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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)

PRELIMINARY ANNOUNCEMENT ON 2020 ANNUAL RESULTS

This announcement is made by Zhengzhou Coal Mining Machinery Group Company Limited (the “**Company**”) pursuant to Rule 13.09 and Rule 13.10B of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The key financial data for 2020 set out in this announcement is the preliminary estimated data, which has not been audited by an accounting firm. The specific data disclosed in the 2020 annual report of the Company shall prevail. Investors are reminded to be aware of the investment risks involved.

I. KEY FINANCIAL DATA AND INDICATORS FOR 2020

Unit: RMB in ten thousand

Item	For the reporting period	For the corresponding period last year	Increase or decrease (%)
Total revenue	2,656,879.43	2,572,141.68	3.29
Operating profit	194,381.54	152,937.25	27.10
Total profit	194,125.96	153,007.63	26.87
Net profit attributable to owners of the Company	122,786.85	104,025.32	18.04
Net profit attributable to owners of the Company, net of non-recurring gain or loss	171,380.22	82,002.72	108.99
Basic earnings per share (RMB)	0.709	0.600	18.17
Weighted average ROE	9.71%	8.78%	Up by 0.93 percentage point

Item	As at the end of the reporting period	As at the beginning of the reporting period	Increase or decrease (%)
Total assets	3,363,602.75	2,971,259.85	13.20
Equity attributable to owners of the Company	1,305,004.79	1,223,973.13	6.62
Total share capital (in ten thousand shares)	173,247.14	173,247.14	0
Net assets per share attributable to owners of the Company (RMB)	7.53	7.06	6.66

Note: The financial data and indicators above are presented as data in consolidated statements without being audited. The actual results in the 2020 annual report of the Company shall prevail.

II. DESCRIPTION OF OPERATING RESULTS AND FINANCIAL POSITION

(1) Operations, financial position and primary factors affecting the operating results of the Company during the reporting period

During the reporting period, in respect of the Company's coal mining machinery business, domestic coal production increased by 1.4% on a year-on-year basis in 2020. With a steady development momentum maintained, the industry has seen rapid improvement in intelligent mine development with enhanced coal mine concentration. Meanwhile, as the Company continued to adopt various measures to reduce cost, raise efficiency and improve technological competency, the Company experienced continuous growth in its revenue and profit from coal mining machinery business. In respect of our auto parts business, domestic vehicle sales witnessed a marginal decline in 2020 while the production and sales of commercial vehicles surged, which spurred the strong growth of the Company's business of core components for commercial vehicle engines. As a result, ASIMCO's maintained its growth in revenue and profit from auto parts business in general. Affected by such factors as the continued outbreak of COVID-19 pandemic overseas and the downward pressure on the global automotive industry, the Company's subsidiary SEG actively responded to the loss for the year with business reorganisation and personnel streamlining. Accordingly, provision was made for reorganisation costs, which affected the overall results to a certain extent.

In 2020, the Company recorded overall revenue of RMB26,569 million, representing a 3.29% increase from that in the corresponding period last year. Net profit attributable to owners of the Company amounted to RMB1,228 million, representing a 18.04% increase from that in the corresponding period last year. Net profit attributable to owners of the Company (net of non-recurring gain or loss) amounted to RMB1,714 million, representing a year-on-year increase of 108.99%.

(2) Reasons for major fluctuations in key accounting data and financial indicators

The Company saw a significant rise in net profit attributable to owners of listed company (net of non-recurring gain or loss) in 2020, primarily because non-recurring gain or loss was RMB-486 million in 2020 with a year-on-year decline of 320.65% from that in the corresponding period in 2019. This was chiefly due to the partial business reorganisation exercised by SEG, the Company's subsidiary, and the proposed provision for reorganisation cost of RMB758 million, which left a considerable impact on the non-recurring gain or loss.

III. RISK REMINDER

(1) Potential uncertainties for the accuracy of the preliminary results announcement

According to the Accounting Standard for Business Enterprises No.8 – Impairment of Assets and the requirements under relevant accounting policies, the Company organised an impairment test for goodwill after considering the actual business operations of its related subsidiaries, the changes in industry and markets and a forecast on its future results. Based on preliminary results, the Company proposed to provide for goodwill impairment for the related asset groups in the auto parts segment in its 2020 annual report, with proposed provision in the amount of approximately RMB165 million.

As of the present, the specific amount is yet to be determined over the proposed provision for goodwill impairment, with the final amount of such provision subject to change and determination upon evaluation and auditing by qualified evaluation and auditing institutions engaged in securities and futures. If the ultimate audited data falls beyond the range of this preliminary results announcement, the Company shall perform the obligation of information disclosure pursuant to relevant requirements in a timely manner.

- (2) The above financial data for 2020 set out in this announcement merely constitutes preliminary estimated data, which has not been audited by an accounting firm and may be different from the data disclosed in the 2020 annual report of the Company. The specific financial data formally disclosed in the 2020 annual report of the Company shall prevail. Investors are reminded to be aware of the investment risks involved.

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

Zhengzhou, PRC, 7 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. JIAO Chengyao, Mr. JIA Hao, Mr. XIANG Jiayu, Mr. FU Zugang, Mr. WANG Xinying and Mr. WANG Bin and the independent non-executive directors are Mr. JIANG Hua, Mr. LI Xudong and Mr. CHENG Jinglei.