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If you have sold or transferred all your shares in **Zhengzhou Coal Mining Machinery Group Company Limited**, you should at once hand this circular and the enclosed form of proxy to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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  
AND  
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING  
OF 2023**

The Company will convene the EGM at the Convention Centre of Zhengzhou Coal Mining Machinery Group Company Limited, No. 167, 9th Street, Zhengzhou Section (Econ-Tech Development Zone) of China (He'nan) Pilot Free Trade Zone, the PRC at 9:00 a.m. on Tuesday, 22 August 2023. The notice convening the EGM is set out on pages EGM-1 to EGM-4 of this circular.

A form of proxy for the use at the EGM is enclosed to this circular and published on the websites of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zmj.com](http://www.zmj.com)). Shareholders who intend to appoint a proxy to attend the EGM shall complete the form of proxy in accordance with the instructions printed thereon and return the same not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending the EGM and voting in person if you so wish.

7 August 2023

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## DEFINITIONS

*In this circular, the following expressions shall have the following meanings, unless the context requires otherwise:*

“Articles of Association”	the Articles of Association of Zhengzhou Coal Mining Machinery Group Company Limited
“Board”	the board of directors of the Company
“Company”	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 PRC with limited liability, the Shares of which are listed on the main boards of the Hong Kong Stock Exchange and the Shanghai Stock Exchange (stock codes: 00564 and 601717)
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at the Convention Centre of Zhengzhou Coal Mining Machinery Group Company Limited, No. 167, 9th Street, Zhengzhou Section (Econ-Tech Development Zone) of China (He’nan) Pilot Free Trade Zone, the PRC at 9:00 a.m. on Tuesday, 22 August 2023 or any adjournment thereof
“H Share(s)”	overseas listed foreign invested Share(s) with a par value of RMB1.00 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange (stock code: 00564) and are subscribed for in HK dollars
“H Shareholders”	holders of H Shares
“HK\$” or “HK dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

## DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, but for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the share(s) of RMB1.00 each of the Company
“Shareholder(s)”	holders of the Share(s) of the Company
“Hengda Intelligent Control”	Zhengzhou Hengda Intelligent Control Technology Co., Ltd.
“SSE”	the Shanghai Stock Exchange



**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)**

**Members of the Board**

*Executive Directors:*

Mr. JIAO Chengyao  
Mr. JIA Hao  
Mr. FU Zugang  
Mr. WANG Xinying

*Non-executive Directors:*

Mr. CUI Kai  
Mr. FEI Guangsheng

*Independent Non-executive Directors:*

Mr. CHENG Jinglei  
Mr. JI Feng  
Ms. GUO Wenqing  
Mr. FANG Yuan

**Registered Office**

No. 167, 9th Street,  
Zhengzhou Section  
(Econ-Tech Development Zone)  
of China (He'nan)  
Pilot Free Trade Zone, the PRC

**Principal Place of Business in  
Hong Kong**

40/F, Dah Sing Financial Centre,  
No. 248 Queen's Road East,  
Wanchai, Hong Kong

7 August 2023

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED SPIN-OFF AND LISTING OF  
A HOLDING SUBSIDIARY  
AND  
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING  
OF 2023**

**INTRODUCTION**

The purpose of this circular is to provide you with the notice of EGM and, among others, other information, so as to enable you to make an informed decision as to whether to vote for or against the following resolution to be proposed at the EGM:

1. The initial public offering and listing of shares in Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a subsidiary of the Company, on the Sci-Tech Innovation Board of Shanghai Stock Exchange;

## LETTER FROM THE BOARD

2. 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;
3. The proposal 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 (revised);
4. The compliance of the Spin-off and Listing of subsidiary with the “Rules on Spin-off of Listed Companies (Trial)”;
5. 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;
6. The ability of the Company to maintain independence and continue as a going concern;
7. The standardised operation capability of Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a subsidiary of the Company;
8. The explanation of the completeness and compliance of the legal procedures for the Spin-off and the validity of the legal documents submitted;
9. The analysis of the background, purpose, commercial reasonableness, necessity and feasibility of the Spin-off;
10. The proposed authorisation at the general meeting to the Board 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;
11. 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 related party transactions.

## LETTER FROM THE BOARD

### **I. The initial public offering and listing of shares in Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a subsidiary of the Company, on the Sci-Tech Innovation Board of Shanghai Stock Exchange**

A special resolution will be proposed at the EGM to approve the initial public offering and listing of shares in Hengda Intelligent Control, a subsidiary of the Company, on the Sci-Tech Innovation Board of the SSE.

The Company intends to spin-off Hengda Intelligent Control, a subsidiary of the Company, and initiate the public issuance of RMB ordinary shares (A shares) and listing on the Sci-Tech Innovation Board of the SSE (the “**Spin-off**”) in due course. The issuance and listing plan for the Spin-off is as follows preliminarily:

- (1) Place of listing: the Sci-Tech Innovation Board of the 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 with their A share account in 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 the issuance upon the approval of the SSE and the registration with the CSRC. The specific date of issuance will be determined once the approval of the SSE and the registration procedures with the CSRC are fulfilled.

## LETTER FROM THE BOARD

- (6) Method of issuance: A combination of offline placing with price consultation targets at a consulted price 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 by Hengda Intelligent Control 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 a 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.

### **II. 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**

A special resolution will be proposed at the EGM to approve the compliance with relevant laws and regulations of the Spin-off and Listing of Hengda Intelligent Control, a subsidiary of the Company, on the Sci-Tech Innovation Board.

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



## LETTER FROM THE BOARD

### **III. The proposal 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 (revised)**

A special resolution will be proposed at the EGM to approve the proposal on the Spin-off and Listing of Hengda Intelligent Control, a subsidiary of the Company, on the Sci-Tech Innovation Board (revised).

To implement the Spin-off, the Company has prepared 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 (Revised)” in accordance with the relevant provisions of the “Securities Law of the People’s Republic of China” and the “Rules on Spin-off of Listed Companies (Trial)” and other laws, regulations and regulatory documents, details of which are set out in 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 (Revised)” disclosed on the website of SSE on 31 July 2023, as well as the overseas regulatory announcement reproduced on the website of the Hong Kong Stock Exchange on the same day.

### **IV. The compliance of the Spin-off and Listing of subsidiary with the “Rules on Spin-off of Listed Companies (Trial)”**

A special resolution will be proposed at the EGM to approve the compliance of the Spin-off and Listing of subsidiary with the “Rules on Spin-off of Listed Companies (Trial)”.

After prudent assessment by the Company, the Spin-off complies with the relevant requirements of the “Rules on Spin-off of Listed Companies (Trial)” for the spin-off and domestic listing of subsidiaries of the listed company, and is feasible. Details of which are set out as follows:

#### **(1) The shares of the listed company have been listed in the PRC for more than three years**

The Shares in the Company were listed on the main board of SSE in 2010, which is in compliance with the requirement that “the shares of listed company have been listed in the PRC for more than three years”.

#### **(2) The listed company has been profitable in the last three consecutive accounting years**

The Company’s net profit attributable to Shareholders for 2020, 2021 and 2022 (net profit calculated at the lower of the value before or after deducting non-recurring profit or loss) are approximately RMB1,239 million, RMB1,793 million and RMB2,016 million, respectively, which is in compliance with the requirement that “the listed company has been profitable in the last three consecutive accounting years”.

## LETTER FROM THE BOARD

- (3) **The cumulative net profit attributable to shareholders of the listed company after deducting its attributable net profit in the subsidiary to be spun off according to its equity interest in the last three accounting years shall not be less than RMB600 million (net profit shall be calculated at the lower of the value before or after deducting non-recurring profit or loss)**

The Company's cumulative net profit attributable to Shareholders after deducting its attributable net profit in Hengda Intelligent Control according to its equity interest in the last three accounting years are not less than RMB600 million (net profit calculated at the lower of the value before or after deducting non-recurring profit or loss), which is in compliance with the requirement. Details of which are set out as follows:

		Unit: RMB100 million		
Item	Formula	2022	2021	2020
<b>1. Net profit attributable to shareholders of the listed company of ZMJ</b>				
Net profit attributable to shareholders of the listed company	A	25.38	19.48	12.39
Net profit attributable to shareholders of the listed company (after deducting non-recurring profit or loss)	B	20.16	17.93	16.98
<b>2. Net profit attributable to shareholders of the parent company of Hengda Intelligent Control</b>				
Net profit attributable to shareholders of the parent company	C	7.34	5.24	4.26
Net profit attributable to shareholders of the parent company (after deducting non-recurring profit or loss)	D	7.21	5.15	4.18
<b>3. Percentage of equity interest held by ZMJ in Hengda Intelligent Control</b>				
Percentage of shareholding	E	85.02%	100%	100%
<b>4. Net profit of Hengda Intelligent Control attributable to ZMJ according to its equity interest</b>				
Net profit	$F = C * E$	6.24	5.24	4.26
Net profit (after deducting non-recurring profit or loss)	$G = D * E$	6.13	5.15	4.18
<b>5. Net profit of ZMJ after deducting its attributable net profit in Hengda Intelligent Control according to its equity interest</b>				
Net profit attributable to shareholders of the listed company	$H = A - F$	19.14	14.24	8.13
Net profit attributable to shareholders of the listed company (after deducting non-recurring profit or loss)	$I = B - G$	14.04	12.78	12.80
Cumulative net profit attributable to shareholders of the listed company of ZMJ after deducting its attributable net profit in Hengda Intelligent Control according to its equity interest in the last three years (calculated at the lower of the value before or after deducting non-recurring profit or loss)				34.95

## LETTER FROM THE BOARD

- (4) The net profit of the subsidiary to be spun off attributable to the listed company according to its equity interest as shown in its consolidated statements in the last accounting year shall not exceed 50% of the net profit attributable to shareholders of the listed company; and the net assets of the subsidiary to be spun off attributable to the listed company according to its equity interest as shown in its consolidated statements in the last accounting year shall not exceed 30% of the net assets attributable to shareholders of the listed company

The net profit of Hengda Intelligent Control attributable to the Company according to its equity interest as shown in its consolidated statements in the last accounting year does not exceed 50% of the net profit attributable to shareholders of the Company; and the net assets of the subsidiary to be spun off attributable to the Company according to its equity interest as shown in its consolidated statements in the last accounting year does not exceed 30% of the net assets attributable to Shareholders of the Company. Details of which are set out as follows:

Unit: RMB100 million

Item	Formula	Net profit attributable to shareholders of the parent company (after deducting non-recurring profit or loss) in 2022			Net assets attributable to shareholders of the parent company at the end of 2022
		Net profit attributable to shareholders of the parent company in 2022	Net profit attributable to shareholders of the parent company (after deducting non-recurring profit or loss) in 2022		
ZMJ	A	25.38	20.16		178.07
Hengda Intelligent Control	B	7.34	7.21		16.15
Percentage of equity interest held by ZMJ in Hengda Intelligent Control	C		85.02%		
Attributable net profit of or net assets in Hengda Intelligent Control according to equity interest	$D = B * C$	6.24	6.13		13.73
Percentage	$E = D / A$	24.60%	30.39%		7.71%

## LETTER FROM THE BOARD

- (5) Where one of the following circumstances exists in the listed company, the spin-off may not proceed: 1. The funds or assets are embezzled by the controlling shareholders, actual controllers or their related parties, or the listed company's interests are materially prejudiced by its controlling shareholders, actual controllers or their related parties; 2. The listed company or its controlling shareholders or actual controllers have been subject to administrative penalties from the CSRC in the last 36 months; 3. The listed company or its controlling shareholders or actual controllers have been publicly reprimanded by any stock exchange in the last 12 months; 4. The financial accounting reports of the listed company for the last year or period were issued by certified public accountants with qualified, adverse or unexpressed opinions; 5. The aggregate shares of the subsidiary to be spun off held by the directors, senior management of the listed company and their related parties exceed 10% of the total share capital of the subsidiary before the spin-off and listing, excluding those indirectly held by the directors, senior management and their related parties through the listed company

The funds or assets of the Company are not embezzled by the controlling shareholders, actual controllers or their related parties, and none of the Company's interests is materially prejudiced by its controlling shareholders, actual controllers or their related parties.

The Company and the Company's controlling shareholders or actual controllers have not been subject to any administrative penalty from the CSRC in the last 36 months; the Company and the Company's controlling shareholders or actual controllers have not been publicly reprimanded by any stock exchange in the last 12 months.

The Audit Report (Xin Kuai Shi Bao Zi [2023] No. ZB10222) issued by BDO CHINA SHU LUN PAN, Certified Public Accountants LLP, for the Company's 2022 financial statements is a standard unqualified audit report. The financial accounting reports of the Company for the last year or period were issued by certified public accountants free of any qualified, adverse or unexpressed opinion.

## LETTER FROM THE BOARD

The Directors, senior management of the Company and their related parties held in aggregate 0.77% of the shares of Hengda Intelligent Control (excluding those indirectly held through the Company), which does not exceed 10% of the total share capital of Hengda Intelligent Control before its Spin-off and Listing. Details of which are set out as follows:

No.	Name	Position(s) in the Company	Percentage of direct shareholding in Hengda Intelligent Control
1	JIAO Chengyao	Chairman	0.16%
2	JIA Hao	Director and general manager	0.16%
3	FU Zugang	Director	0.13%
4	FU Qi	Deputy general manager	0.08%
5	ZHANG Haibin	Secretary to the Board	0.08%
6	HUANG Hua	Chief financial officer	0.08%
7	LI Weiping	Deputy general manager	0.08%
<b>Total</b>			<b>0.77%</b>

## LETTER FROM THE BOARD

- (6) Where any of the following circumstances exists in the subsidiary of the listed company, the spin-off may not be proceeded by the listed company: 1. The principal business or assets are funded by or invested with the proceeds of the listed company's share issuance and the capital raised in the last three accounting years, unless the total amount of raised capital used by such subsidiary in the last three accounting years does not exceed 10% of its net assets; 2. The principal business or assets are acquired by the listed company through major asset restructuring in the last three accounting years; 3. The principal business or assets are the principal business and assets of the listed company at the time of its initial public offering and listing; 4. The listed company is mainly engaged in financial business; 5. The aggregate shares of the subsidiary to be spun off held by the directors, senior management of the subsidiary and their related parties exceed 30% of the total share capital of the subsidiary before the spin-off and listing, excluding those indirectly held by the directors, senior management and their related parties through the listed company

The principal business or assets of Hengda Intelligent Control do not fall within the category of businesses or assets funded by or invested with the proceeds of the Company's share issuance and capital raised in the last three accounting years.

The principal business or assets of Hengda Intelligent Control are not the businesses or assets acquired by the Company through material asset restructuring in the last three accounting years.

The principal business of the Company at the time of its initial public offering and listing was the production, sales and service of hydraulic roof support for comprehensive mining and its components. The principal business or assets of Hengda Intelligent Control are not the principal business or assets of the Company at the time of its initial public offering and listing.

Hengda Intelligent Control is principally engaged in the research and development, production, sales and service of intelligent coal mining control systems and its core components, and is not a company engaged in financial business.

## LETTER FROM THE BOARD

The directors, senior management of Hengda Intelligent Control and its related parties directly and indirectly hold 0.97% of the shares of Hengda Intelligent Control (excluding those indirectly held through the Company), which does not exceed 30% of the total share capital of Hengda Intelligent Control before its Spin-off and Listing. Details of which are set out as follows:

No.	Name	Position(s) in Hengda Intelligent Control	Percentage of direct and indirect shareholding in Hengda Intelligent Control	Remark
1	LUO Kaicheng	Chairman and general manager	0.19%	Directly held
2	JIA Hao	Vice Chairman	0.16%	Directly held
3	LIU Fuying	Director	0.06%	Indirectly held 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))
4	ZHANG Dingtang	Director	0.06%	Indirectly held 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))
5	ZHANG Xingfu	Director and vice general manager	0.10%	Directly held
6	HU Wei	Deputy general manager	0.10%	Directly held
7	CHANG Yajun	Deputy general manager	0.10%	Directly held
8	WANG Junfu	Deputy general manager	0.10%	Directly held
9	WANG Jingbo	Chief financial officer and secretary to the board of directors	0.10%	Directly held
<b>Total</b>			<u>0.97%</u>	

## LETTER FROM THE BOARD

- (7) The spin-off of a listed company shall be fully explained and disclosed: 1. The spin-off is beneficial to the listed company to highlight its principal business and enhance its independence; 2. After the spin-off, both the listed company and the subsidiary to be spun off are in compliance with the regulatory requirements on competition within the industry and related party transactions of the CSRC and the stock exchange. In case of an overseas listing after a spin-off, there is no competition between the listed company and the subsidiary to be spun off; 3. After the spin-off, the listed company and the subsidiary to be spun off are independent of each other in terms of assets, finance and organisation. There is no overlapping of senior management and financial personnel; 4. After the spin-off, there is no serious deficiency in terms of independence between the listed company and the subsidiary to be spun off

*1. The Spin-off is beneficial to the Company to highlight its principal business and enhance its independence*

The Company is principally engaged in the production, sales and service of comprehensive coal mining equipment, parts and components and automobile parts. Hengda Intelligent Control is specialised in the research and development, production, sales and service of intelligent control systems for coal mining, such as hydraulic control system, electro-hydraulic control system, intelligent fluid supply system and intelligent integrated management and control system. After the Spin-off and Listing, the Company and its other subsidiaries will continue to focus their resources on developing business other than the principal business of Hengda Intelligent Control and its subsidiaries, which is beneficial to highlight the principal business of the Company, strengthen the professional operation of different businesses and enhance independence.

*2. After the Spin-off, both the Company and the subsidiary to be spun off are in compliance with the regulatory requirements on competition within the industry and related party transactions of the CSRC and the stock exchange*

*(1) Competition within the industry*

Hengda Intelligent Control is specialised in the research and development, production, sales and service of intelligent control systems for coal mining, such as hydraulic control system, electro-hydraulic control system, intelligent fluid supply system and intelligent integrated management and control system. Its products and related technology are in the field of control systems and automation. The coal mining machinery segment of the Company (except for Hengda Intelligent Control and its subsidiaries) is principally engaged in the equipment manufacturing business. Its main products include hydraulic roof support and scraper conveyor. Such companies do not engage in the research, development and production of intelligent control systems for coal mining; The industry and field engaged by the automobile parts segment of the listed company is different from that of Hengda Intelligent Control, and there are significant discrepancies among their product features, technology, customers and suppliers, etc. Therefore, there will be no competition with material and adverse impact between Hengda Intelligent Control and other businesses of the Company after the Spin-off.



## LETTER FROM THE BOARD

To avoid competition after the Spin-off, the Company has issued the “Letter of Undertaking on Avoiding Competition” as follows:

- “1. As at the date of this letter of undertaking, the Company and its controlled subsidiaries (Note: excluding Hengda Intelligent Control and its controlled subsidiaries, the same shall apply hereinafter) have not directly or indirectly been engaged in any business which is the same as or similar to the principal business of Hengda Intelligent Control (Note: including Hengda Intelligent Control and its controlled subsidiaries, the same shall apply hereinafter).
2. The Company and its controlled subsidiaries will not directly or indirectly participate in any business activities which are the same as or similar to the principal business of Hengda Intelligent Control within or outside the PRC by any means (including but not limited to new establishment, acquisition or merger of companies or other economic organisations within or outside the PRC). The research institutions and departments of the Company (excluding the research institutions and departments under Hengda Intelligent Control) will not be engaged in any research and development activities relating to intelligent coal mining control systems and core parts and components.
3. Where the Company or its controlled subsidiary obtains business opportunities to engage in new businesses which are the same as or similar to the principal business of Hengda Intelligent Control and may compete with Hengda Intelligent Control, the Company or its controlled subsidiaries shall, subject to the national industry policies and approval requirements, give the priority of the opportunities in relation to the above new business to Hengda Intelligent Control for selection, and use its best endeavour to procure that the business opportunities of such new business are qualified to be transferred to Hengda Intelligent Control.

Where Hengda Intelligent Control gives up the opportunities of the above new business, the Company or its controlled subsidiaries may operate the relevant new business on its own. However, where the business development requires in the future, Hengda Intelligent Control will still enjoy the following rights subject to permission under the applicable laws, regulations and relevant regulatory rules:

- (1) Hengda Intelligent Control has the right to make single or multiple acquisition of the assets, business and interests of the above business from the Company or its controlled subsidiaries;

## LETTER FROM THE BOARD

- (2) In addition to the acquisition, Hengda Intelligent Control may also choose to operate the assets and/or business related to the above business of the Company's controlled subsidiaries in the form of delegated (entrusted) operation, leasing, contracted operation, licensing, etc., subject to permission under the applicable laws, regulations and relevant regulatory rules.
4. Where the Company violates the above commitments, Hengda Intelligent Control and other shareholders of Hengda Intelligent Control shall have the right to request the Company and its subsidiaries to regulate the corresponding behavior, and make cash compensation to Hengda Intelligent Control for the benefits and income obtained from the transaction; where the violation of the above commitments causes economic losses to Hengda Intelligent Control, the Company shall make comprehensive, timely and full compensation for the losses suffered by the relevant parties.
5. The above commitments shall be legally binding on the Company from the date when Hengda Intelligent Control submits the materials for initial public offering of shares and listing on the Sci-Tech Innovation Board of the SSE, and shall continue to be valid during the period in which the Company is the controlling shareholder of Hengda Intelligent Control."

In response to the Spin-off, Hengda Intelligent Control issued a "Letter of Commitment on Avoiding Competition" as follows:

- "1. The Company (Note: including the Company and its controlled subsidiaries, the same shall apply hereinafter) undertakes to continue to undertake the business of intelligent control systems for coal mining, such as hydraulic control system, electro-hydraulic control system, intelligent fluid supply system and intelligent integrated management and control system.
2. As at the date of letter of commitment, there is no competition between the Company and ZMJ and its controlled subsidiaries (Note: excluding the Company and its controlled subsidiaries, the same shall apply hereinafter). The Company undertakes that it will not be engaged in any business which constitutes competition with ZMJ and its controlled subsidiaries in the future.
3. Where the Company violates the above commitments, the Company shall make comprehensive, timely and full compensation for the losses suffered by the relevant parties.

## LETTER FROM THE BOARD

4. The above commitments shall be legally binding on the Company from the date when the Company submits the materials for initial public offering of shares and listing on the Sci-Tech Innovation Board of the SSE, and shall continue to be valid during the period in which ZMJ is the controlling shareholder of the Company. “

Accordingly, after the Spin-off, both the Company and Hengda Intelligent Control are in compliance with the regulatory requirements of the CSRC and stock exchanges in relation to competition.

(2) *Related party transaction*

After the Spin-off and Listing of Hengda Intelligent Control, the Company will still maintain control over Hengda Intelligent Control, Hengda Intelligent Control will still be a subsidiary within the scope of the Company's consolidated statements and the situation of the Company's related party transactions will not change as a result of the Spin-off of Hengda Intelligent Control.

In respect of Hengda Intelligent Control, the Company will remain the controlling shareholder of Hengda Intelligent Control after the Spin-off and Listing, and the connected sales or connected purchases between Hengda Intelligent Control and the Company and its controlled subsidiaries (excluding Hengda Intelligent Control, the same shall apply hereinafter) will continue to be counted as part of Hengda Intelligent Control's annual amount of related party transactions. The related party transactions between Hengda Intelligent Control and the Company and its controlled subsidiaries mainly include related party sales and related party purchases, of which the related party sales mainly consist of the sales of intelligent control system products for coal mining, such as hydraulic control system and electro-hydraulic control system, to the Company and its controlled subsidiaries; and the related party purchases mainly consist of the purchases of water, electricity, parts or some materials, etc. from the Company or its controlled subsidiaries. The aforesaid related party transactions between Hengda Intelligent Control and the Company and its controlled subsidiaries are incurred from actual production and operation needs, which are normal market behaviours with reasonable commercial background, and the aforesaid transactions are priced fairly.

After the Spin-off, the Company will ensure the compliance, reasonableness and fairness of the related party transactions and maintain the independence of the Company, and will not make use of the related party transactions to adjust the financial indicators to the detriment of the Company's interests. After the Spin-off, Hengda Intelligent Control will ensure the compliance, reasonableness and fairness of the related party transactions and maintain the independence of Hengda Intelligent Control, and will not make use of the related party transactions to adjust the financial indicators to the detriment of the interests of Hengda Intelligent Control.

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In order to reduce and regulate the related party transactions after the Spin-off, the Company issued the “Letter of Commitment on Reducing and Regulating Related Party Transactions”:

- “1. The Company and its controlled subsidiaries (Note: excluding Hengda Intelligent Control and its controlled subsidiaries, the same shall apply hereinafter) will endeavour to avoid and reduce the occurrence of related party transactions or fund transactions with Hengda Intelligent Control and its controlled subsidiaries. For the related party transactions which cannot be avoided or have reasonable grounds, the Company and its controlled subsidiaries will strictly comply with the relevant laws, regulations, regulatory documents and the internal system of Hengda Intelligent Control in respect of the relevant requirements for related party transactions, determine fair transaction prices and other transaction conditions in accordance with ordinary commercial standards, strictly perform the decision-making procedures in respect of related party transactions, fulfil the information disclosure obligations and handle the relevant approval procedures in accordance with the law, and will not take advantage of the position as the controlling shareholder to the detriment of Hengda Intelligent Control’s interests.
2. The Company undertakes to strictly comply with the relevant laws, regulations, rules and regulations of the CSRC and the SSE as well as the relevant requirements of the Articles of Association and internal system of the Company in respect of related party transactions, and not to take advantage of its position as the controlling shareholder of Hengda Intelligent Control to procure that Hengda Intelligent Control and its controlled subsidiaries give the Company and its controlled subsidiaries preferential rights to the third parties in the market in respect of business cooperation, etc., also not to take advantage of its position as the controlling shareholder of Hengda Intelligent Control to seek preferential rights to enter into transactions with Hengda Intelligent Control and its controlled subsidiaries. Any agreement or arrangement between the parties in respect of related party matters shall not prevent the other party from entering into business dealings or transactions with any third party for its own benefit under the same competitive conditions in the market.
3. With effect from the date of this commitment letter, the Company and its controlled subsidiaries undertake not to make loans from Hengda Intelligent Control and its controlled subsidiaries in violation of the law, not to appropriate funds or other assets of Hengda Intelligent Control and its controlled subsidiaries in violation of the law in any way, whether directly or indirectly, not to require Hengda Intelligent Control and its controlled subsidiaries to provide unlawful guarantees for the Company and its related party enterprises, and not to harm the interests of Hengda Intelligent Control and its small and medium-sized shareholders.

## LETTER FROM THE BOARD

4. The Company will faithfully perform the above commitments, and where the above commitments are violated, Hengda Intelligent Control and other shareholders of Hengda Intelligent Control shall have the right to request the Company and its related enterprises to regulate the corresponding transaction behaviour; in the event that the interests of Hengda Intelligent Control or those of any of its small and medium-sized shareholders are harmed due to the Company's violation of the above commitments, the Company is willing to assume all the responsibilities arising therefrom and to make comprehensive, timely and full compensation for the losses suffered by the relevant parties.
5. The above commitments shall be legally binding on the Company from the date when Hengda Intelligent Control submits the materials for initial public offering of shares and listing on the Sci-Tech Innovation Board of the SSE, and shall continue to be valid during the period in which the Company is the controlling shareholder of Hengda Intelligent Control. “

In response to the Spin-off, Hengda Intelligent Control issued the “Letter of Commitment on Reducing and Regulating Related Party Transactions”:

- “1. The Company (Note: including the Company and its controlled subsidiaries, the same shall apply hereinafter) will endeavour to avoid and reduce the occurrence of related party transactions or fund transactions with ZMJ and its controlled subsidiaries (Note: excluding the Company and its controlled subsidiaries, the same shall apply hereinafter, namely the “**Related Parties**”). For those related party transactions that cannot be avoided or have reasonable grounds, the Company will strictly comply with relevant laws, regulations, regulatory documents and the internal system of the Company in respect of the relevant requirements for related party transactions, determine fair transaction prices and other transaction conditions in accordance with ordinary commercial standards, strictly perform the decision-making procedures in respect of related party transactions, and fulfil the information disclosure obligations and handle the relevant approval procedures in accordance with the law.
2. The Company undertakes to enter into various related party transaction agreements with the Related Parties of the Company in strict compliance with the relevant laws, regulations, rules and regulations of the CSRC and the SSE as well as the relevant requirements of the Articles of Association of the Company and the Company's internal system in respect of related party transactions, and that the Company will not seek from or convey to the Related Parties any benefits or gains in excess of those stipulated in such agreements.

## LETTER FROM THE BOARD

3. The Company will avoid any illegal appropriation of the Company's funds and assets by Related Parties in any unlawful manner, either directly or indirectly, and the Company will not provide any unlawful guarantees for related parties in any manner.
4. Where the Company violates the above commitments, the Company shall promptly regulate the corresponding trading behaviours, and make comprehensive, timely and full compensation for the losses suffered by the relevant parties.
5. The above commitments shall be legally binding on the Company from the date when the Company submits the materials for initial public offering of shares and listing on the Sci-Tech Innovation Board of the SSE, and shall continue to be valid during the period in which ZMJ is the controlling shareholder of the Company. "

Therefore, after the Spin-off, there will be no related party transaction between the Company and Hengda Intelligent Control that can affect the independence of both parties or is obviously unfair. The Spin-off and Listing of Hengda Intelligent Control is in compliance with the regulatory requirements of the CSRC and the Sci-Tech Innovation Board of the SSE in relation to related party transactions.

3. *After the Spin-off, the listed company and the subsidiary to be spun-off will be independent of each other in terms of assets, finance and organisations, and there is no overlapping of senior management and financial personnel*

Each of the Company and Hengda Intelligent Control have independent, complete and clear ownership of the operating assets; both have established independent financial departments and financial management systems, and have carried out independent registration, accounting, auditing and management of all of their assets. The organisational structure of Hengda Intelligent Control is independent of the controlling shareholders and other related parties. Each of the Company and Hengda Intelligent Control have their own sound functional departments, business departments and internal operation and management bodies, which exercise their powers independently, and there is no mixing of bodies between Hengda Intelligent Control and the Company and its controlled enterprises. The Company does not occupy or dominate the assets of Hengda Intelligent Control or interfere with Hengda Intelligent Control's operation and management of its assets, and the Company and Hengda Intelligent Control will remain independent in terms of assets, finance and organisations.

Hengda Intelligent Control has independent senior management and financial personnel, and there is no overlapping of senior management and financial personnel between Hengda Intelligent Control and the Company.

## LETTER FROM THE BOARD

**4. *After the Spin-off, there is no serious deficiency in the independence of the listed company and the subsidiary to be spun-off***

Each of the Company and Hengda Intelligent Control are independent and complete in terms of assets, and remain independent in terms of finance, organisation, personnel and business, etc., and have a complete business system and the ability to operate independently directly in the market, and there is no serious deficiency in terms of independence.

To sum up, the Spin-off and Listing of Hengda Intelligent Control by the Company on the Sci-Tech Innovation Board complies with the relevant requirements of the “Rules on Spin-off of Listed Companies (Trial)”.

**V. 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**

A special resolution will be proposed at the EGM to approve the Spin-off and Listing of Hengda Intelligent Control, 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 Shareholders and creditors of the Company. Details of which are set out as follows:

**(1) Impact on the shareholders of relevant parties**

After the Spin-off, the Company still maintains its control over Hengda Intelligent Control, and Hengda Intelligent Control’s financial position and profitability will still be reflected in the Company’s consolidated statements. The Company and Hengda Intelligent Control will carry out professional operation and development of the businesses in which each of them has an advantage, which is conducive to the maximisation of the shareholders’ value of each party. Although the shareholding held by the Company in Hengda Intelligent Control will be diluted after the public offering of shares by Hengda Intelligent Control, through the Spin-off, Hengda Intelligent Control will further enhance its operational efficiency and improve its governance structure, which is conducive to enhancing the Company’s overall profitability in the future, and will have a positive impact on the shareholders of all parties (including the small and medium-sized shareholders).

**(2) Impact on creditors**

The Spin-off is conducive to Hengda Intelligent Control’s ability to improve its ability of research, development and innovation, further expand its financing channels and achieve long-term high-quality development, and is conducive to enhancing the overall strength of the Company, strengthening the liquidity of the Company’s assets, improving its debt-servicing ability, reducing the Company’s operational risks and safeguarding the legitimate rights and interests of creditors.

**(3) Impact on other stakeholders**

In the course of the Spin-off, the Company and Hengda Intelligent Control will enhance information disclosure in accordance with relevant laws and regulations and endeavour to protect the rights and interests of other interested parties.



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To sum up, the Spin-off will have a positive impact on the interests of the Company's shareholders (including small and medium-sized shareholders), creditors and other stakeholders, and will be conducive to safeguarding the legitimate rights and interests of shareholders and creditors.

### **VI. The ability of the Company to maintain independence and continue as a going concern**

A special resolution will be proposed at the EGM to approve the ability of the Company to maintain independence and continue as a going concern.

In accordance with the requirements of the "Rules on Spin-off of Listed Companies (Trial)" and other laws and regulations, the Company, after prudent discussion 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. Details of which are set out as follows:

#### **(1) The Company can continue to maintain its independence after the completion of the Spin-off.**

The Spin-off is in compliance with the relevant requirements of the "Rules on Spin-off of Listed Companies (Trial)". Each of the Company and Hengda Intelligent Control are independent and complete in terms of assets, and remain independent in terms of finance, organisation, personnel and business, etc., and have a complete business system and the ability to operate independently directly in the market, and have achieved their respective independent accounting and assumed responsibilities and risks independently. There is no serious deficiency in terms of independence. As Hengda Intelligent Control maintains business independence from other business segments of the Company, the Spin-off will not materially affect the continuing operation of other business segments of the Company and will not affect the Company's maintenance of independence.

In addition, the Company has engaged independent financial advisers, law firms, accounting firms and other securities service organisations to issue professional opinions in relation to the Spin-off. Among them, the independent financial adviser is qualified as a sponsor and performs (including but not limited to) the following duties: conducting due diligence and prudent verification of whether the Spin-off complies with the "Rules on Spin-off of Listed Companies (Trial)" and other matters, issuing verification opinions and making public announcements; in the remaining months of the year of the listing of Hengda Intelligent Control and the full accounting year thereafter, continuously supervising the company to maintain its independent listing status and continuously focusing on the independent operation status of the core assets and business of the company and its ability to continue as a going concern.



**(2) The Company can continue as a going concern after the completion of the Spin-off.**

After the completion of the Spin-off, there will be no change in the shareholding structure of the Company, and the Company will remain the controlling shareholder of Hengda Intelligent Control and will still maintain its control over Hengda Intelligent Control. The control relationship between the Company and Hengda Intelligent Control will not be changed, and the results of Hengda Intelligent Control will be simultaneously reflected in the overall results of the Company. In addition, after the completion of the Spin-off, the Company (except for Hengda Intelligent Control and its subsidiaries) will further focus on comprehensive coal mining equipment manufacturing and auto parts business, in which the comprehensive coal mining equipment (hydraulic roof support, scraper conveyor, etc.) will be developed towards the direction of complete set, internationalisation and high-end products, so as to further improve the technology and quality of comprehensive coal mining equipment, improve the high reliability, stability and user friendliness of products. Hengda Intelligent Control will be listed independently as a subsidiary of the Company specializing in the business of intelligent coal mining control system and its core parts, which will assist Hengda Intelligent Control to further achieve business focus, enhance the level of specialisation, promote scientific and technological innovation, broaden the financing channels, enhance the core competitiveness of Hengda Intelligent Control, promote the integration of digital intelligent technology with the coal industry, enhance the level of intelligence in coal mines and promote the high-quality development of the coal industry in China. The Spin-off is conducive to further enhancing the overall value of the Company, improving the overall profitability of the Company in the future, and continuing to maintain the ability as a going concern.

Based on the above, the Company can continue to maintain its independence and ability to continue as a going concern after the completion of the Spin-off.

**VII. The standardised operation capability of Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a subsidiary of the Company**

A special resolution will be proposed at the EGM to approve the standardised operation capability of Hengda Intelligent Control, a subsidiary of the Company.

In accordance with the requirements of the “Rules on Spin-off of Listed Companies (Trial)” and other laws and regulations, the Company, after prudent discussion on the actual situation and relevant matters of Hengda Intelligent Control, is of the view that upon completion of the Spin-off, Hengda Intelligent Control will be equipped with the corresponding standardised operation capability. Details of which are set out as follows:

Hengda Intelligent Control is a joint stock limited company established in accordance with the provisions of the “Company Law of the People’s Republic of China”. Hengda Intelligent Control has set up the general meeting of shareholders, the board of directors, the supervisory committee and the special committees under the board of directors in accordance with the provisions of the “Company Law of the People’s Republic of China” and the “Articles of Association of Zhengzhou Hengda Intelligent Control Technology Co., Ltd.”, and has appointed senior management personnel, and with sound organisational structure. The personnel and responsibilities of each organisational structure are clear and a standardised management system is in place.

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To implement the Spin-off, in accordance with the “Company Law of the People’s Republic of China”, the “Guidelines on the Articles of Association of Listed Companies”, the “Guidelines on the Governance of Listed Companies”, the “Rules for General Meetings of Listed Companies” and other relevant provisions of laws, regulations and regulatory documents, Hengda Intelligent Control has formulated various internal management systems, including the “Articles of Association of Zhengzhou Hengda Intelligent Control Technology Co., Ltd.”, the “Rules of Procedure of the Board of Directors of Zhengzhou Hengda Intelligent Control Technology Co., Ltd”, the “Rules of Procedure of the Supervisory Board of Zhengzhou Hengda Intelligent Control Technology Co., Ltd”, the “Management System of Related Party Transactions of Zhengzhou Hengda Intelligent Control Technology Co. Ltd.”, the “Management System of External Guarantees of Zhengzhou Hengda Intelligent Control Technology Co., Ltd” and the “Management System of External Investment of Zhengzhou Hengda Intelligent Control Technology Co., Ltd”, and also engaged independent directors and improved the supervision mechanism of independent directors by formulating the “Work System of Independent Directors of Zhengzhou Hengda Intelligent Control Technology Co., Ltd.”.

Based on the above, upon completion of the Spin-off, Hengda Intelligent Control will be equipped with the corresponding standardised operation capability.

### **VIII. The explanation of the completeness and compliance of the legal procedures for the Spin-off and the validity of the legal documents submitted**

A special resolution will be proposed at the EGM to approve the explanation of the completeness and compliance of the legal procedures for the Spin-off and the validity of the legal documents submitted.

According to the relevant provisions of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Rules on Spin-off of Listed Companies (Trial)” and other laws, regulations and regulatory documents, and the “Articles of Association of Zhengzhou Coal Mining Machinery Group Company Limited”, 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. Details of which are as follows:

The Company has performed the necessary legal procedures at this stage for the Spin-off according to the relevant provisions of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Rules on Spin-off of Listed Companies (Trial)” and other laws, regulations and regulatory documents, and the “Articles of Association of Zhengzhou Coal Mining Machinery Group Company Limited”. These legal procedures are complete, in compliance with the laws and valid. 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 of Zhengzhou Coal Mining Machinery Group Company Limited”. The legal documents submitted for the Spin-off are in compliance with the laws and valid.

In accordance with the relevant laws, regulations and regulatory documents, the Board and all Directors of the Company make the following declaration and warranty in respect of the relevant legal documents to be submitted in connection with the Spin-off: there is no false record, misleading statement or material omission in the legal documents submitted by the Company in connection with the Spin-off, and the Board and all Directors of the Company shall bear several and joint legal liabilities for the truthfulness, accuracy and completeness of the aforesaid documents.

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Therefore, 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 of Zhengzhou Coal Mining Machinery Group Company Limited”. The legal documents submitted for the Spin-off are in compliance with the laws and valid.

### **IX. The analysis of the background, purpose, commercial reasonableness, necessity and feasibility of the Spin-off**

A special resolution will be proposed at the EGM to approve 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 “Rules on Spin-off of Listed Companies (Trial)”, 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 to the Company back on 17 September 2019, Xi Jinping, the General Secretary, highlighted “the importance of taking the 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 CPC National Congress, “technology, talents and innovation remain the three key focuses as our national development via technologies strategy, national strengthening via talents strategy and innovation-driven development strategy deepen and play 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 Xi Jinping, the General Secretary, 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 systems. Leveraging its research and development strength, self-driven innovation capability and insights into the industry, Hengda Intelligent Control is set to promote the full integration of digital intelligent technologies and the traditional coal mining industry. The Spin-off will allow us to implement 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 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 and research and development of energy and technology” and “giving full play to the role of major energy source of coal and increasing advanced coal production capacity”. In recent years, China 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 the “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 approach 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 qualified subsidiaries with independent businesses 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 on 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 supporting policies for the spin-off and listing of the Company’s controlled 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 challenges arising from industry competition*

As China continues to support and accelerate the development of intelligent coal mines and the industry growth faces development opportunities, more capital is rapidly entering the field of intelligent coal mine construction while major manufacturers in the industry are also vigorously developing intelligent coal mine business in the meantime. In recent years, a number of enterprises in the field of intelligent coal mine have entered or are in the process of entering the domestic capital market, leveraging the power of capital market to develop and expand their presence, therefore the competition in the field of intelligent coal mine 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 competition and challenges faced by the industry.

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. The comprehensive coal mining equipment business (except for Hengda Intelligent Control and its subsidiaries) falls within the category of special equipment manufacturing industry, with its main products including 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 the 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, internationalisation 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 user friendliness of products. The main business of Hengda Intelligent Control is in the field of control systems

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and automation. The Spin-off and Listing of Hengda Intelligent Control will enable it to further focus on the intelligent control system for coal mining, promote the continuous development of coal mining towards digitalisation, informatisation, intelligence and smartness, and promote the independent development of Hengda Intelligent Control.

**3. *The Spin-off is conducive to increasing the overall value of the Company 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 as a result. Hengda Intelligent Control is principally engaged in the research and development, production, sales and service of intelligent control systems 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 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 made by the capital market and the full release of the intrinsic value of Hengda Intelligent Control for securing a reasonable valuation and pricing, thus increasing the overall value of listed entities. 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 “Rules on Spin-off of Listed Companies (Trial)” for the spin-off and domestic listing of subsidiaries of listed companies and is feasible.

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

**X. The proposed authorisation at the general meeting to the Board 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**

A special resolution will be proposed at the EGM to approve the proposed authorisation at the general meeting to the Board and its authorised persons to deal with all matters relating to the Spin-off and Listing of Hengda Intelligent Control on the Sci-Tech Innovation Board.



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In order to ensure the smooth progress of the matters related to the Spin-off, the Board of the Company proposes to the general meeting to authorise the Board 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 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 shall be resolved by the general meeting as required by laws and regulations).
2. To authorise the Board 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 and its authorised persons to deal with all matters relating to the Spin-off and submit relevant applications to the relevant authorities such as Hong Kong Stock Exchange, the SSE, the CSRC, including but not limited to submitting the application for the Spin-off and Listing to Hong Kong Stock Exchange, 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 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.

### **XI. 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 related party transactions**

A special resolution will be proposed at the EGM to approve 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 related party transactions.

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Certain Directors, supervisors and senior management of the Company, including JIAO Chengyao, XIANG Jiayu (deceased), JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping, as well as certain key employees either of the headquarter of the Company or the coal mining machinery segment, hold shares in Hengda Intelligent Control, a subsidiary of the Company proposed to be spun off (the “**Transaction**”). The Transaction was considered and approved at the 17th meeting of the 5th session of the Board and the 23rd meeting of the 5th session of the Board of the Company. Pursuant to the requirement of the “Rules on Spin-off of Listed Companies (Trial)” regarding “Where the directors and senior management of a listed company arrange a shareholding plan in a subsidiary to be spun-off, the matter shall be commented on by independent directors and submitted to the shareholders’ general meeting for voting as an independent resolution, which shall be approved by more than half of the votes held by the small and medium-sized shareholders present at the meeting”, the Transaction shall be submitted to the Board of the Company for consideration as an independent resolution. Details are set out below:

### (i) Overview of the Transaction

#### 1. Basic information of the Transaction

Certain Directors, supervisors and senior management of the Company, including JIAO Chengyao, XIANG Jiayu (deceased), JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping, as well as certain key employees either of the headquarters of the Company or the coal mining machinery segment, hold shares in Hengda Intelligent Control, a subsidiary of the Company proposed to be spun off. In particular, certain Directors, supervisors and senior management of the Company, including JIAO Chengyao, XIANG Jiayu (deceased), JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping, hold these shares directly, and a total of 77 key employees of the headquarters of the Company and the coal mining machinery segment 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)). Details of the transaction are set out as follows:

#### Directors, supervisors and senior management of the Company directly holding shares in Hengda Intelligent Control

No.	Name	Percentage of direct shareholding
1	JIAO Chengyao	0.1611%
2	XIANG Jiayu	0.1289%
3	JIA Hao	0.1611%
4	FU Zugang	0.1289%
5	LIU Qiang	0.0806%
6	FU Qi	0.0806%
7	ZHANG Haibin	0.0806%
8	HUANG Hua	0.0806%
9	LI Weiping	0.0806%
Total	–	<u>0.9830%</u>



## LETTER FROM THE BOARD

**Key employees of the headquarters of the Company and the coal mining machinery segment indirectly holding shares in Hengda Intelligent Control through the employee shareholding platform**

No.	Name of the employee shareholding platform	Percentage of shareholding of the employee shareholding platform
1	Zhengzhou Xian'an Enterprise Management Partnership (Limited Partnership) (鄭州賢安企業管理合夥企業(有限合夥))	2.0719%
2	Zhengzhou Xianke Enterprise Management Partnership (Limited Partnership) (鄭州賢科企業管理合夥企業(有限合夥))	1.0593%
Total	–	<u>3.1312%</u>

*Note 1:* Differences, if any, between the totals in the above table and the direct sums of figures above are due to rounding effects.

*Note 2:* XIANG Jiayu, the former vice chairman of the Company, passed away on 4 June 2023 due to illness, and the shares of Hengda Intelligent Control directly held by him were inherited and held by her spouse, XIONG Xiaoli, who has completed the notarial procedures for the succession of shares as of now.

### **2. The Transaction constitutes a related party transaction**

In accordance with the provisions of the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, some of the Directors, supervisors and senior management of the Company, namely JIAO Chengyao, JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping are related natural persons of the Company, and the then-Director, XIANG Jiayu (deceased), is the related natural persons of the Company who have had related relationships within the last 12 months, and the Transaction constitutes a related party transaction under the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange” and does not constitute a connected transaction under the Listing Rules.

#### **(ii) Basic information of the related parties**

JIAO Chengyao is the Chairman and secretary of the Party Committee of the Company, XIANG Jiayu (deceased) was the then Vice Chairman of the Board and deputy secretary of the Party Committee of the Company, JIA Hao is the Director and general manager of the Company, FU Zugang is the Director and general manager of the coal machinery sector of the Company, LIU Qiang is the secretary of the Discipline Inspection Committee of the Company, chairman of the Labour Union and chairman of the Supervisory Committee of the Company, FU Qi is the deputy general manager of the Company, ZHANG Haibin is the secretary of the Board of the Company, HUANG Hua is the financial controller of the Company, LI Weiping is the deputy general manager of the Company. In accordance with the “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange”, the aforesaid natural persons are related natural persons of the Company.

Upon verification, such related natural persons are not dishonest judgment debtors.

## LETTER FROM THE BOARD

### (iii) General information on the target of the related party transaction

#### 1. General information

Company name:	Zhengzhou Hengda Intelligent Control Technology Co., Ltd.
Type of business:	other joint stock limited company (unlisted)
Unified social credit code:	91410100715631498Y
Date of establishment:	14 April 1999
Registered capital:	RMB360,000,000
Address:	No. 167, 9th Street, Econ-Tech Development Zone, Zhengzhou
Business scope:	design, production, maintenance, sales, technical consultation and after-sales service of engineering mechanical equipment and accessories, coal mining mechanical equipment and accessories, engineering and coal mechanical electro-hydraulic control system products and accessories, coal machine products and accessories, industrial automation system products and accessories, integrated intelligent fluid supply system products and accessories, centralized control system products and accessories, industrial robot system and accessories; technology development, technology transfer, technology consulting, technology services of computer software and hardware, computer systems and information technology; sales of steel, computer hardware and software; leasing of industrial automation equipment and integrated fluid supply equipment; import and export of goods or technology; general contracting, professional contracting, and labor subcontracting for engineering machinery and coal mine machinery. Projects involving licensed operations shall obtain permission from relevant departments before operating.

## LETTER FROM THE BOARD

### 2. *Shareholding structure*

The shareholding structure of Hengda Intelligent Control is set out below:

No.	Name of shareholder	Shareholding (shares)	Percentage of shareholding
1	ZMJ	306,070,757	85.0197%
2	Henan Hongsong Equity Investment Fund Partnership (Limited Partnership) (河南泓松股權投資基金合夥企業 (有限合夥))	8,700,135	2.4167%
3	Zhengzhou Xian'an Enterprise Management Partnership (Limited Partnership) (鄭州賢安企業管理合夥企業 (有限合夥))	7,458,917	2.0719%
4	Henan Assets Enterprise Transformation and Development Fund (Limited Partnership) (河南資產企業轉型發展基金 (有限合夥))	5,800,090	1.6111%
5	Wuhu Xinzheng Investment Partnership (Limited Partnership) (蕪湖信鄭投資合夥企業(有限合夥))	4,640,072	1.2889%
6	Zhengzhou Fengheng Enterprise Management Partnership (Limited Partnership) (鄭州峰恒企業管理合夥企業 (有限合夥))	4,350,067	1.2084%
7	Jiaxing Shuntai Equity Investment Partnership (Limited Partnership) (嘉興順泰股權投資合夥企業 (有限合夥))	4,060,062	1.1278%
8	Zhengzhou Xianke Enterprise Management Partnership (Limited Partnership) (鄭州賢科企業管理合夥企業 (有限合夥))	3,813,559	1.0593%
9	Zhengzhou Qunda Enterprise Management Partnership (Limited Partnership) (鄭州群達企業管理合夥企業 (有限合夥))	3,332,153	0.9256%

# LETTER FROM THE BOARD

No.	Name of shareholder	Shareholding (shares)	Percentage of shareholding
10	Zhongyuan Qianhai Equity Investment Fund (Limited Partnership) (中原前海股權投資基金(有限合夥))	2,900,045	0.8056%
11	Jiaxing Rongying Equity Investment Partnership (Limited Partnership) (嘉興榮盈股權投資合夥企業 (有限合夥))	2,900,045	0.8056%
12	LUO Kaicheng	696,011	0.1933%
13	JIAO Chengyao	580,010	0.1611%
14	JIA Hao	580,010	0.1611%
15	XIANG Jiayu	464,006	0.1289%
16	FU Zugang	464,006	0.1289%
17	HU Wei	348,006	0.0967%
18	ZHANG Xingfu	348,006	0.0967%
19	CHANG Yajun	348,006	0.0967%
20	WANG Junfu	348,006	0.0967%
21	WANG Jingbo	348,006	0.0967%
22	LIU Qiang	290,005	0.0806%
23	FU Qi	290,005	0.0806%
24	ZHANG Haibin	290,005	0.0806%
25	HUANG Hua	290,005	0.0806%
26	LI Weiping	290,005	0.0806%
	Total	<u>360,000,000</u>	<u>100.00%</u>

*Note 1:* Differences, if any, between the totals in the above table and the direct sums of figures above are due to rounding effects.

*Note 2:* XIANG Jiayu, the former vice chairman of the Company, passed away on 4 June 2023 due to illness, and the shares of Hengda Intelligent Control directly held by him were inherited and held by her spouse, XIONG Xiaoli, who has completed the notarial procedures for the succession of shares as of now.

## LETTER FROM THE BOARD

### 3. *Key financial indicators*

The key financial indicators of Hengda Intelligent Control is set out below:

Unit: RMB100 million

Item	31 December 2022/FY2022	31 December 2021/FY2021	31 December 2020/FY2020
Total assets	30.92	21.34	16.00
Net assets attributable to shareholders of the parent company	16.15	8.70	6.26
Operational revenue	24.28	18.50	14.54
Net profit attributable to shareholders of the parent company	7.34	5.24	4.26

*Note:* The above data are the historical financial data of Hengda Intelligent Control for FY2020, FY2021 and FY2022, which may differ to a certain extent from the final audited financial data of the Spin-off of Hengda Intelligent Control. The audited historical financial data of Hengda Intelligent Control shall be prevailed by the content disclosed in its prospectus.

### 4. *Other circumstances*

Upon verification, Hengda Intelligent Control is not a dishonest judgment debtor, and there is no contingent matter, such as material pending litigation and arbitration.

#### (iv) **Pricing basis for related party transactions**

The Company commissioned China United Assets Appraisal Group Co., Ltd. to value the entire equity interest in Hengda Intelligent Control with 30 April 2022 as the benchmark date, and the appraised value of the entire equity interest in Hengda Intelligent Control as at 30 April 2022, the benchmark date for valuation, was RMB5,477 million. Subsequent to the benchmark date for valuation, Hengda Intelligent Control implemented a profit distribution in the amount of RMB200 million. Based on the above appraised value of the entire shareholders' equity and taking into account the effect of profit distribution after the benchmark date for valuation, the parties to the Transaction have determined the valuation of 100% equity interest in Hengda Intelligent Control at RMB5,277 million based on the principles of voluntariness, fairness and impartiality by mutual agreement.

The pricing basis of the Transaction has been considered and approved at the 17th meeting of the 5th session of the Board held on 6 September 2022 by the Company.

## LETTER FROM THE BOARD

The Transaction has observed the pricing principles of objectivity, fairness and equity, and there is no circumstances that would harm the interests of the Company and other shareholders (small and medium-sized shareholders).

### **(v) Historical related party transactions with relevant related parties**

Up to now, in the past 12 months, except for the Transaction and the payment of remuneration to related natural persons acting as Directors, supervisors and senior management of the Company, the exercise of stock options and the unlocking of restricted shares under the Share Incentive Scheme, the Company did not have any other related party transaction with related natural persons, namely JIAO Chengyao, XIANG Jiayu (deceased), JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping.

### **(vi) Purpose of the transaction and its impact on the Company**

1. The Transaction is conducive to the optimisation of shareholding structure of Hengda Intelligent Control, improves its incentive and restraint mechanism, adequately mobilises the employees' enthusiasm, initiative and creativity, and promotes the common growth and development of employees and the enterprise, thereby contributing to the Company's long term, sustained and steady development.
2. After the Transaction, the Company holds 85.02% of shares of Hengda Intelligent Control, remains the controlling shareholder of Hengda Intelligent Control, which does not affect the Company's control over Hengda Intelligent Control, and has a positive impact on the Company's and Hengda Intelligent Control's operation and long-term development, and there is no damage to the interests of the Company and the Shareholders as a whole.

In accordance with the "Rules Governing the Listing of Stocks on the Shanghai Stock Exchange" and the "Self-disciplinary Supervision Guidelines for Listed Companies on the Shanghai Stock Exchange No. 5 - Transactions and Related Transactions", related shareholders such as the Directors, supervisors, senior management and key employees of the Company who are holding shares in Hengda Intelligent Control, the subsidiary proposed to be spun off, namely JIAO Chengyao, JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping, are required to abstain from voting at the shareholders' general meeting of the Company when considering this proposal.

## **CLOSURE OF REGISTER OF MEMBERS**

The register of members of the Company will be closed from Thursday, 17 August 2023 to Tuesday, 22 August 2023 (both days inclusive), during which period no transfer of Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Tuesday, 22 August 2023 are entitled to attend the EGM. H Shareholders of the Company who intend to attend the EGM but have not yet registered are required to deposit the transfer documents together with relevant share certificates at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong at or before 4:30 p.m. on Wednesday, 16 August 2023.

## LETTER FROM THE BOARD

### VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at the EGM of the Company shall be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, the chairman of the EGM will, pursuant to Article 121 of the Articles of Association, demand vote by poll for each resolution proposed at the EGM.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save for the related shareholder such as the Directors, supervisors, senior management and key employees of the Company who are holding shares in Hengda Intelligent Control, the subsidiary proposed to be spun off, namely JIAO Chengyao, JIA Hao, FU Zugang, LIU Qiang, FU Qi, ZHANG Haibin, HUANG Hua and LI Weiping, who shall abstain from voting on resolution No. 11 (considering and approving 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 related party transactions.) pursuant to the "Rules Governing the Listing of Stocks on the Shanghai Stock Exchange" and the "Self-disciplinary Supervision Guidelines for Listed Companies on the Shanghai Stock Exchange No. 5 - Transactions and Related Transactions", no shareholder is required to abstain from voting on the resolution to be proposed at the EGM.

During a poll vote, any Shareholder presents in person or by proxy (in the case of a Shareholder being a corporation, by its duly authorised representative) shall have one vote for each Share registered in the Shareholder's name in the register of members. According to Article 123 of the Articles of Association, a Shareholder (including proxy) entitled to two or more votes is under no obligation to cast all his/her votes for or against any resolution.

### RECOMMENDATIONS

The Board is of the view that all the resolutions mentioned above are in the best interests of the Company and its Shareholders. Therefore, the Board recommends the Shareholders to vote for the relevant resolutions to be proposed at the EGM as set out in the notice of the EGM.

By Order of the Board  
**Zhengzhou Coal Mining Machinery Group Company Limited**  
鄭州煤礦機械集團股份有限公司  
**JIAO Chengyao**  
*Chairman*



**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)**

**NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023**

**NOTICE IS HEREBY GIVEN THAT** the first extraordinary general meeting of 2023 (the “EGM”) of Zhengzhou Coal Mining Machinery Group Company Limited (the “**Company**”) will be convened at the Convention Centre of Zhengzhou Coal Mining Machinery Group Company Limited, No. 167, 9th Street, Zhengzhou Section (Econ-Tech Development Zone) of China (He’nan) Pilot Free Trade Zone, the PRC at 9:00 a.m. on Tuesday, 22 August 2023 for the following purposes:

**SPECIAL RESOLUTIONS**

1. Considering and approving the initial public offering and listing of shares in Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a subsidiary of the Company, on the Sci-Tech Innovation Board of Shanghai Stock Exchange ;
2. Considering and approving 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;
3. Considering and approving the proposal 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 (revised);
4. Considering and approving the compliance of the Spin-off and Listing of subsidiary with the “Rules on Spin-off of Listed Companies (Trial)”;



<b>NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023</b>
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5. Considering and approving 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;
6. Considering and approving the ability of the Company to maintain independence and continue as a going concern;
7. Considering and approving the standardised operation capability of Zhengzhou Hengda Intelligent Control Technology Co., Ltd., a subsidiary of the Company;
8. Considering and approving the explanation of the completeness and compliance of the legal procedures for the Spin-off and the validity of the legal documents submitted;
9. Considering and approving the analysis of the background, purpose, commercial reasonableness, necessity and feasibility of the Spin-off;
10. Considering and approving the proposed authorisation at the general meeting to the Board 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; and
11. Considering and approving 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 related party transactions.

## NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

### CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of Shareholders who are eligible to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 17 August 2023 to Tuesday, 22 August 2023 (both days inclusive), during which period no transfer of H Shares will be registered. H Shareholders whose names appear on the register of members of the Company on Tuesday, 22 August 2023 are entitled to attend and vote at the EGM. H Shareholders who intend to attend and vote at the EGM are required to deposit all share transfer documents together with relevant H Share certificates at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on Wednesday, 16 August 2023.

By Order of the Board  
**Zhengzhou Coal Mining Machinery Group Company Limited**  
鄭州煤礦機械集團股份有限公司  
**JIAO Chengyao**  
Chairman

Zhengzhou, PRC, 7 August 2023

*As at the date of this notice, the executive Directors of the Company are Mr. JIAO Chengyao, 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.*

*Notes:*

- (1) All votes of resolutions at the EGM will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the results of the poll will be published on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.zmj.com](http://www.zmj.com)) in accordance with the Listing Rules.
- (2) Any Shareholders entitled to attend and vote at the EGM can appoint one or more proxies to attend and vote at the meeting on his/her behalf. A proxy need not be a Shareholder of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of Shares in respect of which each proxy is so appointed.

## NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

- (3) Shareholders shall appoint their proxies in writing. The form of proxy shall be signed by the Shareholder or his/her/its attorney who has been duly authorised in writing. If the Shareholder is a corporation, the form of proxy shall be affixed with the corporation's seal or signed by its Director, or its attorney duly authorised in writing. If the form of proxy is signed by the attorney of the Shareholder, the power of attorney or other authorisation document shall be notarised. For H Shareholders, the aforementioned documents must be lodged with the H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not less than 24 hours before the time appointed for holding the EGM or any adjournment thereof in order for such documents to be valid. Completion and delivery of the form of proxy shall not preclude a Shareholder of the Company from attending and voting in person at the meeting and, in such event, the instrument for appointing a proxy shall be deemed to be revoked.
- (4) Shareholders shall produce their identification documents when attending the EGM.
- (5) If a proxy attends the EGM on behalf of a Shareholder, he/she should produce his/her identification document as well as the power of attorney or other documents signed by the appointer or his/her attorney with a specific date of issuance. If a representative of a corporate Shareholder attends the EGM, such representative shall produce his/her identification document and the notarised copy of the resolution passed by the Board or other authority or other notarised copies of any authorisation documents issued by such corporate Shareholder.
- (6) The EGM is expected to last for half a day. Shareholders who attend the EGM (in person or by proxy) shall bear their own travelling, accommodation and other expenses.
- (7) Contact information of the Company:

Address:	Zhengzhou Coal Mining Machinery Group Company Limited, No. 167, 9th Street, Zhengzhou Section (Econ-Tech Development Zone) of China (He'nan) Pilot Free Trade Zone, the PRC
Postal Code:	450016
Telephone:	86-371-6789 1199
Contact Person:	Mr. XI Zhipeng
Facsimile:	86-371-6789 1000