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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 ADOPTION OF THE
EMPLOYEE STOCK OWNERSHIP SCHEME**

The board of directors (the “**Board**”) of Zhengzhou Coal Mining Machinery Group Co., Ltd. (the “**Company**”) hereby announces that the Board has reviewed and approved the “**2025 Employee Stock Ownership Scheme of Zhengzhou Coal Mining Machinery Group Company Limited**” (the “**Employee Stock Ownership Scheme**”) at the Board meeting held on 17 April 2025. The main terms of the Employee Stock Ownership Scheme are as follows:

I. PURPOSE OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

The Employee Stock Ownership Scheme aims to further improve the corporate governance structure, establish and improve the mechanism for sharing interests and risks between employees and owners, effectively combine the interests of shareholders, listed companies and core management teams, fully mobilize the enthusiasm and creativity of the Company’s employees, enhance the cohesion of employees, further strengthen the governance and competitiveness of the Company, facilitate the long-term, sustainable and healthy development of the Company and ensure the realization of the strategy for future development and business goals of the Company.

II. PARTICIPANTS AND DETERMINATION CRITERIA OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

1. Legal Basis for Determining Holders of the Employee Stock Ownership Scheme

The participants of the Employee Stock Ownership Scheme are determined in accordance with relevant provisions of the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Guiding Opinions on the Pilot Implementation of Employee Stock Ownership Schemes by Listed Companies”, the “Self-discipline Supervision Guide No. 1 – Standardized Operation for Listed Company of the Shanghai Stock Exchange” and relevant laws, regulations, normative documents and the “Articles of Association of Zhengzhou Coal Mining Machinery Group Company Limited”, along with the actual situation of the Company. The Company’s employees participate in the Employee Stock Ownership Scheme in accordance with the principles of compliance with laws and regulations and voluntary participation, and at their own risks. There is no compulsory participation or participation by means of apportionment and forced distribution.

2. Specific Basis for Determining Holders of the Employee Stock Ownership Scheme

The participants of the Employee Stock Ownership Scheme are directors (excluding external directors and independent directors), supervisors (excluding external supervisors), senior management, core management and key personnel (including key personnel of functions like R&D, sales and management) of the Company (including its subsidiaries), as well as other individuals deemed eligible by the Board as participants of the Employee Stock Ownership Scheme.

3. Distribution of Holders of the Employee Stock Ownership Scheme

The number of holders of the Employee Stock Ownership Scheme shall not exceed 308 persons and the specific distribution is as follows:

Serial number	Name	Position	Proposed subscription (shares)	Ratio of proposed subscription to the Employee Stock Ownership Scheme	Corresponding number of shares of proposed subscription (shares)	Ratio of corresponding number of shares of proposed subscription to the current total share capital
1	JIAO Chengyao	Chairman Vice Chairman, General	17,505,345	6.258%	2,448,300	0.137%
2	JIA Hao	Manager	15,080,280	5.391%	2,109,130	0.118%
3	MENG Hechao	Executive Director	7,523,945	2.690%	1,052,300	0.059%
4	LI Kaishun	Executive Director	5,328,895	1.905%	745,300	0.042%
5	FU Qi	Deputy General Manager	5,681,390	2.031%	794,600	0.045%
6	ZHANG Haibin	Deputy General Manager	5,978,830	2.138%	836,200	0.047%
7	WANG Yongqiang	Deputy General Manager	5,225,220	1.868%	730,800	0.041%
8	ZHANG Yichen	Board Secretary	4,313,595	1.542%	603,300	0.034%
9	QIU Quan	Financial Director	3,085,225	1.103%	431,500	0.024%
10	ZHU Yuan	Supervisor	647,790	0.232%	90,600	0.005%
Directors, Supervisors and Senior Management of the Company Total (10 persons)			70,370,515	25.158%	9,842,030	0.551%
Other employees of the Company and its holding subsidiaries Total (no more than 298 persons)			209,338,415	74.842%	29,278,100	1.640%
Total			279,708,930	100.00%	39,120,130	2.191%

Note: Where there is a difference in the decimal between the total and the sum of the detailed numbers directly added together shown in the table above, it is due to rounding. The above subscription is an estimate only, and the employee's final subscription to the stock ownership scheme shall be subject to their actual amount of investment.

Where the holder fails to fully pay the subscription funds on time, he/she will automatically lose the corresponding subscription rights, which are subject to reallocation to other holders. The Company may adjust the list of participants and their subscription based on the actual payment of employees. The final number and the list of participants and their shares in the Employee Stock Ownership Scheme shall be determined by the actual payment of employees.

III. FUNDS, SOURCES OF STOCK AND PURCHASE PRICES OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

1. Sources of Funds for the Employee Stock Ownership Scheme

The funds for the Employee Stock Ownership Scheme are sourced from employees' legal salaries, self-raised funds and other methods permitted by laws and regulations. The Company does not provide financial assistance to participants or provide guarantees for their loans. No arrangement has been made for the provision of rewards, subsidies or guarantees by third parties for the Employee Stock Ownership Scheme.

The holders of the Employee Stock Ownership Scheme shall fully pay the subscription funds on time for their subscription. The payment schedule for the Employee Stock Ownership Scheme will be uniformly notified and arranged by the Company. Where the holder fails to fully pay the subscription funds on time, the corresponding subscription rights will be automatically cancelled and the management committee will redistribute the relevant entitlement to other eligible employees under its authorization.

2. Sources of Stocks for the Employee Stock Ownership Scheme

The source of stocks for the Employee Stock Ownership Scheme is the repurchased A-share common stock in the special securities account for share repurchase of the Company. Upon the approval of the shareholders' meeting of the Company, the Company's stocks held in the special securities account for repurchase of the Company will be available to the Employee Stock Ownership Scheme through non-trading transfers and other methods permitted by laws and regulations.

In the 12th meeting of the 6th Board of Directors held on 12 March 2025, the Company considered and approved the "Proposal on the Scheme to Repurchase A Shares in the Company through Centralized Bidding Transactions", agreeing that the Company may apply its own funds and self-raised funds to repurchase part of the issued Renminbi common stocks (A shares) in the Company through centralized bidding transactions, and may use the aforementioned repurchased shares for equity incentives of the Company or employee stock ownership schemes in due course in the future.

As at 31 March 2025, the Company completed the repurchase of 39,120,130 A shares in total with the dedicated securities account for share repurchases through centralized bidding transactions, accounting for 2.19% of the Company's total share capital. The highest transaction price, the lowest transaction price and the average repurchase price for the repurchase of A shares was RMB15.86 per share, RMB15.05 per share and RMB15.335 per share respectively. The total amount paid was RMB599,917,693.20 (excluding transaction fees).

3. Purchase Price of Shares under the Employee Stock Ownership Scheme and Rationale

3.1 Purchase Price

The purchase price of underlying stocks of the Employee Stock Ownership Scheme is RMB7.15 per share, which is not lower than the par value of shares in the Company and the higher of the following prices:

- (1) 50% of the average trading price of shares in the Company on the trading day before the announcement of the “Draft of the Employee Stock Ownership Scheme”, which is RMB7.15 per share;
- (2) 50% of the average trading price of shares in the Company on the 120 trading days before the announcement of the “Draft of the Employee Stock Ownership Scheme”, which is RMB6.84 per share.

3.2 Adjustment of Purchase Price

During the period from the date of announcement of the Board resolution to the completion of the receipt of repurchased shares under the Employee Stock Ownership Scheme, the purchase price of underlying shares shall be adjusted correspondingly for any ex-rights or ex-dividend issues of the Company, including the capitalization of capital reserve and the distribution of stock dividends or cash dividends. The adjustment will be made as follows:

- (1) *Capitalization of capital reserve and distribution of stock dividend*

$$P = P_0 \div (1 + n)$$

where: P_0 is the purchase price before adjustment; n is the ratio of capitalization of capital reserve and distribution of stock dividend per share; P is the purchase price after adjustment.

- (2) *Distribution of cash dividend*

$$P = P_0 - V$$

where: P_0 is the purchase price before adjustment; V is the cash dividend per share; P is the purchase price after adjustment. P shall still be greater than 1 after the adjustment.

3.3 Rationale

- (1) The Employee Stock Ownership Scheme aims to enhance the stability and enthusiasm of the key personnel of the Company and guide employees to grow and realize the value together with the Company.
- (2) The Employee Stock Ownership Scheme sets the assessment period in stages. The assessment indicators are respectively set at the company level and the individual level with the principle of equal incentives and constraints after taking relevant factors, such as the Company's historical performance, the development of the industry, the market competition and the Company's future plans, into account. Employees shall fulfill the assessment indicators of each assessment period before they can be entitled to the equity interests of the Company. This can effectively mobilize the enthusiasm and creativity of employees, help enhance the competitiveness and value of the Company and ensure the realization of the Company's business objectives and the interests of all shareholders.
- (3) The Employee Stock Ownership Scheme takes into account the affordability and incentive effect of employees and the Company. The purchase price fully considers comprehensive factors, such as the salary level of employees, which can match the overall income level of employees and play an attractive role in terms of incentive. Meanwhile, it takes into account the Company's ability to bear expenses of share-based payment, avoids adverse effects on the Company's daily production and operation activities and employees' economic conditions, thereby ensuring the smooth implementation of the Employee Stock Ownership Scheme.

In summary, taking into account the interests of employees, the Company and shareholders, the Company believes that the purchase price of the Employee Stock Ownership Scheme is reasonable and compliant, thus effectively mobilizing the initiative, creativity and work enthusiasm of participants, which is conducive to the stable operation and rapid development of the Company. The Company has sufficient cash flow and sound financial condition. The implementation of the Employee Stock Ownership Scheme will not have a significant adverse impact on the Company's daily operations, and will not harm the interests of the Company and all shareholders.

IV. DURATION AND LOCK-UP PERIOD OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

1. Duration of the Employee Stock Ownership Scheme

The duration of the Employee Stock Ownership Scheme is 72 months, commencing from the date when the Employee Stock Ownership Scheme is considered and approved in the shareholders' meeting of the Company and the Company announces the transfer of the last tranche of underlying stocks to the Employee Stock Ownership Scheme. Where the duration expires and is not further extended, the Employee Stock Ownership Scheme shall terminate automatically.

During the period of one month before the expiration of the duration of the Employee Stock Ownership Scheme, with the consent of the holders of more than 2/3 (inclusive) shares in the Scheme who attend the holders' meeting and the approval of the Board of the Company, the duration of the Employee Stock Ownership Scheme may be extended where there is still unsold or untransferred shares held in the Company.

Where the shares in the Company held under the Employee Stock Ownership Scheme cannot be fully liquidated before the expiration of the duration due to the suspension of the shares in the Company or a short window period, with the consent of the holders of more than 2/3 shares in the Scheme who attend the holders' meeting and the approval of the Board of the Company, the duration of the Employee Stock Ownership Scheme may be extended.

2. Lock-up Period of the Employee Stock Ownership Scheme

The underlying stocks acquired by the Employee Stock Ownership Scheme through non-trading transfers and other methods permitted by laws and regulations will be unlocked in two phases commencing from the date on which the Company announces the transfer of the last batch of underlying stocks to the Employee Stock Ownership Scheme. Details are as follows:

Unlocking arrangement	Unlocking time	Unlocking ratio
Unlocking time of the first batch	12 months from the date on which the Company announces the transfer of the last batch of underlying stocks to the Employee Stock Ownership Scheme	50%
Unlocking time of the second batch	24 months from the date on which the Company announces the transfer of the last batch of underlying stocks to the Employee Stock Ownership Scheme	50%

The underlying stocks acquired by the Employee Stock Ownership Scheme shall not be traded during the lock-up period. The shares derived from the capitalization of capital reserve and the distribution of stock dividends of the listed company shall also comply with the above lock-up arrangement of shares. However, the cash dividends obtained from the holding of shares in the Company are not subject to the restriction of the lock-up period above.

The Employee Stock Ownership Scheme shall strictly abide by market trading rules and the regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange on stock trading. No share in the Company shall be traded during the following periods:

- (1) within 15 days before the announcement of the Company's annual report and interim report;
- (2) within 5 days before the announcement of the Company's quarterly report, performance forecast and brief performance report;
- (3) from the date of a major event that may have a significant impact on the trading price of securities and its derivatives of the Company or during the decision-making process, until the date of disclosure in accordance with the law;
- (4) other periods specified by the China Securities Regulatory Commission and the Shanghai Stock Exchange.

The trading restrictions on the Employee Stock Ownership Scheme shall be implemented in accordance with the latest revised relevant regulations of the China Securities Regulatory Commission and the Shanghai Stock Exchange.

3. Rationale of the Lock-up Period of the Employee Stock Ownership Scheme

The lock-up period of the Employee Stock Ownership Scheme is set with the principle of equal incentives and constraints. On the basis of compliance with laws and regulations, the setting of the lock-up period can fully motivate the employees while imposing corresponding constraints on them, thereby effectively unifying the interests of holders, the Company and its shareholders, achieving the purpose of the Employee Stock Ownership Scheme of the Company and facilitating the further development of the Company.

V. MANAGEMENT MODEL AND MANAGEMENT ENTITY OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

The Employee Stock Ownership Scheme is managed by the Company itself. The internal entity with the highest management authority of the Scheme is the holders' meeting, which is composed of all the holders of the Employee Stock Ownership Scheme. The Employee Stock Ownership Scheme elected the stock ownership scheme management committee through the holders' meeting. As the management party of the Scheme, it is responsible for the daily management of the Employee Stock Ownership Scheme and the exercise of shareholders' rights on behalf of the Employee Stock Ownership Scheme. The management period of the management committee ends on the date on which the Employee Stock Ownership Scheme expires. During the duration, the management committee may engage a third party professional organization to provide management, consulting and other services for the Employee Stock Ownership Scheme.

The Board of the Company is responsible for formulating and revising the Scheme and handling other related issues of the Scheme within the scope of authorization of the shareholders' meeting. The Company has taken appropriate risk prevention and isolation measures to effectively safeguard the legitimate rights and interests of the holders of the Employee Stock Ownership Scheme and ensure the security of assets of the Employee Stock Ownership Scheme.

VI. CHANGES AND TERMINATION OF THE EMPLOYEE STOCK OWNERSHIP SCHEME

1. Changes, Mergers and Divisions of the Company's Actual Control

Where the actual control of the Company changes due to any reason, or mergers and divisions, the Employee Stock Ownership Scheme shall remain unchanged.

2. Changes to the Stock Ownership Scheme

During the period of the Employee Stock Ownership Scheme, any change to the Employee Stock Ownership Scheme shall be subject to the consent of the holders of more than 2/3 (inclusive) share in the Scheme who attend the holders' meeting and shall be submitted to the Board of the Company for consideration and approval before implementation.

3. Termination of the Employee Stock Ownership Scheme

- (1) The Employee Stock Ownership Scheme shall terminate automatically upon expiration of the duration.
- (2) After the expiration of the lock-up period of the Employee Stock Ownership Scheme, the Employee Stock Ownership Scheme may be terminated in advance upon completion of corresponding procedures when all the underlying stocks held by the Employee Stock Ownership Scheme are sold or transferred.
- (3) During the period of one month before the expiration of the duration of the Employee Stock Ownership Scheme, with the consent of the holders of more than 2/3 (inclusive) shares in the Scheme who attend the holders' meeting and the approval of the Board of the Company, the duration of the Employee Stock Ownership Scheme may be extended. Where the extended period expires and is not further extended, the Scheme shall terminate automatically.
- (4) Where the shares in the Company held under the Employee Stock Ownership Scheme cannot be fully liquidated before the expiration of the duration due to the suspension of the shares in the Company or a short window period, with the consent of the holders of more than 2/3 (inclusive) shares in the Scheme who attend the holders' meeting and the approval of the Board of the Company, the duration of the Employee Stock Ownership Scheme may be extended. Where the extended period expires and is not further extended, the Scheme shall terminate automatically.

The Company will propose an ordinary resolution at the shareholders' general meeting to consider and approve (among other things) the Employee Stock Ownership Scheme. A circular containing (among other things) the details of the Employee Stock Ownership Scheme will be sent to shareholders as soon as practicable.

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

Zhengzhou, PRC, 17 April 2025

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