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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

ACQUISITION OF LAND USE RIGHTS

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The Board is pleased to announce that the Purchaser has on 10 March 2021 received from Jiyuan Natural Resources Bureau the executed Land Use Rights Grant Contract in respect of the acquisition of the land use rights of the Land for a total consideration of RMB99.261 million (equivalent to approximately HK\$118.937 million).

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio calculated in accordance with the Listing Rules in respect of the Acquisition is more than 5% but all of which are less than 25%, the Acquisition 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.

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A summary of the salient terms of the Land Use Rights Grant Contract is set out below:

Date: 8 March 2021

Parties: (1) Jiyuan Natural Resources Bureau, as grantor; and
(2) the Purchaser, as grantee

To the best of the directors' knowledge, information and belief having made all reasonable enquiries, Jiyuan Natural Resources Bureau and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Location of the Land: West of Huling Avenue, south of Guihua Jinjiang South Road (虎嶺大道西、規劃金江南路南), Jiyuan City, Henan Province, the PRC

Total site area: 322,800 square meters

Nature of the land use rights: Industrial use with a term of use of 50 years

Land Price: RMB99,261,000

The Land Price of RMB99,261,000 was arrived at after the bidding process held by Jiyuan Natural Resources Bureau at which the Land was offered for sale.

Payment term: The Land Price is payable in full before 7 April 2021.

As at the date of this announcement, an amount of RMB19,852,200 has been paid as deposit, which will be used to set off against part of the Land Price. It is expected that the Land Price will be funded by the Group's internal resources.

Delivery of the Land: The Land shall be delivered to the Purchaser before 5 April 2021.

Development of the Land and restriction on transfer: The Purchaser shall invest and develop the Land for the purpose of the construction of industrial facilities and the Land is not transferable until being developed accordingly.

INFORMATION ON THE PARTIES

Jiyuan Natural Resources Bureau is a PRC governmental authority responsible for the management of the rural and urban planning and the state-owned land resources in Jinan City.

The Purchaser, being a wholly owned subsidiary of Shenzhen Jinma, is established in the PRC with limited liability. Shenzhen Jinma is, in turn, a non-wholly owned subsidiary of the Company, and is held as to approximately 51%, 22.27%, 22.27% and 4.46% by the Company, Shanghai Luxiang, Zenith Steel and DM Industrial, respectively. Other than being shareholders of Shenzhen Jinma, Shanghai Luxiang, Zenith Steel and DM Industrial are independent of and not connected with the Company and its connected persons. The Purchaser is principally engaged in the production and manufacturing of coke and investments in respect of coking and energy related projects.

REASONS FOR AND BENEFITS OF THE ACQUISITION

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.

Reference is made to the announcement of the Company dated 9 May 2019, 19 November 2020 and 23 December 2020 in respect of, inter alia, the Group's expansion plan involving the construction of two advanced coking furnaces (with a height of 7.65 metres with an aggregate production capacity of 1.8 million tonnes of coke per annum).

With a view to implement the abovementioned expansion plan, the Group is required to acquire additional land for the construction of such new furnaces. The Board considers that, the Land, being located in the proximity of the existing coking production facilities of the Group, is an appropriate location for implementation of its the expansion plan, which would enable the smooth integration of the new furnaces with the Group's existing production facilities, replace the Group's two old furnaces with a height of 4.3 metres that had ceased operations, and in turn, improve the Group's coke production volume.

Further, the Land Price was arrived at following the bidding process held by the Jiyuan Natural Resources Bureau, which the Board considers fair and reasonable as it is consistent with the prevailing market value of comparable land in the region.

In light of the above, the Directors consider that the terms of the Acquisition are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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DEFINITIONS

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

“Acquisition”	the acquisition of land use rights of the Land;
“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;
“DM Industrial”	Dong Ming Industrial Group Co., Ltd.* (東銘實業集團有限公司), a limited liability company incorporated in the PRC;
“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jiyuan Natural Resources Bureau”	Jiyuan City Natural Resources and Planning Bureau (濟源市自然資源和規劃局);
“Land”	a parcel of land located at West of Huling Avenue, south of Guihua Jinjiang South Road (虎嶺大道西、規劃金江南路南), Jiyuan City, Henan Province, the PRC;
“Land Price”	RMB99,261,000, payable by the Purchaser for the Acquisition;
“Land Use Rights Grant Contract”	the land use rights grant contract dated 8 March 2021 entered into between Jiyuan City Natural Resources Bureau and the Purchaser;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Purchaser”	Henan Jinma Zhongdong Energy Co., Ltd.* (河南金馬中東能源有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shenzhen Jinma”	Shenzhen Jinma Energy Co., Ltd* (深圳市金馬能源有限公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;

“Shanghai Luxiang”	Shanghai Luxiang Enterprise Group Co., Ltd.* (上海鷺翔實業集團有限公司), a limited liability company incorporated in the PRC;
“Zenith Steel”	Zenith Steel Group Co., Ltd.* (中天鋼鐵集團有限公司), a limited liability company incorporated in the PRC;
“%”	per cent.

* For identification purposes only

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

Hong Kong, 10 March 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.

For the purpose of this announcement, unless otherwise indicated, the exchange rate of HK\$1 = RMB0.83457 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.