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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHTS

The revenue of the Group for 2015 was RMB4.511 billion, representing a decrease of RMB1.614 billion (i.e. 26.3%) as compared with 2014.

Profit for the year attributable to owners of the Company for 2015 was RMB42 million, representing a decrease of RMB163 million (i.e. 79.4%) as compared with 2014.

Earnings per share for 2015 was RMB0.03.

The Board proposed a final dividend of RMB0.08 per 10 shares for 2015.

The board of directors (the "**Board**") of Zhengzhou Coal Mining Machinery Group Company Limited (the "**Company**") hereby announces the audited consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 December 2015 together with the comparative figures of the corresponding period in 2014 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3*	**4,510,858**	6,124,457
Cost of sales		**(3,653,833)**	(5,070,466)
Gross profit		**857,025**	1,053,991
Other income	*5*	**120,724**	106,667
Other gains and losses	*6*	**(335,881)**	(342,434)
Selling and distribution expenses		**(214,900)**	(216,273)
Administrative expenses		**(304,242)**	(279,513)
Research and development expenses		**(102,562)**	(105,692)
Share of profit of associates		**13,361**	18,130
Share of (loss) profit of joint ventures		**(1,000)**	91
Finance costs	*7*	**(2,160)**	(2,383)
Profit before tax		**30,365**	232,584
Income tax expense	*8*	**(19,756)**	(39,250)
Profit for the year	*9*	**10,609**	193,334
Other comprehensive income (expense)			
Items that may be reclassified subsequently to profit or loss:			
Fair value loss on available-for-sale financial assets		**(4,804)**	(32,849)
Reclassification adjustment upon impairment of available-for-sale financial assets		**60,071**	–
Share of fair value loss on available-for-sale financial assets of an associate		**(5,511)**	(10,467)
Share of reclassification adjustment upon impairment of available-for-sale financial assets held by an associate		**15,978**	–
		65,734	(43,316)
Exchange differences arising on translation		**(1,075)**	(923)
Other comprehensive income (expense) for the year, net of income tax		**64,659**	(44,239)
Total comprehensive income for the year		**75,268**	149,095

	Notes	**2015** *RMB'000*	2014 *RMB'000*
Profit for the year attributable to:			
Owners of the Company		**42,198**	205,194
Non-controlling interests		**(31,589)**	(11,860)
		10,609	193,334
Total comprehensive income for the year attributable to:			
Owners of the Company		**106,857**	160,955
Non-controlling interests		**(31,589)**	(11,860)
		75,268	149,095
EARNINGS PER SHARE			
– Basic and diluted (RMB)	*11*	**0.03**	0.13

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,607,658**	1,727,100
Prepaid lease payments		**381,013**	389,836
Investment properties		**47,187**	10,196
Intangible assets		**4,330**	5,735
Investments in associates		**420,424**	406,796
Investments in joint ventures		**2,383**	3,481
Available-for-sale investments		**31,174**	42,433
Deferred tax assets		**171,830**	132,595
Debt investment		**390,027**	369,237
Finance lease receivables		**58,096**	11,518
Long-term receivable		**131,206**	36,730
		3,245,328	3,135,657
CURRENT ASSETS			
Prepaid lease payments		**8,681**	8,681
Inventories		**1,175,829**	1,449,172
Loan receivables from an associate		**80,000**	80,000
Trade and other receivables	*12*	**4,054,923**	4,353,751
Finance lease receivables		**25,992**	7,831
Long-term receivable within one year		**105,059**	31,919
Other financial assets		**1,063,000**	505,000
Tax recoverable		**1,374**	9,231
Pledged bank deposits		**278,080**	246,317
Bank balances and cash	*13*	**2,011,221**	2,368,314
		8,804,159	9,060,216
CURRENT LIABILITIES			
Trade and other payables	*14*	**2,193,738**	2,044,647
Advances from customers		**198,888**	450,402
Tax liabilities		**19,618**	2,697
Borrowings		**–**	97,170
		2,412,244	2,594,916
NET CURRENT ASSETS		**6,391,915**	6,465,300
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,637,243**	9,600,957

	Notes	**2015**	2014
		RMB'000	*RMB'000*
CAPITAL AND RESERVES			
Share capital	*15*	**1,621,122**	1,621,122
Share premium		**3,409,354**	3,409,354
Reserves		**4,472,096**	4,401,842
Equity attributable to owners of the Company		**9,502,572**	9,432,318
Non-controlling interests		**119,887**	151,476
TOTAL EQUITY		**9,622,459**	9,583,794
NON-CURRENT LIABILITIES			
Other non-current liabilities		**14,784**	17,163
		14,784	17,163

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was established in the PRC on 28 December 2008 as a joint stock company with limited liability under the Company Law of the PRC. On 3 August 2010, the Company completed its initial public offering and listing of 140,000,000 A shares on the Shanghai Stock Exchange under the stock code 601717.SS. The Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the“**Stock Exchange**”) on 5 December 2012.

The consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company and its principal subsidiaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3. REVENUE

	2015	2014
	RMB'000	*RMB'000*
Sales of hydraulic roof supports	**2,815,835**	3,701,446
Revenue from steel and other materials trading	**920,820**	1,679,707
Sales of spare parts	**601,895**	540,204
Sales of other coal mining equipment	**120,789**	89,367
Other revenue	**51,519**	113,733
	4,510,858	6,124,457

4. SEGMENT INFORMATION

The Group identifies an operating segment which is a component of the Group (a) that engages in business activities from which it may earn revenues and incur expenses; and (b) whose operating results are reviewed regularly by the executive directors, being the chief operating decision maker, to make decisions about resources allocation and performance assessment.

The Group has only one operating segment which is the manufacture of coal mining machinery and the Group’s operating results before tax are reviewed regularly by the Group’s chief operating decision maker to make decisions about resources allocation and performance assessment. As no other discretionary financial information is provided to the Group’s chief operating decision maker, no segment information is presentation other than the entity-wide information.

Geographical information

The analysis of revenue by geographical location of customers is as follows:

	2015	2014
	RMB'000	*RMB'000*
The PRC	**4,430,628**	5,895,933
Other countries	**80,230**	228,524
	4,510,858	6,124,457

No geographical segment information for assets is presented as the Group's non-current assets are mostly located in the PRC, which is considered to be one geographical location with similar risks and returns.

Information about major customers

The following illustrates the revenue from customers which contributing over 10% of the total revenue of the Group:

	2015	2014
	RMB'000	*RMB'000*
Customer A	**563,529**	840,632
Customer B	**551,961**	660,349
Customer C	**N/A**[1]	646,325

1 *The corresponding revenue did not contribute over 10% of the total revenue of the Group.*

5. OTHER INCOME

	2015	2014
	RMB'000	*RMB'000*
Government grants *(note)*	**9,462**	10,791
Interest income on bank deposits, long-term receivables and finance lease receivables	**98,706**	85,818
Interest income on debt security	**11,300**	8,291
Dividends income on available-for-sale investments	**1,256**	1,767
	120,724	106,667

Note: Government grants mainly represent unconditional government grants received from the local government for compensation of research and development expenses incurred, and in respect of construction of the Group's new plant, which are transferred from deferred income to profit or loss over the useful lives of the relevant assets.

6. OTHER GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**3,988**	286
Net foreign exchange gains	**40,938**	1,774
Allowance for doubtful debts	**(312,139)**	(348,071)
Write-down of inventories	**(9,343)**	(1,999)
Impairment loss on available-for-sale investments measured at cost	**(6,454)**	–
Cumulative loss reclassified from equity to profit or loss on impairment of available-for-sale investments measured at fair value *(note)*	**(60,071)**	–
Others	**7,200**	5,576
	(335,881)	(342,434)

Note: During the year an equity investment classified as available-for-sale was impaired as there was a significant decline in the fair value of that investment below its cost. As a result, the cumulative loss amounted to RMB60,071,000, was reclassified from other reserve to profit or loss.

7. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interests on bank borrowings	**2,160**	2,383

8. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Income tax expenses comprise:		
Current tax: – PRC enterprise income tax	**60,339**	85,109
– Over provision in prior years	**(1,348)**	(2,181)
	58,991	82,928
Deferred tax – current year	**(39,235)**	(43,678)
	19,756	39,250

The tax rates of the major group entities for the year ended 31 December 2015 and 2014 are as follows:

	2015	2014
The Company *(Note 1)*	**15%**	15%
Zhengzhou Coal Mining Machinery Comprehensive Equipment Co., Ltd. ("**ZMJ Comprehensive Equipment**") *(Note 2)*	**15%**	15%
Zhengzhou Coal Mining Machinery Hydraulic Electrical Control Co., Ltd. ("**ZMJ Hydraulic Control**") *(Note 3)*	**15%**	15%
Zhengzhou Coal Mining Machinery Group Material Trading Co., Ltd. ("**ZMJ Material Trading**")	**25%**	25%
Zhengzhou Coal Mining Longwall Face Machinery Co., Ltd. ("**ZMJ Longwall Machinery**")	**25%**	25%
Zhengzhou Coal Mining Machinery Group Lu An Xinjiang Co., Ltd. ("**ZMJ Lu An Xinjiang**") *(Note 4)*	**15%**	15%
Huainan ZMJ Shun Li Machinery Co., Ltd. ("**ZMJ Shun Li Machinery**") *(Note 5)*	**15%**	15%

Note 1: The Company received the High and New Technology Enterprises Certificate ("**Technology Certificate**") on 31 July, 2014, which entitles to a preferential tax rate of 15% from 1 January, 2014 to 31 December, 2016. The Company previously was entitled to a preferential tax rate of 15% from 1 January 2011 to 31 December 2013 under a separate certificate.

Note 2: ZMJ Comprehensive Equipment received the "Technology Certificate" on 26 June 2013 and is entitled to a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. In the opinion of the directors of the Company, the renewed certificate can be obtained without incurring significant cost.

Note 3: ZMJ Hydraulic Control received the "Technology Certificate" on 26 June 2013 and is entitled to a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. In the opinion of the directors of the Company, the renewed certificate can be obtained without incurring significant cost.

Note 4: ZMJ Lu An Xinjiang received the "Technology Certificate" on 9 June 2014 and is entitled to a preferential tax rate of 15% from 1 January 2014 to 31 December 2016.

Note 5: ZMJ Shun Li Machinery received the "Technology Certificate" on 16 July 2013 and is entitled to a preferential tax rate of 15% from 1 January 2013 to 31 December 2015. In the opinion of the directors of the Company, the renewed certificate can be obtained without incurring significant cost.

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**30,365**	232,584
Tax at the PRC enterprise income tax rate of 15%	**4,555**	34,888
Tax effect of share of profit of associates and joint ventures	**(1,854)**	(2,733)
Tax effect of expenses that are not deductible for tax purpose	**14,369**	1,986
Over provision in prior years	**(1,348)**	(2,181)
Tax effect of tax losses not recognised	**9,897**	8,679
Utilization of tax losses not recognized	**(2,717)**	(1,026)
Effect of different tax rate of subsidiaries	**1,354**	3,387
Additional deduction for qualified research and development expenses	**(4,500)**	(3,750)
	19,756	39,250

9. PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	2015	2014
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	**172,777**	165,720
Depreciation for investment properties	**597**	398
Amortisation of intangible assets	**2,454**	2,488
Release of prepaid lease payments	**8,823**	8,817
Total depreciation and amortisation	**184,651**	177,423
Employee benefits expenses (including directors):		
– Salary and other benefits	**352,853**	353,297
–Retirement benefits scheme contributions	**55,746**	58,759
	408,599	412,056
Auditors' remuneration	**2,980**	2,980
Impairment losses on financial assets		
– trade and other receivables	**312,139**	348,071
– available-for-sale equity investments	**66,526**	–
	378,665	348,071
Write-down of inventories	**9,343**	1,999
Cost of inventories recognised as an expense	**3,653,833**	5,070,466
Gross rental income from investment properties	**(5,344)**	(4,660)
Less: direct operating expenses from investment properties that generated rental income	**1,143**	1,435
	(4,201)	(3,225)
Operating lease rentals in respect of rented premises	**5,224**	5,224

10. DIVIDENDS

	2015	2014
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year		
– 2014 Final (RMB0.038 per share)	**61,603**	–
– 2013 Final (RMB0.165 per share)	**–**	267,485
	61,603	267,485

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of RMB0.008 per share (2014: final dividend in respect of the year ended 31 December 2014 of RMB0.038 per share) has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Earning for the purpose of basic and diluted earnings per share (profit for the year attributable to owners of the Company)	**42,198**	205,194
Number of ordinary shares for the purpose of basic earnings per share	**1,621,122,000**	1,621,122,000

The diluted earnings per share is the same as basic earnings per share in 2015 and 2014 as the Company did not have any dilutive potential ordinary shares in issue in 2015 and 2014.

12. TRADE AND OTHER RECEIVABLES

	2015	2014
	RMB'000	*RMB'000*
Bills receivable	**1,004,413**	868,628
Trade receivables	**3,989,715**	4,093,423
Less: allowance for doubtful debts	**(1,032,712)**	(788,058)
	3,961,416	4,173,993
Prepayments to suppliers	**52,329**	155,547
Deposits	**6,919**	6,720
Other tax recoverable	**20,985**	7,827
Staff advances	**4,896**	5,915
Dividend receivable	**950**	950
Others	**16,213**	7,917
Less: allowance for doubtful debts	**(8,785)**	(5,118)
	93,507	179,758
Total trade and other receivables	**4,054,923**	4,353,751

The Group generally allows a credit period of 180 days to its customers. The credit period provided to a customer can vary significantly based on a number of factors, including the Group's relationship with the customer, the customer's credit profile and payment history, total contract value and market conditions. The following is an aged analysis of bills receivable and trade receivables net of allowance for doubtful debts presented based on the invoice date at the end of each reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 180 days	**2,078,089**	2,056,574
Over 180 days but within 1 year	**1,083,649**	901,361
Over 1 year but within 2 years	**509,190**	938,720
Over 2 years within 3 years	**290,488**	277,338
	3,961,416	4,173,993

13. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

	2015	2014
	RMB'000	*RMB'000*
Cash	**120**	493
Bank deposits with original maturity within three months or less	**1,726,101**	1,821,164
Cash and cash equivalents	**1,726,221**	1,821,657
Bank deposits with original maturity over three months	**285,000**	546,657
Bank balances and cash	**2,011,221**	2,368,314

Pledged bank deposits represent deposits pledged to banks to secure bank acceptance bills and letters of guarantee and are therefore classified as current assets. The pledged bank deposits carry interest at market rates which range from 0.39% to 3.15% per annum as at 31 December 2015 (2014: 0.35% to 3.25% per annum).

14. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Bills payable *(Note)*	**698,336**	418,224
Trade payable *(Note)*	**1,188,824**	1,310,389
	1,887,160	1,728,613
Salary and bonus payables	**68,304**	68,403
Amount due to a non-controlling shareholder of a subsidiary	**107,711**	112,600
Deposits	**28,294**	27,724
Deferred income to be recognised within one year	**9,528**	10,678
Other taxes payable	**18,301**	19,255
Accruals and other payables	**74,440**	77,374
	2,193,738	2,044,647

Note:

Trade payables and bills payable comprise amounts outstanding for trade purchase. Payment terms with suppliers are mainly on credit within 90 days from the time when the goods are received from suppliers. The following is an aged analysis of bills payable and trade payables presented based on invoice date at the end of each reporting period:

	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**878,996**	626,664
Over 90 days but within 1 year	**724,600**	770,613
Over 1 year	**283,564**	331,336
	1,887,160	1,728,613

15. SHARE CAPITAL

	Listed A Shares		Listed H Shares		Total	
	Number of share	Amount	Number of share	Amount	Number of share	Amount
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
At 1 January 2014 31 December 2014 and 2015	1,377,888	1,377,888	243,234	243,234	1,621,122	1,621,122

Except for the currency in which dividends are paid, H Shares and A Shares rank pari passu in all respects with each other.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

Our revenue decreased by 26.3% from RMB6,124.46 million for the year ended 31 December 2014 to RMB4,510.86 million for the year ended 31 December 2015, mainly because demand in domestic coal market continued to diminish in 2015 and fixed asset investment in the coal mining and processing industry continued to fall, which resulted in a decrease in domestic market demand for the Group's products and the corresponding decrease in the Group's revenue from hydraulic roof supports.

Cost of Sales

As the Group recorded a decrease in our revenue, our cost of sales decreased by 27.9% from RMB5,070.47 million for the year ended 31 December 2014 to RMB3,653.83 million for the year ended 31 December 2015.

Gross Profit

Driven by the above factors, our gross profit decreased by 18.7% from RMB1,053.99 million for the year ended 31 December 2014 to RMB857.03 million for the year ended 31 December 2015.

Due to the substantial drop in the purchase price of steel, our gross profit margin increased from 17.2% for the year ended 31 December 2014 to 19.0% for the year ended 31 December 2015.

Other Income

Our other income increased by 13.2% from RMB106.67 million for the year ended 31 December 2014 to RMB120.72 million for the year ended 31 December 2015.

Other Gains and Losses

Our other gains and losses decreased by 1.9% from RMB342.43 million for the year ended 31 December 2014 to RMB335.88 million for the year ended 31 December 2015, primarily as a result of the decrease in our allowance for doubtful debts.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 0.6% from RMB216.27 million for the year ended 31 December 2014 to RMB214.90 million for the year ended 31 December 2015, primarily as a result of a decrease in transportation and logistics expenses as our sales volumes decreased.

Administrative Expenses

Our administrative expenses increased by 8.8% from RMB279.51 million for the year ended 31 December 2014 to RMB304.24 million for the year ended 31 December 2015, primarily as a result of the increase in salary costs.

Research and Development Expenses

Our research and development expenses decreased by 3% from RMB105.69 million for the year ended 31 December 2014 to RMB102.56 million for the year ended 31 December 2015, primarily as a result of our effective control of research and development expenses and adjustments to investments in research and development according to market situation.

Share of Profit of Associates

Share of profit of associates decreased by 26.3% from a profit of RMB18.13 million for the year ended 31 December 2014 to a profit of RMB13.36 million for the year ended 31 December 2015, primarily as a result of a decrease in the profit of our associates.

Finance Costs

Our finance costs decreased by 9.2% from RMB2.38 million for the year ended 31 December 2014 to RMB2.16 million for the year ended 31 December 2015, primarily as a result of a decrease in interest expenses on our bank borrowings due to a decrease in the average balance of our bank borrowings.

Profit Before Tax

Being affected by the factors referred to above in aggregate, our profit before tax decreased by 86.9% from RMB232.58 million for the year ended 31 December 2014 to RMB30.37 million for the year ended 31 December 2015.

Income Tax Expense

Our income tax expense decreased by 49.7% from RMB39.25 million for the year ended 31 December 2014 to RMB19.76 million for the year ended 31 December 2015, primarily as a result of a decrease in our taxable profit for the year. Our effective tax rate for the year ended 31 December 2015 increased to 65.1% from 16.9% for the year ended 31 December 2014.

Profit Attributable to Owners of the Company

Based on the factors referred to above, profit attributable to owners of the Company decreased by 79.4% from RMB205.19 million for 2014 to RMB42.20 million for 2015.

Trade and Other Receivables

As at 31 December 2015, trade and other receivables amounted to approximately RMB4,054.92 million, representing a decrease of approximately RMB298.83 million as compared to approximately RMB4,353.75 million as at the end of 2014, primarily as a result of a decrease in our revenue and our enhanced collection efforts.

Other Financial Assets

As at 31 December 2015, other financial assets amounted to approximately RMB1,063.00 million, representing an increase of approximately RMB558.00 million as compared to the end of 2014, as a result of an increase in the purchases of short-term structured deposits from PRC commercial banks.

Liquidity

The Group's net current assets were approximately RMB6,391.92 million (31 December 2014: RMB6,465.30 million) and the current ratio was 3.65 as at 31 December 2015 (31 December 2014: 3.49). The increase in current ratio was mainly attributable to a decrease in receipt in advance and borrowings.

BUSINESS REVIEW

1. *The Group's Overall Operations in 2015*

   In 2015, under the global economic doldrums and the cliff decrease in the coal industry, the Company's key economic indicators including revenue and total profit dropped substantially. In 2015, the Company realized revenue of RMB4.511 billion, representing a decrease of 26.3% as compared with 2014. Net profit was RMB10.6 million, representing a decrease of 94.5% as compared with 2014.

2. *Major Work Done in 2015*

   In 2015, in line with the annual goal of "exploring market under innovative mindset, reducing costs via multiple channels, preserving funds with full efforts, and fostering transformation by grasping opportunities", the Company rode on its advantage in sales and collection of trade receivables externally, and fully fostered its market-oriented profit-based appraisal approach and enforced cost reduction by all staff members internally, thereby seizing the reform opportunities. Key economic indicators sustained industry leading position.

   In 2015, the Company pushed ahead its market development in a diversified way, with outstanding collection of trade receivables. Its production methods have been further optimized, which further enhanced product quality. Corporate reform continued to intensify.

3. Significant Events subsequent to the end of the financial year

Information about the possible material asset reorganization set out in the announcements published by the Company during the period from 17 December 2015 to 2 March 2016 is updated as follows:

1. Basic information of the planning of the material asset reorganization

   Since the Company is in the process of planning certain material matters, trading in the A Shares and H Shares of the Company has been suspended since 18 December 2015. The H Shares resumed trading on 12 January 2016 and trading in the A Shares continued to be suspended. The Company published the Announcement on Suspension of Trading due to Material Asset Reorganization on 17 December 2015 and initiated the process of material asset reorganization.

2. Reorganization framework proposal

   Major counterparties may involve certain investment vehicles owned by Bain Capital Investors, LLC ("**Bain Capital**"), a global investment fund which was incorporated in the United States. The means of the transaction may involve issue of shares for assets acquisition. Specific transaction method has yet to be finalized. In respect of the transaction, the Company intends to purchase equity interest or assets in the target company from the shareholders of the target company. The target assets are related to the auto-parts industry.

3. Progress of work relating to the material asset reorganization

   As at the date of this announcement, the Company and the relevant parties are actively discussing and substantiating the relevant matters regarding the reorganization, and pushing forward the various work involved, including determining the scope of target assets and means of transactions, substantiating the reorganization proposal, and conducting business negotiations with the counterparties. As of the date of this announcement, the Company has not entered into any binding equity or asset purchase agreement with the counterparties.

4. Review and approval required prior to the disclosure of the reorganization proposal

   Prior to disclosure of the proposed material asset reorganization, the Company shall enter into relevant agreements with parties involved in this transaction. Those parties shall perform relevant internal decision-making procedures in respect of this material asset reorganization.

Outlook for 2016

In 2016, setting the annual goal of "securing collection of receivables while maintaining sales orders, uplifting efficiency for survival, adjusting structure for corporate transformation, and intensifying reforms while seeking innovation", the Company will stand firm in the coal mining machinery industry and adopt multiple measures for survival. Secondly, it will seek improvement internally and fine-tune fundamental management. Further, it will expedite the pace of its reforms and transformation.

OTHER INFORMATION

Purchase, Sale or Redemption of the Listed Securities of the Company

During the year ended 31 December 2015 (the "**Review Period**"), neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

Corporate Governance Practices

The Board of the Company is committed to maintain a high standard of corporate governance practices. The Board believes that effective and reasonable corporate governance practices are essential to the development of the Group. The Company has adopted the code provisions (the "**Code Provisions**") of the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules of the Stock Exchange**"). During the Review Period, the Company has complied with the applicable Code Provisions.

Model Code for Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies ("**Model Code**") set out in Appendix 10 to the Listing Rules of the Stock Exchange as its code of conduct regarding securities transactions by the directors and the supervisors. The Company was informed by Mr. Ni Heping, a supervisor of the Company, that his spouse had disposed 88,626 A shares of the Company in the open market on 6 February 2015, which falls into the blackout period. Disclosure of interest under the Part XV of the Securities and Futures Ordinance was made on 23 March 2015. Such disposal of shares of the Company by Mr. Ni's spouse is not in compliance with Rules A.3.(a) and B.8 of the Appendix 10 of the Listing Rules. After occurrence of the incident, the Company immediately further reminded each of its directors and supervisors in relation to their obligations not to deal in the securities of the Company during the blackout period. The Company has also made specific enquiry with all the directors and supervisors of the Company, and save as disclosed above, they have confirmed their compliance with the Model Code during the Review Period.

Final Dividend

Relevant resolution has been passed at a meeting of the Board held on 4 March 2016, and the Board proposed the payment of a final dividend (the "**Dividend**") of RMB0.08 per 10 shares for the year ended 31 December 2015, totaling RMB12,968,976. The proposal in relation to the profit distribution is subject to approval by the shareholders at the 2015 annual general meeting.

The Board is not aware of any shareholders who have waived or agreed to waive any Dividend.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "**EIT Law**"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H Shares registered under the name of non-individual enterprise, including the H Shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the Final Dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H Share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of the Circular SAT No.[1993] 045 (關於國稅發[1993] 045號 文件廢止後有關個人所得稅徵管問題的通知) (the "**Notice**") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general. However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% personal income tax will be withheld from the Dividend payable to any individual shareholders of H Shares whose names appear on the H Share register of members of the Company on the Record Date, unless otherwise stated in the relevant taxation regulations, taxation agreements or the Notice.

The Company will not be liable for any claim arising from any delay in, or inaccurate determination of the status of the shareholders or any disputes over the mechanism of withholding.

Profit Distribution to Investors of Northbound Trading

For investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A shares of the Company listed on the Shanghai Stock Exchange (the "**Northbound Trading**"), their dividends will be distributed in RMB by the Company through the Shanghai Branch of China Securities Depository and Clearing Corporation Limited to the account of the nominee holding such shares. The Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the tax authorities for the withholding. For investors of Northbound Trading who are tax residents of other countries and whose country of domicile is a country which has entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, those enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the paid amount in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Northbound Trading will be the same as those for the holders of A shares of the Company.

Profit Distribution to Investors of Southbound Trading

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "**Southbound Trading**"), the Company will in due course enter into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, pursuant to which, the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system.

The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

The record date and the date of distribution of cash dividends and other arrangements for the investors of Southbound Trading will be the same as those for the holders of H shares of the Company.

The time of convening the 2015 annual general meeting of the Company and the relevant arrangements and the expected payment date of the Dividend will be announced in due course.

Audit Committee

The audit committee has reviewed the accounting principles and policies adopted by the Group and the audited annual consolidated financial statements for the year ended 31 December 2015.

Publication of Information on the Stock Exchange's and the Company's Websites

This results announcement is posted on the website of the Stock Exchange (www.hkexnews.hk) and the Company's corporate website (www.zzmj.com), respectively.

The 2015 Annual Report which is prepared in accordance with International Financial Reporting Standards and the PRC Accounting Rules will be published on the website of the Stock Exchange, the website of the Shanghai Stock Exchange and the Company's corporate website in due course. The annual report for the year ended 31 December 2015 will be dispatched to the shareholders of the Company (if appropriate) and posted on the website of the Stock Exchange and the Company's corporate website in due course.

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

Zhengzhou, PRC, 4 March 2016

As at the date of this announcement, the executive directors of the Company are Mr. JIAO Chengyao, Mr. XIANG Jiayu, Mr. WANG Xinying, Mr. GUO Haofeng and Mr. LIU Qiang and the independent non-executive directors of the Company are Ms. LIU Yao, Mr. JIANG Hua, Mr. LI Xudong and Mr. WU Guangming.