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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)**

### **CONTINUING CONNECTED TRANSACTIONS**

#### **CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 29 January 2019, the circular dated 25 February 2019 and the poll results announcement dated 1 April 2019 in relation to, among other things, the formation of the JV Company.

The Board is pleased to announce that the JV Company, being a subsidiary of the Company, was established on 21 May 2019. Hence, Zenith Steel and ZT Logistics, being holders of approximately 22.27% and 22.27% of the equity interest in the JV Company, respectively, have become substantial shareholders of the JV Company, and in turn, connected persons of the Company. Further, Shanghai Luxiang, being the holder of approximately 93.33% of the equity interest in ZT Logistics, has become a connected person of the Company. Xuzhou Oriental, being a company held as to approximately 30.66% by Mr. Wei, one of the directors of the JV Company, has also become a connected person of the Company.

The Board announces that on 17 June 2019, the Company has entered into the CCT Framework Agreements in relation to (i) the sale of coke by the Group to the Zenith Steel Group, (ii) the sale of coke and coal by the Group to the Xuzhou Oriental Group, and (iii) the purchase of coal by the Group from the Shanghai Luxiang Group. As Zenith Steel, Xuzhou Oriental and Shanghai Luxiang are connected persons of the Company, the Continuing Connected Transactions contemplated under the CCT Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

## **LISTING RULES IMPLICATIONS**

Given (i) Zenith Steel, Xuzhou Oriental and Shanghai Luxiang are connected persons of the Company at the subsidiary level, (ii) the Board has approved the CCT Framework Agreements, and (iii) the independent non-executive Directors have confirmed that the terms of the CCT Framework Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole, the Continuing Connected Transactions are exempt from the independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

## **I. INTRODUCTION**

Reference is made to the announcement of the Company dated 29 January 2019, the circular dated 25 February 2019 and the poll results announcement dated 1 April 2019 in relation to, among other things, the formation of the JV Company.

The Board is pleased to announce that the JV Company, being a subsidiary of the Company, was established on 21 May 2019. Hence, Zenith Steel and ZT Logistics, being holders of approximately 22.27% and 22.27% of the equity interest in the JV Company, respectively, have become substantial shareholders of the JV Company, and in turn, connected persons of the Company. Further, Shanghai Luxiang, being the holder of approximately 93.33% of the equity interest in ZT Logistics, has become a connected person of the Company. Xuzhou Oriental, being a company held as to approximately 30.66% by Mr. Wei, a director of the JV Company, has also become a connected person of the Company.

The Board announces that on 17 June 2019, the Company has entered into the CCT Framework Agreements in relation to (i) the sale of coke by the Group to the Zenith Steel Group, (ii) the sale of coke and coal by the Group to the Xuzhou Oriental Group, and (iii) the purchase of coal by the Group from the Shanghai Luxiang Group. As Zenith Steel, Xuzhou Oriental and Shanghai Luxiang are connected persons of the Company, the Continuing Connected Transactions contemplated under the CCT Framework Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

A summary of the Continuing Connected Transactions, the CCT Framework Agreements and the Transaction Caps (with their bases of determination) is set out in the section headed "II. Continuing Connected Transactions" in this announcement.

## II. CONTINUING CONNECTED TRANSACTIONS

### Summary of the Continuing Connected Transactions and the Transaction Caps

The Continuing Connected Transactions include the following:

<b>Connected person</b>	<b>Connected person's relationship with the Group</b>	<b>Nature of the connected transaction with the Group</b>
1. Zenith Steel	Holder of approximately 22.27% of the equity interest in the JV Company	Sale of coke by the Group to the Zenith Steel Group
2. Xuzhou Oriental	Held as to approximately 30.66% by Mr. Wei, one of the directors of the JV Company	Sale of coke and coal by the Group to the Xuzhou Oriental Group
3. Shanghai Luxiang	Holder of approximately 93.33% of the equity interest in ZT Logistics, which is in turn a holder of approximately 22.27% of the equity interest in the JV Company	Purchase of coal by the Group from the Shanghai Luxiang Group

A summary of the Transaction Caps for each of the relevant Continuing Connected Transactions is set out below:

Connected person and details of relevant Continuing Connected Transactions	Transaction Caps		
	For the period	For the year	For the year
	from 21 May	ending 31	ending 31
	2019 to 31 December 2019	December 2020	December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>1. Zenith Steel</b>			
Sale of coke by the Group to the Zenith Steel Group	881,500	1,548,000	1,548,000
<b>2. Xuzhou Oriental</b>			
Sale of coke and coal by the Group to the Xuzhou Oriental Group	936,000	1,404,000	1,404,000
<b>3. Shanghai Luxiang</b>			
Purchase of coal by the Group from the Shanghai Luxiang Group	246,000	369,000	369,000

#### Details of the Continuing Connected Transactions and the relevant CCT Framework Agreements

##### 1. Zenith Steel Framework Agreement in relation to the sale of coke by the Group to the Zenith Steel Group

Date: 17 June 2019

Parties: (1) The Company  
(2) Zenith Steel

Term: 21 May 2019 to 31 December 2021

*Principal terms of the transactions contemplated under the Zenith Steel Framework Agreement*

The Zenith Steel Framework Agreement provides for the principal terms under which the Group could sell coke to the Zenith Steel Group during the term from 21 May 2019 to 31 December 2021. The Zenith Steel Group shall from time to time place purchase orders with the Group, specifying the amount of coke required by the Zenith Steel Group, the requisite product specifications, as well as the expected delivery schedule; and following the Group's acceptance of the orders, the Group shall sell the coke at a prevailing market price (as determined based on the pricing policy as further disclosed below) and complete the delivery of the products according to the agreed delivery schedule. The costs of transportation of coke from the Group's production facilities to the depot designated by the Zenith Steel Group shall be borne by the Zenith Steel Group. The payment to the Group in respect of the sale of coke shall be settled by the Zenith Steel Group on a monthly basis.

The price of the coke shall be determined according to the following mechanism: the Group's sales department will regularly monitor the movements and trends of the futures price of coke and determine the prevailing price range of coke after considering the prices and market inventory levels of coke published by specialized online information platforms (including MySteel and Steelhome) as well as the factory gate prices recommended by the China Coking Industry Association together with other associations in principal coke production regions. Based on the prevailing price range of coke, the Group will convene weekly internal price analysis meetings to determine the factory gate price of its coke after considering the above factors. The Group will then, having taking into account the relevant transportation costs (if applicable), determine the final sale price after arm's length negotiations with the Zenith Steel Group. Regarding coke with special specifications requested by its customers (including the Zenith Steel Group), the Group will also take into account the relevant product specifications, the extra production costs as well as the historical prices of coke with similar specifications when determining its factory gate price.

*Proposed Transaction Caps and basis of setting the Transaction Caps*

Since May 2018, the Group has been supplying coke to the Zenith Steel Group. The table below summarises the historical transaction amounts involved for the year ended 31 December 2018 and the four months ended 30 April 2019 for the transactions between the Company and the Zenith Steel Group with regard to the sale of coke to the Zenith Steel Group:

	<b>Year ended 31 December 2018 RMB'000 (audited)</b>	<b>Four months ended 30 April 2019 RMB'000 (unaudited)</b>
Actual transaction amount	507,988	369,861

For the year ended 31 December 2018 and the four months ended 30 April 2019, the Group supplied approximately 229,000 tons and 197,000 tons of coke, respectively, to the Zenith Steel Group. Zenith Steel Group, as an iron and steel conglomerate, has been purchasing coke from the Group as a raw material for its manufacturing of iron and steel. Based on the Zenith Steel Group's historical demand for the Group's coke, its current development needs for stable and quality supply of coke, the current coke production capacity of the Group and the business plan of the Group in strengthening cooperation with the Zenith Steel Group, the Board estimates that the Group would increase its sale of coke to Zenith Steel Group and sell up to 410,000 tons of coke to Zenith Steel Group for the eight months ending 31 December 2019, and up to 720,000 tons of coke to the Zenith Steel Group for each of the two years ending 31 December 2021.

The average price of coke (net of VAT) sold by the Group to the Zenith Steel Group for the four months ended 30 April 2019 was approximately RMB1,890 per ton and such average price has recovered to the current level of approximately RMB2,150 per ton. Following a recent review by the Group's sales department on the future trend of the market price of coke, the Board estimated that, whilst facing uncertainties in the global economic situation, with the expected continual recovery of the iron and steel industry coupled with an increase in investments in infrastructure as encouraged by the implementation of the Belt and Road Initiative, the average price of coke (net of VAT) sold by the Group to the Zenith Steel Group would continue to fluctuate at the current level within the range of 5% to 10%, and hence remain at the level of approximately RMB2,150 per ton for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020 and 2021.

Based on (i) the historical transaction amounts, (ii) the current average market price (net of VAT) of coke of approximately RMB2,150 per ton, (iii) the assumption that the average market price (net of VAT) of coke will remain at the level of approximately RMB2,150 for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020 and 2021, and (iv) an estimated increase of supply of coke by the Group to the Zenith Steel Group as mentioned above, the

Board proposed to set the following as the Transaction Caps in respect of the transactions contemplated under the Zenith Steel Coke Supply Framework Agreement for the period from 21 May 2019 to 31 December 2019 and each of the two years ending 31 December 2021:

	<b>For the period from 21 May 2019 to 31 December 2019 RMB'000</b>	<b>For the year ending 31 December 2020 RMB'000</b>	<b>For the year ending 31 December 2021 RMB'000</b>
Transaction Caps	881,500	1,548,000	1,548,000

**2. Xuzhou Oriental Framework Agreement in relation to the sale of coke and coal by the Group to the Xuzhou Oriental Group**

Date: 17 June 2019

Parties: (1) The Company  
(2) Xuzhou Oriental

Term: 21 May 2019 to 31 December 2021

*Principal terms of the transactions contemplated under the Xuzhou Oriental Framework Agreement*

The Xuzhou Oriental Framework Agreement provides for the principal terms under which the Group could sell coke and coal to the Xuzhou Oriental Group during the term from 21 May 2019 to 31 December 2021. The Xuzhou Oriental Group shall from time to time place purchase orders with the Group, specifying the amount of coke and/or coal required by the Xuzhou Oriental Group, the requisite product specifications, as well as the expected delivery schedule; and following the Group's acceptance of the orders, the Group shall sell the coke and coal at a prevailing market price (as determined based on the pricing policy as further disclosed below) and complete the delivery of the products according to the agreed delivery schedule. The costs of transportation of coke and/or coal from the Group's production facilities or the relevant storage facilities to the depot designated by Xuzhou Oriental Group shall be borne by the Xuzhou Oriental Group. The payment to the Group in respect of the sale of coke and/or coal shall be settled by the Xuzhou Oriental Group on a monthly basis.

The price of the coke shall be determined according to the following mechanism: the Group's sales department will regularly monitor the movements and trends

of the futures price of coke and determine the prevailing price range of coke after considering the prices and market inventory levels of coke published by specialized online information platforms (including MySteel and Steelhome) as well as the factory gate prices recommended by the China Coking Industry Association together with other associations in principal coke production regions. Based on the prevailing price range of coke, the Group will convene weekly internal price analysis meetings to determine the factory gate price of its coke after considering the above factors. The Group will then, having taking into account the relevant transportation costs (if applicable), determine the final sale price after arm's length negotiations with the Xuzhou Oriental Group. Regarding coke with special specifications requested by its customers (including the Xuzhou Oriental Group), the Group will also take into account the relevant product specifications, the extra production costs as well as the historical prices of coke with similar specifications when determining its factory gate price.

The price of the coal shall be determined according to the following mechanism: the Group's sales department will regularly monitor the movements and trends of the futures price of coal and determine the prevailing price range of coal after considering the prices and market inventory levels of coal published by specialized online information platform. The Group will also take into account the relevant product specifications and costs of purchasing the coal, and determine the final sale price after arm's length negotiations with the Xuzhou Oriental Group.

*Proposed Transaction Caps and basis of setting the Transaction Caps*

Since January 2017, the Group has been supplying coal to the Xuzhou Oriental Group, and the Group has also been supplying coke to the Xuzhou Oriental Group since March 2019. The table below summarises the historical transaction amounts involved for the two years ended 31 December 2018 and the four months ended 30 April 2019 for the transactions between the Company and the Xuzhou Oriental Group with regard to the sale of coke and coal to the Xuzhou Oriental Group:

	<b>Year ended</b>		<b>Four months</b>
	<b>31 December</b>		<b>ended 30 April</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	21,328	142,432	169,921



For each of the two years ended 31 December 2018 and the four months ended 30 April 2019, the Group supplied approximately 19,000 tons, 148,000 tons and 42,000 tons of coal, respectively, to the Xuzhou Oriental Group; and for the four months ended 30 April 2019, the Group supplied approximately 75,000 tons of coke to the Xuzhou Oriental Group. Xuzhou Oriental, being a trading company, has been purchasing coke and coal from the Group. Based on the Xuzhou Oriental Group's historical demand for the Group's coke and coal, its current development need to increase its sourcing of stable and quality coke and coal, as well as the current coke production capacity and the positive outlook of the coke and coal trading business of the Group, the Board estimates that the Group would sell up to 400,000 tons of coke and 80,000 tons of coal, respectively, to the Xuzhou Oriental Group for the eight months ending 31 December 2019, and 600,000 tons of coke and 120,000 tons of coal, respectively, to the Xuzhou Oriental Group for each of the two years ending 31 December 2021.

The average price of coke (net of VAT) sold by the Group to the Xuzhou Oriental Group for the four months ended 30 April 2019 was approximately RMB1,800 per ton and the average price of coal (net of VAT) sold by the Group to the Xuzhou Oriental Group for the four months ended 30 April 2019 was RMB838 per ton. Following a recent review by the Group's sales department on the future trend of the market price of coke and coal, the Board estimated that, whilst facing uncertainties in the global economic situation, with the expected continual recovery of the iron and steel industry coupled with an increase in investments in infrastructure as encouraged by the implementation of the Belt and Road Initiative, the average price of coke (net of VAT) sold by the Group to the Xuzhou Oriental Group would fluctuate at the current level of approximately RMB2,130 per ton within the range of 5% to 10%, and hence remain at the level of approximately RMB2,130 per ton for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020 and 2021. Similarly, and considering that a higher quality of the relevant product mix of the coal is estimated to be supplied to the Xuzhou Oriental Group to meet with its demands, the average price of coal (net of VAT) sold by the Group to the Xuzhou Oriental Group is estimated to fluctuate within the range of 5% to 10% and reach in average approximately RMB1,050 per ton for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020 and 2021.

Based on (i) the historical transaction amounts, (ii) the current average market price (net of VAT) of coke and coal of approximately RMB2,130 per ton and RMB1,050 per ton, respectively, (iii) the assumption that the average market price (net of VAT) of coke and coal will remain at the level of approximately RMB2,130 per ton and RMB1,050 per ton, respectively, for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020

and 2021, and (iv) an estimated increase of supply of coke and coal by the Group to the Xuzhou Oriental Group as mentioned above, the Board proposed to set the following caps in respect of the transactions contemplated under the Xuzhou Oriental Framework Agreement for the period from 21 May 2019 to 31 December 2019 and each of the two years ending 31 December 2021:

	<b>For the period from 21 May 2019 to 31 December 2019 RMB'000</b>	<b>For the year ending 31 December 2020 RMB'000</b>	<b>For the year ending 31 December 2021 RMB'000</b>
Transaction Caps	936,000	1,404,000	1,404,000

3. **Shanghai Luxiang Framework Agreement in relation to the purchase of coal by the Group from the Shanghai Luxiang Group**

Date: 17 June 2019

Parties: (1) The Company  
(2) Shanghai Luxiang

Term: 21 May 2019 to 31 December 2021

*Principal terms of the transactions contemplated under the Shanghai Luxiang Framework Agreement*

The Shanghai Luxiang Framework Agreement provides for the principal terms under which the Group could purchase coal from the Shanghai Luxiang Group during the term from 21 May 2019 to 31 December 2021. The Group shall from time to time place purchase orders with the Shanghai Luxiang Group, specifying the amount of coal required by the Group, the requisite product specifications, as well as the expected delivery schedule. The Shanghai Luxiang Group shall sell the coal at a prevailing market price (as determined based on the pricing policy as further disclosed below) and complete the delivery of the products according to the agreed delivery schedule. The Group shall bear the costs of transportation of coal to the depot designated by the Group. The payment to the Shanghai Luxiang Group in respect of the purchase of coal shall be settled by the Group on a monthly basis

The price of the coal shall be determined according to the following mechanism: the Group's supplies department will regularly monitor the movements and

trends of the futures price of coal and determine the prevailing price range of coal after considering the prices and market inventory levels of coal published by specialized online information platforms and comparing quotes obtained from third parties. Based on such prevailing price range, the Group will agree with the Shanghai Luxiang Group on the final price after arm's length negotiations with the Shanghai Luxiang Group.

*Proposed Transaction Caps and basis of setting the Transaction Caps*

Since March 2017, the Group has been supplying coke to the Shanghai Luxiang Group. The table below summarises the historical transaction amounts involved for the two years ended 31 December 2018 and the four months ended 30 April 2019 for the transactions between the Company and the Shanghai Luxiang Group with regard to the purchase of coal from the Shanghai Luxiang Group:

	<b>Year ended</b>		<b>Four months</b>
	<b>31 December</b>		<b>ended 30 April</b>
	<b>2017</b>	<b>2018</b>	<b>2019</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>
Actual transaction amount	75,785	286,220	75,809

For each of the two years ended 31 December 2018 and the four months ended 30 April 2019, the Group purchased approximately 74,000 tons, 258,000 tons and 63,000 tons of coal, respectively, from Shanghai Luxiang which carries on commodities trading operations. In light of the above, based on the current business development plan of the Group to strengthen its business relationship with reliable business partners and ensuring a stable supply of quality coal for its coke production, and on the assumption that the Shanghai Luxiang Group's supply of coal would remain stable, the Board estimates that the Group would purchase up to 200,000 tons of coal to the Shanghai Luxiang Group for the eight months ending 31 December 2019, and 300,000 tons of coal from the Shanghai Luxiang Group for each of the two years ending 31 December 2021.

The average price of coal (net of VAT) purchased by the Group from Shanghai Luxiang as raw material for coke production during the four months ended 30 April 2019 amounted to approximately RMB1,200 per ton. Following a recent review by the Group's sales department on the future trend of the market price of coal, the Board estimated that, whilst facing uncertainties in the global economic situation, with the expected continual recovery of the iron and steel industry coupled with an increase in investments in infrastructure as encouraged

by the implementation of the Belt and Road Initiative, the average price of coal (net of VAT) would fluctuate at the current level of approximately RMB1,230 per ton within the range of 5% to 10%, and hence reach a level of approximately RMB1,230 per ton for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020 and 2021.

Based on (i) the historical transaction amounts, (ii) the average market price (net of VAT) of coal purchased by the Group from Shanghai Luxiang for the four months ended 30 April 2019 of RMB1,230 per ton, (iii) the assumption that the average market price (net of VAT) of coal will remain at the level of approximately RMB1,230 for the period from 21 May 2019 to 31 December 2019 and each of the years ending 31 December 2020 and 2021, and (iv) an estimated increase of purchase of coal by the Group from the Shanghai Luxiang Group as mentioned above, the Board proposed to set the following caps in respect of the transactions contemplated under the Shanghai Luxiang Framework Agreement for the period from 21 May 2019 to 31 December 2019 and each of the two years ending 31 December 2021:

	<b>For the period from 21 May 2019 to 31 December 2019 <i>RMB'000</i></b>	<b>For the year ending 31 December 2020 <i>RMB'000</i></b>	<b>For the year ending 31 December 2021 <i>RMB'000</i></b>
Transaction Caps	246,000	369,000	369,000

### 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 and Shanghai Luxiang**

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

Shanghai Luxiang is a company incorporated in the PRC with limited liability and a holder of approximately 93.33% of the equity interest in ZT Logistics. It is principally engaged in the trading of commodities including coal and coke in the PRC, and has maintained good business relationships with major coal production enterprises in the PRC.

#### **Mr. Wei and Xuzhou Oriental**

Mr. Wei is a director of the JV Company and a holder of approximately 30.66% of the equity interest in Xuzhou Oriental.

Xuzhou Oriental is a company incorporated in the PRC with limited liability. It is principally engaged in the trading of commodities integrated with the relevant logistics solutions.

#### **IV. REASONS AND BENEFITS FOR THE CONTINUING CONNECTED TRANSACTIONS**

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 byproducts into refined chemicals and energy products

Pursuant to the Listing Rules, Zenith Steel, Xuzhou Oriental and Shanghai Luxiang have become connected persons of the Company following the establishment of the JV Company on 21 May 2019. As disclosed in the section headed “II. Continuing Connected Transactions - Details of the Continuing Connected Transactions and the relevant CCT Framework Agreements” above, prior to such entities becoming connected persons of the Company, they have conducted the relevant transactions with the Company. Given that Group has built up strategic and solid business relationship with Zenith Steel, Xuzhou Oriental and Shanghai Luxiang, the Directors (including the independent non-executive Directors) consider it beneficial to continue to conduct these Continuing Connected Transactions in order to maximize operating efficiency and stability of the operations of the Company. The Directors (including the independent non-executive Directors) are not aware of any disadvantage to the Group in continuing to conduct the Continuing Connected Transactions.

The Directors (including the independent non-executive Directors) are of the view that the CCT Framework Agreements have been negotiated on an arm’s length basis, are on normal commercial terms or better and in the ordinary and

usual course of business of the Group. The terms of the CCT Framework Agreements, the Continuing Connected Transactions contemplated thereunder and the Transactions Caps are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **V. LISTING RULES IMPLICATIONS**

Zenith Steel and ZT Logistics, being holders of approximately 22.27% and 22.27% of the equity interest in the JV Company, respectively, are substantial shareholders of the JV Company, and in turn, connected persons of the Company. Further, Shanghai Luxiang, being the holder of approximately 93.33% of the equity interest in ZT Logistics, is a connected person of the Company. Xuzhou Oriental, being a company held as to approximately 30.66% by Mr. Wei, one of the directors of the JV Company, is also a connected person of the Company.

Given (i) Zenith Steel, Xuzhou Oriental and Shanghai Luxiang are connected persons of the Company at the subsidiary level; (ii) the Board has approved the CCT Framework Agreements; and (iii) the independent non-executive Directors have confirmed that the terms of the CCT Framework Agreements and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms or better, and in the interests of the Company and the Shareholders as a whole, the Continuing Connected Transactions are exempt from the independent financial advice and shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

None of the Directors has a material interest in the CCT Framework Agreements and the transactions contemplated thereunder, and hence, other than Mr. Wu Tak Lung, who has provided certain services to the Zenith Steel Group and had therefore abstained from voting in respect of the Board resolution approving the transaction contemplated under the Zenith Steel Framework Agreement and the relevant Transaction Caps, no Director has to abstain from voting on the relevant board resolutions approving the Continuing Connected Transactions and the Transaction Caps.

## **VI. DEFINITIONS**

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

“associates”	has the meaning ascribed thereto under the Listing Rules;
“Board”	the board of Directors;

“CCT Framework Agreements”	the Zenith Steel Framework Agreement, the Shanghai Luxiang Framework Agreement and the Xuzhou Oriental Framework Agreement;
“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;
“Continuing Connected Transactions”	the continuing connected transaction(s) of the Group as set out in the section headed “II. Continuing Connected Transactions” in this announcement;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“JV Company”	Shenzhen Jinma Energy Co., Ltd* (深圳市金馬能源有限公司), a company established in the PRC on 21 May 2019 and a 51% subsidiary of the Company;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Mr. Wei”	Mr. Wei Dechao (魏德朝), a director of the JV Company;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shanghai Luxiang”	Shanghai Luxiang Hailu Fuel Co., Ltd.* (上海鷺翔海陸燃料有限公司), a limited liability company incorporated in the PRC;
“Shanghai Luxiang Framework Agreement”	the framework agreement entered into between the Company and Shanghai Luxiang on 17 June 2019 in relation to the purchase of coal by the Group from the Shanghai Luxiang Group;
“Shanghai Luxiang Group”	Shanghai Luxiang and its associates;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;



“Transaction Caps”	the caps for the Continuing Connected Transactions as set out in the section headed “II. Continuing Connected Transactions” in this announcement;
“Xuzhou Oriental”	Xuzhou Oriental Distribution Industrial Group Co., Ltd.* (徐州東方運銷實業集團有限公司), a limited liability company incorporated in the PRC;
“Xuzhou Oriental Framework Agreement”	the framework agreement entered into between the Company and Xuzhou Oriental on 17 June 2019 in relation to the sale of coke and coal by the Group to the Xuzhou Oriental Group;
“Xuzhou Oriental Group”	Xuzhou Oriental and its associates;
“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;
“Zenith Steel Framework Agreement”	the framework agreement entered into between the Company and Zenith Steel on 17 June 2019 in relation to the sale of coke by the Group to the Zenith Steel Group;
“Zenith Steel Group”	Zenith Steel and its associates;
“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; and
“%”	per cent.

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

Hong Kong, 17 June 2019

*As at the date of this announcement, the executive Directors of the Company are Mr. YIU Chiu Fai, Mr. WANG Mingzhong and Mr. LI Tianxi; the non-executive Directors of the Company are Mr. HU Xiayu, Mr. QIU Quanshan and Mr. WANG Zhiming; and the independent non-executive Directors of the Company are Mr. ZHENG Wenhua, Mr. LIU Yuhui and Mr. WU Tak Lung.*

\* For identification purposes only