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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 TRANSACTIONS
AND MAJOR TRANSACTION
IN RELATION TO THE XINYANG JINGANG PROJECT**

The Board hereby announces that the Group had, between 2021 to 2023, entered into various construction-related agreements with certain third parties in connection with the construction of the Xinyang Jingang Project, an advanced heat recovery coking furnace project with a total capacity of approximately 1.6 million tonnes, by Xinyang Jingang, a 70%-owned subsidiary of Company.

LISTING RULES IMPLICATIONS

The entering into of each of the Construction Transactions constituted various notifiable transactions of the Company under Chapter 14 of the Listing Rules. Regrettably, the Company failed to comply with the relevant requirements under Chapter 14 of the Listing Rules in respect of the Construction Transactions as set out below in a timely manner due to its unintentional and inadvertent oversight.

(1) Discloseable Transactions

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of each of the Discloseable Transactions were more than 5% but less than 25%, each of the Discloseable Transactions constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and was subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

(2) Hongbo Discloseable Transaction

None of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Hongbo Discloseable Transaction, on a standalone basis, exceeded 5%. Nonetheless, as the Hongbo Transactions were entered into by Xinyang Jingang with the same counterparty, i.e. Hongbo, the Hongbo Transactions should be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratios (as defined under the Listing Rules) in respect of the Hongbo Discloseable Transaction, after aggregation with the Hongbo De Minimis Transactions, exceeded 5% but was less than 25%, the Hongbo Discloseable Transaction constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and was subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

(3) Liaoning Discloseable Transaction 1

As the Liaoning Discloseable Transaction 1 and the Liaoning De Minimis Transaction 1 were entered into by Xinyang Jingang with the same counterparty, i.e. Liaoning SU, the Liaoning Discloseable Transaction 1 and the Liaoning De Minimis Transaction 1 should be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Liaoning Discloseable Transaction 1, whether on a standalone basis or after aggregation with the Liaoning De Minimis Transaction 1, exceeded 5% but was less than 25%, the Liaoning Discloseable Transaction 1 constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and was subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

(4) Liaoning Major Transaction

None of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Liaoning Major Transaction, on a standalone basis, exceeded 5%. Nonetheless, as the Liaoning Transactions were entered into by Xinyang Jingang with the same counterparty, i.e. Liaoning SU, the Liaoning Transactions should be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the Liaoning Major Transaction, after aggregation with the Liaoning Previous Transactions, exceeded 25% but was less than 100%, the Liaoning Major Transaction constituted a major transaction for the Company and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Considering that the relevant installation work contemplated under the Liaoning Major Transaction has been substantially completed as of the date of this announcement and all material information in respect of the Liaoning Major Transaction has been set forth in this announcement, even though the Liaoning Major Transaction was subject to the shareholders' approval requirement as set out above, the Company considers that it will not be meaningful and therefore does not intend to despatch a circular or convene any general meeting of the Company for the purpose of ratifying the Liaoning Major Transaction.

The Board hereby announces that the Group has, between 2021 to 2023, entered into various construction-related agreements with certain third parties in connection with the construction of the Xinyang Jingang Project, an advanced heat recovery coking furnace project with a total capacity of approximately 1.6 million tonnes, by Xinyang Jingang, a 70%-owned subsidiary of Company.

1. THE DISCLOSEABLE TRANSACTION 1

On 1 February 2021, Xinyang Jingang entered into an agreement (as supplemented by four supplemental agreements) with CHCGIG in relation to the pile foundation engineering of the coking engineering project (the “**Discloseable Transaction 1**”), the principal terms of which are as follows:

Date : 1 February 2021 (as further supplemented on 13 May 2021, 11 September 2021, 16 October 2021 and 28 December 2021)

Parties : (i) Xinyang Jingang
(ii) CHCGIG

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, CHCGIG and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : CHCGIG has been engaged as the contractor for the pile foundation engineering of the coking engineering project which forms part of the Xinyang Jingang Project.

Consideration : The consideration payable by Xinyang Jingang to CHCGIG was estimated to be RMB97.01 million (tax exclusive), subject to adjustment based on actual amount of works carried out.

Basis of determination of the consideration : The consideration was determined through open tender process based on the engineering design and labour costs relating to construction, quality control and management.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to CHCGIG based on progress of the project in the following manner, and CHCGIG shall issue a corresponding 9% VAT invoice before each payment from Xinyang Jingang is made:

- (i) By the 25th of each month, CHCGIG shall submit a progress payment application to Xinyang Jingang, and Xinyang Jingang shall then make a payment representing 70% of the relevant progress payment based on the construction schedule completed.
- (ii) After completion of the project and successful testing of the pile foundation, Xinyang Jingang shall pay up to 80% of the total consideration.
- (iii) Once the completion materials and completion drawings have been submitted, project audit settlements have been completed, and the supplier has issued the full VAT invoice, Xinyang Jingang shall pay up to 95% of the total consideration (being the audited settlement price).
- (iv) The remaining 5% of the total consideration (being the audited settlement price) shall be retained as a quality assurance fund. Such amount shall be paid in full within 20 days upon expiration of the quality warranty period without any quality disputes and upon deduction of any penalties for breaches.

After the project completion acceptance report has been approved by Xinyang Jingang, CHCGIG shall submit the project settlement and related settlement materials to Xinyang Jingang within 28 days.

As at 31 March 2024, a total of approximately RMB73.39 million (tax exclusive) has been paid by Xinyang Jingang to CHCGIG pursuant to the abovementioned agreement. The construction of the project contemplated under the Discloseable Transaction 1 was completed on 30 March 2022.

2. THE DISCLOSEABLE TRANSACTION 2

On 5 February 2021, Xinyang Jingang entered into an agreement with Sinosteel Luonai in relation to sale and purchase of silica bricks and gradient heat-trapping castables (the “Discloseable Transaction 2”), the principal terms of which are as follows:

Date : 5 February 2021

Parties : (i) Xinyang Jingang
(ii) Sinosteel Luonai

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Sinosteel Luonai and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Sinosteel Luonai agreed to sell and Xinyang Jingang agreed to purchase, 30,395 tonnes of silica bricks, 14,747 tonnes of type A gradient heat-trapping castables and 7,940 tonnes of type-B gradient heat-trapping castables.

Consideration : The consideration payable by Xinyang Jingang to Sinosteel Luonai shall be RMB149.65 million (tax exclusive).

Basis of determination of the consideration : The consideration was determined with reference to the market price of the materials supplied, taking into account delivery costs.

Payment terms : Payment of the consideration shall be made by Xinyang Jingang to Sinosteel Luonai based on the progress of delivery in the following manner:

- (i) An advance payment of RMB20.00 million (in two installments) shall be made after the agreement came into effect.
- (ii) The payment of RMB9.30 million shall be made upon the delivery of each batch of refractory castables.
- (iii) The payment of RMB7.70 million shall be made upon the delivery of each batch of silica bricks.
- (iv) The payment up to 95% of the total consideration shall be made upon the full delivery of refractory castables and silica bricks. The balance representing 5% of the total consideration shall set aside as warranty fund, payable after the expiration of the warranty period, provided no quality issues arise.

As at 31 March 2024, a total of approximately RMB149.65 million (tax exclusive) has been paid by Xinyang Jingang to Sinosteel Luonai pursuant to the abovementioned agreement. The delivery of all refractory castables and silica bricks contemplated under the Discloseable Transaction 2 was completed on 18 March 2023.

3. THE DISCLOSEABLE TRANSACTION 3

On 5 February 2021, Xinyang Jingang entered into an agreement with Henan Chunsheng Group in relation to the sale and purchase of silica bricks for coke oven (the “**Discloseable Transaction 3**”), the principal terms of which are as follows:

- Date** : 5 February 2021
- Parties** : (i) Xinyang Jingang
(ii) Henan Chunsheng Group

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Henan Chunsheng Group and its ultimate beneficial owner(s) are Independent Third Parties.

- Subject matter** : Henan Chunsheng Group agreed to sell and Xinyang Jingang agreed to purchase, 35,450 tonne of J-type silica bricks for coke oven.
- Consideration** : The consideration payable by Xinyang Jingang to Henan Chunsheng Group shall be RMB90.98 million (tax exclusive).
- Basis of determination of the consideration** : The consideration was determined with reference to the market price of the materials supplied, taking into account delivery costs.
- Payment terms** : Payment of the consideration shall be made by Xinyang Jingang to Henan Chunsheng Group based on the progress of delivery in the following manner:
 - (i) Prepayment of RMB10.00 million shall be made after the agreement came into effect.
 - (ii) RMB4.85 million shall be paid upon delivery of each batch of J-type silica bricks. Up to 90% of the total consideration shall be paid upon delivery of all of the relevant goods.
 - (iii) The remaining 10% of the total consideration shall serve as a quality assurance fund, payable after the expiration of the warranty period, provided no quality issues arise.

As at 31 March 2024, a total of approximately RMB77.7 million (tax exclusive) has been paid by Xinyang Jingang to Henan Chunsheng. The delivery of all J-type silica bricks contemplated under the Discloseable Transaction 3 was completed on 3 November 2022.

4. THE DISCLOSEABLE TRANSACTION 4

On 7 February 2021, Xinyang Jingang entered into an agreement (as supplemented by two supplemental agreements) with Dalian Huarui in relation to the sale and purchase of coke oven vehicle equipment (the “**Discloseable Transaction 4**”), the principal terms of which are as follows:

Date : 7 February 2021 (as supplemented on 25 April 2021 and 25 May 2022)

Parties : (i) Xinyang Jingang
(ii) Dalian Huarui

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Dalian Huarui and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Dalian Huarui agreed to sell and Xinyang Jingang agreed to purchase, coke oven vehicle equipment, delivered in four batches.

Consideration : The consideration payable by Xinyang Jingang to Dalian Huarui shall be RMB150.69 million (tax exclusive).

Basis of determination of the consideration : The consideration was determined with reference to the market price of the equipment supplied, taking into account delivery, assembly and testing costs.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to Dalian Huarui based on the progress of the design and installation of the coke oven vehicle equipment in the following manner:

- (i) Prepayment of RMB8.50 million shall be made when the agreement came into effect.
- (ii) A progress payment of RMB17.50 million shall be made when the design review has been completed.
- (iii) Five months after signing the contract, the Dalian Huarui shall issue a VAT invoice accounting for 40% of the total contract amount, and Xinyang Jingang shall make a progress payment of RMB20.00 million.
- (iv) Once the shipment conditions have been met, a shipment payment of RMB10 million shall be made.
- (v) Once the shipment conditions of the first batch of equipment have been met, a shipment payment of RMB17 million shall be made.
- (vi) Once the shipment conditions of the second batch of equipment have been met, a shipment payment of RMB17 million shall be made.
- (vii) Once the shipment conditions of the third batch of equipment have been met, a shipment payment of RMB15 million shall be made.
- (viii) Once the shipment conditions of the fourth batch of equipment have been met, a shipment payment of RMB14 million shall be made.
- (ix) Once the first batch of equipment has been accepted after installation and commissioning, a payment of RMB8.50 million shall be made upon confirmation from the overseeing unit.
- (x) Once the second batch of equipment has been accepted after installation and commissioning, a payment of RMB8.50 million shall be made upon confirmation from the overseeing unit.

- (xi) Once the third batch of equipment has been accepted after installation and commissioning, a payment of RMB8.50 million shall be made upon confirmation from the overseeing unit.
- (xii) Once the fourth batch of equipment has been accepted after installation and commissioning, a payment of RMB8.50 million shall be made upon confirmation from the overseeing unit.
- (xiii) The remaining 10% of the total consideration shall serve as a quality assurance fund, payable after the expiration of the warranty period, provided no quality issues arise.

As at 31 March 2024, a total of approximately RMB99.28 million (tax exclusive) has been paid by Xinyang Jingang to Dalian Huarui. The delivery and installment of the relevant coke oven vehicle equipment contemplated under the Discloseable Transaction 4 was completed on 30 September 2022.

5. THE DISCLOSEABLE TRANSACTION 5

On 5 March 2021, Xinyang Jingang entered into an agreement with Dongfang Turbine in relation to the sale and purchase of condensing steam turbine generators (the “**Discloseable Transaction 5**”), the principal terms of which are as follows:

Date : 5 March 2021

Parties : (i) Xinyang Jingang
(ii) Dongfang Turbine

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Dongfang Turbine and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Dongfang Turbine agreed to sell and Xinyang Jingang agreed to purchase, four sets of 4X75MW high-temperature and ultrahigh-pressure single-reheat condensing steam turbine generator (the “**Turbine Generators**”).

Consideration : The consideration payable by Xinyang Jingang to Dongfang Turbine shall be RMB100.71 million (tax exclusive).

Basis of determination of the contract price : The contract price was determined with reference to the market price of the Turbine Generators, taking into account delivery, assembly and testing costs.

- Payment terms** : Payment of the consideration shall be made by Xinyang Jingang to Dongfang Turbine based on the progress of the design and installation of the condensing steam turbine generators in the following manner:
- (i) Prepayment of RMB11.38 million shall be made (in 2 installments) after the contract has come into effect.
 - (ii) RMB22.76 million shall be paid after the agreement has been effective for three months and the design review of the full set has been completed.
 - (iii) RMB22.76 million shall be paid after the agreement has been effective for five months upon issuance of equipment production progress report by the supplier.
 - (iv) RMB22.76 million shall be paid after the final assembly of the equipment has been completed and the equipment has been inspected to be meeting the shipment conditions.
 - (v) RMB11.38 million shall be paid after installation and commission of the first two sets of equipment have been completed and the sets had run up to the standard for 168 hours.
 - (vi) RMB11.38 million shall be paid after installation and commission of the latter two sets of equipment have been completed and the sets have run up to the standard for 168 hours.
 - (vii) The remaining 10% of the total consideration shall serve as a quality assurance fund, payable after the expiration of the warranty period, provided no quality issues arise.

As at 31 March 2024, a total of approximately RMB70.94 million (tax exclusive) has been paid by Xinyang Jingang to Dongfang Turbine. All Turbine Generators under the Discloseable Transaction 5 have been delivered and installed by 20 December 2021. Two sets of the Turbine Generators have been put into operation on 7 February 2023, whilst the remaining two sets of the Turbine Generators have not yet been put into operation.

6. THE DISCLOSEABLE TRANSACTION 6

On 5 May 2021, Xinyang Jingang entered into an agreement with Suzhou Hailu in relation to the sale and purchase of exhaust heat boilers (the “**Discloseable Transaction 6**”), the principal terms of which are as follows:

Date : 5 May 2021

Parties : (i) Xinyang Jingang
(ii) Suzhou Hailu

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Suzhou Hailu and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Suzhou Hailu agreed to sell and Xinyang Jingang agreed to purchase, one set of coke dry quenching exhaust heat boiler and four sets of coke over coal gas exhaust heat boilers (collectively, the “**Heat Boilers**”).

Consideration : The consideration payable by Xinyang Jingang to Suzhou Hailu shall be RMB85.70 million (tax exclusive).

Basis of determination of the consideration : The consideration was determined with reference to the costs of the Heat Boilers supplied, taking into account delivery, assembly and testing costs.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to Suzhou Hailu based on the progress of the design and installation of the exhaust heat boilers in the following manner:

- (i) Prepayment of RMB15.60 million shall be made after the contract has come into effect.
- (ii) Shipment payment of RMB31.20 million shall be made (in two instalments) before shipment of the equipment: shipment payment of RMB12.96 million shall be made once the shipment conditions of the first batch equipment have been met; shipment payment of RMB18.24 million shall be made upon the shipment conditions of the second batch equipment have been met.
- (iii) RMB6.48 million shall be paid upon arrival of the first batch of equipment at the project site, and RMB9.12 million shall be paid upon arrival of the second batch of equipment at the project site.
- (iv) RMB2.20 million shall be paid upon arrival of the first batch of major components at the project site and after installation conditions have been met.
- (v) RMB3.67 million shall be paid upon completion of installation of the first batch of equipment.
- (vi) RMB4.90 million shall be paid after the installation of the second batch of equipment has started, and up to 90% of the total installation fee shall be paid after all equipment installation has been completed, rounded to RMB15.45 million.
- (vii) Up to 90% of the total consideration shall be paid after successful commissioning and acceptance.
- (viii) The remaining 10% of the total consideration shall serve as a quality assurance bond, payable after the expiration of the warranty period, provided no quality issues arise.

As at 31 March 2024, a total of approximately RMB59.7 million (tax exclusive) has been paid by Xinyang Jingang to Suzhou Hailu. As at the date of this announcement, approximately 90% of the Heat Boilers has been installed, and installation of the remaining Heat Boilers is expected to complete by June 2024.

7. THE DISCLOSEABLE TRANSACTION 7

On 18 July 2021, Xinyang Jingang entered into an agreement with China First in relation to the coke oven masonry and installation works (the “**Discloseable Transaction 7**”), the principal terms of which are as follows:

Date : 18 July 2021

Parties : (i) Xinyang Jingang
(ii) China First

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, China First and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : China First was engaged as the contractor for coke oven masonry and installation works.

Consideration : The consideration payable by Xinyang Jingang to China First was estimated to be RMB95.87 million (tax exclusive), subject to adjustment based on actual amount of works carried out.

Based on the actual quantity of works completed for the project, the total consideration was subsequently budgeted to be RMB122.57 million (tax exclusive).

Basis of determination of the contract price : The consideration was determined based on the engineering design and labour costs for construction, quality control and management, taking into account historical contract prices and the prevailing market price of similar construction projects.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to China First with 40% through semi-annual bank acceptance and 60% through bank wire transfer, based on the progress of the coke oven masonry and installation works in the following manner:

- (i) Prepayment for the furnace masonry works: China First shall submit the progress application form to Xinyang Jingang for review prior to the 25th of each month, and Xinyang Jingang shall pay 75% of the progress payment based on the work completed in the current month (including on-site change and certification) prior to the 20th of following month.
- (ii) Installation works: China First shall submit the progress application form to Xinyang Jingang for review prior to the 25th of each month, and 85% of the progress payment shall be paid based on the works completed in the current month; when the project has been completed and accepted, a payment of up to 90% of the approved construction cost shall be made; after the completion materials have been submitted and project settlement audit has been completed, Xinyang Jingang shall pay up to 95% of the total audited settlement price.
- (iii) The remaining 5% of the total audited settlement price shall serve as a quality assurance fund, payable to China First by Xinyang Jingang after the expiration of the warranty period, provided no quality issues arise.

As at 31 March 2024, a total of approximately RMB94.04 million (tax exclusive) was paid by Xinyang Jingang to China First. The coke oven masonry and installation works under the Discloseable Transaction 7 was completed on 30 September 2022.

8. THE DISCLOSEABLE TRANSACTION 8

On 4 August 2021, Xinyang Jingang entered into an agreement (as supplemented by three supplemental agreements) with Hubei Lusheng in relation to the sale and purchase of certain equipment (the “**Discloseable Transaction 8**”), the principal terms of which are as follows:

Date : 4 August 2021 (as supplemented on 31 December 2021, 4 April 2023 and 21 July 2023)

Parties : (i) Xinyang Jingang
(ii) Hubei Lusheng

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Hubei Lusheng and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Hubei Lusheng agreed to sell and Xinyang Jingang agreed to purchase, desulfurization equipment and acid production equipment, in two phases.

Consideration : The consideration payable by Xinyang Jingang to Hubei Lusheng shall be RMB179.19 million (tax exclusive).

Basis of determination of the consideration : The consideration was determined with reference to costs of the equipment, taking into account delivery, assembly and testing costs.

Payment terms : Payment of the consideration shall be made by Xinyang Jingang to Hubei Lusheng based on the progress of the construction and installation of the relevant equipment in the following manner:

Phase 1

(i) An advance payment of 5% of the total consideration for the first phase shall be made after the civil construction drawings for the first phase have been submitted.

(ii) 70% of the total value of the equipment shall be paid upon delivery of equipment and commencement of construction for the first phase (the amount of which shall not exceed 65% of the total consideration for the first phase).

(iii) 5% of the total price for the first phase shall be paid after the installation for the first phase has been completed.

(iv) 15% of the total price for the first phase shall be paid after the acceptance for the first phase.

Phase 2

- (v) 5% of the total price for the second phase shall be made after the civil construction drawings for the second phase have been submitted.
- (vi) 5% of the total price for the second phase shall be paid after the installation conditions have been met.
- (vii) 70% of the total value of the equipment shall be paid upon delivery of equipment and commencement of construction for the second phase (the amount of which shall not exceed 60% of the total consideration for the second phase).
- (viii) 5% of the total price for the second phase shall be paid after the installation for the second phase has been completed.
- (ix) 15% of the total price for the second phase shall be paid after the acceptance for the second phase.

The remaining 10% of the total consideration shall serve as quality assurance fund, payable in full upon expiration of the quality warranty period.

As at 31 March 2024, a total of approximately RMB108.91 million (tax exclusive) has been paid by Xinyang Jingang to Hubei Lusheng. All equipment for the first phase has been supplied and was put into continuous operation since March 2023. 90% of the equipment for the second phase has been installed, with the rest of the equipment expected to be installed by the end of May 2024.

9. THE HONGBO TRANSACTIONS

(a) The Hongbo Discloseable Transaction

On 26 March 2022, Xinyang Jingang entered into an agreement with Hongbo in relation to certain civil construction and installation works for the coking engineering project (the “**Hongbo Discloseable Transaction**”), the principal terms of which are as follows:

Date : 26 March 2022

Parties : (i) Xinyang Jingang
(ii) Hongbo

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Hongbo and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Hongbo was engaged as the contractor for civil construction works and installation works of steel structure and pipeline for the coking engineering project of Xinyang Jingang.

Consideration : The consideration payable by Xinyang Jingang to Hongbo was estimated to be RMB14.68 million (tax exclusive), subject to adjustment based on the actual amount of works carried out.

Based on the engineering quantity completed for the project, the total consideration was subsequently budgeted to be RMB56.98 million (tax exclusive).

Basis of determination of the consideration : The consideration was determined based on the engineering design taking into account the labour involved in construction, quality control and management.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to Hongbo via bank acceptance within six months (if Xinyang Jingang chooses to pay Hongbo via bank wire transfer, Hongbo agrees to bear the related expenses equal to 1.7% of the amount payable. Xinyang Jingang shall pay the amount payable to Hongbo after deducting the aforementioned related expenses) based on the progress of the civil construction works and installation works in the following manner, and Hongbo shall issue a corresponding VAT invoice before each payment from Xinyang Jingang:

- (i) By the 25th of each month, Hongbo shall submit a progress payment application to Xinyang Jingang, and Xinyang Jingang shall then make payments based on 75% of the work completed in the current month.
- (ii) After satisfactory completion and acceptance of the project, Xinyang Jingang shall pay up to 80% of the total consideration.
- (iii) Once the technical documentation and project audit settlements have been completed, and Hongbo has issued the remaining full VAT invoice, Xinyang Jingang shall make a payment up to 90% of the total consideration (being the audited settlement price).
- (iv) The remaining 10% of the total consideration (being the audited settlement price) shall be retained as a quality assurance fund. Such amount shall be paid in full once the payment procedures have been completed upon expiration of the quality warranty period without any quality disputes and upon deduction of any penalties for breaches.

As at 31 March 2024, a total of approximately RMB43.58 million (tax exclusive) was paid by Xinyang Jingang to Hongbo. The installation works contemplated under the Hongbo Discloseable Transaction were completed on 30 March 2023.

(b) Other previous transactions entered into between Xinyang Jingang and Hongbo

Prior to entering into the Hongbo Discloseable Transaction, Xinyang Jingang had also entered into the following agreements with Hongbo in relation to certain installation works for the coking engineering project which forms part of the Xinyang Jingang Project (the transaction(s) contemplated under such agreement(s) are referred to as the “**Hongbo De Minimis Transaction(s)**”):

- (i) On 30 August 2021, Xinyang Jingang entered into an agreement with Hongbo, pursuant to which Hongbo was engaged as the contractor for installation works of coke oven pillars, pulling bars and rain shelter for the coking engineering project, which forms part of the Xinyang Jingang Project. The contract price payable by Xinyang Jingang to Hongbo was estimated to be RMB4.59 million (tax exclusive) subject to adjustments based on the actual amount of works carried out. The installation works have been completed and as at 31 March 2024, a total of approximately RMB6.79 million (tax exclusive) was paid by Xinyang Jingang to Hongbo.
- (ii) On 25 November 2021, Xinyang Jingang entered into an agreement with Hongbo, pursuant to which Hongbo was engaged as the contractor for installation works of coke oven I-shaped beams, resistance walls and profiled steel plates for the coking engineering project, which forms part of the Xinyang Jingang Project. The contract price payable by Xinyang Jingang to Hongbo was RMB13.36 million (tax exclusive). The installation works have been completed on 30 August 2022 and as at 31 March 2024, a total of approximately RMB10.18 million (tax exclusive) was paid by Xinyang Jingang to Hongbo.
- (iii) On 26 March 2022, Xinyang Jingang entered into an agreement with Hongbo, pursuant to which Hongbo was engaged as the contractor for installation works of equipment for the coking engineering project, which forms part of the Xinyang Jingang Project. The contract price payable by Xinyang Jingang to Hongbo was estimated to be RMB4.59 million (tax exclusive) subject to adjustments based on the actual amount of works carried out. The installation works have been completed on 30 March 2023 and as at 31 March 2024, a total of approximately RMB1.56 million (tax exclusive) was paid by Xinyang Jingang to Hongbo.

10. THE LIAONING TRANSACTIONS

Xinyang Jingang has, between 2021 to 2022, entered into various construction-related agreements with Liaoning SU in connection with the construction of the Xinyang Jingang Project.

(a) The Liaoning Discloseable Transaction 1

On 10 March 2021, Xinyang Jingang entered into an agreement with Liaoning SU in relation to the design and civil construction works of coke ovens for the coking engineering project (the “**Liaoning Discloseable Transaction 1**”), the principal terms of which are as follows:

Date	: 10 March 2021
Parties	: (i) Xinyang Jingang (ii) Liaoning SU

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Liaoning SU and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter	: Liaoning SU was engaged as a contractor to provide design and civil construction works of coke ovens for the coking engineering project of Xinyang Jingang.
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Consideration	: The consideration payable by Xinyang Jingang to Liaoning SU was estimated to be RMB120 million (tax inclusive), subject to adjustment based on actual amount of works carried out.
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Based on the engineering quantity completed for this project, the total consideration was subsequently budgeted to be RMB104.10 million (tax exclusive).

Basis of determination of the consideration	: The contract price was determined based on material and labour costs for construction, taking into account quality control and project management, design fees, taking into account complexity of design, and civil engineering materials costs.
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Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to Liaoning SU via bank acceptance within six months (if Xinyang Jingang chooses to pay Liaoning SU via bank wire transfer, Liaoning SU agrees to bear the related expenses equal to 1.7% of the amount payable. Xinyang Jingang shall pay the amount payable to Liaoning SU after deducting the aforementioned related expenses) based on the progress of the civil construction works and installation works in the following manner, and Liaoning SU shall issue a corresponding VAT invoice before each payment from Xinyang Jingang:

- (i) Liaoning SU shall report monthly statements to Xinyang Jingang by the 25th for each month. Xinyang Jingang shall pay progress payment according to 75% of the completed works in the current month.
- (ii) Payment of up to 80% of the total consideration shall be made upon satisfactory acceptance of the works delivery.
- (iii) Upon completion of the audit of the technical documents and project settlement, coupled with the issuance of the remaining full VAT invoice by Liaoning SU, Xinyang Jingang shall pay up to 90% of total consideration (being the audited settlement price).
- (iv) The 10% of the remaining total consideration (being the audited settlement price) shall serve as the project quality warranty, which shall be paid in one lump sum upon the expiration of the project quality warranty period without any quality objection and deduction of liquidated damages subsequent to the completion of the payment procedures.

Within 28 days upon the delivery and acceptance report of the project approved by Xinyang Jingang, Liaoning SU shall submit the project settlement and related settlement materials to Xinyang Jingang, and Xinyang Jingang shall complete the settlement within the time stipulated by the relevant state regulations upon receipt of the settlement materials.

As at 31 March 2024, a total of approximately RMB76.64 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU. The relevant design and civil construction works of coke ovens contemplated under the Liaoning Discloseable Transaction 1 has been completed on 30 December 2021.

(b) The Liaoning Discloseable Transaction 2

On 28 April 2021, Xinyang Jingang entered into an agreement with Liaoning SU in relation to the construction and installation of the coke oven steel structure and gas collecting pipe of the coking engineering project (the “**Liaoning Discloseable Transaction 2**”), the principal terms of which are as follows:

Date : 28 April 2021

Parties : (i) Xinyang Jingang
(ii) Liaoning SU

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Liaoning SU and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Liaoning SU was engaged as a contractor for the construction and installation of the coke oven steel structure and gas collecting pipe of the coking engineering project of Xinyang Jingang.

Consideration : The consideration payable by Xinyang Jingang to Liaoning SU was estimated to be RMB110.09 million (tax exclusive), subject to adjustment based on actual amount of works carried out.

Based on the actual amount of works carried out, the consideration was subsequently adjusted to RMB125.18 million (tax exclusive).

Basis of determination of the consideration : The contract price was determined based on the engineering design and labour costs for construction, quality control and management, taking into account historical contract prices and the prevailing market price of similar construction projects.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to Liaoning SU via bank acceptance within six months (if Xinyang Jingang chooses to pay Liaoning SU via bank wire transfer, Liaoning SU agrees to bear the related expenses equal to 1.7% of the amount payable. Xinyang Jingang shall pay the amount payable to Liaoning SU after deducting the aforementioned related expenses) based on the progress of the construction works and installation works in the following manner, and Liaoning SU shall issue a corresponding VAT invoice before each payment from Xinyang Jingang:

- (i) Liaoning SU shall report monthly statements to Xinyang Jingang by the 25th for each month. Xinyang Jingang shall pay progress payment according to 75% of the completed works in the current month.
- (ii) Payment of up to 80% of the total consideration shall be made upon satisfactory acceptance of the works delivery.
- (iii) Upon completion of the audit of the technical documents and project settlement, coupled with the issuance of the remaining full VAT invoice by Liaoning SU, Xinyang Jingang shall pay up to 90% of total consideration (being the audited settlement price).
- (iv) The 10% of the remaining total consideration (being the audited settlement price) shall serve as the project quality warranty, which shall be paid in one lump sum upon the expiration of the project quality warranty period without any quality objection and deduction of liquidated damages subsequent to the completion of the payment procedures.

Within 28 days upon the delivery and acceptance report of the project approved by Xinyang Jingang, Liaoning SU shall submit the project settlement and related settlement materials to Xinyang Jingang, and Xinyang Jingang shall complete the settlement within the time stipulated by the relevant state regulations upon receipt of the settlement materials.

As at 31 March 2024, a total of approximately RMB81.09 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU. The relevant construction and installation works of coke ovens contemplated under the Liaoning Discloseable Transaction 2 was completed on 10 December 2021.

(c) The Liaoning Discloseable Transaction 3

On 17 August 2021, Xinyang Jingang entered into an agreement with Liaoning SU in relation to the installation (and related civil construction) of certain equipment for the coking engineering project (the “**Liaoning Discloseable Transaction 3**”), the principal terms of which are as follows:

Date : 17 August 2021

Parties : (i) Xinyang Jingang
(ii) Liaoning SU

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Liaoning SU and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Liaoning SU was engaged as a general contractor for the installation and the construction of structures for housing of two sets of coke dry quenching equipment for the coking engineering project of Xinyang Jingang, in two phases.

Contract price : The contract price payable by Xinyang Jingang to Liaoning SU shall be RMB130.53 million (tax exclusive).

Basis of determination of the consideration : The contract price was determined based on the costs for construction and subsequent integrated operation testing of the coke dry quenching equipment.

Payment terms : Payment of the consideration shall be made by Xinyang Jingang to Liaoning SU via bank acceptance or bank wire transfer within six months (if Xinyang Jingang chooses to pay Liaoning SU via bank wire transfer, Liaoning SU agrees to bear the related expenses equal to 1.7% of the amount payable. Xinyang Jingang shall pay the amount payable to Liaoning SU after deducting the aforementioned related expenses) based on the progress of the construction works in the following manner, and Liaoning SU shall issue a corresponding VAT invoice before each payment from Xinyang Jingang:

(i) Liaoning SU shall report monthly statements to Xinyang Jingang by the 25th for each month. After review, Xinyang Jingang shall pay 80% of the audited works for the month before the 10th of the following month.

- (ii) Upon completion of inspection (with the provision of a project quality assessment report of the civil construction works) and within one month after passing of the acceptance at the end of the assessment period, up to 90% of the total costs for construction and installation shall be paid.
- (iii) The remaining 10% of the total consideration shall serve as quality assurance fund, payable after the expiration of the warranty period, provided no quality issues arise.

Payment of other costs shall be made on monthly basis in equal proportions during the contract period (i.e. RMB900,000 per month and RMB1,000,000 for the last month). Any outstanding costs shall be settled by Xinyang Jingang within 10 days upon completion of the project.

As at 31 March 2024, a total of approximately RMB80.24 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU. The first phase of the relevant installation and construction works contemplated under the Liaoning Discloseable Transaction 3 was completed on 20 December 2021, and as at the date of this announcement, approximately 90% of the second phase of the relevant installation and construction works contemplated under the Liaoning Discloseable Transaction 3 has been completed.

(d) The Liaoning Major Transaction

On 19 June 2022, Xinyang Jingang entered into an agreement with Liaoning SU in relation to certain works for the coke-electricity engineering project (the “**Liaoning Major Transaction**”), the principal terms of which are as follows:

Date : 19 June 2022

Parties : (i) Xinyang Jingang
(ii) Liaoning SU

To the best of the knowledge, information and belief of the Board, having made all reasonable enquiries, Liaoning SU and its ultimate beneficial owner(s) are Independent Third Parties.

Subject matter : Liaoning SU was engaged by Xinyang Jingang for the works related to the 344-hole heat-recovery coking furnace heating of the coke-electricity engineering project of Xinyang Jingang in two phases.

Contract price : The consideration payable by Xinyang Jingang to Liaoning SU shall be RMB6.97 million (tax exclusive).

Basis of determination of the consideration : The contract price was determined based on the costs for coking furnace heating, quality control and management services.

Payment terms

: Payment of the consideration shall be made by Xinyang Jingang to Liaoning SU via bank acceptance within six months (if Xinyang Jingang chooses to pay Liaoning SU via bank wire transfer, Liaoning SU agrees to bear the related expenses equal to 1.7% of the amount payable. Xinyang Jingang shall pay the amount payable to Liaoning SU after deducting the aforementioned related expenses) based on the progress of the contracted works in the following manner:

- (i) Within 10 days upon the effective date of the agreement, a prepayment of RMB1.00 million shall be made.
- (ii) Within 10 days of the main materials for coking furnace heating being delivered, payment of RMB1.50 million shall be made.
- (iii) Within 10 days of commissioning of the fifth to eighth coking furnace, payment of RMB1.00 million shall be made.
- (iv) Within one month of the first phase of coking furnace all being commissioned, the cumulative payment of RMB4.50 million shall be made.
- (v) Within 10 days of completion of equipment installation for the second phase of coking furnace and the coking furnace heating conditions being satisfied, payment of RMB1.00 million shall be made.
- (vi) Within one month of second phase coking furnace all being commissioned, payment of RMB1.89 million shall be made.

As at 31 March 2024, a total of approximately RMB3.67 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU. The relevant installation work contemplated under the Liaoning Major Transaction was completed on 1 June 2023.

(e) **Other previous transactions entered into between Xinyang Jingang and Liaoning SU**

In addition to the entering into of the Liaoning Discloseable Transaction 1, Liaoning Discloseable Transaction 2, Liaoning Discloseable Transaction 3 and Liaoning Major Transaction, Xinyang Jingang had also entered into the following agreements with Liaoning SU in relation to certain installation works for the coking engineering project which forms part of the Xinyang Jingang Project (the transaction(s) contemplated under such agreement(s) are referred to as the “**Liaoning De Minimis Transaction(s)**”):

- (i) On 12 November 2020, Xinyang Jingang entered into an agreement with Liaoning SU, pursuant to which Liaoning SU was engaged to provide design services for the coking engineering project, which forms part of the Xinyang Jingang Project (the “**Liaoning De Minimis Transaction 1**”). The contract price payable by Xinyang Jingang to Liaoning SU was RMB10.38 million (tax exclusive). The relevant services has been provided by 30 September 2022, and as at 31 March 2024, a total of approximately RMB9.25 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU.
- (ii) On 17 August 2021, Xinyang Jingang entered into an agreement with Liaoning SU, pursuant to which Liaoning SU was engaged to supply of two sets of coke dry quenching equipment for the coking engineering project, in two phases, which forms part of the Xinyang Jingang Project. The contract price payable by Xinyang Jingang to Liaoning SU was RMB70.80 million (tax exclusive). The first phase of the supply of equipment was completed on 20 December 2022, and as at the date of this announcement, approximately 90% of the second phase of the supply of equipment has been completed. As at 31 March 2024, a total of approximately RMB40.23 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU.
- (iii) On 15 January 2022, Xinyang Jingang entered into an agreement with Liaoning SU, pursuant to which Liaoning SU was engaged to supply high-temperature flue gas valves to Xinyang Jingang in two phases for the coking engineering project, which forms part of the Xinyang Jingang Project. The contract price payable by Xinyang Jingang to Liaoning SU was estimated to be RMB15.4 million (tax exclusive). The supply of gas valves has been completed on 1 December 2023, and as at 31 March 2024, a total of approximately RMB9.42 million (tax exclusive) has been paid by Xinyang Jingang to Liaoning SU.

REASONS AND BENEFITS OF THE CONSTRUCTION TRANSACTIONS

The Construction Transactions had been entered into for the construction of an advanced heat recovery coking furnace project with a total capacity of approximately 1.6 million tonnes for Xinyang Jingang (the “**Xinyang Jingang Project**”).

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 expanding its coke production capacity. In view of the PRC government’s policies in recent years imposing stricter environmental protection measures and requirements, the Board is of the view that new coke production capacities have become more and more difficult to come by. The Xinyang Jingang Project will benefit the Group by expanding the Group’s coke production capacity, which is a valuable resource for the Group’s expansion of its business operations. With an increase in production volume in respect of coke production, the Group’s overall revenue and operating results will also improve as a whole.

In view of the above, the Board believes that the terms of the Construction Transactions have been made on normal commercial terms and are fair and reasonable and in the interests of the Company and its shareholders as a whole.

INFORMATION ON THE PARTIES

Xinyang Jingang and the Group

Xinyang Jingang is a company established in the PRC with limited liability and a non-wholly owned subsidiary of the Company. Xinyang Jingang is owned as to 70% and 30% by the Company and 安鋼集團信陽鋼鐵有限責任公司(Angang Group Xinyang Steel Co., Ltd.*), respectively. Xinyang Jingang is principally engaged in the production and sale of coke, the production and sale of electricity with heat dissipated in the relevant production process, and the production and sale of heat energy.

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.

CHCGIG

CHCGIG is principally engaged in civil engineering construction business. It is owned as to approximately:

- (i) 73.88% by 中冀建勘集團有限公司工會委員會(The Trade Union Committee of China Hebei Construction & Geotechnical Investigation Group Company Limited*);
- (ii) 2.23% by 韓立君(Han Lijun*);
- (iii) 2.06% by 李華偉(Li Huawei*);
- (iv) 1.73% by 聶慶科(Nie Qingke*) and 王煒(Wang Wei*) each;

- (v) 1.66% by 劉利平(Liu Liping*);
- (vi) 1.60% by 胡建敏(Hu Jianmin*); and
- (vii) 15.10%, in aggregate, by 20 individuals, each holding not more than 1.45%.

Sinosteel Luonai

Sinosteel Luonai is principally engaged in the non-metallic mineral products industry business. It is a company listed on the Shanghai Stock Exchange (Stock Code: 688119) and is ultimately beneficially owned as to approximately 37.34% by the SASAC.

Henan Chunsheng Group

Henan Chunsheng Group is principally engaged in the production, research and development, and sales of refractory materials, engineering technology development, as well as the design, installation, construction and maintenance of thermal kiln furnace. It is directly owned as to approximately 60% by 張少峰(Zhang Shaofeng*) and 40% by 吳玉輝(Wu Yuhui*).

Dalian Huarui

Dalian Huarui is principally engaged in the design, manufacture, installation and provision of services for metallurgical vehicles, coke oven equipment, coke dry quenching equipment and the sale of spare parts. It is directly wholly owned by 大連華銳重工集團股份有限公司(Dalian Huarui Heavy Industry Group Company Limited*), a company listed on the Shenzhen Stock Exchange (Stock Code: 2204).

Dongfang Turbine

Dongfang Turbine is principally engaged in the manufacturing, processing and sale of steam turbines, hydraulic turbines, gas turbines and other turbine equipment such as compressors, fans, pumps, auxiliary equipment and nuclear power equipment. It is directly owned as to approximately:

- (i) 91.3% by Dongfang Electric Corporation Limited (東方電氣股份有限公司), the H shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1072), and the A shares of which are listed on the Shanghai Stock Exchange (Stock Code: 600875). Dongfang Electric Corporation Limited is ultimately beneficially owned as to approximately 55.5% by 中華人民共和國國務院(The State Council of the PRC); and
- (ii) 8.7% by 中國東方電氣集團有限公司(China Dongfang Electric Group Company Limited*) which in turn is wholly owned by 中華人民共和國國務院(The State Council of the PRC).

Suzhou Hailu

Suzhou Hailu is principally engaged in general equipment manufacturing business, including nuclear safety equipment and metal packaging manufacturing. It is a company listed on the Shenzhen Stock Exchange (Stock Code: 2255).

China First

China First is principally engaged in mining, construction and project management business. It is directly owned as to approximately:

- (i) 98.26% by 中國冶金科工股份有限公司(Metallurgical Corporation of China Ltd.*), a company listed on the Main Board of the Stock Exchange (Stock Code: 1618), which is in turn ultimately beneficially owned as to approximately 54.14% by the SASAC; and
- (ii) 1.74% by 武漢武鋼綠色城市技術發展有限公司(Wuhan Wugang Green City Technology Development Company Limited*), which in turn is held as to approximately 99.94% by 武鋼集團有限公司(Wugang Group Co., Ltd.) (which is indirectly wholly owned by the SASAC) and 0.06% by 武漢市青山國有資本投資運營控股集團有限公司(Wuhan Qingshan State-owned Capital Investment and Operation Holding Group Co., Ltd.) (which is wholly owned by 武漢市青山區人民政府國有資產監督管理局(State-owned Assets Supervision and Administration Bureau of Qingshan District People's Government of Wuhan City*)).

Hubei Lusheng

Hubei Lusheng is principally engaged in the special equipment manufacturing business, including the sale of sulfuric acid plant equipment and environmental engineering business. It is directly owned as to approximately 51.19% by 楊大穎(Yang Daying*), 27.89% by 熊偉(Xiong Wei*) and 20.92% by 楊宇銘(Yang Yuming*).

Hongbo

Hongbo is principally engaged in housing construction business. It is directly owned as to 95% by 張小根(Zhang Xiaogen*) and 5% by 王隨東(Wang Suidong*).

Liaoning SU

Liaoning SU is principally engaged in the business of (among others) general contracting for metal smelting, materials, coking and fireproofing materials, construction works for mine engineering survey and design; installation works for anticorrosion and thermal insulation, automation control system design and installation and commissioning for complete sets of equipment. It is directly owned as to approximately:

- (i) 69.65% by 遼寧華新焦化工程有限公司(Liaoning Huaxin Coking Engineering Company Limited*), which in turn is held as to approximately:
 - a. 40.5% by 鄒力(Zou Li*);
 - b. 18% by 鄒歆鷗(Zou Xinlu*);
 - c. 5% by 高靜(Gao Jing*), 邊金海(Bian Jinhai*), 張行滿(Zhang Xingman*) and 張巨德(Zhang Jude*) each;
 - d. 4% by 陳晶芳(Chen Jingfang*), 劉顯勝(Liu Xiansheng*) and 高秀來(Gao Xiulai*) each;
 - e. 2.5% by 雷蘭娟(Lei Lanjuan*);

- f. 1.5% by 魏文波(Wei Wenbo*);
- g. 5.5%, in aggregate, by eight individuals, each holding not more than 1%;
- (ii) 15.48% by 遼寧科技大學科技園發展有限公司(Liaoning University of Science and Technology Science and Technology Park Development Company Limited*), which, in turn, is wholly owned by 遼寧科技大學(Liaoning University of Science and Technology); and
- (iii) 14.87% by 遼寧冶金焦化工程技術有限公司(Liaoning Metallurgical Coking Engineering Technology Company Limited*), which in turn is held as to approximately:
 - a. 56% by 鄒歆鷗(Zou Xinlu*);
 - b. 12% by 張乃義(Zhang Naiyi*);
 - c. 6% by 邊成林(Bian Chenglin*), 薛興科(Xue Xingke*), 劉業力(Liu Yeli*) and 鄒力(Zou Li*) each; and
 - d. 8%, in aggregate, by 21 individuals, each holding not more than 1%.

To the best of the Board's knowledge, information and belief having made all reasonable enquiries, each of CHCGIG, Sinosteel Luonai, Henan Chunsheng Group, Dalian Huarui, Dongfang Turbine, Suzhou Hailu, China First, Hubei Lusheng, Hongbo and Liaoning SU, and their respective ultimate beneficial owner(s) are Independent Third Parties.

LISTING RULES IMPLICATIONS

The entering into of each of the Construction Transactions constituted various notifiable transactions of the Company under Chapter 14 of the Listing Rules. Regrettably, the Company failed to comply with the relevant requirements under Chapter 14 of the Listing Rules in respect of the Construction Transactions as set out below in a timely manner due to its unintentional and inadvertent oversight.

(1) Discloseable Transactions

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of each of the Discloseable Transactions was more than 5% but less than 25%, each of the Discloseable Transactions constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and was subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

(2) Hongbo Discloseable Transaction

None of the applicable percentage ratio (as defined under the Listing Rules) in relation to the Hongbo Discloseable Transaction, on a standalone basis, exceeded 5%. Nonetheless, as the Hongbo Transactions were entered into by Xinyang Jingang with the same counterparty, i.e. Hongbo, the Hongbo Transactions should be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Hongbo Discloseable Transaction, after aggregation with the Hongbo De Minimis Transactions, exceeds 5% but is less than 25%, the Hongbo Discloseable Transaction constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and was subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the applicable percentage ratios in relation to each of the Hongbo De Minimis Transactions on a standalone basis, or on an aggregated basis, exceeded 5%, and hence each such Hongbo De Minimis Transactions did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(3) Liaoning Discloseable Transaction 1

As the Liaoning Discloseable Transaction 1 and the Liaoning De Minimis Transaction 1 were entered into by Xinyang Jingang with the same counterparty, i.e. Liaoning SU, the Liaoning Discloseable Transaction 1 and the Liaoning De Minimis Transaction 1 should be aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Liaoning Discloseable Transaction 1, whether on a standalone basis or after aggregation with the Liaoning De Minimis Transaction 1, exceeded 5% but was less than 25%, the Liaoning Discloseable Transaction 1 constituted a discloseable transaction of the Company under Rule 14.06(2) of the Listing Rules and was subject to the reporting and announcement requirements but exempt from the shareholders' approval requirement under Chapter 14 of the Listing Rules.

None of the applicable percentage ratios in relation to the Liaoning De Minimis Transaction 1 on a standalone basis exceeded 5%, and hence the Liaoning De Minimis Transaction 1 did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

(4) Liaoning Major Transaction

None of the applicable percentage ratio (as defined under the Listing Rules) in relation to the Liaoning Major Transaction, on a standalone basis, exceeds 5%. Nonetheless, as the Liaoning Transactions were entered into by Xinyang Jingang with the same counterparty, i.e. Liaoning SU, the Liaoning Transactions are aggregated pursuant to Rule 14.22 of the Listing Rules.

As the highest applicable percentage ratio under the Listing Rules in respect of the Liaoning Major Transaction, after aggregation with the Liaoning Previous Transactions, exceeded 25% but was less than 100%, the Liaoning Major Transaction constituted a major transaction for the Company and was subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Considering that the relevant installation work contemplated under the Liaoning Major Transaction has been substantially completed as of the date of this announcement and all material information in respect of the Liaoning Major Transaction has been set forth in this announcement, even though the Liaoning Major Transaction was subject to the shareholders' approval requirement as set out above, the Company considers that it will not be meaningful and therefore does not intend to despatch a circular or convene any general meeting of the Company for the purpose of ratifying the Liaoning Major Transaction.

None of the applicable percentage ratios in relation to each of the Liaoning De Minimis Transactions on a standalone basis, or on an aggregated basis, exceeded 5%, and hence each such Liaoning De Minimis Transactions did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Remedial measures

The Company deeply regrets its non-compliance with Chapter 14 of the Listing Rules and would like to stress that such non-compliance was inadvertent and that the Company had no intention to withhold any information relating to the Construction Transactions. Progress in respect of investments made by the Group in respect of the Xinyang Jingang Project has been regularly disclosed in the annual report and interim report of the Company.

The Board (including the independent non-executive Directors) considered that the Construction Transactions were made on normal commercial terms, and the terms of the Construction Transactions were fair and reasonable and in the interests of the Shareholders of the Company as a whole.

To address the non-compliance and strengthen the internal control system of the Company, the Company has taken and will implement the following actions and measures:

- (i) as an immediate measure, the Company has issued a memo to relevant personnel, including the finance, legal, corporate and internal audit departments of the Group, reiterating the relevant Listing Rules requirements regarding notifiable transactions and connected transactions and reinforcing the importance of timely report of relevant transactions to the compliance department in accordance with established internal control procedures;
- (ii) the Company will enhance the training provided to relevant personnel, including the Directors and the senior management, to reinforce their understanding and to emphasise the importance of compliance with the Listing Rules, including conducting an internal training session to explain and reiterate the relevant Listing Rules requirements and reporting procedures for notifiable transactions;
- (iii) the Company will engage an internal control consultant to review, update and enhance its internal control systems for notifiable and connected transactions timely discovery and effective compliance management; and
- (iv) the Company will maintain closer cooperation with its professional advisers in relation to regulatory compliance on an ongoing basis and shall (and as when appropriate and necessary) consult its professional advisors before entering to possible notifiable transactions.

Going forward, the Company will use its best endeavours to carry out necessary measures and appropriate actions to ensure full compliance with the Listing Rules on an on-going basis.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“CHCGIG”	中冀建勘集團有限公司(China Hebei Construction & Geotechnical Investigation Group Company Limited*), a company established in the PRC with limited liability
“China First”	China First Metallurgical Group Co., Ltd. (中國一冶集團有限公司), a company established in the PRC with limited liability
“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
“Construction Transactions”	collectively, the Discloseable Transactions, the Hongbo Discloseable Transaction, the Liaoning Discloseable Transaction 1 and the Liaoning Major Transaction
“Dalian Huarui”	Dalian Huarui Heavy Industry Coke Oven Vehicle Equipment Co., Ltd. (大連華銳重工焦爐車輛設備有限公司), a company established in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“Discloseable Transaction 1”	has the meaning ascribed to it in the section headed “1. The Discloseable Transaction 1” in this announcement
“Discloseable Transaction 2”	has the meaning ascribed to it in the section headed “2. The Discloseable Transaction 2” in this announcement
“Discloseable Transaction 3”	has the meaning ascribed to it in the section headed “3. The Discloseable Transaction 3” in this announcement
“Discloseable Transaction 4”	has the meaning ascribed to it in the section headed “4. The Discloseable Transaction 4” in this announcement
“Discloseable Transaction 5”	has the meaning ascribed to it in the section headed “5. The Discloseable Transaction 5” in this announcement
“Discloseable Transaction 6”	has the meaning ascribed to it in the section headed “6. The Discloseable Transaction 6” in this announcement
“Discloseable Transaction 7”	has the meaning ascribed to it in the section headed “7. The Discloseable Transaction 7” in this announcement
“Discloseable Transaction 8”	has the meaning ascribed to it in the section headed “8. The Discloseable Transaction 8” in this announcement

“Discloseable Transactions”	collectively, the Discloseable Transaction 1, the Discloseable Transaction 2, the Discloseable Transaction 3, the Discloseable Transaction 4, the Discloseable Transaction 5, the Discloseable Transaction 6, the Discloseable Transaction 7, the Discloseable Transaction 8, the Liaoning Discloseable Transaction 2 and the Liaoning Discloseable Transaction 3
“Dongfang Turbine”	Dongfang Turbine Co., Ltd. (東方電氣集團東方汽輪機有限公司), a company established in the PRC with limited liability
“Henan Chunsheng Group”	Henan Chunsheng Group Co., Ltd. (河南春勝集團有限公司), a company established in the PRC with limited liability
“Hongbo”	濟源市弘博建設工程有限公司(Jiyuanshi Hongbo Construction Engineering Company Limited*), a company established in the PRC with limited liability
“Hongbo De Minimis Transactions”	has the meaning ascribed to it in the section headed “9. The Hongbo Transactions – (b) Other previous transactions entered into between Xinyang Jingang and Hongbo” in this announcement
“Hongbo Discloseable Transaction”	has the meaning ascribed to it in the section headed “9. Hongbo Transactions – (a) The Hongbo Discloseable Transaction” in this announcement
“Hongbo Transactions”	collectively, the Hongbo De Minimis Transactions and the Hongbo Discloseable Transaction
“Hubei Lusheng”	Hubei Lusheng Environmental Engineering Co., Ltd. (湖北陸盛環保工程有限公司), a company established in the PRC with limited liability
“Independent Third Party(ies)”	independent third party(ies) who is/are not connected person(s) of the Company and is/are independent of and not connected with the Company and Directors, supervisors, chief executive and substantial shareholders of the Company or any of its subsidiaries or their respective associates

“Liaoning De Minimis Transactions”	has the meaning ascribed to it in the section headed “10. The Liaoning Transactions – (e) Other previous transactions entered into between Xinyang Jingang and Liaoning SU” in this announcement
“Liaoning De Minimis Transaction 1”	has the meaning ascribed to it in the section headed “10. The Liaoning Transactions – (e) Other previous transactions entered into between Xinyang Jingang and Liaoning SU” in this announcement
“Liaoning Discloseable Transaction 1”	has the meaning ascribed to it in the section headed “10. The Liaoning Transactions – (a) The Liaoning Discloseable Transaction 1” in this announcement
“Liaoning Discloseable Transaction 2”	Has the meaning ascribed to it in the section headed “10. The Liaoning Transactions – (b) The Liaoning Discloseable Transaction 2” in this announcement
“Liaoning Discloseable Transaction 3”	has the meaning ascribed to it in the section headed “10. The Liaoning Transactions – (c) The Liaoning Discloseable Transaction 3” in this announcement
“Liaoning Major Transaction”	has the meaning ascribed to it in the section headed “10. The Liaoning Transactions – (d) The Liaoning Major Transaction” in this announcement
“Liaoning Previous Transactions”	collectively, the Liaoning De Minimis Transactions, the Liaoning Discloseable Transaction 1, the Liaoning Discloseable Transaction 2 and the Liaoning Discloseable Transaction 3
“Liaoning SU”	Liaoning Science University Engineering and Technology Co., Ltd. (遼寧科技大學工程技術有限公司), a company established in the PRC with limited liability
“Liaoning Transactions”	collectively, the Liaoning Previous Transactions and the Liaoning Major Transaction
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“PRC”	the People’s Republic of China
“SASAC”	國務院國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of the State Council*)
“Sinosteel Luonai”	Sinosteel Luonai Materials Technology Corporation (中鋼洛耐科技股份有限公司), a company listed on the Shanghai Stock Exchange (Stock Code: 688119)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Suzhou Hailu”	Suzhou Hailu Heavy Industry Co., Ltd. (蘇州海陸重工股份有限公司), a company listed on the Shenzhen Stock Exchange (Stock Code: 2255)
“Xinyang Jingang”	信陽鋼鐵金港能源有限公司(Xinyang Steel Jingang Energy Co., Ltd.), a 70% subsidiary of the Company
“Xinyang Jingang Project”	has the meaning ascribed to it in the section headed “Reasons and benefits of the Construction Transactions” in this announcement
“%”	per cent

* For identification purposes only

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

Hong Kong, 10 May 2024

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. XU Baochun, Mr. WANG Kaibao and Ms. YE Ting; and the independent non-executive Directors of the Company are Mr. WU Tak Lung, Mr. MENG Zhihe and Mr. CAO Hongbin.