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ZMJ

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

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

(Stock code: 00564)

ANNOUNCEMENT

**MEETING THE CONDITIONS OF EXERCISE
FOR THE THIRD EXERCISE PERIOD OF
THE 2019 SHARE OPTION INCENTIVE SCHEME**

References are made to the announcements dated 28 July 2019, 9 August 2019, 21 October 2019, 4 November 2019, 31 July 2020, 3 August 2021, 15 December 2021 and 21 December 2022, and the circular dated 23 September 2019 of Zhengzhou Coal Mining Machinery Group Company Limited (the “**Company**”) in relation to, among others, the 2019 A share option incentive scheme of the Company.

**I. EXPLANATION OF MEETING THE CONDITIONS OF EXERCISE FOR THE
THIRD EXERCISE PERIOD OF THIS OPTION INCENTIVE SCHEME**

(I) Explanation of the expiry of the vesting period for share options

According to the requirements of the 2019 Share Option Incentive Scheme (Revised Draft) of Zhengzhou Coal Mining Machinery Group Company Limited (the “**Option Incentive Scheme**”), this incentive scheme has a third exercise period, which shall commence on the first trading day after expiry of the 48-month period from the grant registration date, and end on the last trading day of the 60-month period from the grant registration date, with 34% of all granted share options to be exercisable.

The grant registration date for the share options under this incentive scheme is 19 December 2019, with the vesting period of the exercisable share options granted during third exercise period has been due on 18 December 2023. The third exercise period is from 19 December 2023 to 18 December 2024.

(II) Explanation of meeting the conditions of exercise for the third exercise period

The exercise conditions for the third exercise period of the Company's share options have been met, which are specified as follows:

No.	Conditions of Exercise for the Third Exercise Period of Share Options	Completion of Conditions of Exercise for the Third Exercise Period
1	<p>None of the following circumstances has occurred to the Company:</p> <ul style="list-style-type: none">(1) a certified public accountant issues an audit report containing an adverse opinion or indicating the inability to give an opinion over the financial and accounting report for the most recent accounting year;(2) a certified public accountant issues an audit report containing an adverse opinion or indicating the inability to give an opinion over the internal control in the financial report for the most recent accounting year;(3) failure to conduct profit distribution in accordance with laws and regulations, the articles of association and public commitments in the past 36 months after the Listing;(4) equity incentives shall not be given under laws and regulations;(5) other circumstances as determined by CSRC.	None of such circumstances has occurred to the Company, thus meeting this condition of exercise

No.	Conditions of Exercise for the Third Exercise Period of Share Options	Completion of Conditions of Exercise for the Third Exercise Period
2	<p>None of the following circumstances has occurred to the participant:</p> <ul style="list-style-type: none"> (1) he/she has been declared an inappropriate candidate by a stock exchange in the past 12 months; (2) he/she has been declared an inappropriate candidate by CSRC and its local bureaus in the past 12 months; (3) he/she has been imposed with administrative penalties or prohibited from market entry by CSRC and its local bureaus in the past 12 months due to material violations of laws and regulations; (4) he/she has been prohibited from serving as a director or a member of the senior management of the Company under the Company Law; (5) participation in the equity incentives of listed companies is prohibited by laws and regulations; (6) other circumstances as determined by CSRC. 	None of such circumstances has occurred to the participant after the adjustment, thus meeting this condition of exercise

No.	Conditions of Exercise for the Third Exercise Period of Share Options	Completion of Conditions of Exercise for the Third Exercise Period
3	<p>Company performance evaluation requirements for the third exercise period:</p> <ol style="list-style-type: none"> 1. ΔEVA for the year 2022 shall be positive; 2. with the year 2018 as the basis, the growth rate of net profits attributable to the parent after deducting non-recurring gains or losses for the year 2022 shall not be lower than 30% or rank below 75th percentile of the performance of peer benchmark enterprises; 3. for the year 2022, prime operating income shall account for no less than 85% of operating income. 	<p>The achievement of performance:</p> <ol style="list-style-type: none"> 1. ΔEVA of the Company for the year 2022 is positive, thus meeting the exercise condition; 2. with the year 2018 as the basis, the growth rate of net profits attributable to the parent after deducting non-recurring gains or losses of the Company was 243.39% for the year 2022, which was higher than 30% and 75th percentile of the performance of peer benchmark enterprises, thus meeting the exercise condition; 3. for the year 2022, prime operating income accounted for 95.87% of operating income, which was higher than 85%, thus meeting the exercise condition

No.	Conditions of Exercise for the Third Exercise Period of Share Options	Completion of Conditions of Exercise for the Third Exercise Period								
4	<p>Individual performance evaluation requirements for participants:</p> <p>The Company will evaluate the individual performance of the participants based on its relevant performance evaluation measures. For the certain exercisable share options for the period, the participant shall in principle reach a “Pass” or above in the evaluation, subject to his/her individual performance evaluation result for the previous year as preconditions.</p> <table border="1" data-bbox="264 746 927 963"> <thead> <tr> <th data-bbox="264 746 517 874">Evaluation Result</th> <th data-bbox="517 746 655 874">Merit (80-100 marks)</th> <th data-bbox="655 746 790 874">Pass (60-80 marks)</th> <th data-bbox="790 746 927 874">Fail (Below 60 marks)</th> </tr> </thead> <tbody> <tr> <td data-bbox="264 874 517 963">Coefficient of the Exercisable Ratio</td> <td data-bbox="517 874 655 963">1.0</td> <td data-bbox="655 874 790 963">0.8</td> <td data-bbox="790 874 927 963">0</td> </tr> </tbody> </table>	Evaluation Result	Merit (80-100 marks)	Pass (60-80 marks)	Fail (Below 60 marks)	Coefficient of the Exercisable Ratio	1.0	0.8	0	<p>As of the date of this announcement, of the 313 participants who have not exercised their options, 28 failed to meet the exercise conditions due to resignation, retirement, and change in position, therefore, we no longer need to collect their personal performance appraisal results; of the remaining 285 participants, 2 were failed according to the 2022 individual performance appraisal results, therefore, the coefficient of the exercisable ratio was 0; 5 participants’ evaluation result reached a “Pass”, therefore, the coefficient of the exercisable ratio was 0.8. The remaining 278 participants received the grade “Merit” for the evaluation result, therefore, the coefficient of the exercisable ratio was 1.0 (8 participants shall exercise options according to their adjusted levels of position after changing their positions). In conclusion, the total number of exercisable participants is 283.</p>
Evaluation Result	Merit (80-100 marks)	Pass (60-80 marks)	Fail (Below 60 marks)							
Coefficient of the Exercisable Ratio	1.0	0.8	0							

In conclusion, the vesting period for share options exercisable during the third exercise period of this incentive scheme has been expired on 18 December 2023, the exercise conditions involved in the third exercise period have been met, such as company performance indicators and individual performance evaluation indicators of 283 participants. Except that the Company has considered the cancellation of the share options held by some participants in accordance with the prescribed procedures, the exercisable participants during the third exercise period have legal and valid exercise qualification under this incentive scheme of the Company.

According to the authorization of the Second Extraordinary General Meeting of 2019, the First A Shareholders Class Meeting of 2019 and the First H Shareholders Class Meeting of 2019 of the Company, the board of directors of the Company agreed to process the matters related to the exercise of share options for the 283 eligible participants in accordance with the relevant provisions of the Option Incentive Scheme.

(III) Cancellation of options that fail to meet the exercise conditions by the Company

Due to changes in position or resignation, retirement, and unsatisfactory results of annual performance appraisal of certain participants under the incentive scheme, the Company intends to adjust the list of participants and the number of options under the incentive scheme, and cancel certain options. A total of 576,640 options will be cancelled.

II. SPECIFIC CIRCUMSTANCES OF THIS EXERCISE

(I) Date of grant: 4 November 2019

Grant registration date: 19 December 2019

(II) Number of shares to be exercised: 4,332,960

(III) Number of persons with exercise: 283

(IV) Exercise price: RMB4.5901/share

(V) Method of exercise: Bulk exercise

(VI) Source of shares: ordinary A Shares in RMB directly issued by the Company to the participants

(VII) Exercise arrangement: The third exercise period shall commence on the first trading day after expiry of the 48-month period from the grant registration date, and end on the last trading day of the 60-month period from the grant registration date, i.e., from 19 December 2023 to 18 December 2024 (both dates inclusive).

(VIII) List of participants and number of share options exercisable for the third exercise period:

Name	Position	Number of Share Options Exercisable for the Third Exercise Period (shares)	Percentage of All Share Options Initially Granted under this Option Incentive Scheme	Percentage of Total Share Capital of the Company upon the Grant
JIA Hao	Vice Chairman and General Manager	238,000	1.485%	0.014%
FU Zugang	Director	204,000	1.273%	0.012%
MENG Hechao	Director	51,000	0.318%	0.003%
LI Kaishun	Director	51,000	0.318%	0.003%
FU Qi	Vice General Manager	119,000	0.742%	0.007%
ZHANG Haibin	Vice General Manager	119,000	0.742%	0.007%
WANG Yongqiang	Vice General Manager	102,000	0.636%	0.006%
HUANG Hua	Chief Financial Officer	119,000	0.742%	0.007%
	Subtotal	1,003,000	6.257%	0.058%
	Other Core Management and Core Personnel (275 persons in total)	3,329,960	20.773%	0.192%
	Total	4,332,960	27.030%	0.250%

III. EXERCISE DATE AND EXPLANATION OF TRADING IN THE COMPANY'S SHARES

(I) Exercise date

The Company shall process the exercise of share options for the participants and the related registration procedures for the exercised share options during the exercise window period stipulated by the policy on a consolidated basis, and determine the exercise date to be the date when China Securities Depository and Clearing Company Limited (the "CSDCC") Shanghai Branch completes the registration procedures for share change.

The exercise date must be a trading day, which is within the permitted period by the relevant rules governing the securities, and shall not fall within the periods including but not limited to the following:

- (1) within 30 days prior to the publication of periodic reports of the Company, or in the event of a delay in publishing such reports due to special reasons, the period commencing from 30 days prior to the original date of publication and ending on one day preceding the publication date;

- (2) within 10 days prior to the publication of results forecast and preliminary results of the Company;
- (3) from the date of occurrence of significant events with a material impact on the trading prices of the shares and their derivatives of the Company, or the date on which the decision-making procedures start, to two trading days after the disclosure thereof in accordance with law;
- (4) other periods prescribed by the CSRC and the stock exchange.

(II) Trading in the Company's shares by the Company's directors and senior managers as participants in the previous 6 months

On 8 December 2023, the following changes in the shareholdings of the directors and senior managers of the Company occurred as a result of the completion of registration procedures for new shares issued due to the second exercise of the second exercise period of the incentive scheme by CSDCC Shanghai Branch:

Name	Title	Number of Share Options Exercised During the Second Exercise Period <i>(shares)</i>	Number of Shares Held After the Second Exercise Period <i>(shares)</i>
JIA Hao	Vice Chairman and General Manager	231,000	2,204,300
FU Zugang	Director	198,000	3,741,620
FU Qi	Vice General Manager	115,500	727,200
ZHANG Haibin	Secretary to the Board of Directors	115,500	727,200
HUANG Hua	Chief Financial Officer	115,500	727,200

Except for those listed in the above table, the Company's directors and senior management (as directors and senior management of the Company) among the participants have no other circumstances of buying or selling the Company's shares in the previous 6 months.

IV. CALCULATION AND EXPLANATION OF FEES RELATING TO INCENTIVE SHARE OPTIONS

Pursuant to relevant provisions under the Accounting Standards for Business Enterprises No. 11 – Share-based Payments and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, on the date of grant, the Company opted for the Black-Scholes Model (B-S Model) to calculate the fair value of share options. After the date of grant, the Company will amortize the relevant fees for the exercise of share options accordingly under the accounting standards during the corresponding vesting periods, and include such amortization in the relevant costs or expenses and capital reserves. On the exercise date, the Company will recognize the share capital and share premium with reference to the actual exercise amount, with the specific amounts subject to the annual auditing report issued by the accountant firm. This exercise of share options will not have a material impact on the financial position and operating results of the Company.

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

Zhengzhou, PRC, 29 December 2023

As at the date of this announcement, the executive Directors of the Company are Mr. JIAO Chengyao, Mr. JIA Hao, Mr. FU Zugang, Mr. MENG Hechao and Mr. LI Kaishun, the non-executive Directors are Mr. CUI Kai and Mr. YUE Taiyu and the independent non-executive Directors are Mr. CHENG Jinglei, Mr. JI Feng, Mr. FANG Yuan and Ms. YAO Yanqiu.