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If you have sold or transferred all your shares in Henan Jinma Energy Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

REVISION OF EXISTING ANNUAL CAPS IN RESPECT OF THE EXISTING FRAMEWORK AGREEMENT AND NOTICE OF EXTRAORDINARY GENERAL MEETING

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



FIRST SHANGHAI CAPITAL LIMITED
第一上海融資有限公司

A letter from the Board is set out on pages 4 to 11 of this circular.

A letter from the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps is set out on page 12 of this circular.

A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders of Henan Jinma Energy Company Limited on the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps is set out on pages 13 to 23 of this circular.

A notice convening the EGM to be held at the Company's conference room at Room 2801, 88 Hing Fat Street, Causeway Bay, Hong Kong on Thursday, 23 December 2021 at 10:00 a.m. is set out on pages 30 to 31 of this circular.

Whether or not you intend to be present at the EGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the H Share Registrar of the Company at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong (with respect to the holders of H Shares), no later than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending, and voting at, the relevant meeting or any adjournment thereof if you so wish.

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DEFINITIONS

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

| | |
|--------------------------------|--|
| “2019 Announcement” | the announcement of the Company dated 23 August 2019 |
| “2019 Circular” | the circular of the Company dated 18 September 2019 |
| “5% Threshold” | the thresholds referred to in Rule 14A.76(2)(a) of the Listing Rules |
| “associates” | has the meaning ascribed thereto under the Listing Rules |
| “Board” | the board of Directors |
| “close associate(s)” | has the meaning ascribed thereto under the Listing Rules |
| “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 thereto under the Listing Rules |
| “Director(s)” | the director(s) of the Company |
| “EGM” | the extraordinary general meeting of the Company to be held on 23 December 2021 to consider and, if thought fit, approve, inter alia, the Supplemental Agreement and the proposed Revised Annual Caps |
| “Existing Annual Cap(s)” | has the meaning as ascribed to it under section headed “II. Supplemental Agreement and the proposed Revised Annual Caps” in the “Letter from the Board” contained in this circular |
| “Existing Framework Agreement” | the framework agreement entered into between the Company and Jiangxi PXSteel on 23 August 2019 in respect of the sale of coke by the Group to the Jiangxi PXSteel Group for a term of three years ending 31 December 2022, details of which are set out in the 2019 Announcement and the 2019 Circular |
| “Group” | the Company and its subsidiaries |

DEFINITIONS

| | |
|---------------------------------|--|
| “H Share(s)” | overseas listed foreign share(s) in the capital of the Company with a nominal value of RMB1.00 each and are listed on the main board of the Stock Exchange |
| “H Share Registrar” | Computershare Hong Kong Investor Services Limited |
| “Independent Board Committee” | a committee of the Board comprising Mr. Cao Hongbin, Mr. Meng Zhihe and Mr. Wu Tak Lung, being the independent non-executive Directors |
| “Independent Financial Adviser” | First Shanghai Capital Limited, the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Supplemental Agreement, the transactions contemplated thereunder and the proposed Revised Annual Caps |
| “Independent Shareholders” | shareholders of the Company who are not required to abstain from voting at the relevant general meeting of the Company held to consider, and if thought fit, approve the Supplemental Agreement and the proposed Revised Annual Caps |
| “Jiangxi PXSteel” | 江西萍鋼實業股份有限公司 (Jiangxi PXSteel Industrial Co. Ltd.*), a joint stock company established in the PRC and a connected person of the Company |
| “Jiangxi PXSteel Group” | Jiangxi PXSteel and its associates |
| “Latest Practicable Date” | 3 December 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “PRC” | the People’s Republic of China |
| “Revised Annual Cap(s)” | has the meaning as ascribed to it under the section headed “II. Supplemental Agreement and the proposed Revised Annual Caps” in the “Letter from the Board” contained in this circular |
| “RMB” | Renminbi, the lawful currency of the PRC |

DEFINITIONS

| | |
|--------------------------|---|
| “SFO” | Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Supervisor(s)” | the supervisor(s) of the Company |
| “Supplemental Agreement” | the supplemental agreement to the Existing Framework Agreement entered into between the Company and Jiangxi PXSteel on 19 November 2021 |
| “%” | per cent. |

* *For identification purposes only*

If there is any inconsistency between the Chinese name of the entities mentioned in this circular and their English translation, the Chinese version shall prevail.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. YIU Chiu Fai
Mr. WANG Mingzhong
Mr. LI Tianxi

Non-executive Directors:

Mr. HU Xiayu
Mr. WANG Kaibao
Ms. YE Ting

Independent Non-executive Directors:

Mr. CAO Hongbin
Mr. MENG Zhihe
Mr. WU Tak Lung

Supervisors:

Mr. WONG Tsz Leung
Ms. LI Lijuan
Mr. ZHOU Tao, David
Ms. TIAN Fangyuan
Ms. HAO Yali
Mr. FAN Xiaozhu

Registered office:

West First Ring Road South
Jiyuan
Henan Province
PRC

*Principal place of business
in Hong Kong:*

Unit 2801, 28/F
88 Hing Fat Street
Causeway Bay
Hong Kong

8 December 2021

To: *All shareholders of the Company*

Dear Sir or Madam,

**REVISION OF EXISTING ANNUAL CAPS IN RESPECT OF
THE EXISTING FRAMEWORK AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the announcement of the Company dated 19 November 2021 in relation to the revision of Existing Annual Caps in respect of the Existing Framework Agreement.

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the 2019 Announcement and the 2019 Circular in relation to, among other things, the Existing Framework Agreement. Pursuant to the Existing Framework Agreement, the Company agreed to sell coke to the Jiangxi PXSteel Group for a term of three years from 1 January 2020 to 31 December 2022.

As a result of the significant rise in the price of coke in recent months, the Board anticipates that the transactions with the Jiangxi PXSteel Group pursuant to the Existing Framework Agreement will exceed the original projection and hence the Existing Annual Caps provided under the Existing Framework Agreement will not be sufficient for the years ending 31 December 2021 and 31 December 2022.

Accordingly, the Board announced that, on 19 November 2021, the Company had entered into the Supplemental Agreement with Jiangxi PXSteel to amend the Existing Framework Agreement by revising the Existing Annual Caps to the Revised Annual Caps. The Supplemental Agreement and the proposed Revised Annual Caps are conditional upon the approval of the Independent Shareholders at the EGM.

The purpose of this circular is to provide you with, among other things, (i) further details of the Supplemental Agreement and the Revised Annual Caps; (ii) a letter from the Independent Board Committee to the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Caps; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement and the Revised Annual Caps; and (iv) the notice of the EGM.

II. SUPPLEMENTAL AGREEMENT AND THE PROPOSED REVISED ANNUAL CAPS

A summary of salient terms of the Supplemental Agreement is set out below.

Date: 19 November 2021

Parties: (1) The Company
(2) Jiangxi PXSteel

LETTER FROM THE BOARD

Pursuant to the Supplemental Agreement, conditional upon obtaining the Independent Shareholders' approval pursuant to the Listing Rules, the existing annual caps in respect of the two years ending 31 December 2022 (the “**Existing Annual Cap(s)**”) shall be amended to the revised annual caps (the “**Revised Annual Cap(s)**”) as further described below:

| | 2021 | 2022 |
|----------------------|------------------|------------------|
| | <i>RMB'000</i> | <i>RMB'000</i> |
| Existing Annual Caps | 1,755,000 | 1,755,000 |
| Revised Annual Caps | <u>2,255,000</u> | <u>2,790,000</u> |

Save as aforesaid, all other terms of the Existing Framework Agreement shall remain unchanged. Please refer to (i) the section headed “II.B. Jiangxi PXSteel Continuing Connected Transactions” of the 2019 Announcement, and (ii) the section headed “II. Non-exempt Continuing Connected Transactions – B. Jiangxi PXSteel Continuing Connected Transactions” in the Letter from the Board contained in the 2019 Circular, for details of the other principal terms of the Existing Framework Agreement, including, but not limited to, the payment terms and the pricing policy of the coke supplied by the Group to the Jiangxi PXSteel Group.

As of the Latest Practicable Date, the actual transaction amounts of the continuing connected transactions under the Existing Framework Agreement have not exceeded the Existing Annual Caps for the year ending 31 December 2021 as disclosed in the 2019 Announcement and the 2019 Circular. The Company will also continue to monitor the Group's actual amount of sales to the Jiangxi PXSteel Group to ensure that the Existing Annual Cap for the year ending 31 December 2021 will not be exceeded before the relevant Independent Shareholders' approval could be obtained at the EGM.

III. REASONS FOR THE REVISION OF THE EXISTING ANNUAL CAPS AND THE BASIS OF SETTING THE PROPOSED REVISED ANNUAL CAPS

The Group is a coke producer and processor of coking by-products in the coking chemical industry in Henan province. 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.

Jiangxi PXSteel is principally engaged in the manufacturing and sale of iron and steel products. With coke being the main and irreplaceable reducing agent, heat agent and column skeleton for blast furnaces used in the production of pig iron by iron and steel manufacturers, Jiangxi PXSteel has been one of the main customers of the Group's coke since 2004.

In 2021, there has been a significant rise in the price of coke, due to factors including (i) the impact of the COVID-19 pandemic which resulted in a serious imbalance of supply and demand within both the coal and coke markets, which in turn, contributed to a substantial increase in the average coal price by approximately 45% for the ten months ended 31 October

LETTER FROM THE BOARD

2021 as compared to that of the year 2020, and (ii) the PRC government's imposition of stricter environmental protection measures and requirements which resulted in a reduction of coke production capacity. The average price of coke (net of VAT) sold by the Group to Jiangxi PXSteel Group for the year ended 31 December 2020 was approximately RMB1,700 per ton, which increased to approximately RMB2,650 per ton for the ten months ended 31 October 2021, and such average price has, in particular, increased significantly in October to approximately RMB3,830 per ton.

As disclosed in the 2019 Announcement and the 2019 Circular, in determining the Existing Annual Caps for the two years ending 31 December 2021 and 2022, the Board had based on, inter alia, the assumption that the average market price (net of VAT) of coke would increase to approximately RMB1,950 per ton for each of the years ending 31 December 2021 and 2022. With the average price of coke (net of VAT) sold to Jiangxi PXSteel Group having increased to approximately RMB2,650 per ton for the ten months ended 31 October 2021, representing an increase of approximately 36% from the original expected RMB1,950 per ton, the actual transaction amount for the ten month ended 31 October 2021 reached 83.0% of the Existing Annual Cap for the year ending 31 December 2021.

The table below summarises the actual transaction amounts involved for the two years ended 31 December 2020 and the ten months ended 31 October 2021 for the transactions contemplated under the Existing Framework Agreement:

| | Ten months ended | | |
|---------------------------|------------------------------------|------------------|------------------------|
| | Year ended 31 December 2019 | 2020 | 31 October 2021 |
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| | <i>(audited)</i> | <i>(audited)</i> | <i>(unaudited)</i> |
| Actual transaction amount | 1,168,145 | 1,353,435 | 1,455,992 |

Following a recent review by the Group's sales department on the future trend of the market price of coke, the Board estimated that, with the ongoing effect of the above mentioned factors contributing to the high price of coke continuing to impact the coking chemical industry, the average price of coke (net of VAT) would fluctuate at the average price of October 2021 of RMB3,830 per ton for the remaining months of the year ending 31 December 2021, and whilst the price of coke is expected to stabilise in 2022 in view of price stability policies promulgated by the PRC government, the average price of coke (net of VAT) for the year ended 31 December 2022 would remain at a high level of approximately RMB3,100 per ton.

In light of the above, the Board is of the view that should the Group continue to sale coke to the Jiangxi PXSteel Group under the Existing Framework Agreement, the Existing Annual Caps will be exceeded, in particular, as the Group expects further orders to be placed by Jiangxi PXSteel Group by the end of the year ending 31 December 2021. Therefore, it would be appropriate to increase the annual caps for the sale of coke under the Existing Framework Agreement for the years ending 31 December 2021 and 2022.

LETTER FROM THE BOARD

Against such background, the Company and Jiangxi PXSteel entered into the Supplemental Agreement to revise the relevant annual caps. The proposed Revised Annual Caps for the two years ending 31 December 2022 provided were determined with reference to the following:

- (i) the Existing Annual Cap for the year ending 31 December 2021 is expected to be utilised by over 90% by the end of November 2021 in view of the high level of coke price and orders expected to be placed by the Jiangxi PXSteel Group to purchase coke from the Group;
- (ii) as mentioned above, the Group's estimation that the average price of coke (net of VAT) will fluctuate at the average price of October 2021 of RMB3,830 per ton for the remaining months of the year ending 31 December 2021, and will remain at a high level of approximately RMB3,100 per ton in average for the year ending 31 December 2022; and
- (iii) the Board's estimation that Jiangxi PXSteel Group would purchase up to 800,000 tons and 900,000 tons of coke from the Group during the two years ending 31 December 2021 and 2022, respectively, based on the Jiangxi PXSteel Group's historical demands. In reaching such estimation, the Board has taken into account the fact that (i) for the two years ended 31 December 2019 and 2020, the Group had supplied coke of approximately 644,000 tons and 795,000 tons, respectively, to the Jiangxi PXSteel Group, and (ii) during the ten months ended 31 October 2021, the Group had already supplied approximately 550,000 tons of coke to the Jiangxi PXSteel Group, and among such historical transaction amount, the amount of coke supplied to Jiangxi PXSteel Group in October amounted to approximately 88,000 tons, which indicated an increased demand in the last quarter of 2021. Hence, the Company expects additional orders to be placed by Jiangxi PXSteel Group for the Group's coke by the end of the year ending 31 December 2021 in order to meet with Jiangxi PXSteel Group's demands, resulting in the Group's annual supply of coke to Jiangxi PXSteel Group reaching the range of 750,000 to 800,000 tons for the year ending 31 December 2021. In addition, with improvements in measures adopted in the PRC to contain the impact of the COVID-19 pandemic, domestic economies in the PRC are expected to further recover in 2022 with a stable development of investments in infrastructure. Accordingly, it is estimated that the demand for the Group's coke (as a raw material for Jiangxi PXSteel Group's production of iron and steel) will remain stable for the year 2022. In light of the aforementioned and based on the historical transaction amount which demonstrates a growth in the demand for the Group's coke of around 23% for 2020 as compared to that for 2019, and an annual growth of up to around 12% for the period from 2019 to 2021, the Board estimates that there will be a growth of around 12.5% to 20.0% in the annual supply of coke to Jiangxi PXSteel Group as compared to that for 2021, and hence the Board expects that the Group's annual supply of coke to Jiangxi PXSteel Group for the year ending 31 December 2022 will be up to 900,000 tons.

LETTER FROM THE BOARD

Through the revision of the Existing Annual Caps to the Revised Annual Caps in view of the rise in the market price of coke as described above, the Group will be able to continue to its normal operations of selling coke to Jiangxi PXSteel Group and generate stable and predictable revenue, whilst at the same time satisfy the operational needs of Jiangxi PXSteel Group.

The Board (including the independent non-executive Directors) is of the view that the Supplemental Agreement has been negotiated on an arm's length basis and have been entered into by the Group in the ordinary and usual course of its business and is on normal commercial terms or better, and that the terms of the Supplemental Agreement and the proposed Revised Annual Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

At the meeting of the Board on 18 November 2021 approving, inter alia, the Supplemental Agreement and the proposed Revised Annual Caps, Ms. Ye Ting (a non-executive Director) has abstained from voting on the resolution in respect of the Supplemental Agreement and the proposed Revised Annual Caps for the reason of her position in the Jiangxi PXSteel Group. Save as disclosed above, no other Directors have any material interest in the transactions contemplated under the Supplemental Agreement.

IV. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Jiangxi PXSteel was a substantial shareholder of the Company holding approximately 10.09% of the total issued shares of the Company, and therefore a connected person of the Company under the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. As the highest percentage ratio calculated in accordance with the Listing Rules in respect of the proposed Revised Annual Caps exceeds the 5% Threshold, the Supplemental Agreement and the proposed Revised Annual Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

V. INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

An Independent Board Committee comprising the independent non-executive Directors (namely, Mr. Cao Hongbin, Mr. Meng Zhihe and Mr. Wu Tak Lung) has been established to advise the Independent Shareholders on whether or not the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps are conducted in the ordinary and usual course of business and on normal commercial terms or better, fair and reasonable and in the interests of the Company and its shareholders as a whole. An Independent

LETTER FROM THE BOARD

Financial Adviser, First Shanghai Capital Limited, has been appointed to advise the Independent Board Committee and the Independent Shareholders on the fairness and reasonableness of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

VI. EGM

It was proposed that the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps shall be considered and, if thought fit, approved at the EGM, which will be held at the Company's conference room at Room 2801, 88 Hing Fat Street, Causeway Bay, Hong Kong on Thursday, 23 December 2021 at 10:00 a.m.

The notice convening the EGM is set out on pages 30 to 31 of this circular. To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, other than Jiangxi PXSteel who had control or was entitled to exercise control over the exercise of voting rights in respect of 54,000,000 H Shares as at the Latest Practicable Date, representing approximately 10.09% of the total issued shares of the Company, no shareholder of the Company is required to abstain from voting at the EGM in respect of the resolution concerning the Supplemental Agreement, the transactions contemplated under the Supplemental Agreement, and the Revised Annual Caps.

A proxy form for use at the EGM is enclosed with this circular. Whether or not you intend to be present at such meeting, you are requested to complete the forms of proxy in accordance with the instructions printed thereon and return the same to the H Share Registrar at Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 24 hours before the time fixed for holding the EGM or any adjournment thereof. Completion and delivery of the form of proxy will not prevent you from attending and voting at the relevant meeting or any adjournment thereof if you so wish.

VII. INFORMATION ON JIANGXI PXSTEEL

Insofar as the Company is aware, as at the Latest Practicable Date, Jiangxi PXSteel is held as to (i) approximately 61.42% by its holding company, 遼寧方大集團實業有限公司 (Liaoning Fangda Group Industrial Co., Ltd.*) ("**Liaoning Fangda**"), which is held as to approximately 99.2% by 北京方大國際實業投資有限公司 (Beijing Fangda International Enterprise Investment Co., Ltd.*) ("**Beijing Fangda**"), which is, in turn, wholly-owned by an individual named Mr. Fang Wei (方威); (ii) approximately 10.66% by individuals named Zhou Bin*(周斌) and Zhang Yong*(張勇), (iii) approximately 7.32% by Gongqingcheng Huaershun Investment Center (Limited Partnership)*(共青城華爾順投資中心(有限合夥)) which is, in turn, managed by an individual named Fu Min*(付敏), and (iv) the remaining approximately 20.60% by 10 individuals and 25 corporations and funds (and each such individual, corporation or fund holds less than 5% of the equity interest in Jiangxi PXSteel).

LETTER FROM THE BOARD

Jiangxi PXSteel is a substantial shareholder of the Company and is principally engaged in the manufacturing and sale of iron and steel products, whereas Liaoning Fangda and Beijing Fangda are principally engaged in investment holdings in areas including the carbon industry, the iron and steel industry and the chemical industry.

VIII. RECOMMENDATIONS

Having considered the reasons set out herein, the Directors, including the independent non-executive Directors (having considered the advice of the Independent Financial Adviser), are of the opinion that the Supplemental Agreement, the transactions contemplated thereunder, and the Revised Annual Caps are fair and reasonable, in the ordinary and usual course of business of the Group, on normal commercial terms (or better to the Group), and in the interests of the Company and its shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution regarding the same.

Your attention is drawn to (i) the letter from the Independent Board Committee setting out its recommendations to the Independent Shareholders in relation to the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps, and (ii) the letter of advice from the Independent Financial Adviser setting out its advice to the Independent Board Committee and the Independent Shareholders in relation to the Supplemental Agreement, the transactions contemplated thereunder, and the Revised Annual Caps, both of which are set out in this circular.

IX. FURTHER INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

To the Independent Shareholders

8 December 2021

Dear Sir or Madam,

**REVISION OF EXISTING ANNUAL CAPS IN RESPECT OF
THE EXISTING FRAMEWORK AGREEMENT**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders of Henan Jinma Energy Company Limited to consider the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps (as defined in the circular of the Company dated 8 December 2021) (the “**Circular**”), details of which are set out in the section headed “II. Supplemental Agreement and the proposed Revised Annual Caps” in the “Letter from the Board” contained in the Circular. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the “Letter from the Board”, the advice of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps as set out in the “Letter from the Independent Financial Adviser” as well as other additional information set out in other parts of the Circular.

Having taken into account the advice of, and the principal factors and reasons considered by the Independent Financial Adviser in relation thereto as stated in its letter, we consider that the terms of the Supplemental Agreement and the Revised Annual Caps are fair and reasonable, and the transactions contemplated thereunder are conducted in the ordinary and usual course of the Company’s business and are on normal or better commercial terms, and in the interest of the Company and its shareholders as a whole. We therefore recommend that you vote in favour of the ordinary resolution to be proposed at the EGM to approve the Supplemental Agreement, the transactions contemplated thereunder and the Revised Annual Caps.

Yours faithfully,
The Independent Board Committee

Cao Hongbin
*Independent
non-executive Director*

Meng Zhihe
*Independent
non-executive Director*

Wu Tak Lung
*Independent
non-executive Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter to the Independent Board Committee and the Independent Shareholders received from the Independent Financial Adviser setting out its opinion regarding the Supplemental Agreement (including the Revised Annual Caps) for the continuing connected transactions in respect of sale of coke to the Jiangxi PXSteel Group pursuant to the Existing Framework Agreement (the “Continuing Connected Transactions”), for the purpose of inclusion in this circular.



First Shanghai Capital Limited

19th Floor

Wing On House

71 Des Voeux Road Central

Hong Kong

8 December 2021

*To the Independent Board Committee and
the Independent Shareholders*

Henan Jinma Energy Company Limited
West First Ring Road South
Jiyuan City
Henan Province
The PRC

Dear Sirs,

CONTINUING CONNECTED TRANSACTIONS REVISION OF EXISTING ANNUAL CAPS IN RESPECT OF THE EXISTING FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Supplemental Agreement for the revision of the Existing Annual Caps, details of which are contained in the circular to the Shareholders dated 8 December 2021 (the “**Circular**”), of which this letter forms part. Unless the context requires otherwise, (i) capitalised terms used in this letter shall have the same meanings as those ascribed in the Circular; and (ii) the unit prices of coke, the transaction amounts of coke and annual caps related to the Continuing Connected Transactions mentioned in this letter are net of value added tax.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As set out in the “Letter from the Board” contained in the Circular (the “**Board Letter**”), there has been a significant rise in the price of coke in 2021, due to factors including (i) the impact of the COVID-19 pandemic which resulted in a serious imbalance of supply and demand within both the coal and coke markets, which in turn, contributed to a substantial increase in the average coal price by approximately 45% for the ten months ended 31 October 2021 as compared to that of the year 2020, and (ii) the PRC government’s imposition of stricter environmental protection measures and requirements which resulted in a reduction of coke production capacity. As a consequence of the significant rise in the price of coke in recent months, the Board anticipates that the transactions with the Jiangxi PXSteel Group pursuant to the Existing Framework Agreement will exceed the original projection and hence the Existing Annual Caps provided under the Existing Framework Agreement will not be sufficient for the two years ending 31 December (the “**Year(s)**”) 2022. Accordingly, the Board announces that, on 19 November 2021, the Company had entered into the Supplemental Agreement with Jiangxi PXSteel to amend the Existing Framework Agreement by revising the Existing Annual Caps to the Revised Annual Caps.

LISTING RULES IMPLICATIONS

Jiangxi PXSteel is a substantial shareholder of the Company holding 54,000,000 H Shares as at the Latest Practicable Date, representing approximately 10.09% of the total issued shares of the Company, and therefore a connected person of the Company under the Listing Rules.

Pursuant to Rule 14A.54(2) of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the relevant provisions under Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions. As the highest percentage ratio calculated in accordance with the Listing Rules in respect of the proposed Revised Annual Caps exceeds the 5% Threshold, the Supplemental Agreement and the proposed Revised Annual Caps are subject to the reporting, announcement, annual review, and the Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Other than Jiangxi PXSteel, no shareholder will be required to abstain from voting at the EGM in relation to the resolution to be proposed in respect of these Revised Annual Caps and the Supplemental Agreement.

THE INDEPENDENT BOARD COMMITTEE

An independent board committee comprising Mr. CAO Hongbin, Mr. MENG Zhihe and Mr. WU Tak Lung, being all the three independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Supplemental Agreement (including the Revised Annual Caps) and the Continuing Connected Transactions contemplated thereunder.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser, we have been appointed to advise the Independent Board Committee and the Independent Shareholders as to (i) whether or not the Supplemental Agreement (including the Revised Annual Caps) and the Continuing Connected Transactions contemplated thereunder are conducted in the ordinary and usual course of business of the Group and on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) how the Independent Shareholders should vote in relation to the ordinary resolution to be proposed for approving the Supplemental Agreement (including the Revised Annual Caps) and the Continuing Connected Transactions contemplated thereunder at the forthcoming EGM.

OUR INDEPENDENCE

Apart from the existing engagement in respect of the Continuing Connected Transactions (including the Supplemental Agreement and the relevant Revised Annual Caps), we did not have any business relationship with the Company within the past two years from the Latest Practicable Date. We consider ourselves independent to form our opinion in respect of the Continuing Connected Transactions (including the Supplemental Agreement and the relevant Revised Annual Caps).

BASIS OF OUR ADVICE

In arriving at our recommendation, we have relied on the information and facts provided by the Company and have assumed that any representations made to us are true, accurate and complete. We have also relied on the statements, information, opinions and representations contained in the Circular and the information and representations provided to us by the Directors and management of the Company (the “**Management**”). We have assumed that all information, representations and opinions contained or referred to in the Circular and all information, representations and opinions which have been provided by the Directors and management of the Company for which they are solely responsible, are true and accurate at the time they were made and will continue to be accurate at the date of the despatch of the Circular.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any such statement contained in the Circular misleading. We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. Having made all reasonable enquiries, the Directors have further confirmed that, to the best of their knowledge, they believe there are no other facts or representations the omission of which would make any statement in the Circular, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Directors and management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and the Jiangxi PXSteel Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion regarding the Supplemental Agreement (including the Revised Annual Caps) and the Continuing Connected Transactions contemplated thereunder, we have taken into consideration the following principal factors:

1. Background information of the Group

The Company was established in the PRC with limited liability, the H shares of which have been listed on the Main Board of the Stock Exchange since 10 October 2017.

The Group is a 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.

2. Background information on the Jiangxi PXSteel Group

Jiangxi PXSteel is a substantial shareholder of the Company and is principally engaged in the manufacturing and sale of iron and steel products. With coke being the main and irreplaceable reducing agent, heat agent and column skeleton for blast furnaces used in the production of pig iron by iron and steel manufacturers, Jiangxi PXSteel has been one of the main customers of the Group's coke since 2004.

3. Principal terms of the Existing Framework Agreement (as supplemented by the Supplemental Agreement)

Pursuant to the Existing Framework Agreement, the Company agreed to sell coke to the Jiangxi PXSteel Group.

As set out in the Board Letter, there has been a significant rise in the price of coke in 2021, due to factors including (i) the impact of the COVID-19 pandemic which resulted in a serious imbalance of supply and demand within both the coal and coke markets, which in turn, contributed to a substantial increase in the average coal price by approximately 45% for the ten months ended 31 October 2021 as compared to that of the year 2020, and (ii) the PRC government's imposition of stricter environmental protection measures and requirements which resulted in a reduction of coke production capacity. As a result of the significant rise in the price of coke in recent months, the Board anticipates that the transactions with the Jiangxi PXSteel Group pursuant to the Existing Framework Agreement will exceed the original projection and hence the Existing Annual Caps provided under the Existing Framework Agreement will not be sufficient for the years ending 31 December 2021 and 31 December 2022.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Pursuant to the Supplemental Agreement, conditional upon obtaining the Independent Shareholders' approval pursuant to the Listing Rules, the Existing Annual Caps of RMB1,755 million in respect of each of the two years ending 31 December 2022 shall be amended to the Revised Annual Caps of RMB2,255 million for the year ending 31 December 2021 and RMB2,790 million for the year ending 31 December 2022.

Save as aforesaid, all other terms of the Existing Framework Agreement shall remain unchanged. Please refer to the Board Letter in the 2019 Circular for details of the other principal terms of the Existing Framework Agreement, including but not limited to the payment terms and the pricing policy of the sale of coke by the Group to the Jiangxi PXSteel Group.

Payment terms

The payment to the Group in respect of the sale of coke shall be settled by the Jiangxi PXSteel Group on a monthly basis (i.e. around 30 days).

Based on our independent review of the annual report of the Company for the Year 2020 (the “**2020 Annual Report**”), we note that the normal credit term of the Group to its customers is ranged between 30 to 60 days.

Taking into account factors such as (i) the long-term business relationship between the Group and the Jiangxi PXSteel Group as well as its substantial shareholder position of the Company; (ii) the Jiangxi PXSteel Group being one of the Group's valuable and stable customers for coke; (iii) the Group's better credit understanding on the Jiangxi PXSteel Group; and (iv) the payment term under the Existing Framework Agreement is in line with the normal credit period granted by the Group to its customers, we concur with the view of the Management that the payment terms granted by the Group to the Jiangxi PXSteel Group under the Existing Framework Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

Pricing terms

Based on our review of the pricing terms of the Continuing Connected Transactions under the Existing Framework Agreement as disclosed in the Board Letter of the 2019 Circular when we were the then independent financial adviser of the Company in relation thereto, as the existing price mechanism can fairly and effectively reflect the then prevailing market conditions regarding the sale of coke in the open market and then to be referred/adopted by the Group as its pricing policy for sale of coke to the Jiangxi PXSteel Group, there is no preferential treatment to be offered to the Jiangxi PXSteel Group. Accordingly, we consider such pricing mechanism to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We have reviewed the sales invoices/contracts between the Group and (i) the Jiangxi PXSteel Group under the Existing Framework Agreement; and (ii) independent third party customers of the Group (the “**Independent Customers**”). Such invoices/contracts were on a sample basis, where we have reviewed a total of 30 sets of transaction documents (each set containing documents including the transaction with connected party and the relevant independent party comparison) in Year 2020 and Year 2021. Taking into account (i) the time period of the samples; and (ii) the Supplemental Agreement is solely for the revision of existing caps and does not amend the pricing terms of the Existing Framework Agreement, we consider the samples allow us obtain an understanding of the fairness and reasonableness of the recent pricing of the Group. Based on our independent review of the aforesaid transaction documents, we noted that the unit prices of coke sold by the Group to the Jiangxi PXSteel Group were no less favourable than those to the Independent Customers. Accordingly, we concur with the view of the Management that the pricing principles under the Existing Framework Agreement are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Group and the Shareholders as a whole, notwithstanding the connected relationship between the Group and the Jiangxi PXSteel Group.

In respect of the internal control measures for the Continuing Connected Transactions contemplated under the Existing Framework Agreement (as supplemented by the Supplemental Agreement), we note that, among other things, the independent auditors of the Company and the independent non-executive Directors have reviewed and will continue to review the continuing connected transactions of the Group in accordance with the Listing Rules.

We also note from the annual reports of the Company for each of the two Years of 2019 and 2020 that, in accordance with the Listing Rules, (i) the Company had engaged independent auditors to report on the Continuing Connected Transactions for each of the two Years of 2019 and 2020 and the independent auditors of the Company had issued their unqualified letters in respect of such transactions; and (ii) the independent non-executive Directors had also reviewed the Continuing Connected Transactions for each of the two Years of 2019 and 2020 and confirmed that such transactions were, among other things, on normal commercial terms or better and on terms that were fair and reasonable.

Having considered, in particular, (i) our review of the pricing terms of the Continuing Connected Transactions, which shall primarily make reference to market prices which are no less favourable than those with independent third parties; (ii) the internal control measures of the Group, particularly the review of the terms with independent third parties to determine the market prices; and (iii) the track record of compliance where the independent auditors of the Company and the independent non-executive Directors had reviewed and will continue to review the Continuing Connected Transactions, we are of the view that (a) the Group has sufficient internal control measures for governing the Continuing Connected Transactions from time to time; and (b) the terms of the Continuing Connected Transactions contemplated under the Existing Framework Agreement (as supplemented by the Supplemental Agreement) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

4. The historical transaction amounts, the Existing Annual Caps and the Revised Annual Caps

Historical transaction amounts

As disclosed in the Board Letter, the Existing Annual Caps for the Existing Framework Agreement are RMB1,755 million for each of the coming two Years of 2021 and 2022.

The table below sets out the historical transaction amounts received by the Group for the three Years from 2019 to 2021 in relation to the sales of coke to the Jiangxi PXSteel Group pursuant to the Existing Framework Agreement during the periods indicated below:

| | For the year ended/ending 31 December | | | | |
|--|---------------------------------------|-----------|---|--------------------------|--------------------------|
| | 2019 | 2020 | Increase/ (decrease) from 2019 | 2021 | Increase from 2020 |
| | RMB'000 | RMB'000 | % | RMB'000 | % |
| Existing Annual Caps | 1,755,000 | 1,755,000 | – | 1,755,000 | – |
| Actual transaction amounts | 1,168,145 | 1,353,435 | 15.9 | 1,455,992 ⁽¹⁾ | N/A ⁽¹⁾ |
| Quantity of coke sold to the Jiangxi PXSteel Group (tons) | 644,487 | 795,452 | 23.4 | 549,186 ⁽¹⁾ | N/A ⁽¹⁾ |
| Average unit selling price of coke per ton (RMB) | 1,813 | 1,700 | (6.2) | 2,650 ⁽¹⁾ | 55.8 |
| Utilisation rate of the Existing Annual Caps | 66.6% | 77.1% | | 83.0% | |
| Total revenue of the Group | 7,571,945 | 7,133,700 | | N/A ⁽²⁾ | |
| Proportion of revenue from the Jiangxi PXSteel Group to the total revenue of the Group | 15.4 | 19.0 | | N/A ⁽²⁾ | |

Notes:

- The amounts were only up to the ten months ended 31 October 2021 and may not be used to directly compare with those for the year ended 31 December 2020. The annualized amounts are not presented herein because of potential seasonality factors (e.g. the pricing of coke may be higher in winter due to demand/supply).
- The Directors consider that it may not be appropriate to forecast the total revenue of the Group for the full Year 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The actual average price of coke sold to the Jiangxi PXSteel Group was approximately RMB1,700 per ton for the Year 2020 and increased by approximately 55.8% to approximately RMB2,650 per ton for the ten months ended 31 October 2021. Such actual average selling price recently reached approximately RMB3,830 per ton for the month ended 31 October 2021 (the “**2021 October Price**”).

Comparison of the Existing Annual Caps with the Revised Annual Caps

The table below summaries (i) the Existing Annual Caps previously approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 18 October 2019; and (ii) the Revised Annual Caps for each of the three Years from 2020 to 2022 under the Existing Framework Agreement (as supplemented by the Supplemental Agreement) proposed by the Board:

| | For the year ended/ending 31 December | | | | |
|--|---------------------------------------|-----------|---|-----------|--------------------------|
| | 2020 | 2021 | Increase/ (decrease) from 2020 | 2022 | Increase from 2021 |
| | RMB'000 | RMB'000 | % | RMB'000 | % |
| Existing Annual Caps | | | | | |
| (RMB'000) | 1,755,000 | 1,755,000 | – | 1,755,000 | – |
| Quantity of coke originally estimated to be sold to the Jiangxi PXSteel Group (tons) | 900,000 | 900,000 | – | 900,000 | – |
| Average unit selling price of coke per ton (RMB) | 1,950 | 1,950 | – | 1,950 | – |
| Revised Annual Caps (RMB'000) | | 2,255,000 | 28.5 | 2,790,000 | 23.7 |
| Quantity of coke estimated to be sold to the Jiangxi PXSteel Group (tons) | | 750,000 | (16.7) | 900,000 | 20.0 |
| Average unit selling price of coke per ton (RMB) | | 3,007 | 54.2 | 3,100 | 3.1 |

As disclosed in the 2019 Circular, in determining the Existing Annual Caps for the two Years 2021 and 2022, the Board had based on the assumption that the average market price of coke would increase to approximately RMB1,950 per ton for each of the two Years of 2021 and 2022. With the actual average price of coke sold to the Jiangxi PXSteel Group having increased to approximately RMB2,650 per ton for the ten months ended 31 October 2021, representing an increase of approximately 35.9% from the original expected price of RMB1,950 per ton, the actual transaction amount for the ten months

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

ended 31 October 2021 reached approximately 83.0% of the Existing Annual Cap for the Year 2021. The Board also noted that the 2021 October Price of approximately RMB3,830 per ton represents an increase of approximately 96.4% from the original expected price of RMB1,950 per ton.

Notwithstanding any possible increase in price of and/or demand for coke in November and December, we note that the pro rata transaction amount for the sales to the Jiangxi PXSteel Group (derived from the actual transaction amount for the ten months ended 31 October 2021) is approximately RMB1,747 million for the full Year 2021. Accordingly, the Existing Annual Cap of RMB1,755 million for each of the two Years 2021 and 2022 may be insufficient, and therefore the Board has proposed the Revised Annual Caps for each of the two Years of 2021 and 2022 as further elaborated below.

Basis for determining the Revised Annual Caps

Based on our independent research from the Bloomberg's data portal, we have reviewed the market coke price trend (in terms of futures traded on a commodity exchange in the PRC) for almost 18 months from 1 June 2020 up to the date of the Supplemental Agreement on 19 November 2021 (the "**Review Period**"), and noted that the market coke price hit its lowest on 1 June 2020 at RMB1,742.5 per ton and subsequently reached its highest on 19 October 2021 at RMB3,800.5 per ton during the Review Period, representing a drastic increase by approximately 118.1%. Starting from 1 January 2021, the market coke price has risen from RMB2,804.5 per ton to the maximum of RMB3,800.5 per ton, representing a considerable increase of approximately 35.5%. Based on the aforementioned, we understand the market coke price was very volatile during the Review Period. In respect of the length of the Review Period, the period was 18 months rather than a common presentation of 12 months because we note that a longer time period can better illustrate the significant increase trend of market coke price as illustrated above, therefore we consider the length of the Review Period, together with our analysis, to be fair and representative for the illustration of the recent growth trend of the market coke price. The Independent Shareholders should note that the aforesaid market coke prices may not be directly applicable to the selling prices of the Group because, among other factors, the differences in condition and specification of coke products (such as in terms of strength, moisture, ash and sulphur). Therefore, the aforementioned market coke prices are only for general reference to understand the overall market trend.

In respect of the Revised Annual Cap of RMB2,255 million for the Year 2021, given the actual transaction amount was approximately RMB1,456 million for the ten months ended 31 December 2021, we understand such annual cap implies a potential transaction amount of approximately RMB799 million for the two months ending 31 December 2021, which in turn could be a result of the assumptions of (i) the average unit price for the two months ending 31 December 2021 being the 2021 October Price; and (ii) the annual sales volume reaching 750,000 tons for the full Year 2021. Having considered, in particular, (i) the 2021 October Price is the latest available actual monthly average unit price; and (ii)

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the actual sales quantity was 795,452 tons for the Year 2020 and 549,186 tons for the ten months ended 31 October 2021, we concur with the Management that the aforesaid assumptions to be acceptable for the purpose of determining the Revised Annual Cap for the Year 2021.

In respect of the Revised Annual Cap of RMB2,790 million for the Year 2022, we understand such annual cap is derived based on the assumptions of (i) the average unit selling of RMB3,100 per ton; and (ii) the anticipated sales volume of 900,000 tons for the Year 2022. Having considered, in particular, (i) the historical increasing price trend, where the average price of coke was approximately RMB1,700 per ton for the Year 2020 and increased by approximately 55.8% to approximately RMB2,650 per ton for the ten months ended 31 October 2021, reaching the 2021 October Price of approximately RMB3,830 per ton; (ii) the actual sales quantity had already reached 795,452 tons for the Year 2020, which represented an annual increase of approximately 23.4% (the “**Year 2020 Actual Quantity Growth Rate**”); (iii) the expected sales volume of around 750,000 tons to 800,000 tons for Year 2021 represents a compound annual growth rate of up to approximately 11.4% from Year 2019, where the further increase by approximately 12.5% from 800,000 tons in Year 2021 to 900,000 tons in Year 2022 is consistent with the aforementioned historical growing trend; and (iv) the anticipated sales volume of 900,000 tons for the Year 2022 represents an anticipated annual growth rate of around 12.5% to 20.0% as compared with the expected sales volume of around 750,000 tons to 800,000 tons for Year 2021, where such range of anticipated annual growth rate is no higher than the Year 2020 Actual Quantity Growth Rate of approximately 23.4%, we concur with the Management that the aforesaid assumptions to be acceptable for the purpose of determining the Revised Annual Cap for the Year 2022.

Based on the above analysis and consideration, including the fact that the Continuing Connected Transactions are revenue in nature to the Group, we are of the view that the Revised Annual Caps are fair and reasonable; while the entering into of the Supplemental Agreement (including the Revised Annual Caps) being subsequent alterations ancillary to the Existing Framework Agreement for adapting the ever-changing business environment is therefore conducted in the ordinary and usual course of business of the Group and on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into account the above principal factors and reasons, we are of the view that the Continuing Connected Transactions to be contemplated under the Supplemental Agreement (including the Revised Annual Caps) have been and will be conducted in the ordinary and usual course of business of the Group and on normal commercial terms, and are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Shareholders as well as the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the forthcoming EGM to approve the Supplemental Agreement (including the Revised Annual Caps) and the Continuing Connected Transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

First Shanghai Capital Limited

Nicholas Cheng

Director

Roger Tang

Vice President

Note: Mr. Nicholas Cheng has been a Responsible Officer and Mr. Roger Tang has been a Representative of Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Both of them have extensive experience in the corporate finance industry and have participated in the provision of independent financial advisory services for numerous connected transactions involving listed companies in Hong Kong.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

Directors', chief executive's and Supervisors' interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors, chief executives and Supervisors in the shares, underlying shares and debentures of the Company notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (as if it were applicable also to the Supervisors of the Company) were as follows:

| Name | Nature of Interest | Class of securities | Number of Shares held ^(Note 1) | Approximate percentage of shareholding in the total share capital of the Company ^(Note 2) |
|------------------|--|---------------------|---|--|
| Mr. Yiu Chiu Fai | Interest in a controlled corporation ^(Note 3) | H Shares | 162,000,000 (L) | 30.26% |
| | Beneficial owner | H Shares | 1,528,000 (L) | 0.29% |

Notes:

1. The letter "L" denotes the person's long position in such Shares.
2. The calculation of the relevant percentage is based on the total number of 535,421,000 Shares in issue.
3. Mr. Yiu Chiu Fai (an executive Director) is the legal and beneficial owner of the entire issued share capital of Golden Star Chemicals (Holdings) Limited. Golden Star Chemicals (Holdings) Limited, in turns, holds 96.3% of the issued share capital of Jinma Coking (BVI) Limited, and Jinma Energy (Hong Kong) Limited is wholly owned by Jinma Coking (BVI) Limited. Accordingly, Mr. Yiu is deemed to be interested in Jinma Energy (Hong Kong) Limited's interest in our Company by virtue of the SFO.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive nor the Supervisors had an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or that was recorded in the register required to be kept pursuant to Section 352 of the SFO, or as otherwise notified to the Company pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers.

Substantial shareholders' interests in securities

The register of substantial Shareholders maintained by the Company pursuant to Section 336 of the SFO (including interests filed with the Stock Exchange) shows that as at the Latest Practicable Date, the following persons (other than the Directors, the chief executive and the supervisors) had the following interests and short positions (if any) in the shares and underlying shares of the Company:

| Name | Nature of Interest | Class of shares | Number of shares Held ^(Note 1) | Approximate percentage of shareholding in the total share capital of the Company ^(Note 2) |
|---|---|-----------------|---|--|
| Jinma Energy (Hong Kong) Limited (“ Jinma HK ”) | Beneficial owner | H Shares | 162,000,000 (L) | 30.26% |
| Jinma Coking (BVI) Limited (“ Jinma Coking ”) | Interests in controlled corporation ^(Note 3) | H Shares | 162,000,000 (L) | 30.26% |
| Golden Star Chemicals (Holdings) Limited (“ Golden Star ”) | Interests in controlled corporation ^(Note 4) | H Shares | 162,000,000 (L) | 30.26% |
| Ms. Lam Yuk Wai | Interest of spouse ^(Note 5) | H Shares | 163,528,000 (L) | 30.54% |
| Maanshan Iron & Steel Company Limited (馬鞍山鋼鐵股份有限公司) (“ Maanshan Steel ”) | Beneficial owner ^(Note 6) | H Shares | 144,000,000 (L) | 26.89% |

| Name | Nature of Interest | Class of shares | Number of shares Held ^(Note 1) | Approximate percentage of shareholding in the total share capital of the Company ^(Note 2) |
|--|--|-----------------|---|--|
| Magang (Group) Holdings Co., Ltd. | Interests in controlled corporation ^(Note 6) | H Shares | 144,000,000 (L) | 26.89% |
| Jiangxi PXSteel | Beneficial owner | H Shares | 54,000,000 (L) | 10.09% |
| 遼寧方大集團實業有限公司 (Liaoning Fangda Group Industrial Co., Ltd.*) (“ Liaoning Fangda ”) | Interests in controlled corporation ^(Note 7) | H Shares | 54,000,000 (L) | 10.09% |
| 北京方大國際實業投資有限公司 (Beijing Fangda International Enterprise Investment Co., Ltd.*) (“ Beijing Fangda ”) | Interests in controlled corporation ^(Note 8) | H Shares | 54,000,000 (L) | 10.09% |
| Mr. Fang Wei | Interests in controlled corporation ^(Note 9) | H Shares | 54,000,000 (L) | 10.09% |
| 濟源市金馬興業投資有限公司 (Jiyuan Jinma Xingye Investment Co., Ltd.*) (“ Jinma Xingye ”) | Beneficial owner | H Shares | 40,000,000 (L) | 7.47% |
| Mr. Wang Lijie | Interests in controlled corporation ^(Note 10) | H Shares | 40,000,000 (L) | 7.47% |
| Ms. Zheng Jing | Interest of spouse ^(Note 11) | H Shares | 40,000,000 (L) | 7.47% |

Notes:

1. The letter “L” denotes the entity/person’s long position in such Shares.
2. The percentage is based on the total number of 535,421,000 Shares in issue.
3. Jinma HK is wholly owned by Jinma Coking. Accordingly, Jinma Coking is deemed to be interested in Jinma HK’s interest in the Company by virtue of the SFO.
4. Jinma Coking is held as to 96.3% by Golden Star. Accordingly, Golden Star is deemed to be interested in Jinma Coking’s, and in turn, Jinma HK’s interest in the Company by virtue of the SFO.

5. Ms. Lam Yuk Wai is the wife of Mr. Yiu Chiu Fai, and thus, she is deemed to be interested in the same amount of Shares as Mr. Yiu.
6. Magang (Group) Holdings Co., Ltd., whose actual controller was the State-owned Assets Supervision and Administration Commission of the State Council (being the holder of 51% of the interest in Magang (Group) Holdings Co., Ltd. through its 100% controlled China Baowu Steel Group Corporation Limited), is the holding company of Maanshan Steel and holds approximately 45.54% of the shares of Maanshan Steel. Accordingly, Magang (Group) Holdings Co., Ltd. is deemed to be interested in Maanshan Steel's interest in the Company by virtue of the SFO.
7. Insofar as the Board is aware, Liaoning Fangda Group Industrial Co., Ltd. ("Liaoning Fangda") is directly and indirectly interested in approximately 61.42% of Jiangxi PXSteel, and hence Liaoning Fangda is the holding company of Jiangxi PXSteel. Accordingly, Liaoning Fangda is deemed to be interested in Jiangxi PXSteel's interest in the Company by virtue of the SFO.
8. Beijing Fangda International Enterprise Investment Co., Ltd. ("Beijing Fangda") is the holding company of Liaoning Fangda and holds approximately 99.2% of the shares of Liaoning Fangda. Accordingly, Beijing Fangda is deemed to be interested in Liaoning Fangda's, and in turn, Jiangxi PXSteel's interest in the Company by virtue of the SFO.
9. Mr. Fang Wei (方威) is the sole equity holder of Beijing Fangda. Accordingly, Mr. Fang is deemed to be interested in Beijing Fangda's interest in the Company by virtue of the SFO.
10. Mr. Wang Lijie (王利杰) is the holder of approximately 33.44% of the equity interest of Jinma Xingye. Accordingly, Mr. Wang is deemed to be interested in Jinma Xingye's interest in the Company by virtue of the SFO.
11. Ms. Zheng Jing (鄭菁) is the wife of Mr. Wang Lijie, and thus, she is deemed to be interested in the same amount of Shares as Mr. Wang.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors or the chief executive of the Company, there was no other person, other than Directors, the chief executive or Supervisors of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, so far as is known to the Directors, the following Directors held offices in the substantial shareholders of the Company set out above:

| Name of Director | Positions held in the relevant substantial shareholders of the Company |
|--------------------|--|
| Mr. Yiu Chiu Fai | Director of Jinma HK, Jinma Coking and Golden Star |
| Mr. Wang Mingzhong | Director of Jinma Xingye |
| Mr. Li Tianxi | Director of Jinma Xingye |
| Mr. Hu Xiayu | Head of the raw fuels center of Maanshan Steel |

| Name of Director | Positions held in the relevant substantial shareholders of the Company |
|-------------------------|---|
| Mr. Wang Kaibao | Party committee secretary, factory director and the chief engineer of the coking factory headquarters of Maanshan Steel |
| Ms. Ye Ting | Deputy Manager in Administrations Office of a subsidiary of Jiangxi PXSteel |

3. ARRANGEMENTS AND MATTERS CONCERNING DIRECTORS

- (a) None of the Directors has entered into any service contract with the Group, which is not expiring or determinable by the Group within one year without payment of compensation (other than the payment of statutory compensation).
- (b) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, had been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date and entered into by the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Group were made up, and which was significant in relation to the business of the Group.
- (d) As at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in a business which competed or might compete with the business of the Company.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, the date to which the latest audited consolidated financial statements of the Group were made up.

5. EXPERT

- (a) The following is the qualification of the expert which has given opinion or advice which is contained in this circular:

| Name | Qualification |
|--------------------------------|---|
| First Shanghai Capital Limited | A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activity under the SFO |

- (b) As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group, nor did it have any interest, direct or indirect, in any assets which had, since the date to which the latest published audited consolidated financial statements of the Group were made up, been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.
- (c) The Independent Financial Adviser has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter and references to its name in the forms and contexts in which they appear. The letter of the Independent Financial Adviser contained herein was issued on 8 December 2021 and was made by the Independent Financial Adviser for incorporation in this circular.

6. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hnjmny.com>) from the date of this circular up to and including the date of the EGM:

- (a) the Existing Framework Agreement; and
- (b) the Supplemental Agreement.

NOTICE OF EGM



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Henan Jinma Energy Company Limited (the “**Company**”) will be held at 10:00 a.m. on Thursday, 23 December 2021 at the Company’s conference room at Room 2801, 88 Hing Fat Street, Causeway Bay, Hong Kong for the purposes of considering and, if thought fit, approving the matters set out below.

In the interest of all stakeholders’ health and safety and consistent with recent COVID-19 guidelines for prevention and control, the Company reminds all shareholders of the Company (the “**Shareholders**”) that physical attendance in person at the EGM is not necessary for the purpose of exercising voting rights. As an alternative, by using proxy forms with voting instructions inserted, Shareholders may appoint the Chairman of the EGM as their proxy to vote on the relevant resolutions at the EGM instead of attending the EGM in person.

Unless the context requires otherwise, terms defined in circular of the Company dated 8 December 2021 shall have the same meanings when used herein.

ORDINARY RESOLUTION

To consider and, if thought fit, approve the following resolution as an ordinary resolution:

“**THAT** the Supplemental Agreement, the transactions contemplated thereunder and the proposed Revised Annual Caps as referred to in the circular of the Company dated 8 December 2021 be and are hereby approved.” *(Note G)*

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

Hong Kong, 8 December 2021

NOTICE OF EGM

Notes:

- (A) The Company will not process registration of transfers of the H shares of the Company (the “**H Shares**”) from Friday, 3 December 2021 to Thursday, 23 December 2021 (both days inclusive). Holders of H Shares whose names appear on the register of H Shares kept at the Company’s H-share Registrar and Transfer Office, Computershare Hong Kong Investor Services Limited (the “**Company’s H-Share Registrar**”) at 4:30 p.m., the close of business on Thursday, 2 December 2021 are entitled to attend and vote at the EGM following completion of the registration procedures.

To qualify for attendance and voting at the EGM, documents on transfers of H Shares, accompanied by the relevant share certificates, must be lodged with the Company’s H-Share Registrar, not later than 4:30 p.m., the close of business on Thursday, 2 December 2021. The address of the Company’s H-Share Registrar is as follows:

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17th Floor, Hopewell Centre
183 Queen’s Road East
Wanchai
Hong Kong

- (B) Each holder of H Shares entitled to attend and vote at the EGM may, by completing the proxy form of the Company, appoint one or more proxies to attend and vote at the EGM on his behalf. A proxy need not be a Shareholder. With respect to any Shareholder who has appointed more than one proxy, the proxy holders may only vote on a poll.
- (C) Holders of H Shares must use the proxy form of the Company for appointing a proxy and the appointment must be in writing. The proxy form must be signed by the relevant Shareholder or by a person duly authorised by the relevant Shareholder in writing (a “**power of attorney**”). If the proxy form is signed by the person authorised by the relevant Shareholder as aforesaid, the relevant power of attorney and other relevant documents of authorisation (if any) must be notarised. If a corporate Shareholder appoints a person other than its legal representative to attend the EGM on its behalf, the relevant proxy form must be affixed with the company seal/chop of the corporate Shareholder or duly signed by its director or any other person duly authorised by that corporate shareholder as required by the articles of association of the Company.
- (D) To be valid, the proxy form and the relevant notarised power of attorney (if any) and other relevant documents of authorisation (if any) as mentioned in note (C) above must be delivered to the Company’s H-Share Registrar, Computershare Hong Kong Investor Services Limited (address: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong), not less than 24 hours before the time appointed for the EGM.
- (E) A Shareholder or his/her proxy should produce proof of identity when attending the EGM. If a corporate Shareholder’s legal representative or any other person authorised by the board of directors or other governing body of such corporate Shareholder attends the EGM, such legal representative or other person shall produce his/her proof of identity, and proof of designation as legal representative and the valid resolution or authorisation document of the board of directors or other governing body of such corporate Shareholder (as the case may be) to prove the identity and authorisation of that legal representative or other person.
- (F) The EGM is expected to last for not more than half a day. Shareholders who attend the EGM shall bear their own travelling and accommodation expenses.
- (G) Jiangxi PXSteel and its associates will abstain from voting at the EGM in respect of this resolution.
- (H) In compliance with the HKSAR Government’s directive on social distancing, personal and environmental hygiene, and the guidelines issued by the Centre for Health Protection of the Department of Health on the prevention of coronavirus disease 2019 (COVID-19), the Company will implement additional precautionary measures at the EGM including, without limitation:
- compulsory body temperature screening;
 - mandatory use of surgical face masks;
 - mandatory health declaration – anyone subject to quarantine, has any flu-like symptoms or has travelled overseas within 14 days immediately before the EGM (“**recent travel history**”), or has close contact with any person under quarantine or with recent travel history will not be permitted to attend the EGM;
 - anyone attending the EGM is reminded to observe good personal hygiene at all times; and
 - appropriate distancing and spacing in line with the guidance from the HKSAR Government will be maintained and as such, the Company may limit the number of attendees at the EGM as may be necessary to avoid over-crowding.
- (I) In light of the continuing risks posed by the COVID-19 pandemic, the Company strongly encourages Shareholders NOT to attend the EGM in person, and advises Shareholders to appoint the Chairman of the EGM as their proxy to vote according to their indicated voting instructions as an alternative to attending the EGM in person.
- (J) In view of the travelling restrictions imposed by various jurisdictions including Hong Kong to prevent the spread of the COVID-19, certain Director(s) of the Company may attend the EGM through video conference or similar electronic means.

As at the date of this notice, 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.