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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

FINANCIAL HIGHLIGHTS

The revenue of the Group for 2016 was RMB3,628.53 million, representing a decrease of RMB882.33 million (i.e. 19.6%) as compared with 2015.

Profit for the year attributable to owners of the Company for 2016 was RMB62.00 million, representing an increase of RMB19.80 million (i.e. 46.9%) as compared with 2015.

Earnings per share for 2016 was RMB3.82 cents.

The Board proposed a final dividend of RMB0.11 (tax inclusive) per 10 shares for 2016.

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 2016 together with the comparative figures of the corresponding period in 2015 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	RMB'000	*RMB'000*
Revenue	**3,628,530**	4,510,858
Cost of sales	**(2,915,417)**	(3,653,833)
Gross profit	**713,113**	857,025
Other income	**101,867**	120,724
Other gains and losses	**(168,711)**	(335,881)
Selling and distribution expenses	**(187,964)**	(214,900)
Administrative expenses	**(300,376)**	(304,242)
Research and development expenses	**(102,474)**	(102,562)
Share of (loss) profit of associates	**(18,113)**	13,361
Share of profit (loss) of joint ventures	**42**	(1,000)
Finance costs	**–**	(2,160)
Profit before tax	**37,384**	30,365
Income tax expense	**(736)**	(19,756)
Profit for the year	**36,648**	10,609
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences arising on translation	**5,250**	(1,075)
Fair value gain (loss) on available-for-sale financial assets	**6,541**	(4,804)
Reclassification adjustment upon impairment of available-for-sale financial assets	**–**	60,071
Share of fair value gain (loss) on available-for-sale financial assets of an associate	**19,787**	(5,511)
Share of reclassification adjustment upon impairment of available-for-sale financial assets held by an associate	**–**	15,978
Fair value gain on hedging instruments in cash flow hedges	**71,020**	–
Other comprehensive income for the year, net of income tax	**102,598**	64,659
Total comprehensive income for the year	**139,246**	75,268

	2016 *RMB'000*	2015 *RMB'000*
Profit for the year attributable to:		
Owners of the Company	**61,997**	42,198
Non-controlling interests	**(25,349)**	(31,589)
	36,648	10,609
Total comprehensive income for the year attributable to:		
Owners of the Company	**164,595**	106,857
Non-controlling interests	**(25,349)**	(31,589)
	139,246	75,268
EARNINGS PER SHARE		
– Basic (RMB cents)	**3.82**	2.60

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	2016	2015
	RMB'000	*RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**1,390,786**	1,607,658
Prepaid lease payments	**317,752**	381,013
Investment properties	**45,598**	47,187
Intangible assets	**2,260**	4,330
Investments in associates	**431,416**	420,424
Investments in joint ventures	**–**	2,383
Available-for-sale investments	**36,669**	31,174
Deferred tax assets	**197,742**	171,830
Debt investment	**–**	390,027
Finance lease receivables	**51,482**	58,096
Long-term receivables	**46,782**	131,206
	2,520,487	3,245,328
CURRENT ASSETS		
Prepaid lease payments	**7,405**	8,681
Debt investment	**416,631**	–
Inventories	**827,794**	1,175,829
Loan receivables from an associate	**64,000**	80,000
Trade and other receivables	**3,648,445**	4,054,923
Transferred trade receivables	**180,322**	–
Finance lease receivables within one year	**39,146**	25,992
Long-term receivables within one year	**131,726**	105,059
Derivative financial instruments	**71,020**	–
Other financial assets	**1,085,000**	1,063,000
Tax recoverable	**247**	1,374
Pledged bank deposits	**253,550**	278,080
Bank balances and cash	**2,682,402**	2,011,221
	9,407,688	8,804,159
CURRENT LIABILITIES		
Trade and other payables	**1,721,669**	2,193,738
Advances from customers	**253,519**	198,888
Tax liabilities	**9,385**	19,618
Liabilities associated with transferred trade receivables	**180,322**	–
	2,164,895	2,412,244
NET CURRENT ASSETS	**7,242,793**	6,391,915
TOTAL ASSETS LESS CURRENT LIABILITIES	**9,763,280**	9,637,243

	2016	2015
	RMB'000	*RMB'000*
NON-CURRENT LIABILITIES		
Other non-current liabilities	**4,750**	14,784
NET ASSETS	**9,758,530**	9,622,459
CAPITAL AND RESERVES		
Share capital	**1,621,122**	1,621,122
Share premium	**3,409,354**	3,409,354
Reserves	**4,643,697**	4,472,096
Equity attributable to owners of the Company	**9,674,173**	9,502,572
Non-controlling interests	**84,357**	119,887
TOTAL EQUITY	**9,758,530**	9,622,459

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

	2016	2015
	RMB'000	*RMB'000*
Sales of hydraulic roof supports	**2,132,777**	2,815,835
Revenue from steel and other materials trading	**805,779**	920,820
Sales of spare parts	**504,677**	601,895
Sales of other coal mining equipment	**142,414**	120,789
Other revenue	**42,883**	51,519
	3,628,530	4,510,858

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, 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:

	2016	2015
	RMB'000	*RMB'000*
The PRC	**3,438,057**	4,430,628
Other countries	**190,473**	80,230
	3,628,530	4,510,858

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:

	2016	2015
	RMB'000	*RMB'000*
Customer A	**383,430**	563,529
Customer B	**N/A[1]**	551,961

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

5. OTHER INCOME

	2016	2015
	RMB'000	*RMB'000*
Government grants *(note)*	**5,986**	9,462
Interest income on bank deposits, long-term receivables and finance lease receivables	**82,483**	98,706
Interest income on debt investment	**13,398**	11,300
Dividends income on available-for-sale investments	**–**	1,256
	101,867	120,724

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

	2016	2015
	RMB'000	*RMB'000*
Gain on disposal of property, plant and equipment	**4,007**	3,988
Gain on disposal of a subsidiary	**14,274**	–
Gain on disposal of an associate	**26**	–
Net foreign exchange gains	**65,510**	40,938
Allowance for doubtful debts	**(230,296)**	(312,139)
Write-down of inventories	**(14,544)**	(9,343)
Impairment loss on available-for sale investments measured at cost	**(1,046)**	(6,454)
Cumulative loss reclassified from equity to profit or loss on impairment of available-for-sale investments measured at fair value	**–**	(60,071)
Others	**(6,642)**	7,200
	(168,711)	(335,881)

7. FINANCE COSTS

	2016	2015
	RMB'000	*RMB'000*
Interests on bank borrowings	**–**	2,160

8. INCOME TAX EXPENSE

	2016	2015
	RMB'000	*RMB'000*
Income tax expenses comprise:		
Current tax: – PRC enterprise income tax	**31,953**	60,339
– Over provision in prior years	**(1,717)**	(1,348)
	30,236	58,991
Deferred tax – current year	**(29,500)**	(39,235)
	736	19,756

The tax rates of the major group entities for the year ended 31 December 2016 and 2015 are as follows:

	2016	2015
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%

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. In the opinion of the directors of the Company, the renewed certificate can be obtained in due time without incurring significant cost in the year 2017.

Note 2: ZMJ Comprehensive Equipment received the "Technology Certificate" on 1 December 2016 and is entitled to a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. ZMJ Comprehensive Equipment previously was entitled to a preferential tax rate of 15% from 1 January 2013 to 31 December 2015 under a separate certificate.

Note 3: ZMJ Hydraulic Control received the "Technology Certificate" on 1 December 2016 and is entitled to a preferential tax rate of 15% from 1 January 2016 to 31 December 2018. ZMJ Hydraulic Control previously was entitled to a preferential tax rate of 15% from 1 January 2013 to 31 December 2015 under a separate certificate.

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.

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:

	2016	2015
	RMB'000	*RMB'000*
Profit before tax	**37,385**	30,365
Tax at the PRC enterprise income tax rate of 15%	**5,608**	4,555
Tax effect of share of loss (profit) of associates and joint ventures	**2,711**	(1,854)
Tax effect of income not taxable for tax purpose	**(9,213)**	–
Tax effect of expenses that are not deductible for tax purpose	**1,320**	14,369
Tax effect of tax losses not recognised	**7,730**	9,897
Utilisation of tax losses previously not recognised	**(279)**	(2,717)
Effect of different tax rate of subsidiaries	**746**	1,354
Additional deduction for qualified research and development expenses	**(6,170)**	(4,500)
Over provision in prior years	**(1,717)**	(1,348)
	736	19,756

9. PROFIT FOR THE YEAR

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

	2016	2015
	RMB'000	*RMB'000*
Depreciation for property, plant and equipment	**174,970**	172,777
Depreciation for investment properties	**1,589**	597
Amortisation of intangible assets	**2,062**	2,454
Release of prepaid lease payments	**8,823**	8,823
Total depreciation and amortisation	**187,444**	184,651
Employee benefits expenses (including directors):		
– Salary and other benefits	**351,269**	352,853
– Retirement benefits scheme contributions	**54,267**	55,746
	405,536	408,599
Auditors' remuneration	**2,980**	2,980
Cost of inventories recognised as an expense	**2,915,417**	3,653,833
Gross rental income from investment properties	**(8,486)**	(5,344)
Less: direct operating expenses from investment properties that generated rental income	**3,991**	1,143
	(4,495)	(4,201)
Minimum operating lease rentals in respect of rented premises	**5,224**	5,224

10. DIVIDENDS

	2016	2015
	RMB'000	*RMB'000*
Dividends recognised as distribution during the year		
– 2015 Final (RMB0.008 per share)	**12,969**	–
– 2014 Final (RMB0.038 per share)	**–**	61,603
	12,969	61,603

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2016 of RMB0.011 per share (2015: final dividend in respect of the year ended 31 December 2015 of RMB0.008 per share), in an aggregate amount of RMB19,057,185.07, 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 earnings per share attributable to owners of the Company is based on the following data:

	2016	2015
	RMB'000	*RMB'000*
Earning for the purpose of basic earnings per share (profit for the year attributable to owners of the Company)	**61,998**	42,198
Number of ordinary shares for the purpose of basic earnings per share	**1,621,122,000**	1,621,122,000

No diluted earnings per share is presented for both years as there were no potential ordinary shares outstanding for both years.

12. TRADE AND OTHER RECEIVABLES

	2016	2015
	RMB'000	*RMB'000*
Bills receivable	**1,038,280**	1,004,413
Trade receivables	**3,525,161**	3,989,715
Less: allowance for doubtful debts	**(1,183,432)**	(1,032,712)
	3,380,009	3,961,416
Prepayments to suppliers	**227,856**	52,329
Deposits	**25,674**	6,919
Other tax recoverable	**3,328**	20,985
Staff advances	**2,850**	4,896
Dividend receivable	**–**	950
Others	**20,619**	16,213
Less: allowance for doubtful debts	**(11,891)**	(8,785)
	268,436	93,507
Total trade and other receivables	**3,648,445**	4,054,923

The Group generally allows a credit period of 180 days to its customers. Bills receivable have a maximum maturity of 6 months. 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:

	2016	2015
	RMB'000	*RMB'000*
Within 180 days	**1,506,393**	2,078,089
Over 180 days but within 1 year	**988,052**	1,083,649
Over 1 year but within 2 years	**700,945**	509,190
Over 2 years within 3 years	**184,619**	290,488
	3,380,009	3,961,416

13. BANK BALANCES AND CASH/PLEDGED BANK DEPOSITS

	2016	2015
	RMB'000	*RMB'000*
Cash	**90**	120
Bank deposits with original maturity within three months or less	**2,632,312**	1,726,101
Cash and cash equivalents	**2,632,402**	1,726,221
Bank deposits with original maturity over three months	**50,000**	285,000
Bank balances and cash	**2,682,402**	2,011,221

Pledged bank deposits represent deposits pledged to banks to secure bank acceptance bills, letters of guarantee and forward foreign exchange contracts and are therefore classified as current assets. The pledged bank deposits carry interest at market rates which range from 0.30% to 2.05% per annum as at 31 December 2016 (2015: 0.39% to 3.15% per annum).

14. TRADE AND OTHER PAYABLES

	2016	2015
	RMB'000	*RMB'000*
Bills payable	**367,269**	698,336
Trade payable	**1,139,227**	1,188,824
	1,506,496	1,887,160
Salary and bonus payables	**69,584**	68,304
Amount due to a non-controlling shareholder of a former subsidiary	**–**	107,711
Deposits	**23,710**	28,294
Deferred income to be recognised within one year	**9,528**	9,528
Other taxes payable	**40,946**	18,301
Accruals and other payables	**71,405**	74,440
	1,721,669	2,193,738

Notes:

The following is an aged analysis of bills payable and trade payables presented based on invoice date at the end of each reporting period:

	2016	2015
	RMB'000	*RMB'000*
Within 90 days	**700,994**	878,996
Over 90 days but within 1 year	**541,746**	724,600
Over 1 year	**263,756**	283,564
	1,506,496	1,887,160

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 2015, 31 December 2015 and 2016	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 19.6% from RMB4,510.86 million for the year ended 31 December 2015 to RMB3,628.53 million for the year ended 31 December 2016, mainly because demand in domestic coal market continued to diminish, fixed asset investment in the coal mining and processing industry continued to fall, and the nation had its destocking initiative for the coal industry in 2016, 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 20.2% from RMB3,653.83 million for the year ended 31 December 2015 to RMB2,915.42 million for the year ended 31 December 2016.

Gross Profit

Driven by the above factors, our gross profit decreased by 16.8% from RMB857.03 million for the year ended 31 December 2015 to RMB713.11 million for the year ended 31 December 2016.

Our gross profit margin remained fairly stable, increasing from 19.0% for the year ended 31 December 2015 to 19.7% for the year ended 31 December 2016.

Other Income

Our other income decreased by 15.6% from RMB120.72 million for the year ended 31 December 2015 to RMB101.87 million for the year ended 31 December 2016.

Other Gains and Losses

Our other gains and losses decreased by 49.8% from RMB335.88 million for the year ended 31 December 2015 to RMB168.71 million for the year ended 31 December 2016, primarily as a result of the decrease in our allowance for doubtful debts.

Selling and Distribution Expenses

Our selling and distribution expenses decreased by 12.5% from RMB214.90 million for the year ended 31 December 2015 to RMB187.96 million for the year ended 31 December 2016, primarily as a result of the decrease in marketing expenses which was in turn attributable to the constantly shrinkage of the coal mining machinery market.

Administrative Expenses

Our administrative expenses decreased by 1.3% from RMB304.24 million for the year ended 31 December 2015 to RMB300.38 million for the year ended 31 December 2016, primarily as a result of the decrease in salaries and benefits expenses included in administrative expenses.

Research and Development Expenses

Our research and development expenses decreased by 0.1% from RMB102.56 million for the year ended 31 December 2015 to RMB102.47 million for the year ended 31 December 2016, remaining relatively stable in the Group's commitment to research and development activities.

Share of Profit of Associates

Share of profit of associates decreased by 235.6% from a profit of RMB13.36 million for the year ended 31 December 2015 to a loss of RMB18.11 million for the year ended 31 December 2016, primarily because our associates recorded losses in the year.

Finance Costs

Our finance costs decreased by 100% from RMB2.16 million for the year ended 31 December 2015 to RMB0 for the year ended 31 December 2016, primarily because the Group repaid its bank borrowings in full during the year and thus no interest was payable on such bank borrowings.

Profit Before Tax

Being affected by the factors referred to above in aggregate, our profit before tax increased by 23.1% from RMB30.37 million for the year ended 31 December 2015 to RMB37.39 million for the year ended 31 December 2016.

Income Tax Expense

Our income tax expense decreased by 96.3% from RMB19.76 million for the year ended 31 December 2015 to RMB0.74 million for the year ended 31 December 2016, primarily as a result of the tax effect of the disposal of subsidiary during the year. Our effective tax rate decreased to 2.0% for the year ended 31 December 2016 from 65.1% for the year ended 31 December 2015.

Profit Attributable to Owners of the Company

Based on the factors referred to above, profit attributable to owners of the Company increased by 46.9% from RMB42.20 million for the year ended 31 December 2015 to RMB62.00 million for the year ended 31 December 2016.

Trade and Other Receivables

As at 31 December 2016, trade and other receivables amounted to approximately RMB3,648.45 million, representing a decrease of approximately RMB406.47 million as compared to approximately RMB4,054.92 million as at the end of 2015, primarily as a result of a decrease in our revenue and our enhanced collection efforts.

Other Financial Assets

As at 31 December 2016, other financial assets amounted to approximately RMB1,085.00 million, representing an increase of approximately RMB22.00 million as compared to the end of 2015, 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 RMB7,242.79 million (31 December 2015: RMB6,391.92 million) and the current ratio was 4.35 as at 31 December 2016 (31 December 2015: 3.65). The increase in current ratio was mainly attributable to the increase in current assets as a result of the bond investment to be due within one year.

BUSINESS REVIEW

1. *The Group's Overall Operations in 2016*

   In 2016, under the prolonged slowdown of macroeconomic growth, the constantly destocking of the coal industry and the constantly shrinkage of the coal mining machinery market, the revenue generated by the Company decreased substantially year-on-year, whilst net profit attributable to parent company still recorded growth. In 2016, the Company achieved revenue of RMB3,628.53 million, representing a decrease of 19.6% as compared with 2015. Net profit attributable to parent company was RMB62.00 million, representing an increase of 46.9% as compared with 2015.

2. *Major Work Done in 2016*

In 2016, in line with 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 took a key step forward towards its transformation. Key efforts were made to intensify reform and foster industrial transformation. Advocating its diversified array of sales modes and probing potentials for cost reduction, the Company achieved stable production operation as well as improved profit in the midst of the substantial drop in revenue.

In 2016, the Company made substantial progress in its industrial transformation, outlining the rough shape of a dual-driven pattern. Collection of debts by various means proved to be effective, while innovative sales mode achieved breakthroughs amidst adversity. Production methods continued to enhance, delivering products with steadily rising quality. Additionally, production technology and manufacturing processes also improved steadily and key projects continued to have ground-breaking performance.

3. *Significant Events Subsequent to the End of the Financial Year*

References are made to the announcement dated 24 March 2016 and the circular dated 23 May 2016 regarding the very substantial acquisition and connected transaction of the Company. All capitalized terms used herein shall have the same meanings as defined in the announcement and circular. As of the date of this announcement, the transfer of the Target Equity Interests had been completed. The change of share registration details in respect of the Consideration Shares had been completed. The issue of the Placing Shares had been completed.

Outlook for 2017

2017 will be a pivotal year in China's initiatives to foster structural reform as well as the first year for the Company in kicking start its comprehensively intensified reform and industrial transformation and upgrade. In 2017, in line with the annual goal of "intensifying reforms for business model, advance trial and practice for fostering innovation, solidifying foundation for quality, and stabilizing operation for sustained growth", the Company will continue to push ahead with its transformation and upgrade. Firstly, capturing the opportunity presented by the reforms in the coal industry, the Company will pursue growth its coal mining machinery business in terms of strength and core competence. Secondly, it will seek to consolidate its new automotive component business, uplift its profitability, and pursue healthy and virtuous development on an ongoing basis. Further, it will strengthen risk control to ensure the stable operation of the Company.

OTHER INFORMATION

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

During the year ended 31 December 2016 (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 has made specific enquiry with all the directors and supervisors of the Company, and 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 27 March 2017, and the Board proposed the payment of a final dividend (the "**Dividend**") of RMB0.11 (tax inclusive) per 10 shares for the year ended 31 December 2016, totaling RMB19,057,185.07. The Dividend is expected to be paid on or about 31 July 2017. The proposal in relation to the profit distribution is subject to approval by the shareholders at the 2016 annual general meeting. The time of convening the 2016 annual general meeting and the relevant arrangements will be announced by the Company in due course.

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.

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 2016.

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 2016 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 2016 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, 27 March 2017

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.