Selling Price (RMB/unit)
Clean coal	Thousand Tonne	855	1,225	872	1,780
Middling coal	Thousand Tonne	309	383	310	399
Sludge coal	Thousand Tonne	357	105	234	114
Coalbed methane gas	Thousand Cubic Meters	18,158	170	23,552	180

During the year under review, the downward trend in coal market prices drove substantial reductions in the average selling prices of the Group’s coal products. The Group’s average selling price of clean coal declined by approximately 31.2% YoY to approximately RMB1,225/tonne (2024: RMB1,780/tonne). Meanwhile, the average selling price of middling coal decreased by approximately 4.0% YoY to approximately RMB383/tonne (2024: RMB399/tonne). The average selling price of sludge coal decreased by approximately 7.9% to approximately RMB105/tonne (2024: RMB114/tonne). The average selling price of coalbed methane gas decreased by approximately 5.6% to approximately RMB170/thousand cubic meters (2024: RMB180/thousand cubic meters).

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, decreased by approximately 1.9% YoY to approximately 855 thousand tonnes (2024: approximately 872 thousand tonnes), Meanwhile the sales volume of middling coal decreased by approximately 0.3% YoY to approximately 309 thousand tonnes (2024: approximately 310 thousand tonnes), while the sales volume of sludge coal increased by approximately 52.6% YoY to approximately 357 thousand tonnes (2024: approximately 234 thousand tonnes).

During the year under review, the sales volume of coalbed methane gas decreased by approximately 22.9% YoY to approximately 18,158 thousand cubic meters (2024: approximately 23,552 thousand cubic meters). Overall, the total sales volume of coal products amounted to approximately 1,521 thousand tonnes (2024: approximately 1,416 thousand tonnes), reflecting an increase of approximately 7.4% YoY.

Update on the Operation of an Associate of the Company

During the year under review, the Group's associate company, 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.*) (the “**Panzhou Power Generation Company**”), continued to advance the Pan'nan Low Calorific Value Coal Comprehensive Utilisation Power Project (the “**Power Plant Project**”). Construction and commissioning works remained on schedule. The Power Plant Project comprises two 660MW ultra supercritical circulating fluidised bed (“**CFB**”) coal fired generating units (collectively, Unit 1 and Unit 2). The Power Plant Project is designed to utilise low calorific value coal resources more efficiently, improve energy conversion performance and reduce emissions, in line with national policies on clean and efficient coal fired power generation and resource utilisation.

Subsequent to the year under review, Unit 1 commenced trial operation in March 2026. Related testing is currently in progress, and commercial operation together with grid connection is expected to be achieved upon satisfactory completion of testing and necessary approval is obtained from relevant authorities. Unit 2 also continues to progress and is scheduled to commence commercial operation in mid 2026.

With both units entering service in phases, the Group expects the Power Plant Project to become a major source of new generation capacity for the region in the coming years and to support the Group's long term operational and financial performance.

Impairment Assessment Review of Mining Rights, Property, Plant and Equipment in the Coal Mining Business

The management of the Company has performed an impairment assessment review of the carrying amounts of the mining rights and property, plant and equipment, under the non-financial assets of each coal mining cash-generating unit (the “**Coal Mining CGUs**”) at each of the reporting periods.

The recoverable amount of the Coal Mining CGU was estimated based on the value in use calculation, determined by discounting the future cash flows to be generated from the continuing use of these assets. The key assumptions of the cash flow projections were made with reference to the prevailing business and financial conditions of the Coal Mining CGUs, which comprise the Company's three coal mines. As such, an independent professional valuer has been engaged by the Company to review the appropriateness and reasonableness of the assumptions applied in the cash flow projections, and conduct a valuation on the Coal Mining CGUs.

Based on the impairment assessment review, an impairment loss of approximately RMB204.6 million was recognised against the carrying amounts of non-financial assets of the Xiejiahegou Coal Mine during the year ended 31 December 2025.

FINANCIAL REVIEW

Revenue

During the year under review, the Group recorded a total revenue of approximately RMB1,206.1 million (2024: approximately RMB1,706.1 million) from the production and sales of clean coal, middling coal, sludge coal and coalbed methane gas, representing a YoY decrease of approximately 29.3%. The revenues for the year ended 31 December 2025 and 2024 were summarised as follows:

	2025		2024	
	Revenue RMB'000	Percentage to total revenue	Revenue RMB'000	Percentage to total revenue
Sales of coal products				
– Clean coal	1,047,222	86.8%	1,551,553	90.9%
– Middling coal	118,300	9.8%	123,685	7.3%
– Sludge coal	37,490	3.1%	26,622	1.6%
Sales of methane gas	3,085	0.3%	4,248	0.2%
Total	<u>1,206,097</u>	<u>100.0%</u>	<u>1,706,108</u>	<u>100.0%</u>

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 within the product mix. For the year ended 31 December 2025, the proportion of revenue generated from the sales of clean coal amounted to approximately 86.8% (2024: approximately 90.9%), indicating a slight reduction in revenue contribution compared with last year.

During the year under review, following the overall drop in market price, the Group's sales revenue of clean coal decreased by approximately 32.5% to approximately RMB1,047.2 million (2024: approximately: RMB1,551.6 million), while the sales revenue of middling coal decreased by approximately 4.4% to approximately RMB118.3 million (2024: approximately RMB123.7 million), the sales revenue of sludge coal increased by approximately 40.8% to approximately RMB37.5 million (2024: approximately RMB26.6 million), and sales revenue of coalbed methane gas dropped by approximately 27.4% to approximately RMB3.1 million (2024: approximately RMB4.2 million). The decrease in total revenue during the year under review was mainly attributable to the decline in the average market prices of coal products.

Gross Profit and Gross Profit Margin

The Group recorded a decrease in gross profit from approximately RMB885.1 million for the year ended 31 December 2024 to approximately RMB359.9 million for the year ended 31 December 2025, representing a YoY decline of 59.3%. Gross profit margin for the year ended 31 December 2025 was approximately 29.8% (2024: approximately 51.9%), representing a YoY decrease of approximately 22.1 ppt.

This decline was mainly attributable primarily to a significant reduction in coal market prices, which materially lowered the average selling prices of the Group's products. Besides, higher costs associated with underground preparatory work and waste disposal, stemming from geological complexities encountered in the Hongguo Coal Mine and Baogushan Coal Mine, further weighed on the Group's gross profit margin.

Other Income

The Group's other income decreased by approximately 47.8% YoY to approximately RMB13.6 million during the year under review from approximately RMB26.0 million for the year ended 31 December 2024. Such decline was primarily driven by lower government grants and subsidies related to coalbed methane production and reduced other income from the sales of electricity.

Other Gains and Losses

The Group's other losses increased by approximately 83.6% to approximately RMB7.6 million for the year under review from approximately RMB4.1 million for the year ended 31 December 2024, primarily attributable to the fair value change of the investment properties of the Group and the translation difference arising from the conversion of Hong Kong Dollar to RMB.

Share of Losses of an Associate

Share of losses of an associate amounted to approximately RMB17.7 million during the year under review, representing a YoY increase by approximately 39.6%. The amount represents the Company's share of losses incurred by the Company's associate, Panzhou Power Generation Company. During the year under review, Panzhou Power Generation Company was still in the process of finalizing its infrastructure and had not yet commenced operations.

Distribution and Selling Expenses

The Group's distribution and selling expenses decreased by approximately 9.2% YoY to approximately RMB82.3 million during the year under review from approximately RMB90.6 million for the year ended 31 December 2024. This reduction occurred primarily because certain customers bore transportation costs directly during the year under review.

Administrative Expenses

Administrative expenses decreased by approximately 5.3% YoY to approximately RMB152.3 million in the year under review, from approximately RMB160.9 million for the year ended 31 December 2024. The reduction was mainly attributable to tighter cost control measures and improved efficiency in corporate management during the year under review.

Impairment Losses under Expected Credit Loss (“ECL”) Model

During the year under review, the Group recognised impairment losses of approximately RMB5.7 million under the ECL model, primarily attributable to certain trade receivables assessed as credit impaired. No such impairment was recognised for the year ended 31 December 2024. The recognition reflects an assessment of credit risk, taking into account evolving customer profiles and macroeconomic conditions.

Impairment Losses recognised on Mining Rights and Property, Plant and Equipment

During the year under review, the Group recognised an impairment loss of approximately RMB204.6 million on the carrying amount of the mining rights and property, plant and equipment of the Xiejiahegou Coal Mine. The recoverable amount was determined based on a value-in-use calculation, which involved discounting the future cash flows expected to be generated from the continuing use of the asset. The recognition of the impairment loss reflected lower projected operating cash flows, primarily driven by the decline in clean coal prices and the resulting reduction in expected profitability of the Xiejiahegou Coal Mine. These losses are non-cash and non-recurring in nature and are not expected to have a direct impact on the Group’s cash flows. No impairment loss was recognised in respect of the mining rights of the Group’s coal mines for the year ended 31 December 2024.

Other Expenses

The Group’s other expenses dropped by approximately 32.8% to approximately RMB44.0 million for the year under review from approximately RMB65.4 million for the year ended 31 December 2024, primarily due to a decrease in research and development expenses in relation to the mining technology and coal seam studies incurred during the year under review.

Finance Costs

The Group’s finance costs primarily comprised the interest expenses on bank borrowings and interest expenses on other borrowings from factoring of bills receivables with full recourse from the Group’s customers. Finance costs decreased by approximately 1.7% to approximately RMB49.4 million for the year ended 31 December 2025 from approximately RMB50.3 million for the year ended 31 December 2024. It was primarily due to reduced recourse factoring activities during the year under review.

Taxation Charge

The Group's income tax expense for the year under review was approximately RMB7.6 million, representing a decrease of approximately 91.2% compared to approximately RMB86.8 million for the year ended 31 December 2024. The decrease was mainly due to a significant decrease in operating profits before income tax during the year under review.

Loss/(profit) for the Year

As a result of the foregoing, the Group recorded a net loss of approximately RMB197.8 million during the year under review (2024: net profit of approximately RMB440.2 million). The swing from a net profit to a net loss mainly resulted from (i) a reduction in global market prices for coal products, which materially lowered the Group's average coal selling prices during the year under review and directly compressed its gross profit margins; and (ii) the impact of the coal price downturn as described in (i) above, which, based on the applicable accounting principles and by adopting a prudent approach, led the Group to adopt a conservative forecast of the future coal products sales in its impairment assessment. As a result, impairment losses were recognised in respect of mining rights and property, plants and equipment.

PROSPECTS

Looking ahead to 2026, China's economy is expected to maintain steady growth despite external uncertainties and ongoing structural challenges. According to Goldman Sachs Research, China's real GDP is projected to expand by around 4.8%, supported by resilient export performance and a diminishing drag from the property sector, which has remained in decline for five consecutive years. Although the housing market has yet to show clear signs of recovery, continued macro-policy support and targeted consumption stimulus measures are expected to sustain moderate momentum across industrial activity.

In the steel sector, overall demand is likely to remain subdued but continue to evolve in structure. The focus of demand is gradually shifting from traditional construction activity towards higher-value manufacturing and infrastructure modernization. This rebalancing trend is expected to moderate the overall pace of decline in steel consumption. Under such conditions, the coking coal market could find support from improved procurement sentiment and stronger downstream demand.

Within the coal industry, the development paradigm has undergone a fundamental shift. Capacity expansion has given way to a long-term focus on structural optimisation, efficient resource utilisation, and technological advancement. In Guizhou Province, these priorities are being advanced through the promotion of the precision development of high-quality coal resources, prioritising capable operators and fostering industrial collaboration. These efforts are expected to reinforce Guizhou's position as a key coal-producing hub in southwestern China.

At the municipal level, Liupanshui City is accelerating the development of its energy infrastructure, including the planning of coal-bed methane transmission networks and the advancement of “smart mining” and “smart power” initiatives. Supported by targeted policies on talent development, project investment, and technological innovation, these initiatives are intended to reinforce regional energy security and contribute to sustainable, high-quality growth during the opening year of China’s “15th Five-Year Plan”.

In response to the evolving market landscape, the Group has also undertaken strategic initiatives to optimise its asset structure and strengthen its resource base. During the year under review, the Group announced a proposed consolidation involving nearby coking coal mines in Guizhou, aimed at enhancing operational efficiency and realising long-term synergies. Although the transaction remains subject to completion, it demonstrates Group’s proactive approach to adapting to shifting industry dynamics and positioning itself for sustainable growth. Further details are set out in the Company’s circular dated 12 March 2026.

LIQUIDITY AND FINANCIAL INFORMATION

Bank Balances and Cash

As at 31 December 2025, bank balances and cash amounted to approximately RMB70.5 million (2024: approximately RMB177.1 million).

Bank and Other Borrowings

As of 31 December 2025, secured other borrowings from factoring of bills receivables with full recourse amounted to approximately RMB219.9 million (31 December 2024: approximately RMB475.6 million). The effective interest rate on the discounted bills was approximately 1.5% to 3.1% per annum during the year under review (2024: approximately 1.1% to 3.1%).

As of 31 December 2025, secured bank borrowings amounted to approximately RMB833.4 million (31 December 2024: approximately RMB711.3 million). The fixed interest rate on bank borrowings was 3.1% to 5.5% per annum during the year under review (2024: 5.5%).

Gearing Ratio

As of 31 December 2025, the Group’s gearing ratio was approximately 0.36 (2024: approximately 0.38). 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 decreased gearing ratio was mainly due to a decrease 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 2025 and 2024. Such risk may cause financial loss to the Group in the case of a failure to discharge obligations by the counterparties.

As of 31 December 2025, and 31 December 2024, the top three trade debtors accounted for approximately 60% and 82% 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 positions and follows up on the subsequent settlements with 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 patterns and forward-looking information (such as the future coal prices and GDP growth of China), the management considers that based on internal credit rating assessment, impairment losses under expected credit loss model in respect of its trade receivables of approximately RMB5.7 million were recognised. No such impairment was recognised as of 31 December 2024.

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 of 31 December 2025, the Group recorded net current liabilities of approximately RMB670.5 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 months from 31 December 2025.

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 arising from changes in market interest rates and will consider hedging against such risk should the need arise.

Capital Commitments and Expected Source of Funding

As at 31 December 2025, the Group had capital commitments of approximately RMB58.1 million in respect of the acquisition of property, plant and equipment contracted for but not yet incurred. As at 31 December 2024, the Group had capital commitments in respect of the acquisition of Panzhou Power Generation Company contracted for but not yet incurred for the amount of approximately RMB122.5 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 2025, the Group had no material contingent liabilities (31 December 2024: Nil).

HUMAN RESOURCES

As of 31 December 2025, the Group had a total of 3,547 employees (31 December 2024: 3,699 employees). During the year under review, staff costs (including Directors' remuneration) totalled approximately RMB123.4 million (31 December 2024: approximately RMB112.3 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, Jiutai Bangda, an indirect wholly-owned subsidiary of the Company, acquired 49% equity in Panzhou Power Generation Company. The consideration for the acquisition was approximately RMB4.9 million, and an additional registered capital contribution of RMB509.6 million was committed by Jiutai Bangda to Panzhou Power Generation Company in four instalments, scheduled for 31 October 2023, 31 March 2024, 30 June 2024, and with the final instalment due on 31 March 2025.

Upon completion of the acquisition on 31 October 2023, Panzhou Power Generation Company has become an associate company of the Company and its results and net assets have been accounted for by 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.

FINAL DIVIDEND

The Board does not recommend the payment of any final dividend for the year ended 31 December 2025 (2024: Nil).

ASSET CHARGES

As at 31 December 2025, other borrowings from factoring of bills receivables with full recourse amounted to approximately RMB219.9 million (31 December 2024: approximately RMB475.6 million) and bank borrowings amounting to approximately RMB833.4 million were secured by the pledge of the Group's restricted bank deposits, bills receivables, the mining rights of the Hongguo Coal Mine, Baogushan Coal Mine and Xiejiahegou Coal Mine, respectively (31 December 2024: approximately RMB711.3 million were secured by the pledge of the Group's bills receivables, the mining rights of the Hongguo Coal Mine and Baogushan Coal Mine and Xiejiahegou Coal Mine).

EVENT AFTER THE REPORTING DATE

On 20 January 2026, Jiutai Bangda, an indirect wholly-owned subsidiary of the Company, the shareholders of Guizhou Huaneng Jiayuan Coal Co., Ltd* (貴州華能佳源煤業有限公司) (“**Huaneng Jiayuan**”) and Huaneng Jiayuan, entered into a capital increase agreement, pursuant to which Jiutai Bangda conditionally agreed to acquire 51.0% equity interests in Huaneng Jiayuan by contributing registered capital of RMB114,489,795.92 into Huaneng Jiayuan, which shall be settled by way of the transfer of the mining rights of Xiejiahegou Coal Mine, the Xiejiahegou Property and the Xiejiahegou Assets (collectively defined in the announcement of the Company dated 20 January 2026) to Huaneng Jiayuan. Huaneng Jiayuan currently holds the mining rights to the Youyi Coal Mine and Jieji Coal Mine as of the date of this announcement.

Upon completion of this transaction, Jiutai Bangda will hold 51.0% equity interests in Huaneng Jiayuan. Accordingly, Huaneng Jiayuan will become a non-wholly owned subsidiary of the Company and its financial results will be consolidated into the financial statements of the Group, and the coal resources of both Xiejiahegou Coal Mine and Youyi Coal Mine will be consolidated. The consolidated coal mine will maintain and utilise the existing approved production scale as well as existing facilities and equipment of Xiejiahegou Coal Mine. For more information, please refer to the announcement of the Company dated 20 January 2026 and the circular of the Company dated 12 March 2026.

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

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. It is also with these objectives in mind that the Group has applied the principles of the Corporate Governance Code (the “**CG Code**”) contained in Appendix C1 to the Listing Rules. In the opinion of the Directors, the Company complied with all code provisions and, where appropriate, adopted the recommended best practices set out in the CG Code during the year ended 31 December 2025.

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 2025.

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 of the Company (including the sale of treasury shares) during the year ended 31 December 2025. As at 31 December 2025, 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 2025 of the Group, 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 2025 as set out in the preliminary announcement have been agreed by the Group's auditor, Messrs. Deloitte Touche Tohmatsu, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board of Directors on 24 March 2026. The work performed by Messrs. Deloitte Touche Tohmatsu in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Messrs. Deloitte Touche Tohmatsu on the preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders' eligibility to attend and vote at the 2026 annual general meeting of the Company (the "2026 AGM") to be held on Friday, 5 June 2026, the register of members of the Company will be closed from Tuesday, 2 June 2026 to Friday, 5 June 2026, both dates inclusive. During this period, no transfer of shares will be registered.

In order to qualify for attending and voting at the 2026 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 Monday, 1 June 2026. The record date for determining the entitlement of the shareholders to attend and vote at the 2026 AGM will be Friday, 5 June 2026.

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 2025 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, 24 March 2026

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