

**The Implementation Rules of the Remuneration and Appraisal  
Committee of the Board of Directors  
of  
Zhengzhou Coal Mining Machinery Group Co., Ltd.**

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## Chapter I General Provisions

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Article 1 In order to establish and perfect the Appraisal and Remuneration Management System of the directors and managers of Zhengzhou Coal Mining Machinery Group Co., Ltd. (hereinafter referred to as “**the Company**”) and complete the corporate governance structure, the Company establishes the Remuneration and Appraisal Committee of Board of Directors in particular and formulates these implementing regulations in accordance with 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*, the *Articles of Association* and other relevant regulations.

Article 2 The Remuneration and Appraisal Committee is a professional committee under the Board of Directors, is mainly responsible for formulating the assessment criteria for the directors and managers of the Company and accessing them and also is responsible for formulating and reviewing the remuneration policies and schemes of the directors and managers of the Company and shall report to the Board.

Article 3 The directors in these Rules indicate the executive directors, the non-executive directors (if any) and the independent non-executive directors in the Company, and the managers indicate the General Manager, the Vice General Manager, the Secretary of the Board and other higher management submitted by the General Manager and approved by the Board.

## Chapter II Composition

Article 4 The Remuneration and Appraisal Committee shall consist of three directors and must comprise a majority of independent non-executive directors. The members of the Remuneration and Appraisal Committee shall meet the requirements on the membership qualification of this Committee in accordance with relevant laws and the regulations of the PRC and applicable Listing Rules.

3.25 Article 3.25 of HK Listing Rules
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Article 5 The members of the Remuneration and Appraisal Committee shall be nominated by the Chairman of the Board or more than one-half of independent non-executive directors or one-third of all directors and shall be elected by the Board.

3.26 Article 3.26 of HK Listing Rules
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Article 6 The Remuneration and Appraisal Committee shall have one chairman, who shall be independent non-executive director and shall be responsible for directing the works of the Committee. The Chairman of the Committee shall be elected from the members and shall be submitted to the Board for consideration and approval.

Article 7 The term of office of the Remuneration and Appraisal Committee shall be the same as that of the Board, and the Committee members may be re-selected upon the expiry of the current term of office. If any member ceases to be a director of the Company during his/her term of office, or any member who ought to have the identity of independent non-executive director does not have the independence specified in the *Article of Association* or in the *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* any longer, he/she shall lose his/her membership qualification automatically, and the vacancy shall be filled by the Committee in accordance with the provisions of Articles 4 to 6 above.

Article 8 The Human Resource Department of the Company is a standing body of the Remuneration and Appraisal Committee and is particularly responsible for providing relevant data about operation and relevant data of appraised personnel and responsible for preparing the meetings of the Remuneration and Appraisal Committee and carrying out related decisions of the Remuneration and Appraisal Committee.

### Chapter III Terms of References

Article 9 The major terms of references of the Remuneration and Appraisal Committee include:

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to formulate the remuneration plans or schemes according to the main scopes, duties and importance of the managerial positions of directors and managers and the salary levels of other related positions of other relevant enterprises;

The remuneration plans or schemes mainly include but are limited to the performance evaluation standards, procedures, main evaluation systems, the main rewarding and punishing schemes and systems and the like;

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to make recommendations to the Board on the remuneration policy and structure for all directors and managers and on the establishment of a formal and transparent procedure for developing the remuneration policy;

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B.1.2(a)  
Article B.1.2  
(a) of  
Appendix 14

14 B.1.2(b)  
Article B.1.2 (b) of  
Appendix 14 of  
HK Listing Rules

14 B.1.2(c) (d)

to review and approve the management's remuneration proposals with reference to the corporate goals and objectives concluded by the Board;

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to determine and make recommendations to the Board on the remuneration packages of individual directors and managers, with delegated responsibility from the Board; the remuneration package should include benefits in kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment);

to consider salaries paid by comparable companies, time commitment, responsibilities and employm56 Tf1 041DoA479C5(hi L)-5(t715(i)-4(9C5(s 041Doenc)11(6(sew(t)5(r3(e 72)8(i)-4 041Do5(t715(he 86(G

the managers of the Company must be submitted to the Board for approval.

(A)

Article 11 (A) The Chairman of the Board shall invite the Chairman of the Remuneration and Appraisal Committee or another member of the Committee or failing this his duly appointed delegate in the absence of the Chairman of the Committee to attend the annual general meeting and to be available to answer questions at the annual general meeting.

14 E.1.2 Article E.1.2 of Appendix 14 of HK Listing Rules
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## **Chapter IV Decision-making Procedures**

Article 12 The working team under the Remuneration and Appraisal Committee shall complete the first-phase preparations for the Remuneration and Appraisal Committee to make decision and provide related materials of the Company including: (i) the main financial index and the completion of operational objectives of the Company; (ii) the individual scope of work and main duties of the managers of the Company; (iii) the completion of concerning index in the position performance assessment system of the directors and managers; (iv) the operation performance of the business innovation ability and profitability of the directors and managers; and (v) the relevant calculating basis for drafting the remuneration distribution plan and the way of distribution of the Company according to the performance of the Company.

Article 13 The procedures for the Remuneration and Appraisal Committee to appraise the directors and managers shall include that: (i) the directors and managers of the Company shall report and evaluate themselves to the Remuneration and Appraisal Committee of the Board; (ii) the Remuneration and Appraisal Committee shall give performance evaluation to the directors and managers according to the performance evaluation standards and procedures; and (iii) the remuneration amounts and the ways of rewarding of the directors and the managers shall be proposed according to the result of the position performance evaluation and the remuneration distribution policies and shall be reported to the Board of the Company after being approved by voting.

## **Chapter V Rules of Procedure**

Article 14 All members of the Remuneration and Appraisal Committee shall be notified seven days prior to the meetings of the Remuneration and Appraisal Committee. The meetings shall be chaired by the Chairman who, if unable to attend the meeting, may appoint another member (being an independent non-executive director) to chair the meeting.

Article 15 The quorum of the meetings of the Remuneration and Appraisal Committee shall be two-thirds or more of all its members, each having one vote. Resolutions of the meetings shall be passed by a majority of all members.

## Chapter VI Supplementary Provisions

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Article 24 These Implementation Rules have been voted and adopted through the Board resolution and shall come into force and be implemented from the date, on which the overseas listed foreign shares (H-share) of the Company are issued and listed.

3.26  
Article 3.26 of  
HK Listing  
Rules

(A)

Article 24 (A) These Implementation Rules shall be disclosed on the Company's web sites and relevant web sites of Stock Exchange according to the applicable requirements of Listing Rules.

14 B.1.3  
Article B.1.3 of  
Appendix 14 of  
HK Listing  
Rules

Article 25 The matters not covered in these Implementation Rules shall be implemented in accordance with the relevant laws and regulations of the PRC, applicable Listing Rules and the Articles of Association. Where these Rules conflict with any laws, regulations and applicable Listing Rules of the PRC issued afterward or the Articles of Association validly amended, the latter shall bowver and these Rules shall be revised immediately for approval by the Board.

Article 26 The Board of Directors of the Company shall reserve the right to interpret these Rules.

The Board of Directors  
of  
Zhengzhou Coal Mining Machinery Group Co., Ltd.

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