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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)

**MAJOR TRANSACTION IN RESPECT OF THE
FORMATION OF A JOINT VENTURE**

A letter from the Board is set out on pages 3 to 9 of this circular.

Please refer to the EGM Notice for details in respect of the resolution to be considered at the EGM, eligibility of attendance, registration procedure, proxy and other relevant matters.

25 February 2019

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DEFINITIONS

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

“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
“DM Industrial”	Shanghai Dong Ming Industrial Co., Ltd.* (上海東銘實業有限公司), a limited liability company incorporated in the PRC
“Domestic Share(s)”	domestic invested share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00, which are subscribed for and paid up in RMB and are unlisted shares which are currently not listed or traded on any stock exchange
“EGM”	the extraordinary general meeting of the Company to be held on 1 April 2019 to consider and, if thought fit, approve, the JV Agreement and the transaction contemplated thereunder
“EGM Notice”	the notice of the Company convening the EGM dated 15 February 2019
“Enlarged Group”	the Group as enlarged following the establishment of the JV Company
“Group”	the Company and its subsidiaries
“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
“JV Agreement”	the joint venture agreement dated 29 January 2019 and entered into between the Parties in relation to the formation of a joint venture between the Parties
“JV Company”	Shenzhen Jinma Energy Co., Ltd.* (深圳市金馬能源有限公司), a company to be established in the PRC pursuant to the JV Agreement

DEFINITIONS

“Latest Practicable Date”	21 February 2019, 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
“Parties”	the Company, Zenith Steel, ZT Logistics and DM Industrial
“PRC”	the People’s Republic of China
“Prospectus”	the prospectus dated 26 September 2017 issued by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Shareholders”	the shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“Unlisted Foreign Share(s)”	unlisted foreign invested ordinary share(s) in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed and held by persons other than PRC nationals or PRC corporate entities
“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
“ZT Logistics”	Jiangsu Zhong Tong Logistics Co., Ltd.* (江蘇中通物流有限公司), a limited liability company incorporated in the PRC
“%”	per cent

* *For identification purpose 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. QIU Quanshan
Mr. WANG Zhiming

Independent Non-executive Directors:

Mr. ZHENG Wenhua
Mr. LIU Yuhui
Mr. WU Tak Lung

Supervisors:

Mr. WONG Tsz Leung
Mr. ZHANG Qiangxian
Mr. ZHOU Tao, David
Ms. TIAN Fangyuan
Ms. HAO Yali
Mr. ZHANG Wujun

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

25 February 2019

To: All shareholders of the Company

Dear Sir or Madam,

**MAJOR TRANSACTION IN RESPECT OF THE
FORMATION OF A JOINT VENTURE**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 29 January 2019 regarding the JV Agreement entered into amongst the Company, Zenith Steel, ZT Logistics, and DM Industrial, pursuant to which the Parties have conditionally agreed to establish a joint venture company in Shenzhen.

The Company has conditionally agreed to contribute RMB1,145 million to the JV Company, representing approximately 51% of the total capital contributions. Following completion of the capital injections by the Parties as contemplated under the JV Agreement, the JV Company will be held as to approximately 51% by the Group and be accounted for as a subsidiary of the Company.

The purpose of this circular is to provide you with, among other things, particulars of the JV Agreement and the transaction contemplated under the JV Agreement.

II. THE JV AGREEMENT

Date: 29 January 2019

Parties: (1) The Company
(2) Zenith Steel
(3) ZT Logistics
(4) DM Industrial

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Zenith Steel, ZT Logistics, DM Industrial and their ultimate beneficial owners are third parties independent of and not connected with the Company and its connected persons.

Business of the JV Company

The scope of business of the JV Company includes project investment, investment management, marketing planning, corporate management consulting, trading, import and export trading, which would include a focus on projects and opportunities along the coking chemical value chain.

The scope of business shall be subject to the approval from relevant government authorities of the PRC.

LETTER FROM THE BOARD

Capital contributions by the Parties

Pursuant to the JV Agreement, the Parties have conditionally agreed to make capital contributions in the following manner:

Name	Capital contribution to be contributed by each Party (RMB'million)	Approximate percentage of equity interest in the JV Company
Company	1,145	51.00%
Zenith Steel	500	22.27%
ZT Logistics	500	22.27%
DM Industrial	100	4.46%
Total	2,245	100%

The amount of the capital contributions to be injected by the Parties was determined after arm's length negotiations among the Parties with reference to the JV Company's initial estimated funding needs and the agreed share by each Party. Subject to the satisfaction of the condition as set out in the section headed "Condition precedent" below, 50% of the capital contributions to be made by each Party shall be payable in cash within one month after the establishment of the JV Company and the remaining 50% shall be contributed by the Parties in cash in proportion to their respective equity interest in the JV Company within one year after the establishment of the JV Company. The Company's portion of the capital contribution is expected to be funded by the Group's internal resources, and it is expected that the making of such capital contribution would not have any material adverse impact on the financial position of the Group.

Condition precedent

The performances of the terms of the JV Agreement by the Parties are conditional upon the obtaining of the relevant Shareholders' approval at the EGM pursuant to the requirements of the Listing Rules.

Management and ownership of the JV Company

The board of directors of the JV Company shall consist of nine (9) directors, among which, the Company shall nominate four (4) directors, Zenith Steel and ZT Logistics shall each nominate two (2)

LETTER FROM THE BOARD

directors and DM Industrial shall nominate one (1) director. The chairman of the board of directors of the JV Company shall be a director nominated by the Company. The board of directors of the JV Company shall have two vice chairmen, and shall each be a director nominated by Zenith Steel and ZT Logistics respectively.

The general manager of the JV Company shall be nominated by the Company while the chief financial officer of the JV Company shall be nominated by Zenith Steel.

The Parties, as holders of equity interests in the JV Company, shall be entitled to rights of equity holders (including voting rights) in proportion to their respective equity interests in the JV Company. Pursuant to the JV Agreement, certain important matters, including the determination of the operational objectives of the JV Company as well as the decisions to make investments and obtain financing, shall be determined by the meeting of the equity holders.

Following completion of the capital injections by the Parties as contemplated under the JV Agreement, the JV Company will be held as to approximately 51% by the Group and, accordingly, be accounted for as a subsidiary of the Company.

The supervisory committee of the JV Company shall consist of five (5) supervisors, among which, Zenith Steel, ZT Logistics and DM Industrial shall each nominate one (1) supervisor and the employees shall elect two (2) employee representative supervisors. The chairman of the supervisory committee of the JV Company shall be nominated by ZT Logistics.

III. INFORMATION ON THE PARTIES

Zenith Steel

Zenith Steel is a company incorporated in the PRC with limited liability. It is an iron and steel conglomerate with an annual steel production capacity of 11 million tonnes whose diverse business segments cover areas including modern logistics, international trading, hotel, education and sports.

ZT Logistics

ZT Logistics is a company incorporated in the PRC with limited liability. It is principally engaged in the road transportation of commodities (including raw materials such as coke) through the parallel integration of online and offline operations. It is currently one of the largest commodities logistics corporations in the northern Jiangsu area.

DM Industrial

DM Industrial is a company incorporated in the PRC with limited liability. It is principally engaged in the processing and sales of construction materials, the provision of distribution services for medium and large-sized state projects, and the provision of supply chain management, storage, logistics, and e-commerce services based through internet platforms. Further, it has, in respect of its trading and distribution segment, established a commodities trading system focused on the trading of products including steel, steel billet, pig iron and coke.

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IV. REASONS FOR AND BENEFITS OF THE FORMATION OF THE JOINT VENTURE

The Group is a leading 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.

In line with the Group's business strategy in expanding its business vertically and horizontally along the coking chemical value chain of the coal chemical industry, the Group has been making continuous efforts in identifying coal chemical projects with promising profit and development potentials. Through forming a joint venture with Zenith Steel, ZT Logistics and DM Industrial, who are stakeholders with established businesses in iron and steel manufacturing and logistics, respectively, being industries along the coking chemical value chain, it is expected that the Group would be able to leverage on the resources and expertise of such joint venture partners and gain access to new business opportunities and, by pursuing such opportunities, the JV Company could further expand the Group's business through making investments in and/or acquisitions of target companies such as coke producers and processors of coking by-products, which would in turn further deepen the Group's business development along the coking chemical value chain.

In addition, all of the joint venture partners are industry participants along the coking chemical value chain and each of them will, based on their respective business scope, provide support to the JV Company. Zenith Steel, being an iron and steel manufacturer with a demand in coke as a raw material for its production, is expected to provide the Group with insight on investment and/or acquisition opportunities to be pursued by the JV Company, and is also expected to provide support on the Group's sales of coke. ZT Logistics, with its strength in road transportation, is expected to provide the Group with advice as well as services on the transportation of raw materials and products, particularly in respect of coke and coking by-products of the coking chemical companies to be invested or acquired by the JV Company, to further improve the reliability and reduce costs of the transportation of coke and coking by-products of the Group. In respect of DM Industrial, with its established commodities trading system which focuses on the trading of products including minerals, steel and coke, it is expected that it could provide market information on the coke sales market, and reference and advice on the supply and sales aspects of coking chemical companies to be invested or acquired by the JV Company. Having long-term relationship with iron and steel manufacturers in the PRC, DM Industrial is also expected to provide sales opportunities to the Group. In light of the above, the cooperation with the joint venture partners allows the Group to leverage on their industry knowledge and improve sales, transportation and trading of the Group's products.

It is also expected that through the combined resources of the Parties in and through the JV Company, the Group could respond swiftly to viable investment and business opportunities, and in turn enhance the value of the Group.

In light of the above, the Directors (including the independent non-executive Directors, but other than Mr. Wu Tak Lung, who has provided certain services to one of the Parties and had therefore abstained from voting in respect of the Board resolution approving the transaction contemplated under the JV Agreement) 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.

LETTER FROM THE BOARD

V. FINANCIAL EFFECT OF THE JOINT VENTURE

Following completion of the capital injections by the Parties as contemplated under the JV Agreement, the JV Company will be accounted for as a 51% subsidiary of the Company and its results will be consolidated into the financial statements of the Group. As such, with the Company's portion of the capital contribution expected to be funded by the Group's internal resources, the assets of the Group will increase by an amount representing the assets of the JV Company to be contributed by the other Parties as disclosed in the section headed "II. The JV Agreement — Capital contributions by the Parties" above. The liabilities and earnings of the Group will remain unchanged immediately following the formation of the JV Company since the JV Company, being newly established, would not have incurred any liability or recorded any revenue or earning. The overall effects of the formation of the JV Company on the future earnings of the Group will depend on, among other things, the operating results of the JV Company. It is expected that the making of such capital contribution would not have any material adverse impact on the financial position of the Group.

VI. 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 25% but all of which are less than 100%, the transaction contemplated under the JV Agreement constitutes a major transaction of the Company under the Listing Rules and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

It is expected that after completion of the transaction contemplated under the JV Agreement, the Group may enter into certain sales transactions with the other equity holders of the JV Company, which may constitute continuing connected transactions under Chapter 14A of the Listing Rules. The Group will comply with the applicable requirements under the Listing Rules as and when appropriate.

VII. EGM

The EGM will be held at 10:00 a.m. on Monday, 1 April 2019 at Hilton Shenzhen Shekou Nanhai at No. 1177 Wanghai Road, Shekou, Nanshan District, Shenzhen, Guangdong, China, to consider and, if thought fit, approve the JV Agreement and the transaction contemplated thereunder.

The EGM Notice setting out the resolution in respect of the JV Agreement and the transaction contemplated thereunder has been despatched on 15 February 2019. To the best knowledge, information and belief of the Directors, after having made all reasonable enquiries, no Shareholder or any of their respective close associates has any material interest in the transaction contemplated under the JV Agreement. As such, no Shareholder will be required to abstain from voting in favour of the resolution proposed at the EGM to approving the JV Agreement and the transaction contemplated thereunder at the EGM.

If you intend to attend the EGM, please complete and return the reply slip published on 15 February 2019 in accordance with the instructions printed thereon as soon as possible and in any event by no later than 12 March 2019.

LETTER FROM THE BOARD

The proxy form for use at the EGM was published on 15 February 2019. Whether or not you intend to attend the EGM or any adjournment thereof, 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 (for the holders of H Shares) or the Company's Secretary to the Board at West First Ring Road South, Jiyuan, Henan Province, the PRC, not less 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.

VIII. RECOMMENDATIONS

The Directors, including the independent non-executive Directors (other than Mr. Wu Tak Lung, who has provided certain services to one of the Parties and had therefore abstained from voting in respect of the Board resolution approving the transaction contemplated under the JV Agreement) are of the view that the terms of the JV Agreement are fair and reasonable and in the interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the JV Agreement and the transaction contemplated thereunder.

IX. FURTHER INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2015, 2016 and 2017 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.hnjmny.com>):

- the Prospectus (pages I-4 to I-95) (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2017/0926/LTN20170926013.pdf>); and
- the Company's annual report for the year ended 31 December 2017 published on 12 April 2018 (pages 85 to 151) (<http://www3.hkexnews.hk/listedco/listconews/SEHK/2018/0412/LTN20180412944.pdf>).

2. INDEBTEDNESS STATEMENT

As at the close of business on 31 December 2018, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Group had the following outstanding borrowings and contingent liabilities:

Bank loans

	31 December 2018 <i>(RMB'000)</i>
Bank borrowings — secured and unguaranteed	229,620
Bank borrowings — unsecured and unguaranteed	<u>604,000</u>
Total	<u>833,620</u>

The secured bank borrowings were secured by land use rights of the Group.

Contingent liabilities

The Group endorsed certain bills receivables for the settlement of trade and other payables for raising of cash. In the opinion of the directors of the Company, the Group has transferred the significant risks and rewards relating to these bills receivables, and the Group's obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC and the risk of the default in payment of the endorsed bills receivable is low because all endorsed bills receivables are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognized on the consolidated financial statements. The maximum exposure to the Group that may result from the default of these endorsed bills receivables as at 31 December 2018 is RMB2,665,786,000.

Save as disclosed above and otherwise mentioned in this circular, apart from normal trade payables, intra-group liabilities and amounts due to connected parties and related parties, we did not have any outstanding mortgages, charges or pledges, debentures or other debt securities (including those authorized or otherwise created but unissued), term loans, loan capital, other borrowings or other similar indebtedness (including bank loans and overdrafts, hire purchase commitments, acceptance liabilities or acceptance credits), finance leases or any guarantees or other material contingent liabilities as at 31 December 2018.

The Directors confirm that there are no material changes in the indebtedness or contingent liabilities of the Group since 31 December 2018.

3. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a leading coke producer and processor of coking by-products in the coking chemical industry in Henan province. It 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, and is also engaged in the trading of coal, coal mining equipment, non-ferrous materials and natural gas mainly through the Group's trading company.

The Group recorded satisfactory results for the first half of 2018 as the Company's various business segments continued to perform solidly. As disclosed in the Company's 2018 Interim Report, for the six months ended 30 June 2018, the revenue of the Group amounted to approximately RMB3,293.9 million, whereas the gross profit of the Group amounted to approximately RMB576.9 million. The total assets of the Group as at 30 June 2018 amounted to approximately RMB3,708.5 million.

The Group's strength in coking operations have in the past enabled the Group to extend the Group's engagement in the coking chemical value chain of the coal chemical industry through the acquisition of companies engaging in the production of upstream and downstream products in coking operations. Hence, leveraging on the Group's successful track record and experience in coking chemical industry, the JV Company could provide the Enlarged Group with broader means to identify coking chemical projects with promising profit and development potentials and hence enable it to invest in and/or acquire companies within the coking chemical chain in a more efficient manner. This would in turn enable the Enlarged Group to continue to expand its business vertically and horizontally along the coking chemical value chain of the coal chemical industry, achieve economies of scale and venture further downstream into the deep processing of coking chemicals to produce high value-added coking by-products which could generate higher profit margin and benefit the Enlarged Group and its shareholders as a whole.

4. WORKING CAPITAL SUFFICIENCY

The Directors are of the opinion that, after taking into account the existing cash and bank balances, present internal resources available and the available facilities, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstance.

5. MATERIAL ADVERSE CHANGE

The Directors confirmed that, as at the Latest Practicable Date, they are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2017, being the date to which the latest published audited consolidated financial statements of the Company were made up.

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 relevant class of shares of the Company (Note 2)	Approximate percentage of shareholding in the total share capital of the Company (Note 3)
Mr. Yiu Chiu Fai (Note 4)	Interest in a controlled corporation	Domestic Shares	162,000,000 (L)	40.50%	30.26%
	Beneficial owner	H Shares	1,003,000 (L)	0.74%	0.19%

Notes:

- The letter "L" denotes the person's long position in such Shares.
- As advised by the PRC legal advisers of the Company, holders of the Unlisted Foreign Shares are treated as if they are in the same class as the holders of Domestic Shares. The percentage is based on the total number of 400,000,000 domestic shares and unlisted foreign shares in issue as the total number of domestic shares and 135,421,000 H shares in issue.
- The calculation is based on the total number of 535,421,000 Shares in issue.
- 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 turn, 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 the 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 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	Capacity	Class of Securities	Number of shares <i>(Note 1)</i>	Approximate percentage of shareholding in the relevant class of shares in the Company <i>(Note 2)</i>	Approximate percentage of shareholding in the total share capital of the Company <i>(Note 3)</i>
Jinma Energy (Hong Kong) Limited (“ Jinma HK ”)	Beneficial owner	Unlisted Foreign Shares	162,000,000 (L)	40.50%	30.26%
Jinma Coking (BVI) Limited (“ Jinma Coking ”)	Interest in a controlled corporation <i>(Note 4)</i>	Unlisted Foreign Shares	162,000,000 (L)	40.50%	30.26%
Golden Star Chemicals (Holdings) Limited (“ Golden Star ”)	Interest in a controlled corporation <i>(Note 5)</i>	Unlisted Foreign Shares	162,000,000 (L)	40.50%	30.26%
Ms. Lam Yuk Wai	Interest of spouse <i>(Note 6)</i>	Unlisted Foreign Shares	162,000,000 (L)	40.50%	30.26%
		H Shares	1,003,000 (L)	0.74%	0.19%

APPENDIX II

GENERAL INFORMATION

Name	Capacity	Class of Securities	Number of shares <i>(Note 1)</i>	Approximate percentage of shareholding in the relevant class of shares in the Company <i>(Note 2)</i>	Approximate percentage of shareholding in the total share capital of the Company <i>(Note 3)</i>
Maanshan Iron & Steel Company Limited (“ Maanshan Steel ”)	Beneficial owner	Domestic Shares	144,000,000 (L)	36.00%	26.89%
馬鋼(集團)控股有限公司 (Magang (Group) Holdings Co., Ltd.*)	Interest in a controlled corporation <i>(Note 7)</i>	Domestic Shares	144,000,000 (L)	36.00%	26.89%
江西萍鋼實業股份有限公司 (Jiangxi PXSteel Industrial Co. Ltd.*) (“ Jiangxi PXSteel ”)	Beneficial owner	Domestic Shares	54,000,000 (L)	13.50%	10.09%
遼寧方大集團實業有限公司 Liaoning Fangda Group Industrial Co., Ltd. (“ Liaoning Fangda ”)	Interest in a controlled corporation <i>(Note 8)</i>	Domestic Shares	54,000,000 (L)	13.50%	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 ”)	Interest in a controlled corporation <i>(Note 9)</i>	Domestic Shares	54,000,000 (L)	13.50%	10.09%

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GENERAL INFORMATION

Name	Capacity	Class of Securities	Number of shares <i>(Note 1)</i>	Approximate percentage of shareholding in the relevant class of shares in the Company <i>(Note 2)</i>	Approximate percentage of shareholding in the total share capital of the Company <i>(Note 3)</i>
Mr. Fang Wei	Interest in a controlled corporation <i>(Note 10)</i>	Domestic Shares	54,000,000 (L)	13.50%	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	Domestic Shares	40,000,000 (L)	10.00%	7.47%
Mr. Wang Lijie	Interest in a controlled corporation <i>(Note 11)</i>	Domestic Shares	40,000,000 (L)	10.00%	7.47%
Ms. Zheng Jing	Interest of spouse <i>(Note 12)</i>	Domestic Shares	40,000,000 (L)	10.00%	7.47%
RAYS Capital Partners Limited	Investment manager <i>(Note 13)</i>	H Shares	19,341,000 (L)	14.28%	3.61%
Ruan David Ching Chi	Interest in controlled corporation <i>(Note 13)</i>	H Shares	19,341,000 (L)	14.28%	3.61%
Asian Equity Special Opportunities Portfolio Master Fund Limited	Beneficial owner <i>(Note 13)</i>	H Shares	17,931,000 (L)	13.24%	3.35%

APPENDIX II

GENERAL INFORMATION

Name	Capacity	Class of Securities	Number of shares <i>(Note 1)</i>	Approximate percentage of shareholding in the relevant class of shares in the Company <i>(Note 2)</i>	Approximate percentage of shareholding in the total share capital of the Company <i>(Note 3)</i>
China Risun Group (Hong Kong) Limited (中國旭陽集團 (香港) 有限公司)	Beneficial owner	H shares	13,000,000 (L)	9.60%	2.43%
Ms. Huang Suhua	Beneficial owner	H Shares	9,298,000 (L)	6.87%	1.74%

Notes:

1. The letter “L” denotes the person’s long position in such Shares.
2. As advised by the PRC Legal Advisers, holders of the Unlisted Foreign Shares are treated as if they are in the same class as the holders of Domestic Shares. The percentage is based on the total number of 400,000,000 domestic shares and unlisted foreign shares in issue as the total number of domestic shares and 135,421,000 H shares in issue.
3. The percentage is based on the total number of 535,421,000 Shares in issue.
4. 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.
5. 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.
6. Ms. Lam Yuk Wai is the wife of Mr. Yiu Chiu Fai, and thus, she is deemed interested in the same amount of Shares as Mr. Yiu.
7. Magang (Group) Holdings Co., Ltd., being wholly owned by the state-owned Assets Supervision and Administration People’s Government of Anhui Province, is the holding company of Maanshan Steel and holds approximately 45.53% 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.
8. As per their confirmations, Liaoning Fangda is directly and indirectly interested in approximately 60.46% 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.
9. Beijing Fangda International Enterprise Investment Co., Ltd. is the holding company of Liaoning Fangda and holds approximately 99.20% 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.
10. 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.

11. 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.
12. Ms. Zheng Jing (鄭菁) is the wife of Mr. Wang Lijie, and thus, she is deemed interested in the same amount of Shares as Mr. Wang.
13. Mr. Ruan David Ching Chi is the holder of approximately 95.24% shares in RAYS Capital Partners Limited and RAYS Capital Partners Limited holds 100% of the shares of Asian Equity Special Opportunities Portfolio Master Fund Limited. Accordingly, Mr. Ruan David Ching Chi is deemed to be interested in the interest owned by RAYS Capital Partners Limited and Asian Equity Special Opportunities Portfolio Master Fund Limited in the Company by virtue of the SFO.

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
Mr. Qiu Quanshan	Secretary of the party committee and factory director of the main coking plant of Maanshan Steel, and secretary of the party committee, director and manager of certain subsidiaries of Maanshan Steel
Mr. Wang Zhiming	Supervisor and assistant to the general manager of a subsidiary of Jiangxi PXSteel

3. DIRECTORS' INTEREST IN ASSETS OR CONTRACTS

- (a) As at the Latest Practicable Date, none of the Directors was interested, directly or indirectly, in any assets which, since 31 December 2017, 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.

- (b) As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group.

4. COMPETING INTERESTS

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.

5. DIRECTORS' SERVICE CONTRACT

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).

6. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL CONTRACTS

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) the cornerstone investment agreement dated 8 September 2017 entered into among the Company, Risun Coal Chemicals Group Limited, Haitong International Securities Company Limited and Haitong International Capital Limited, pursuant to which Risun Coal Chemicals Group Limited has agreed to acquire the number of H Shares (rounded down to the nearest whole board lot of 1,000 H Shares) that may be purchased with US\$5 million;
- (b) the deed of indemnity dated 18 September 2017 executed by Jinma HK, Maanshan Steel, Jiangxi PXSteel and Jinma Xingye in favour of the Company in respect of the indemnification of certain liabilities of the Company;
- (c) the deed of non-competition undertaking dated 18 September 2017 entered into between Mr. Yiu Chiu Fai and the Company in respect of the non-competition undertaking given by Mr. Yiu Chiu Fai in favour of the Company;

- (d) the Hong Kong underwriting agreement dated 25 September 2017 entered into among the Company, Haitong International Capital Limited, Haitong International Securities Company Limited, Alliance Capital Partners Limited, Sinomax Securities Limited, Mr. Yiu Chiu Fai, Mr. Wang Mingzhong and Mr. Li Tianxi relating to the offer for subscription of the H Shares by the public in Hong Kong on and subject to the terms and conditions set out in the Prospectus;
- (e) the international underwriting agreement dated 29 September 2017 entered into among the Company, Haitong International Capital Limited, Haitong International Securities Company Limited, Alliance Capital Partners Limited, Sinomax Securities Limited, Mr. Yiu Chiu Fai, Mr. Wang Mingzhong and Mr. Li Tianxi; and
- (f) the JV Agreement.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any weekday (except public holidays) at the principal place of business of the Company in Hong Kong at Unit 2801, 28/F, 88 Hing Fat Street, Causeway Bay, Hong Kong, from 25 February 2019 to 10 March 2019 (both days inclusive):

- (a) the articles of association of the Company;
- (b) the JV Agreement;
- (c) the Prospectus and the annual report of the Company for the year ended 31 December 2017;
- (d) the circular dated 8 May 2018 in relation to the revision of the annual cap for the continuing connected transaction between the Company and 江西萍鋼實業股份有限公司 (Jiangxi PXSteel Industrial Co. Ltd.*);
- (e) the material contracts set out in “7. *Material Contracts*” above; and
- (f) this circular.

9. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Wong Hok Leung (alias Wong Hok Leung Paul), who is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of The Chartered Association of Certified Accountant.

- (b) The Company's H-share Registrar and Transfer Office is Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.