

Procedure Rules of Candidates of Directors Nominated by Shareholders of Zhengzhou Coal Mining Machinery Group Co., Ltd.

Chapter I General Principles

Article 1 In order to further establish and optimize procedures of candidates of directors nominated by shareholders of Zhengzhou Coal Mining Machinery Group Co., Ltd. (“**the Company**”) for a perfect corporate governance structure, Procedure Rules of Candidates of nominee directors by Shareholders is hereby formulated pursuant to the *Company Law of the People’s Republic of China*, the *Code of Corporate Governance for Listed Companies*, the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited*, *Articles of Association* and other relevant regulations.

Chapter II General Provisions for Candidates of Directors

Article 2 Directors of the Company shall be natural persons, and any one subject to any of the following conditions shall not be granted candidate of nominee director of the Company:

Has no or limited capability for civil conduct;

Got sentenced a penalty for guilty of corruption, bribery, crime of appropriation of property, misappropriation of property or destruction of the social and economic order, or undertakes deprivation of political right due to commitment of crime, and either term of penalty remains within five years;

Held office of director, factory director or manager in such Company that went to bankruptcy due to poor business management and took responsibility for the bankruptcy of such Company, and no more than three years were past;

Held office of legal representative for such Company or enterprise whose license was revoked due to violation of laws and took personal responsibility for such revocation, which hasn't experienced over three years;

Relatively large amount of debt due was or is not repaid.

The person who violated the penal law and was investigated by relevant judicial authority, which remains unconcluded;

Such person who's not allowed for leadership in an enterprise as provided in laws or administrative regulations;

Non-natural person;

Such person who's not allowed for access to stock market as a punishment by China Securities Regulatory Commission, and such punishment term has not ended yet;

Such person who went against securities laws as judged by relevant competent body, and involved fraud or other dishonest behavior, since which, less than five years pasted.

Candidate of nominee director shall be regarded invalid to the extent this article violated.

Article 3 Directors shall be elected and replaced in general meeting of shareholders with a term of three years. Term of office of a director (including without limitation to by-election director) will commence on the first date of office and end upon the expiration of current board of directors. The director may, upon expiration of term of office and to the extent reelected, continue to hold office, provided an independent director shall not hold office for a period over six years.

Chapter III Procedure Provisions for Candidates of Directors Nominated by Shareholders

Article 4 A shareholder holding more than 3% individual or combined shares of the Company has the right to nominate non-independent candidates of directors, and a shareholder holding more than 1% individual or combined shares of the Company has the right to nominate independent candidates of directors.

Article 5 Shareholder shall furnish notice relating to candidates of nominee directors and detailed materials of candidates of directors, including without limitation to the candidate's

personal information, occupation, education background, title, detailed working experience and, if any, all experienced part-time jobs at such a time as prescribed in Articles of Association and required by stock exchange at the place where the Company is listed.

Article 6 Candidates of directors shall, prior to commencement of relevant general meeting of shareholders, make a written commitment to the Company, agreeing to accept nomination and promise that all materials of candidates of directors publicly disclosed are true and complete, and once elected, engage in practical performance of duties and responsibilities as a director.

Article 7 If proposed in a manner of draft resolution, intents, written notice of acceptance of nomination of, as well as written commitment provided in article 6 herein made by, relevant candidates of nominee directors, shall be furnished to the Company upon notice of general meeting and seven days prior to commencement thereof, a period of which shall be within seven days; if proposed in a manner of interim draft resolution, intents, written notice of acceptance of nomination of, as well as written commitment provided in article 6 herein made by, relevant candidates of nominee directors, shall be furnished to the Company ten days prior to commencement of the general meeting of shareholders.

Article 8 Shareholder who proposes nomination shall acquire consent of the nominee prior to practical nomination. Such shareholder shall also be in full and adequate knowledge of the candidate's personal information, occupation, education background, title, detailed working experience and, if any, all experienced part-time jobs, and declare opinions on qualification and independency of the nominee as an independent director. The nominee shall make a declaration concerning the truth that no relationship established between him and the Company, which will influence his independent and objective judgment. Directors of the Company shall announce the foregoing information subject to relevant provisions prior to the general meeting of shareholders for election of independent directors.

Article 9 The Company shall, prior to the commencement of general meeting for election of independent directors, submit written opinions of board of directors and relevant materials of all nominees to China Securities Regulatory Commission (CSRC), agency of CSRC in the place where the Company was domiciled and the stock exchange for trading of the Company's stocks. All disagreement of any director of the Company with regard to specific nominee shall also be accompanied with written opinions. Any nominee objected by CSRC will be candidate of director other than independent director of the Company.

During the general meeting, board of directors of the Company shall make a statement as to whether candidates of independent directors are objected by CSRC or stock exchange.

Article 10 Controlling shareholders of the Company shall abide by laws and regulations and conditions and procedures provided in Articles of Association to nominate candidates of directors for the Company, and the nominee shall have relevant knowledge and decision-making ability.

Chapter IV Supplemental Rules

Article 11 These Procedure Rules shall be implemented upon the date it is voted and adopted through the Board resolution.

Article 12 Matters not covered in these Procedure Rules shall be implemented in accordance with the relevant laws and regulations of the PRC and the Articles of Association of the Company. Where these Rules conflict with any applicable *Listing Rules of HK* issued afterward or the Articles of Association validly amended, the stricter one shall prevail, and such Rules shall be revised immediately for approval by the Board.

Requirements of listing rules applicable to these rules will be made public on websites of the Company and relevant stock exchanges.

Article 13 Senior management personnel herein refers to that provided in Articles of Association and hired by board of directors of the Company for business operation.

Article 14 Board of directors of Zhengzhou Coal Mining Machinery Group Co., Ltd. reserves the power to interpret these rules.

Note: These Rules were proposed and represented in Chinese and the English version shall be for reference only. Where any difference occurs between Chinese and English versions, the Chinese version shall govern.

Zhengzhou Coal Mining Machinery Group Co., Ltd.

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