

**HENAN JINMA ENERGY COMPANY LTD:**  
**SHOULD THE REIGNING MANAGEMENT TRIO**  
**CONSIDER STEPPING DOWN – PERMANENTLY ?**

The Net Profit Margins of Henan Jinma Energy Company Ltd () (Code: 6885, Main Board, The Stock Exchange of Hongkong Ltd) have been continually squeezed, being subject to the vagaries in respect of the market price of coke, according to statements, made by Senior Management.

Management maintains that Henan Jinma Energy can do little to ameliorate this situation, but prospective investors may want to take note that it became very apparent in the 2015 Financial Year, ended December 31, when the Company recorded a Net Profit Attributable to Shareholders of 23,631,000 renminbi (about \$HK28.24 million), down about 77.36 percent, compared with the previous Year.

The Net Profit Margin in respect of the 2015-Year fell to 1.05 percent on Revenue of 2,244,731,000 renminbi (about \$HK1,878,390,900).

Thus, investors, determined to invest in the shares of this Company, it shall be either feast or famine in any one Financial Year, due to events, suggested to be completely independent of Management's efforts.

**The Initial Public Offering (IPO) Of Henan Jinma Energy Company Ltd**

Henan Jinma Energy published and disseminated its Global Offering Prospectus on September 26, 2017.

It Offered a total of 133,334,000, one renminbi 'H' Shares at the Indicative Offer Price Per Share, ranging from a low of \$HK2.11 to a high of \$HK3.39.

Investors of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC) were Offered 13,334,000 'H' Shares and International Investors were Offered 120 million 'H' Shares.

At the midpoint of the Indicative Offer Price Per Share, being \$HK2.75, Management anticipated that it would net about \$HK320.20 million.

On Monday, October 9, 2017, however, Management announced that the Offer Price Per Share had been struck at \$HK3.00 and that net proceeds were anticipated to be approximately \$HK352.60 million.

This amount of money is intended to be allocated for the following purposes:

- (i) *'For our LNG (Liquid Natural Gas) project:'*
  - (a) 40 percent of the net proceeds, that is about \$HK141.04 million, *'will be used to fund the construction of our coke granules coal gas facilities, which are expected to be put into operation during the first half of 2018, in order to secure a sufficient amount of coal gas required for the production of LNG';*
  - (b) 10 percent of the net proceeds, that is about \$HK35.26 million, *'will be used to invest in our LNG production facilities, which is expected to be put into operation during the first quarter of 2018;'* and,
- (ii) 40 percent of the net proceeds, that is about \$HK141.04 million, *'will be used to invest in the implementation of the dry quenching facility for our coking furnaces 1 and 2, which are expected to be put into operation during the second quarter of 2019';* and,
- (iii) 10 percent of the net proceeds, that is about \$HK35.26 million, *'will be used as working capital and other general corporate purposes.'*

### **The Business Of Henan Jinma Energy Company Ltd**

The business of Henan Jinma Energy Company Ltd is, primarily, being a coke producer and processor of coking by-products in the coking chemical industry in the Henan Province of the PRC, proper, being separate and distinct from the HKSAR.

(Coke is defined in the Global Offering Prospectus as being *'a carbon material, produced by the destructive distillation of a mixture of coal. Unless otherwise indicated, the term "coke" used in this prospectus refers to coke, coke granules and coke breeze'*.)

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