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**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)**

**PROPOSED SPIN-OFF AND LISTING OF A HOLDING SUBSIDIARY**

Reference is made to the announcement of Zhengzhou Coal Mining Machinery Group Company Limited (the “**Company**”) dated 1 February 2023 (the “**Announcement**”) in relation to the proposed listing of a holding subsidiary, Zhengzhou Hengda Intelligent Control Technology Co., Ltd. (“**Hengda Intelligent Control**”), on a domestic stock exchange (the “**Spin-off and Listing**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

On 18 April 2023, the Company held the twenty-third meeting of the fifth session of the board of directors. After consideration, the board of directors passed the following resolutions by way of poll:

**(1) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE INITIAL PUBLIC OFFERING AND LISTING OF SHARES ON THE SCI-TECH INNOVATION BOARD OF SHANGHAI STOCK EXCHANGE BY ZHENGZHOU HENGDA INTELLIGENT CONTROL TECHNOLOGY CO., LTD., A SUBSIDIARY OF THE COMPANY”**

The Company’s proposed spin-off of Hengda Intelligent Control and timely public issuance of RMB ordinary shares (A shares) and listing on the Sci-Tech Innovation Board of the Shanghai Stock Exchange (the “**SSE**”) (the “**Spin-off**”) is approved. The proposed listing plan for the Spin-off is as follows:

1. Place of listing: Sci-Tech Innovation Board of SSE.
2. Type of shares to be issued: Domestic listed RMB ordinary shares (A Shares).
3. Nominal value of shares to be issued: RMB1.00 each.

4. Target subscribers: qualified investors participating in strategic allotment, price consultation targets and qualified natural persons, legal persons, securities investment funds and other investors in compliance with the requirements of laws and regulations (excluding those prohibited by national laws, regulations and regulatory documents) who have the right to trade on the Sci-Tech Innovation Board in their A share account of the SSE; if the China Securities Regulatory Commission (the “CSRC”) or the SSE or other regulatory authorities have other provisions, such provisions shall prevail.
5. Time of issuance and listing: Hengda Intelligent Control will choose the appropriate timing for issuance after the approval of the SSE and the registration with the CSRC. The specific date of issuance will be determined after the approval of the SSE and the registration procedures with the CSRC are fulfilled.
6. Method of issuance: A combination of offline price consultation and placing to price consultation participants and online offering to qualified public investors at a fixed price, or other methods approved by the CSRC and the SSE, including but not limited to placing shares to strategic investors.
7. Scale of issuance: The final amount of shares to be issued will be determined after negotiation with the lead underwriter(s) in accordance with the requirements of the relevant regulatory authorities, the actual conditions of the securities market, the amount of share capital before the issuance and the capital demand for the investment projects funded by the proceeds.
8. Pricing method: The price of the shares to be issued will be determined through price consultation with professional institutional investors such as securities companies, fund management companies, trust companies, financing companies, insurance companies, qualified foreign investors and private equity fund managers registered with the Securities Association of China. Hengda Intelligent Control and the lead underwriter may determine the issue price through preliminary price consultation or, after determination of the range of the issue price through preliminary price consultation, fix the issue price through cumulated bidding and book-building process.
9. Other matters in relation to the issuance: for matters involving strategic placement, use of proceeds, underwriting method, etc., Hengda Intelligent Control will make further confirmation and adjustment according to the implementation of the offering and listing plan, market conditions, policy adjustments and opinions of regulatory authorities.

**(2) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS OF THE SPIN-OFF AND LISTING OF ZHENGZHOU HENGDA INTELLIGENT CONTROL TECHNOLOGY CO., LTD., A SUBSIDIARY OF THE COMPANY, ON THE SCI-TECH INNOVATION BOARD”**

According to the relevant provisions of the “Company Law”, the “Securities Law of the People’s Republic of China” (the “**Securities Law**”)、Rules on Spin-off of Listed Companies (Trial) (the “**Spin-off Rules**”) and other laws, regulations and regulatory documents, the board of directors of the Company, after careful and prudent self-examination and demonstration based on the actual situation, is of the view that the Spin-off complies with the relevant laws, regulations and regulatory documents mentioned above.

**(3) CONSIDERATION AND APPROVAL OF THE “RESOLUTION OF THE PROPOSAL OF ZHENGZHOU COAL MINING MACHINERY GROUP COMPANY LIMITED ON THE SPIN-OFF AND LISTING OF ZHENGZHOU HENGDA INTELLIGENT CONTROL TECHNOLOGY CO., LTD., A SUBSIDIARY OF THE COMPANY, ON THE SCI-TECH INNOVATION BOARD”**

The “Proposal of Zhengzhou Coal Mining Machinery Group Company Limited on the Spin-off and Listing of Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a Subsidiary of the Company, on the Sci-Tech Innovation Board” prepared by the Company in accordance with the relevant provisions of the “Securities Law”, the “Spin-off Rules” and other laws, regulations and regulatory documents for the implementation of the Spin-off is approved.

**(4) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE COMPLIANCE OF THE SPIN-OFF AND LISTING OF SUBSIDIARY WITH THE SPIN-OFF RULES OF LISTED COMPANIES (TRIAL)”**

After prudent assessment by the board of directors of the Company, the Spin-off complies with the relevant requirements of the “Spin-off Rules” for the spin-off and domestic listing of subsidiaries of the listed company and is feasible.

**(5) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE SPIN-OFF AND LISTING OF ZHENGZHOU HENGDA INTELLIGENT CONTROL TECHNOLOGY CO., LTD., A SUBSIDIARY OF THE COMPANY, ON THE SCI-TECH INNOVATION BOARD IS IN THE INTEREST OF SAFEGUARDING THE LEGAL INTERESTS OF SHAREHOLDERS AND CREDITORS”**

Upon completion of the Spin-off, it would be in the interest of safeguarding the legitimate rights and interests of the shareholders and creditors of the Company.

**(6) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE ABILITY OF ZHENGZHOU COAL MINING MACHINERY GROUP COMPANY LIMITED TO MAINTAIN INDEPENDENCE AND CONTINUE AS A GOING CONCERN”**

In accordance with the requirements of the “Spin-off Rules” and other laws and regulations, the board of directors of the Company, after careful deliberation on the actual situation and relevant matters of the Company and Hengda Intelligent Control, is of the view that the Company can continue to maintain its independence and ability to continue as a going concern after the completion of the Spin-off.

**(7) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE STANDARDISED OPERATION CAPABILITY OF ZHENGZHOU HENGDA INTELLIGENT CONTROL TECHNOLOGY CO., LTD., A SUBSIDIARY OF THE COMPANY”**

In accordance with the requirements of the “Spin-off Rules” and other laws and regulations, the board of directors of the Company, after careful deliberation on the actual situation and related matters of Hengda Intelligent Control, is of the view that upon completion of the Spin-off, Hengda Intelligent Control has the corresponding standardised operation capability.

**(8) CONSIDERATION AND APPROVAL OF THE “RESOLUTION ON THE EXPLANATION OF THE COMPLETENESS AND COMPLIANCE OF THE LEGAL PROCEDURES FOR THE SPIN-OFF AND THE VALIDITY OF THE LEGAL DOCUMENTS SUBMITTED”**

In accordance with the “Company Law”, the “Securities Law”, the “Spin-off Rules” and other laws, regulations, regulatory documents and the relevant provisions of the “Articles of Association”, the board of directors of the Company has carefully reviewed the completeness and compliance of the legal procedures for the Spin-off performed by the Company and the validity of the legal documents submitted. The legal procedures performed by the Company for the Spin-off are complete and in compliance with the relevant laws, regulations, regulatory documents and the “Articles of Association”. The legal documents submitted for the Spin-off are in compliance with the laws and valid.

**(9) CONSIDERATION AND APPROVAL OF THE “RESOLUTION ON THE ANALYSIS OF THE BACKGROUND, PURPOSE, COMMERCIAL REASONABLENESS, NECESSITY AND FEASIBILITY OF THE SPIN-OFF”**

In accordance with the requirements of laws and regulations such as the “Spin-off Rules”, the board of directors of the Company has analysed the background, purpose, commercial reasonableness, necessity and feasibility of the Spin-off as follows:

## **1. Background of the Spin-off**

### ***(1) Implementation of China's National Strategy for Innovation-Driven Development***

In a visit at the Company back on 17 September 2019, President Xi highlighted “the importance to take domestic manufacturing capability and the economy of China to the next level by way of industrial revamp and upgrades, self-driven innovation initiatives, and migration to high-end and intelligent manufacturing”. According to the report to the 20th National Congress of the CPC, “technology, talents and innovation remain the three key focuses as our national development strategy deepens and plays out. We also look to explore new fronts where we can gather fresh momentum and build our own edges.” In recent years, the Company has practiced the spirit and important instructions given by President Xi during his visit to the Company, as we deepened the implementation of innovative strategies, invested more in scientific research, and continued our pursuit in the path to further industrial revamp and upgrades. Hengda Intelligent Control specializes in the research and development, manufacturing and sales of intelligent coal mining control system. Leveraging its research and development strength, self-driven innovation capability and insights into the industry, Hengda Intelligent Control is set to promote the full consolidation of digital intelligent technology and the traditional coal mining industry. The Spin-off will allow us to implement the China's national strategy for innovation-driven development to the largest extent, promote revamp and upgrades in the coal mining sector and therefore take it to the next level in terms of quality, efficiency and motivation.

### ***(2) Adapt to the development trend of intelligent coal mines***

In December 2022, the Central Economic Work Conference has called for “strengthening domestic exploration and development of important energy and mineral resources, increasing reserves and production, accelerating the planning and construction of a new energy system, and improving the national strategic material reserve guarantee ability.” The 2023 Government Work Report has called for “promoting the clean and efficient use of energy and technology research and development, accelerating the construction of a new energy system, increasing the proportion of renewable energy” and “giving full play to the role of major energy source of coal and increasing advanced coal production capacity”. In recent years, the state has successively issued policies such as the “Guiding Opinions on Accelerating the Intelligent Development of Coal Mines”, the “Guiding Opinions on ‘14th Five-Year’ High-Quality Development of Coal Industry”, the “Guidelines for Intelligent Construction of Coal Mines (2021 Edition)”, the “Guiding Opinions on ‘14th Five-Year’ Safe and Efficient Coal Mine Construction of Coal Industry”, and

“Several Opinions on Accelerating the Digital and Intelligent Development of Energy”, which, together with the driving force of supporting policies issued by major coal producing regions, are conducive to promoting safe and efficient intelligent mining and clean and efficient intensive utilisation of coal, and have indicated the direction for intelligent construction of coal mines. After the Spin-off, the Company and Hengda Intelligent Control will seize the opportunity of rapid development of intelligent coal mine construction, thoroughly implement the new energy security strategy of “Four Revolutions and One Cooperation”, promote the integrated development of intelligent technology and coal industry, and improve the level of intelligent coal mine.

**(3) *Relevant national policies are supportive to spin-off of listed companies***

The spin-off of a listed company is an important means to fully utilise the capital market to optimise the resource allocation function. The spin-off can facilitate the listed company to rationalise its business structure, broaden its financing channels, improve its incentive mechanism, further achieve business focus and improve its professional operation level. In January 2019, the “Opinions on the Implementation of the Establishment of Sci-Tech Innovation Board and Pilot Registration System on the Shanghai Stock Exchange” promulgated by the CSRC clarified that listed companies with a certain scale may legally spin-off their independent and qualified subsidiaries for listing on the Sci-Tech Innovation Board; in December 2019, the CSRC issued the “Several Provisions on the Pilot Programme of Spin-off and Domestic Listing of Subsidiaries by Listed Companies” to support the spin-off of listed companies that meets the actual development needs; in October 2020, the “Opinions on Further Improving the Quality of Listed Companies” issued by the State Council clearly proposed to promote the listed companies to be better and stronger, improve the spin-off and listing system, and stimulate market vitality; in January 2022, the CSRC officially issued the “Rules for Spin-off of Listed Companies (Trial)”, which unifies domestic and overseas regulatory requirements, clarifies and improves the conditions for spin-off, and provides a regulatory basis for listed companies to implement spin-off. The announcement and implementation of relevant policies provided the basis and policy support for the spin-off and listing of the Company’s holding subsidiary, Hengda Intelligent Control.



## **2. Purpose, commercial reasonableness and necessity of the Spin-off**

### ***(1) The Spin-off will give full play to the role of the capital market in optimising resource allocation, enhance the competitiveness of Hengda Intelligent Control, and respond to industry competition challenges***

As the state continues to support and accelerate the development of intelligent coal mines and the industry growth faces development opportunities, at the same time, more and more capital is rapidly entering the field of intelligent coal mine construction, and major manufacturers in the industry are also vigorously developing intelligent coal mine business. In recent years, a number of enterprises in the field of coal mine intelligence have entered or are in the process of entering the domestic capital market, leveraging on the power of capital market to develop and expand their presence, therefore the competition in the field of coal mine intelligence construction will become more intense and the competition landscape of the industry will be full of uncertainties in the future. The Spin-off and separate listing of Hengda Intelligent Control will give full play to the role of the capital market in optimising resource allocation, improve the financing ability of Hengda Intelligent Control, enhance the sustainable profitability and core competitiveness of Hengda Intelligent Control, and respond to the industry competition challenges.

### ***(2) The Spin-off is beneficial for the Company and Hengda Intelligent Control to focus on core businesses and promote independent development***

The Company is principally engaged in the production, sales and service of comprehensive coal mining equipment, parts and components and automobile parts. Comprehensive coal mining equipment business (except for Hengda Intelligent Control and its subsidiaries) belongs to the special equipment manufacturing industry, its main products include hydraulic roof support for comprehensive coal mining face, scraper conveyor and its components; the products of the automotive parts business mainly include automotive powertrain components, chassis system components, starters and generators.

In this spin-off and listing of Hengda Intelligent Control, the Company's coal mining machinery segment (except for Hengda Intelligent Control and its subsidiaries) will further focus on equipment manufacturing, further improve the technology and quality of comprehensive coal mining equipment, and develop towards the direction of complete set, internationalization and high-end products, so as to further improve the technology and quality of comprehensive coal mining equipment, and improve the high reliability, stability and ease of use of products. The main business of Hengda Intelligent Control is in the field of control system and automation. The Spin-off and separate listing of Hengda Intelligent Control will enable Hengda Intelligent Control to further focus on the intelligent control system for coal mining, promote the continuous development of coal mining towards digitalization, informatization, intelligence and intelligence, and promote the independent development of Hengda Intelligent Control.

- (3) *The Spin-off is conducive to increasing the overall value of listed entities under our corporate structure and maximising the interests of shareholders as a whole*

The market prospect, industry position, technology content and growth of different business segments of the Company are different, and their valuation varies. Hengda Intelligent Control is principally engaged in the research and development, production, sales and service of intelligent control system for coal mining. After years of development and accumulation, it is currently at the forefront of the domestic market in the segment field, and is facing the opportunities for rapid development of intelligent coal mines, which is significantly different from other business segments.

After the current Spin-off and listing of Hengda Intelligent Control, it will become a listed company independent of the Company, which will be conducive to the professional analysis of the capital market to it, promote the full release of the intrinsic value of Hengda Intelligent Control, obtain reasonable valuation and pricing, and thus increase the overall value of listed entities under our corporate structure. As the controlling shareholder of Hengda Intelligent Control, the Company can continue to benefit from the future growth of Hengda Intelligent Control and maximise the interests of the shareholders of the Company as a whole.

### **3. Feasibility of the Spin-off**

The Spin-off complies with the relevant requirements of the “Spin-off Rules” for the spin-off and domestic listing of subsidiaries of the listed company and is feasible.

Based on the above, the Spin-off is reasonable, necessary and feasible on commercial terms.

#### **(10) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE SPIN-OFF AND LISTING OF THE SUBSIDIARY ON THE SCI-TECH INNOVATION BOARD WOULD NOT OFFER ASSURED ENTITLEMENT TO THE SHAREHOLDERS OF THE COMPANY”**

The board of directors of the Company considers that the Spin-off and no provision of assured entitlement to the shareholders of the Company are in compliance with the requirements of the current laws and regulations, fair and reasonable and in the interests of the Company and the shareholders as a whole, and agrees that the Company’s submission of the waiver application to the Hong Kong Stock Exchange.

#### **(11) CONSIDERATION AND APPROVAL OF THE “RESOLUTION REGARDING THE PROPOSED AUTHORISATION AT THE GENERAL MEETING TO THE BOARD OF DIRECTORS AND ITS AUTHORISED PERSONS TO DEAL WITH ALL MATTERS RELATING TO THE SPIN-OFF AND LISTING OF ZHENGZHOU HENGDA INTELLIGENT CONTROL TECHNOLOGY CO., LTD. ON THE SCI-TECH INNOVATION BOARD”**

In order to ensure the smooth progress of the matters related to the Spin-off, the board of directors of the Company proposes to the general meeting to authorise the board of directors and its authorised persons to deal with matters related to the Spin-off at their sole discretion, including but not limited to:



1. To authorise the board of directors of the Company and its authorised persons to exercise, on behalf of the Company, the shareholders' rights in Hengda Intelligent Control and to make resolutions in relation to the Spin-off of Hengda Intelligent Control which shall be made by the general meeting of the Company (except for matters which must be resolved by the general meeting as required by laws and regulations).
2. To authorise the board of directors and its authorised persons to make adjustments and changes to various matters and relevant proposals in relation to the Spin-off based on the specific circumstances.
3. To authorise the board of directors and its authorised persons to deal with all matters relating to the Spin-off and submit relevant applications to the relevant authorities including The Stock Exchange of Hong Kong Limited, CSRC and SSE, including but not limited to submitting the application for the Spin-off and Listing to The Stock Exchange of Hong Kong Limited, communicating with the domestic and overseas securities regulatory authorities in relation to the application for the Spin-off and Listing, and adjusting and changing various matters relating to the Spin-off in accordance with the requirements of the domestic and overseas securities regulatory authorities.
4. To authorise the board of directors and its authorised persons to determine other specific matters relating to the Spin-off, including but not limited to engaging relevant intermediaries, signing, delivering and receiving necessary agreements and legal documents, and disclosing relevant information in accordance with applicable regulatory rules.

The above authorisation shall be valid for twenty four months from the date on which the resolution is considered and approved at the general meeting of the Company.

**(12) CONSIDERATION AND APPROVAL OF “THE RESOLUTION IN RELATION TO THE HOLDING OF SHARES IN THE SUBSIDIARY PROPOSED TO BE SPUN OFF BY CERTAIN DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND KEY EMPLOYEES OF THE COMPANY AND CERTAIN CONNECTED TRANSACTIONS”**

The holding of shares in Hengda Intelligent Control, a subsidiary of the Company proposed to be spun off, by certain Directors, supervisors and senior management of the company, including Mr. Jiao Chengyao, Mr. Xiang Jiayu, Mr. Jia Hao, Mr. Fu Zugang, Mr. Liu Qiang, Mr. Fu Qi, Mr. Zhang Haibin, Ms. Huang Hua and Mr. Li Weiping, as well as certain key employees either of the headquarter of the Company or the coal machinery division is hereby approved. In particular, certain Directors, supervisors and senior management of the Company, including Mr. Jiao Chengyao, Mr. Xiang Jiayu, Mr. Jia Hao, Mr. Fu Zugang, Mr. Liu Qiang, Mr. Fu Qi, Mr. Zhang Haibin, Ms. Huang Hua and Mr. Li Weiping, will hold these shares directly, and a total of 77 key employees of the headquarter of the Company and the coal machinery division will hold these shares indirectly through Zhengzhou Xian'an Enterprise Management Partnership (Limited Partnership) (鄭州賢安企業管理合夥企業 (有限合夥)) and Zhengzhou Xianke Enterprise Management Partnership (Limited Partnership) (鄭州賢科企業管理合夥企業 (有限合夥)).

**(13) CONSIDERATION AND APPROVAL OF THE RESOLUTION IN RELATION TO THE CONVENING OF THE COMPANY’S 2022 ANNUAL GENERAL MEETING**

The Board approved the convening of the Company’s 2022 Annual General Meeting, and authorized the Chairman of the Company to determine the timing of the annual general meeting, logistics of which is to be organized by the secretary to the Board of the Company.

Shareholders of the Company should note that the Spin-off will constitute a spin-off as defined in Practice Note 15 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, and will be subject to the approval of The Stock Exchange of Hong Kong Limited. The Company will strictly comply with the requirements of relevant laws and regulations, departmental rules and regulatory guidelines, and disclose any information relating to the progress of the proposed Spin-off as required in due course. Investors are advise to exercise caution when dealing in the shares of the Company.

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

Zhengzhou, PRC, 18 April 2023

*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. FEI Guangsheng and the independent non-executive Directors are Mr. CHENG Jinglei, Mr. JI Feng, Ms. GUO Wenqing and Mr. FANG Yuan.*