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ZMJ

Zhengzhou Coal Mining Machinery Group Company Limited
鄭州煤礦機械集團股份有限公司

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 00564)

ANNOUNCEMENT

GRANT OF RESTRICTED SHARES TO THE PARTICIPANTS UNDER THE 2021 RESTRICTED SHARE INCENTIVE SCHEME

References are made to the announcement of the proposed adoption of the 2021 Restricted Share Incentive Scheme (Draft) and connected transaction dated 17 April 2021, the circular of the Annual General Meeting dated 14 May 2021, and the announcement of poll results of the Annual General Meeting dated 4 June 2021 of Zhengzhou Coal Mining Machinery Group Company Limited (the "**Company**"), in relation to the 2021 Restricted Share Incentive Scheme of the Company. Unless otherwise defined herein, the terms used in this announcement shall have the same meanings as defined in the circular.

I. EXPLANATION OF THE BOARD ON THE ELIGIBILITY FOR THE GRANT UNDER THE EQUITY INCENTIVE SCHEME

In accordance with the requirements under the 2021 Restricted Share Incentive Scheme (Draft) of Zhengzhou Coal Mining Machinery Group Company Limited (the "**Incentive Scheme (Draft)**"), the following conditions must be simultaneously satisfied before the Restricted Shares can be granted to the Participants. Otherwise, no Restricted Shares shall be granted if any of the following conditions of grant is not satisfied:

(I) None of the following circumstances has occurred to the Company:

(1) a certified public accountant issues an audit report containing an adverse opinion or indicates the inability to give an opinion over the financial and accounting report for the most recent accounting year;

(2) a certified public accountant issues an audit report containing an adverse opinion or indicates the inability to give an opinion over the internal control in the financial report for the most recent accounting year;

(3) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public commitments in the past 36 months;

(4) equity incentives shall not be given under laws and regulations;

(5) other circumstances as determined by CSRC.

(II) None of the following circumstances has occurred to the Participant:

(1) he/she has been declared an inappropriate candidate by the stock exchange in the past 12 months;

(2) he/she has been declared an inappropriate candidate by CSRC and its local bureaus in the past 12 months;

(3) he/she has been imposed with administrative penalties or prohibited from market entry by CSRC and its local bureaus in the past 12 months due to material violations of laws and regulations;

(4) he/she has been prohibited from serving as a Director or a member of the senior management of the Company under the Company Law;

(5) participation in the equity incentives of listed companies is prohibited by laws and regulations;

(6) other circumstances as determined by CSRC.

The Board considered that the conditions for the grant of Restricted Shares under the Equity Incentive Scheme have been fulfilled, and agreed to determine 4 June 2021 as the date of first grant for granting 42.3 million Restricted Shares to 186 Participants at the Grant Price of RMB5.88 per Share.

II. DETAILS OF THE GRANT UNDER THE EQUITY INCENTIVE SCHEME

(1) Date of Grant: 4 June 2021

(2) Shares to be Granted: 42.3 million Shares

(3) Number of Participants: 186

(4) The Grant Price: RMB5.88 per Share

(5) Source of the Restricted Shares: the ordinary A Shares in RMB to be directly issued by the Company to the Participants

(6) The Validity Period, Lock-up Period and Unlocking Arrangement of the Equity Incentive Scheme

1. Validity Period

The Validity Period of the Equity Incentive Scheme shall be no more than 48 months from the date of the completion of the grant registration of the Restricted Shares to the date when all the Restricted Shares granted to the Participants are unlocked or repurchased and cancelled.

2. Lock-up Period

The Lock-up Period for the Restricted Shares granted under the Incentive Scheme shall commence from the date on which the Restricted Shares are granted to the Participants with an interval of 12 months between the date of grant and the unlocking date.

3. Unlocking Arrangement

Arrangement of Unlocking Period	Unlocking duration	Unlocking percentage
First Unlocking Period	Commencing from the first trading day upon the expiry of 12 months from the Date of Grant to the last trading day upon the expiry of 24 months from the Date of Grant	40%
Second Unlocking Period	Commencing from the first trading day upon the expiry of 24 months from the Date of Grant to the last trading day upon the expiry of 36 months from the Date of Grant	30%
Third Unlocking Period	Commencing from the first trading day upon the expiry of 36 months from the Date of Grant to the last trading day upon the expiry of 48 months from the Date of Grant	30%

(7) List of the Participants and Details of the Grant

There are a total of 186 actual Participants under this Grant, including the Directors, senior management, core management and core personnel of the Company (including the core personnel for research and development, sales and management), excluding independent Directors and Supervisors, in respect of the grant of 42.3 million Restricted Shares in total.

Particulars are set out in the table below:

Name	Position(s)	Number of Restricted Shares granted (0'000)	Percentage of the Number of Restricted Shares under this Grant	Percentage of the current Total Share Capital of the Company
JIAO Chengyao	Chairman	300	7.09%	0.17%
XIANG Jiayu	Vice Chairman	200	4.73%	0.12%
JIA Hao	Director and General Manager	240	5.67%	0.14%
FU Zugang	Director	200	4.73%	0.12%
FU Qi	Deputy General Manager	70	1.65%	0.04%
ZHANG Haibin	Secretary to the Board	70	1.65%	0.04%
HUANG Hua	Chief Financial Officer	70	1.65%	0.04%
LI Weiping	Deputy General Manager	70	1.65%	0.04%
Core Management and Core Personnel of the Company's Headquarters and Relevant Business Segments (178 people in total)		3,010	71.16%	1.74%
Total		**4,230**	**100.00%**	**2.44%**

Note: Some figures shown as totals in the above table may not be an arithmetic sum of the figures preceding them due to rounding adjustments. The same applies to the following text.

III. VERIFICATION OF THE LIST OF PARTICIPANTS BY THE BOARD OF SUPERVISORS

After the verification in accordance with relevant laws, regulations and regulatory documents such as the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China and the Administrative Measures for Equity Incentives of Listed Companies (the "**Administrative Measures**"), as well as the provisions of the Articles of Association of Zhengzhou Coal Mining Machinery Group Company Limited, the Board of Supervisors of the Company issued the following verification opinions on the grant under the Equity Incentive Scheme:

1. The Date of Grant of the Equity Incentive Scheme is confirmed to be in compliance with the relevant provisions in respect of the Date of Grant in laws and regulations such as the Administrative Measures and the Incentive Scheme (Draft).

2. Neither the Company nor the Participants is prohibited from the grant of the Restricted Shares, and the conditions of the grant of the Equity Incentive Scheme have been fulfilled.

3. The persons included in the list of Participants of the Equity Incentive Scheme meet the conditions stipulated in laws and regulations such as the Administrative Measures and the Incentive Scheme (Draft). Their eligibility as the Participants of the Equity Incentive Scheme is legal and valid.

Based on the above, the Board of Supervisors approved the Company to grant 42.3 million Restricted Shares to 186 eligible Participants on the Date of Grant (i.e. 4 June 2021).

IV. EXPLANATION ON THE SALE OF SHARES OF THE COMPANY BY THE DIRECTORS AND SENIOR MANAGEMENT PARTICIPATING IN THE EQUITY INCENTIVE SCHEME WITHIN 6 MONTHS PRIOR TO THE ANNOUNCEMENT OF THE EQUITY INCENTIVE SCHEME

After verification, no Directors and members of senior management who are the Participants of the Equity Incentive Scheme sold the Shares of the Company within 6 months prior to the announcement of the Equity Incentive Scheme.

V. THE ACCOUNTING METHODS FOR THE GRANT OF THE RESTRICTED SHARES UNDER THE EQUITY INCENTIVE SCHEME AND THEIR IMPACT ON THE OPERATING RESULTS OF THE COMPANY

In accordance with the requirements of the Accounting Standards for Enterprises No. 11 – Share-based Payments, on each balance sheet date during the Lock-up Period, the Company will amend the number of the Restricted Shares that are expected to be qualified for unlocking based on the latest available follow-up information such as the changes in the number of people qualified for unlocking and the fulfilment of performance indicators, and for the consideration made for the services received during the current period, it will be accounted for in relevant costs, expenses or capital reserves and recognised by stage during the implementation of the Scheme based on the fair value on the Date of Grant of the Restricted Shares. Incentive costs arising from the Incentive Scheme will be expensed in recurring profit or loss.

The grant of Restricted Shares under the Incentive Scheme will, to a certain extent, affect the financial position and operating results of the Company for relevant years. Assuming the measurement was based on the data as at 4 June 2021, the fair value of share-based payment per Restricted Share granted to the Participants by the Company shall be RMB5.02 per Share, and the total expenses that would have been recognised in respect of the grant of the Restricted Shares is estimated to be RMB212.346 million, the details of which are listed in the table below:

Year	**2021**	**2022**	**2023**	**2024**	**Total**
Expenses to be amortised (RMB0'000)	8,051.45	8,847.75	3,450.62	884.78	21,234.60

In accordance with the Company's preliminary estimates based on currently available information, without taking into account the stimulating effect from the incentive scheme on the results of the Company, the amortisation of the expenses in relation to the Restricted Shares affected the net profit of each year during the Validity Period of the Scheme, though not significantly.

Considering the positive impact that the Restricted Share Incentive Scheme would bring about to the development of the Company, including prompting the enthusiasm of the management team, improving the operating efficiency and reducing the agency cost, the enhancement in performance of the Company brought by the Scheme will far exceed the cost of the Scheme.

The effect on the Company's financial position and operating results as mentioned above is estimation, which does not represent the final costs in accounting. The actual costs in accounting are not only associated with the actual Date of Grant, Grant Price and the size of grant, but also the actual number of Restricted Shares being valid and lapsed. The Company will disclose specific accounting treatment methods and their effects on the Company's financial data in its periodic reports. The specific impact on the financial position and operating results shall rest on the annual audit report to be issued by the accounting firm. In addition, Shareholders are reminded to pay attention to the possible dilutive effects.

VI. CONCLUSIVE OPINIONS ON LEGAL OPINION

Haiwen & Partners (Beijing) issued a legal opinion on the grant of the Equity Incentive Scheme, and its conclusive opinions are as follows: the grant of Restricted Shares to the Participants in the Equity Incentive Scheme (the "**Grant**") has obtained the necessary authorization and approval at this stage, which is in compliance with the relevant provisions of the Administrative Measures and the Incentive Scheme (Draft); the Date of Grant of the Grant had complied with the relevant provisions on the Date of Grant in Administrative Measures and the Incentive Scheme (Draft); the conditions of the Grant have been satisfied, and the Company's implementation of the Grant has complied with the relevant provisions in the Administrative Measures and the Incentive Scheme (Draft).

By order of the Board
Zhengzhou Coal Mining Machinery Group Company Limited
JIAO Chengyao
Chairman

Zhengzhou, PRC, 4 June 2021

As at the date of this announcement, the executive Directors of the Company are Mr. JIAO Chengyao, Mr. XIANG Jiayu, Mr. JIA Hao, Mr. FU Zugang and Mr. WANG Xinying, the non-executive Directors are Mr. CUI Kai and Mr. YANG Dongsheng and the independent non-executive Directors are Mr. CHENG Jinglei, Mr. JI Feng, Ms. GUO Wenqing and Mr. FANG Yuan.