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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**

### **FORMATION OF A JOINT VENTURE**

The Board is pleased to announce that on 28 March 2022, the Company and Xiamen ITG entered into the JV Agreement, pursuant to which the Parties have agreed to establish a joint venture company in Xiamen, the PRC, and the Company has agreed to contribute RMB98 million to the JV Company, representing 49% of the total capital contributions. Following completion of the capital injections by the Company and Xiamen ITG as contemplated under the JV Agreement, the financial results of the JV Company will not be consolidated into the accounts of the Group.

### **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.

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## JV AGREEMENT

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

Date	28 March 2022
Parties	(1) the Company; and (2) Xiamen ITG

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Xiamen ITG is an Independent Third Party.

Capital contributions Pursuant to the JV Agreement, the Company and Xiamen ITG have agreed to make capital contributions to the JV Company in the following manner:

Name of Party	Capital contribution by each party (RMB'million)	Percentage of equity interest in the JV Company
the Company	98	49%
Xiamen ITG	102	51%
<b>Total</b>	<b>200</b>	<b>100%</b>

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. Each Party shall contribute the capital in cash in full amount within 90 days after the business licence of the JV Company is issued.

The Company's portion of the capital contributions is expected to be funded by its internal resources. Following completion of the capital injections as contemplated under the JV Agreement, the JV Company will be held as to 49% and 51% by the Company and Xiamen ITG respectively, and accordingly the financial results of the JV Company will not be consolidated into the accounts of the Group.

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.
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Pursuant to the JV Agreement, general matters of the JV Company shall be approved by a majority vote of the holders of equity interests in the JV Company, whereas proposals involving the following important matters shall be approved by over two-thirds of the votes of the holders of equity interests:

- 1) investment plan where a single investment amounting over 30%, or accumulated investment amounting over 50%, of its latest audited net assets;
- 2) distribution of none, or less than 30%, of its distributable profits;
- 3) alteration of its registered capital;
- 4) issuance of corporate bonds;
- 5) amalgamation or dissolution or liquidation; and
- 6) amendments to its articles of association.

In the event of a transfer of equity interest in the JV Company by any Party, the other Party 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 five (5) directors, among which, the Company shall nominate two (2) directors, whereas Xiamen ITG shall nominate three (3) directors. The chairman of the board of directors of the JV Company shall be a director nominated by Xiamen ITG.

The JV Company shall have two (2) supervisors to be nominated by the Company and Xiamen ITG each.

The general manager and deputy financial manager of the JV Company shall be nominated by the Company, whereas the deputy general manager, financial manager and risk manager shall be nominated by Xiamen ITG.

#### Business of the JV Company

Subject to regulatory authority's approval, the principal businesses of the JV Company will include wholesale distribution of coal, coke, coal gas, coal tar and crude benzene; import and export and wholesale distribution of coke; investment in and operation of Chinese domestic coking business; and ancillary logistics services etc.

### **INFORMATION ON XIAMEN ITG**

Xiamen ITG is a state-owned investment holding company with limited liability which was established in Xiamen, the PRC in 1980 and listed on the Shanghai Stock Exchange in 1996 ( Stock Code: SH.600755). Xiamen ITG is currently mainly engaged in three segments of businesses, including supply chain management, financial services and health tech, and has decades of experiences in ferrous metal supply chain management. Insofar as the Board is aware, Xiamen ITG was one of the top iron ore importers in the PRC in 2020.

## **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.

The Group plans to further strengthen its competitive position in the coking chemical business, optimize supply chain management services and extend business value chain through forming the JV Company with Xiamen ITG. The JV Company is expected to make the best of extensive operation experiences of the Group in the coking chemical industry as well as favourable positions of Xiamen ITG in the ferrous metal supply chain management, with an aim to participate in the consolidation of the Chinese domestic coking industry and explore opportunities to invest and operate overseas coking businesses through a joint supply chain management platform, and it is expected to generate reasonable returns for the Group.

The Board also considers that the formation of a joint venture with Xiamen ITG would enable the Group to leverage on the clients, resources and business channels of Xiamen ITG, such that the Group could further strengthen its competitiveness in raw material supply.

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.

## **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.

## **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”	party which is independent of and not connected with the Company and its connected persons;
“JV Agreement”	the joint venture agreement dated 28 March 2022 and entered into between the Parties in relation to the formation of the JV Company;
“JV Company”	a company to be established in Xiamen, the PRC with limited liability pursuant to the JV Agreement, the proposed name of which is 廈門金馬國貿有限公司 (Xiamen Jinma ITG Co., Ltd.*);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Parties”	the Company and Xiamen ITG, and “Party” means any one of them;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Xiamen ITG”	廈門國貿集團股份有限公司 (Xiamen ITG Group Corp., Ltd*), a state-owned investment holding company with limited liability established in Xiamen, the PRC and listed on the Shanghai Stock Exchange (Stock Code: SH.600755) and an Independent Third Party; and
“%”	per cent.

\* For identification purposes only

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

Hong Kong, 28 March 2022

*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 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.*