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河南金馬能源股份有限公司

HENAN JINMA ENERGY COMPANY LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 6885)

DISCLOSEABLE TRANSACTION

FORMATION OF A JOINT VENTURE

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The Board is pleased to announce that on 28 January 2021, the Company and Shanghai Hyfun entered into the JV Agreement, pursuant to which the Parties have agreed to establish a joint venture company in Henan province in the PRC. The Company has agreed to contribute RMB160 million to the JV Company, representing 80% of the total capital contributions.

Following completion of the capital injections by the Company and Shanghai Hyfun as contemplated under the JV Agreement, the JV Company will be held as to 80% by the Company and, accordingly, be accounted for as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the formation of the JV Company is more than 5% but all of which are less than 25%, the transaction contemplated under the JV Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

The Board is pleased to announce that on 28 January 2021, the Company and Shanghai Hyfun entered into the JV Agreement, pursuant to which the Parties have agreed to establish a joint venture company in Henan province in the PRC.

JV AGREEMENT

A summary of the salient terms of the JV Agreement is set out below:

Date: 28 January 2021

Parties: (1) the Company; and
(2) Shanghai Hyfun

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

Capital contributions

Pursuant to the JV Agreement, the Company and Shanghai Hyfun have agreed to make capital contributions to the JV Company in the following manner:

Name of Party	Capital contribution to be contributed by each party (RMB'million)	Percentage of equity interest in the JV Company
Company	160	80%
Shanghai Hyfun	40	20%
Total	200	100%

The amount of the capital contributions to be injected by each party to the JV Agreement was determined after arm's length negotiations between the Parties with reference to the JV Company's estimated funding needs and the agreed share by each Party and shall be payable in cash in two tranches:

- (i) the first tranche shall be payable within three months following the formation of the JV Company, whereby the Company shall contribute RMB80 million (equivalent to approximately HK\$95.6 million) and Shanghai Hyfun shall contribute RMB20 million (equivalent to approximately HK\$23.9 million) to the JV Company, and
- (ii) the remainder of the capital contribution amount, comprising RMB80 million (equivalent to approximately HK\$95.6 million) payable by the Company and RMB20 million (equivalent to approximately HK\$23.9 million) payable by Shanghai Hyfun, shall be injected into the JV Company in accordance with the capital needs of the JV Company to be determined depending on the development needs of the JV Company, but in any event, no later than 31 December 2070.

The Company's portion of the capital contribution is expected to be funded by its internal resources.

Following completion of the capital injections by the Parties as contemplated under the JV Agreement, the JV Company will be held as to 80% by the Company and, accordingly, be accounted for as a subsidiary of the Company.

Ownership of the JV Company

The Parties, as holders of equity interests in the JV Company, shall be entitled to rights of equity holders (including voting rights) in proportion to their respective equity interests in the JV Company. Pursuant to the JV Agreement, at the equity holders' meeting of the JV Company, general matters shall be approved by a majority vote of the holders of equity interests, whereas for certain important matters, including amendment to the JV Company's articles of association, alteration of its registered capital, the amalgamation or dissolution of the JV Company, and distribution of dividends shall require the approval of two-thirds of the votes of the holders of equity interest in the JV Company.

In the event of a transfer of equity interest in the JV Company by any equity holder, the equity holder interested in over 50% of the equity interests in the JV Company shall have a pre-emptive right to acquire such interest.

Management of the JV Company

The board of directors of the JV Company shall consist of three directors, among which, the Company shall nominate two directors, and Shanghai Hyfun shall nominate one director. The chairman of the board of directors of the JV Company shall be a director nominated by the Company. The general manager of the JV Company shall be nominated by the Company and the sales deputy general manager of the JV Company shall be nominated by Shanghai Hyfun.

The supervisory committee of the JV Company shall consist of three supervisors, among which each of the Company and Shanghai Hyfun shall nominate one supervisor, and the employees shall elect one employee representative supervisor. The chairman of the supervisory committee of the JV Company shall be nominated by Shanghai Hyfun.

Business of the JV Company

In 2015, the Group acquired 49% of the interest in Jinjiang Refinery, which is principally engaged in the production and sales of hydrogen, and has since then participated in the hydrogen production and sales market. Jinjiang Refinery produces hydrogen with a purity of up to 99.99% and has an annual production capacity up to 300 million cubic meters. Therefore, through Jinjiang Refinery, the Group currently has access to the extremely high-purity hydrogen required for the production of hydrogen fuel cells.

Against the aforementioned background and coupled with the extensive experience of Shanghai Hyfun (the joint venture partner) in the construction and operation of hydrogen refueling stations, as well as its research, development and technology regarding high-density hydrogen storage and transportation equipment, the Group plans to further expand its business scope and take part in various major components of the hydrogen energy industry chain through the JV Company, with an aim to gradually develop and establish a hydrogen energy industry base in the Henan Province. Hence, the principal businesses of the JV Company will include production, storage and sales of hydrogen, hydrogen refueling station construction and operation, parts and related testing systems in relation thereto, etc.

INFORMATION ON SHANGHAI HYFUN

Shanghai Hyfun

Shanghai Hyfun is a company with limited liability established in the PRC in 2016. Shanghai Hyfun focuses on the research and development of hydrogen refueling stations and high-density hydrogen storage and transport equipment production, the production and operation of key equipment in relation thereto; and is principally engaged in investment, construction and operation of hydrogen refueling stations. Insofar as the Board is aware, Shanghai Hyfun has been one of the leaders in the construction and operation of hydrogen gas stations and had participated in the construction and operation of a number of hydrogen refueling stations, it was also certified as a Shanghai High-tech Enterprise and holds various patents.

Insofar as the Board is aware, as at the date of this announcement, Shanghai Hyfun has eight equity holders, comprising one individual and seven corporations/partnerships, details of which are set out below:

Name of equity holder	Approximate percentage of equity interest held in Shanghai Hyfun
寧波梅山保稅港區氫揚投資管理合夥企業(有限合夥) (Ningbo Meishan Free Trade Port Qingyang Investment Management Partnership (Limited Partnership)*) ^(Note 1)	38.94%
張家港同創富瑞新能源產業投資基金企業(有限合夥) (Zhangjiagang Tongchuang Furui New Energy Industry Investment Fund Enterprise (Limited Partnership)*) ^(Note 2)	15.36%
河南省戰新氫能二期產業投資合夥企業(有限合夥) (Henan Province Zhanxin Hydrogen Phase II Industry Investment Partnership (Limited Partnership)*) ^(Note 3)	12.50%
寧波梅山保稅港區匯風氫能股權投資合夥企業(有限合夥) (Ningbo Meishan Free Trade Port Huifeng Hydrogen Energy Equity Investment Partnership (Limited Partnership)*) ^(Note 4)	11.68%
Zhu Yonglan (朱永蘭)	6.49%
深圳市雄韜電源科技股份有限公司 (Shenzhen Vision Power Technology Co., Ltd.*) ^(Note 5)	4.73%
上海嗨奮能源技術合夥企業(普通合夥) (Shanghai Hifen Energy Technology Partnership (General Partnership)*) ^(Note 6)	4.23%
上海重塑能源集團股份有限公司 (Shanghai Remodeling Energy Group Co., Ltd.*) ^(Note 7)	3.24%
湖北蘋湖創業投資有限公司 (Hubei Pinghu Venture Capital Co., Ltd.*) ^(Note 8)	2.82%

Notes:

Insofar as the Board is aware:

1. Ningbo Meishan Free Trade Port Qingyang Investment Management Partnership (Limited Partnership) is a limited partnership held as to approximately 55.5% by Fang Peijun (方沛軍), 25% by Ge Aimei (葛愛妹), 16.67% by Liu Weiwei (劉煒煒), 2.78% by Xuan Feng (宣鋒) and 0.06% by Fang Haijun (方海軍) as at the date of this announcement.
2. Zhangjiagang Tongchuang Furui New Energy Industry Investment Fund Enterprise (Limited Partnership) is a limited partnership and is, as at the date of this announcement, held by three companies, amongst which, one of them is a company listed in the Shenzhen Stock Exchange.
3. Henan Province Zhanxin Hydrogen Phase II Industry Investment Partnership (Limited Partnership) is a limited partnership held by three companies and two limited partnerships as at the date of this announcement.
4. Ningbo Meishan Free Trade Port Huifeng Hydrogen Energy Equity Investment Partnership (Limited Partnership) is a limited partnership held by four individuals as at the date of this announcement.
5. Shenzhen Vision Power Technology Co., Ltd. is a company listed on the Shenzhen Stock Exchange as at the date of this announcement.
6. Shanghai Hifen Energy Technology Partnership (General Partnership) is a limited partnership held as to 80% by Fang Peijun and as to 20% by Xuan Feng as at the date of this announcement.
7. Shanghai Remodeling Energy Group Co., Ltd. is held by five individuals and 18 corporations/partnerships as at the date of this announcement.
8. Hubei Pinghu Venture Capital Co., Ltd.* is held by five companies as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE FORMATION OF THE JV COMPANY

The Group is a leading coke producer and processor of coking by-products in the coking chemical industry in Henan province, the PRC. The Group operates a vertically integrated business model along the coking chemical value chain from coke production to the processing of coking by-products into refined chemicals and energy products. Capitalising on the Group's years of operations in the coking chemical industry and the Group's long-term business relationship with coal suppliers, the Group also engages in the trading of coal, coke, LNG and nonferrous materials.

In view of the PRC government's strategic policy in developing clean energy, and in order to grasp the opportunity of the development of hydrogen fuel cell vehicles and the relevant industry in the Henan Province, the Board considers that the formation of a joint venture with Shanghai Hyfun (being a company with established businesses in the hydrogen gas industries as mentioned in the above section headed "Information on Shanghai Hyfun") would enable the Group to leverage on the resources and expertise of such joint venture partner, such that based on the Group's foundation in the business area of production and sales of hydrogen in which the Group has already set foot on, the Group could further develop and diversify into the national hydrogen energy market and hydrogen energy value chain, which is expected to generate reasonable returns for the Group.

In light of the above, the Directors (including the independent non-executive Directors) believe that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its shareholders as a whole.

Further, in order to strengthen the Group's engagement in the hydrogen energy industry, the Group intends to inject capital into Shanghai Hyfun (the **"Possible Capital Injection"**). The Group also intends to transfer all of its interest in Jinjiang Refinery, representing 49% of the equity interest in Jinjiang Refinery, to the JV Company, so that the Group's hydrogen energy chain operations will be operated through the JV Company in a unified and centralised manner (the **"Possible Internal Reorganisation"**). The Board would like to emphasise that, as at the date of this announcement, no final agreement or term has been entered into or determined in relation to the Possible Capital Injection or the Possible Internal Reorganisation. As such, the Possible Capital Injection and the Possible Internal Reorganisation may or may not take place. Shareholders of the Company and potential investors should exercise caution when dealing in the Company's shares, and the Company will issue a separate announcement in relation thereto as and when appropriate in accordance with the Listing Rules (if necessary).

LISTING RULES IMPLICATIONS

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DEFINITIONS

In this announcement, the following expressions shall have the following meanings, unless the context requires otherwise:

"Board"	the board of Directors;
"Company"	河南金馬能源股份有限公司(Henan Jinma Energy Company Limited), a company established in the PRC with limited liability;
"connected person"	has the meaning ascribed to it under the Listing Rules;
"Director(s)"	the director(s) of the Company;
"Group"	the Company and its subsidiaries;
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC;
"Independent Third Party(ies)"	party(ies) which are independent of and not connected with the Company and its connected persons;
"Jinjiang Refinery"	河南金江煉化有限責任公司(Henan Jinjiang Refinery Co., Ltd.*), a company established in the PRC and owned as to 49% by the Company and 51% by 洛陽煉化有限責任公司(Luoyang Refinery Co., Ltd.*), an Independent Third Party;

“JV Agreement”	the joint venture agreement dated 28 January 2021 and entered into between the Parties in relation to the formation of a joint venture;
“JV Company”	a company to be established in the PRC with limited liability pursuant to the JV Agreement, the proposed name of which is 河南金馬氫楓氫能源有限責任公司(Henan Jinma Qingfeng Hydrogen Energy Co., Ltd.*);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	the Company and Shanghai Hyfun, and “Party” means any one of them;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Hyfun”	上海氫楓能源技術有限公司(Shanghai Hyfun Energy Technology Co., Ltd.*), a company established in the PRC with limited liability and an Independent Third Party;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

* For identification purposes only

For the purpose of this announcement, unless otherwise indicated, the exchange rate of RMB1.00 = HK\$1.1955 has been used, where applicable, for purpose of illustration only and it does not constitute any representation that any amount has been, could have been or may be exchanged at that rate or at any other rate.

By order of the Board
Henan Jinma Energy Company Limited
Yiu Chiu Fai
Chairman

Hong Kong, 28 January 2021

As at the date of this announcement, the executive Directors of the Company are Mr. YIU Chiu Fai, Mr. WANG Mingzhong and Mr. LI Tianxi; the non-executive Directors of the Company are Mr. HU Xiayu, Mr. WANG Kaibao and Ms. YE Ting; and the independent non-executive Directors of the Company are Mr. MENG Zhihe, Mr. WU Tak Lung and Mr. CAO Hongbin.