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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

COMPLETION OF GRANT REGISTRATION 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 (the "**Circular**"), the announcement of poll results of the Annual General Meeting and the announcement of the grant of Restricted Shares to the Participants under the 2021 Restricted Share Incentive Scheme both 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. DETAILS OF THE GRANT OF RESTRICTED SHARES

On 4 June 2021, the Company convened the 5th meeting of the fifth session of the Board of Directors as well as the 4th meeting of the fifth session of the Board of Supervisors to review and approve the resolution in relation to the grant of Restricted Shares to the Participants under the 2021 Restricted Share Incentive Scheme of the Company. The Date of Grant was agreed to be 4 June 2021, on which 42.3 million Restricted Shares were granted to 186 Participants. Related Directors have abstained from voting on the aforementioned resolution. On the same date, the independent directors of the Company expressed their independent opinions of consent in respect of the aforementioned matter, while the Board of Supervisors issued the opinions of verification.

(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) List of the Participants and Details of the Grant

There are a total of 186 actual Participants under this Grant according to the Equity Incentive Scheme, 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.

(7) There is no difference between the actual number of shares granted and the proposed number of shares granted under the Equity Incentive Scheme.

II. 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 Equity 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

Upon expiry of the Lock-up Period, the Company shall proceed with unlocking for the Participants who satisfy the Unlocking Conditions, and the Restricted Shares held by the Participants who do not satisfy the Unlocking Conditions shall be repurchased and cancelled by the Company.

The arrangements of Unlocking Period under the grant of Restricted Shares and unlocking duration for each Period pursuant to the Equity Incentive Scheme are set out in the table below:

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%

III. DETAILS OF CAPITAL VERIFICATION IN RELATION TO CAPITAL FOR SUBSCRIBING RESTRICTED SHARES

According to the Capital Verification Report of Zhengzhou Coal Mining Machinery Group Co., Ltd (Xin Kuai Shi Bao Zi [2021] No. ZB11210) issued by BDO China Shu Lun Pan Certified Public Accountants LLP, the Company received contribution of RMB248,724,000.00 for 42.3 million Shares paid by 186 Participants. Each Participant contributed in cash, of which RMB42,300,000.00 was credited into share capital, deducting the fees such as fees for capital verification, legal fees, issuance related charges which amounted to RMB1,357,452.83 in total (taxes not included) and the remaining RMB205,066,547.17 was included in capital reserves.

The Company's registered capital and total share capital before the capital increment were RMB1,732,471,370.00 and RMB1,732,471,370.00 respectively. After the change, its registered capital and total share capital were RMB1,774,771,370.00 and RMB1,774,771,370.00 respectively.

IV. DETAILS OF REGISTRATION OF RESTRICTED SHARES

Registration procedures for the 42.3 million Restricted Shares granted under the Equity Incentive Scheme were completed on 11 June 2021 with China Securities Depository and Clearing Corporation Limited Shanghai Branch. On 15 June 2021, the Company received the Certification for the Registration Procedures for the Securities Change from China Securities Depository and Clearing Corporation Limited Shanghai Branch.

V. IMPACT ON CONTROLLING SHAREHOLDERS OF THE COMPANY BEFORE AND AFTER THE GRANT OF RESTRICTED SHARES

After the completion of the grant registration of the Restricted Shares under the Equity Incentive Scheme, the total share capital of the Company increased from 1,732,471,370 Shares to 1,774,771,370 Shares. Hong Yi Investment Management (Henan) Partnership (Limited Partnership) (泓羿投資管理(河南)合夥企業(有限合夥)) and Henan Asset Management Limited (河南資產管理有限公司), the controlling shareholders of the Company, held 346,404,576 A shares of the Company in total. After the grant registration of the Restricted Shares, their aggregate shareholding will change from 19.99% to 19.52%.

The grant registration of the Restricted Shares under the Equity Incentive Scheme will not result in changes in the controlling shareholders and the de facto controller of the Company.

VI. CONDITIONS ON CHANGES IN THE SHAREHOLDING STRUCTURE

Before and after the grant registration of the Equity Incentive Scheme, details for changes in the shareholding structure of the Company are as follows:

Unit: Share

Class	Before changes		Number of Shares under this Change	After changes	
	Number of Shares	Percentage (%)		Number of Shares	Percentage (%)
Shares with Locking Conditions			42,300,000	42,300,000	2.38
In which: domestic listed RMB ordinary shares (A Shares)			42,300,000	42,300,000	2.38
Shares without Locking Conditions	1,732,471,370	100.00		1,732,471,370	97.62
In which: domestic listed RMB ordinary shares (A Shares)	1,489,237,170	85.96		1,489,237,170	83.91
Overseas-listed foreign shares (H Shares)	243,234,200	14.04		243,234,200	13.71
Total	**1,732,471,370**	**100.00**	**42,300,000**	**1,774,771,370**	**100.00**

VII. PLANNED USE OF PROCEEDS

All proceeds from the grant of Restricted Shares under the Equity Incentive Scheme will be used for replenishing the liquidity of the Company.

VIII. IMPACT ON THE LATEST FINANCIAL REPORT OF THE NEW SHARES ADDED AFTER THE GRANT UNDER THE EQUITY INCENTIVE SCHEME

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 Date of Grant, 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 should 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

The effect on the Company's financial position and operating results as mentioned above is an estimation, which does not represent the final costs in accounting. The actual costs in accounting are associated with the actual Grant Price, the Date of Grant, the closing price on the Date of Grant, the number of grant, and the best estimate on the number of equity instruments that can be vested. 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 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 operating cost, the enhancement in performance of the Company brought by the Scheme will far exceed the cost of the Scheme.

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

Zhengzhou, PRC, 15 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.