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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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO PROPOSED CHANGE OF AUDITOR

Reference is made to the announcement of Perennial Energy Holdings Limited (the "**Company**") dated 27 October 2026 in relation to the resignation of Deloitte Touche Tohmatsu ("**DTT**") as the auditor of the Company and the proposed appointment of ZHONGHUI ANDA CPA Limited ("**ZHAN**") as the new auditor of the Company (the "**Announcement**"). Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company would like to provide the following supplementary information in relation to the Proposed Change of Auditor to the Shareholders and potential investors of the Company.

DETAILED CHRONOLOGY OF EVENTS

In March 2026, the Company requested DTT to provide an indicative audit fee proposal for the 2026 Annual Audit. During the communication, the Company explicitly informed DTT that the Group's professional service budget for FY2026 would be tightened due to the continued challenging business environment.

On 30 April 2026, following the despatch of the circular in respect of the Company's annual general meeting (the "**AGM**") which was scheduled to be held on 5 June 2026, DTT provided an indicative audit fee proposal (the "**DTT's 1st Fee Proposal**") of HK$2.60 million (exclusive of PRC VAT) which included the 2026 Annual Audit and the interim review for the six months ended 30 June 2026 (the "**Interim Results Review**").

Against the backdrop of diminishing scale of operations and unit economics, many domestic coal producers continued to face narrowing margins amid rising operating costs, intensified market competition, and ongoing market adjustments. During the six months ended 30 June 2026, the Group experienced a decrease in its sales of clean coal by approximately 31.7% year-on-year to 293,834 tonnes (six months ended 30 June 2025: 429,979 tonnes). In response to the challenging business environment, the Group continued to implement stringent cost-control measures and actively reduce its overall operating expenses. At the material time, the management of the Company (the "**Management**") began soliciting fee proposals from other

independent professional audit firms with comparable experience in auditing listed companies and familiarity with the PRC mining sector, with a view to assessing whether any such firms could provide audit services within the Company's budget and for benchmarking purposes. Subsequently, no revised fee proposal was received from DTT and its initial fee quotation remained unchanged.

By early June 2026, the Company obtained three fee proposals from three independent professional audit firms (including ZHAN).

As the Audit Committee required additional time to conduct comprehensive due diligence and evaluate the four audit fee proposals, and had not yet identified a specific successor auditor, the Board considered it appropriate to proceed with the AGM and propose the re-appointment of DTT as the Company's auditor for FY2026. This would avoid a vacancy in the office of auditor and ensure compliance with the Listing Rules. At the relevant time, apart from the fee arrangement, DTT remained suitable for re-appointment given their competence and familiarity with the Group's ongoing business operations.

Upon evaluation of the 4 audit fee proposals (including DTT's 1st Fee Proposal), the Audit Committee was of the view that ZHAN and another prospective audit firm offered an optimal balance of technical competence and cost-effectiveness. Accordingly, the Audit Committee raised specific inquiries and instructed the Management to conduct further due diligence on both firms, including their corporate backgrounds, preliminary audit plans, proposed resource allocations and market track records.

In mid-June 2026, after reviewing and assessing the detailed proposals submitted by ZHAN and another prospective audit firm, the Audit Committee concluded that ZHAN was the most suitable candidate to be appointed as the Company's statutory auditor, having regard to its technical capabilities and relevant industry experience. Furthermore, the Audit Committee recommended that the Company engage in further discussions with ZHAN to negotiate more favorable terms and ensure that the proposed engagement would be aligned as closely as possible with the Group's cost-effectiveness objectives.

Following the Audit Committee's comments, the Company entered into further fee negotiations with ZHAN, and ZHAN immediately revised their fee proposal downwards to HK$1.40 million (exclusive of tax with no PRC VAT payable) and an additional HK$280,000 for the Interim Results Review. To maintain appropriate governance oversight, the Audit Committee prudently recommended that the Company engage ZHAN to conduct the Interim Results Review under Agreed-Upon Procedures. This interim engagement was intentionally structured to allow the Audit Committee and the Management to directly evaluate ZHAN's professional performance, execution capability, and deliverables during the interim period before finalizing a permanent appointment recommendation.

In July 2026, the Audit Committee convened a meeting with the engagement team of ZHAN. The purpose of the meeting was to gain a comprehensive understanding of ZHAN's detailed audit planning, core methodology, and risk-based audit approach, as well as to evaluate their overall institutional service capabilities.

In September 2026, following the completion of the Interim Results Review, the Management sought formal feedback from the Audit Committee regarding ZHAN's performance. ZHAN also provided comprehensive credentials briefing to the Audit Committee, detailing their firm profile, execution of the interim review plan, and resource depth. The Audit Committee confirmed its full satisfaction with ZHAN's capabilities and deliverables and had no further comments.

The Company subsequently notified DTT of the Board's intention regarding the proposed change of auditors. Upon receiving this notification, DTT substantially reduced its proposed audit fee for the 2026 Annual Audit (the "**DTT's 2nd Fee Proposal**") in an attempt to bridge the pricing gap. The DTT's 2nd Fee Proposal is approximately 22% higher than ZHAN's audit fee proposal for FY2026.

In October 2026, the representative from DTT communicated with the chairman of the Audit Committee (the "**Chairman**") regarding their proposed resignation. During the communication, the representative from DTT conveyed to the Chairman that since DTT could not reach a consensus with the Company's on the audit fee, DTT would consider resigning as the auditor of the Company.

On 27 October 2026, DTT tendered its resignation as the auditor of the Company with immediate effect. DTT has confirmed in writing that there is no matter in connection with the resignation of DTT as the auditor of the Company that needs to be brought to the attention of the Shareholders. Subsequently on the same date, the Board, acting on the recommendation of the Audit Committee, resolved to proceed with the appointment of ZHAN to fill the casual vacancy arising from the Resignation of Auditor, subject to the approval by the Shareholders at the EGM.

AUDIT FEE PROPOSALS, DETAILED BASIS AND BREAKDOWN

The proposed audit fee for FY2026 from ZHAN (i.e. HK$1.40 million, exclusive of tax with no PRC VAT payable) is based on an estimated total of 3,360 audit hours. This comprises approximately 150 hours allocated to the engagement partners and engagement quality control reviewer, 50 hours to the technical review team, and 600 hours to the audit managers. The remaining balance consists of 1,200 hours allocated to seniors and 1,360 hours to associates. The Company assessed ZHAN's proposed arrangements with reference to their proposed audit plan and considers that ZHAN's proposed staffing structure and allocation of 3,360 audit hours would provide sufficient and appropriate professional resources to conduct an effective statutory audit without compromising audit quality.

On the other hand, DTT's 2nd Fee Proposal represents a substantial reduction from the professional service fees of HK$2.48 million (exclusive of PRC VAT) charged for the financial year ended 31 December 2025 ("**FY2025**"). Given that DTT's FY2025 engagement team comprised one engagement partner, one quality control reviewer and one audit manager, supported by a core team of professional staff, the Audit Committee assessed DTT's 2nd

Fee Proposal by reference to historical engagement data to facilitate a comprehensive comparison of the respective technical capabilities and resource commitments of DTT and ZHAN. Based on these historical benchmarks, the Audit Committee is satisfied that ZHAN's proposed staffing structure and the allocation of 3,360 audit hours will provide sufficient and appropriate professional resources to conduct an effective statutory audit of equivalent quality to that of the FY2025 audit.

AUDIT COMMITTEE'S ASSESSMENT OF ZHAN

With reference to the relevant guidelines issued by the Accounting and Financial Reporting Council (the "**AFRC**"), including the "Guidelines for Effective Audit Committees – Selection, Appointment and Reappointment of Auditors" (the "**Guidelines**") and the "Guidance Notes on Change of Auditors", the Audit Committee and the Board have reviewed and considered various factors when assessing the appointment of ZHAN as auditor for the 2026 Annual Audit, which include but are not limited to (i) ZHAN's practicing qualifications and technical competence; (ii) ZHAN's industry knowledge and experience in providing audit services for listed companies that are in the similar industry to the Group and its engagement performance; (iii) ZHAN's audit plan and audit fee; (iv) the resource allocation, audit team members and estimated workforce to be committed by ZHAN; (v) ZHAN's independence; and (vi) whether the audit fee proposed by ZHAN is commensurate with the extent of audit work required, and concluded that ZHAN meets the requirements of the Company's 2026 Annual Audit in terms of its qualifications, professional competence and independence. In assessing the appointment of ZHAN, the Audit Committee has specifically taken into account Section 2 of the Guidelines issued by the AFRC. The details of its assessment are summarised below:

- ***Governance and Leadership*** – The Audit Committee has reviewed ZHAN's leadership team profile, organisational structure and quality management policies relating to governance and leadership. Having regard to ZHAN's clear reporting lines, delegated authorities and robust arrangements for responsibility and accountability, the Audit Committee is satisfied that ZHAN has in place an effective governance and leadership framework capable of safeguarding the public interest in the discharge of its audit functions.

- ***Compliance with relevant ethical requirements*** – Based on the information provided by ZHAN and its quality management manual, which all of its professional staff are required to comply with, ZHAN maintains independence and objectivity in accordance with the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and complies with the ethical standards prescribed by the AFRC. ZHAN has also confirmed that there are no proposed non-audit services, financial or business relationships between the Company and ZHAN, and that there are no personal relationships between members of the audit team and the Company that could affect their independence in conducting the 2026 Annual Audit.

- ***Engagement performance*** – The Audit Committee has reviewed ZHAN's proposed audit timetable, which sets out the key phases of, and procedures to be undertaken for, the 2026 Annual Audit, as well as the proposed composition of the audit engagement team. Having considered the proposed structure of the audit engagement team, the scale and complexity of the Group's operations, and the number of entities within the Group, the Audit Committee is satisfied that ZHAN will be able to allocate sufficient personnel at appropriate levels of seniority, with the requisite technical expertise and management oversight, to support the effective conduct of the 2026 Annual Audit and safeguard audit quality.

- ***Industry knowledge and technical competence*** – The Audit Committee has reviewed ZHAN's firm profile, the proposed composition of the audit engagement team, and the credentials of the audit engagement partners, including their extensive experience in auditing companies listed on the Stock Exchange. The Audit Committee is satisfied that ZHAN possesses the requisite industry knowledge and technical competence to conduct the statutory audit of the Company. In particular, ZHAN's previous and existing client portfolios include a number of listed issuers engaged in the mining and energy sectors in Hong Kong and the People's Republic of China, which are highly comparable to the business operations of the Group.

- ***Monitoring process*** – The Audit Committee has assessed ZHAN's monitoring procedures through the firm's quality management framework established in accordance with the applicable standards issued by the HKICPA.

- ***Communication and interaction with the Audit Committee*** – The Audit Committee and ZHAN have agreed to maintain effective and ongoing communication at each stage of the audit process, through regular meetings and timely discussions of any significant matters or issues identified in the course of the audit. As part of this two-way communication, ZHAN has provided the Audit Committee with an overview of the proposed audit scope and a preliminary audit timetable. ZHAN will report and discuss its audit findings with the Audit Committee periodically throughout the 2026 Annual Audit and upon its completion. Through its initial meetings with the Audit Committee and the Management, ZHAN has obtained a clear understanding of the Company's requirements and expectations.

- ***Proven Interim Performance Evaluation*** – As disclosed in the chronology above, the Audit Committee pragmatically assessed ZHAN's capabilities firsthand during their engagement for the Interim Results Review under Agreed-Upon Procedures. ZHAN demonstrated satisfactory execution efficiency, clear communication and rigorous adherence to applicable technical standards, while delivering the interim review on schedule. Accordingly, the Audit Committee was satisfied with ZHAN's operational capabilities.

MAJOR FACTORS UNDERLYING THE VARIANCE IN PROPOSED AUDIT FEES

The Audit Committee is of the view that the difference between the final audit fee proposals for FY2026 provided by DTT and ZHAN primarily reflects the premium typically associated with firms of their respective tiers, as well as differences in their pricing approaches and overall engagement economics. Such variance also reflects the strategic pricing adopted by ZHAN in connection with its appointment as auditor for a new client engagement, with a view to establishing a long-term professional relationship with the Group.

The Audit Committee noted that, following the completion of the Group's tendering and evaluation process, DTT offered a substantial fee reduction shortly after being informed of ZHAN's audit fee proposal. In evaluating the final engagement arrangements, the Audit Committee considered the timing and terms of DTT's revised fee proposal, together with DTT's historical audit fees and the resources previously allocated to the Group's audit.

By contrast, ZHAN's proposed audit fee for FY2026 was determined after arm's-length negotiations and was based on a structured pricing model reflecting the Group's simplified corporate structure, without compromising the audit hours or compliance standards required for the engagement.

The Audit Committee is of the view that there are no material differences between the audit approaches adopted by DTT and proposed by ZHAN. Both DTT's audit approach and ZHAN's proposed audit approach comply fully with the Hong Kong Standards on Auditing (the "**HKSAs**").

To discharge its duties and ensure that audit quality would not be compromised due to reduced fees, the Audit Committee performed a thorough assessment in accordance with the Guidelines, including, (1) reviewing ZHAN's detailed staffing plan, experience in auditing listed issuers, and proposed audit hour allocations, and being satisfied that adequate technical resources and experienced staff would be allocated to the engagement; and (2) verifying ZHAN's independence, reviewing its internal quality control and engagement review mechanisms, and confirming that no scope limitations or constraints would be imposed on its audit work. Based on these evaluations, the Audit Committee is satisfied that ZHAN's proposed audit fee reflects commercial pricing considerations and operational cost differences rather than any compromise in audit quality.

Accordingly, having duly considered the facts and circumstances available as at the date of the Announcement, including, in particular, ZHAN's experience in providing audit services to companies in related industries and the prevailing market rates for comparable services, the Board considers ZHAN's proposed audit fee for FY2026 to be fair and reasonable and the appointment of ZHAN as the auditor of the Company to be in the best interests of the Company and the Shareholders as a whole.

In particular, the prevailing market rates for comparable services were evidenced by (i) the formal fee proposals received by the Company from three independent professional firms (excluding DTT), which ranged from HK$1.40 million to HK$1.95 million (exclusive of tax with no PRC VAT payable); and (ii) DTT's 2nd Fee Proposal which also falls within the aforementioned price range, each covering a substantially similar scope of work for the 2026 Annual Audit. ZHAN's proposed audit fee for FY2026 falls comfortably within this market range. The Company considers that the differences among the fee proposals are primarily attributable to the respective firms' brand recognition and market positioning, rather than any material differences in the proposed scope of audit work.

ZHAN'S PROPOSED AUDIT PLAN

The following sets out a summary of ZHAN's proposed audit plan for the 2026 Annual Audit:

Phase	**Proposed period**	**Work to be done**
Phase 1: Engagement acceptance and audit planning	Upon completion of the appointment of ZHAN as the new auditor	• Complete initial engagement acceptance and transition procedures • Communicate with the Management and the Audit Committee to obtain an understanding of the Group's business, operations, internal and external business environment, principal risks and key performance indicators • Obtain an understanding of the Group's accounting policies, financial reporting processes, information systems and internal control environment • Prepare and present the proposed audit plan to the Management and the Audit Committee

Phase	Proposed period	Work to be done
Phase 2: Risk assessment and preliminary year-end audit procedures	November to December 2026	• Determine the scope of the 2026 Annual Audit and identify significant account balances, transactions, disclosures and audit risks • Commence the preliminary audit fieldwork and perform analytical review procedures on the financial information • Understand the Group's internal controls • Report preliminary findings identified during the work to the Management and the Audit Committee
Phase 3: Final audit fieldwork	January to March 2027	• Conduct the final audit fieldwork and perform audit procedures • Summarise the audit findings; communicate with the Management and assess their overall impact on the financial statements • Discuss and agree with the Management on key audit matters, particularly those involving significant assumptions, judgements or estimates

Phase	Proposed period	Work to be done
Phase 4: Completion and reporting	March 2027	• Complete engagement quality control review procedures • Finalise outstanding audit matters and obtain management representations • Report significant audit findings, key accounting and auditing judgements, internal control observations and the proposed audit opinion to the Management and the Audit Committee • Consider matters relevant to the Company's annual-results announcement and other financial disclosures • Issue the auditor's report upon completion of all necessary audit procedures and satisfaction of the relevant reporting requirements • Provide recommendations to the Management, where appropriate, and conduct a post-audit review to identify improvements for future audit engagements

ZHAN will conduct the 2026 Annual Audit in accordance with the HKSAs issued by the HKICPA. The nature, timing, and extent of the audit procedures, including the sampling approach and substantive testing, will be determined based on ZHAN's risk assessment. The final audit opinion will be formed using the evidence obtained throughout the audit process.

Based on the above, the Audit Committee is fully confident that ZHAN is capable of completing all necessary audit procedures in strict accordance with the proposed timetable without compromising audit quality.

Save as disclosed above, all other information contained in the Announcement remains unchanged. The supplemental information set out in this announcement does not affect the other contents of the Announcement.

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

Hong Kong, 6 November 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.