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CATERPILLAR[®]

Caterpillar Inc.
(A Delaware corporation)

Caterpillar (Luxembourg) Investment Co. S.A.
(Incorporated in Luxembourg with limited liability)

ERA Mining Machinery Limited
年代煤礦機電設備製造有限公司

(formerly known as “ERA Holdings Global Limited 年代國際控股有限公司”)
(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8043)

JOINT ANNOUNCEMENT

**(1) PRE-CONDITIONAL VOLUNTARY OFFER BY
CATERPILLAR (LUXEMBOURG) INVESTMENT CO. S.A.,
AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF
CATERPILLAR INC., TO ACQUIRE ALL OF THE ISSUED SHARES
IN THE SHARE CAPITAL OF ERA MINING MACHINERY LIMITED**

AND

**FOR THE CANCELLATION OF ALL THE OUTSTANDING
SHARE OPTIONS OF ERA MINING MACHINERY LIMITED**

AND

**(2) RESUMPTION OF TRADING IN THE SHARES OF
ERA MINING MACHINERY LIMITED**

Financial Adviser to the Offeror and Caterpillar



Joint Financial Advisers to ERA



**PLATINUM
Securities**

SUMMARY

Introduction

The directors of both the Offeror and ERA jointly announce that the Offeror (an indirect wholly-owned subsidiary of Caterpillar) will, subject to the satisfaction of the Pre-Condition, make a voluntary conditional offer to acquire all of the issued shares in the share capital of ERA.

Consideration for the Offer

The consideration for the Offer will comprise the Cash Alternative and/or the Loan Note Alternative.

Pursuant to the Offer, the Offeror will offer to acquire the issued Shares in consideration for:

- (a) **Cash Alternative:** HK\$0.88 in cash per Share; and/or
- (b) **Loan Note Alternative:** a HK\$1.00 Loan Note per Share, issued by the Offeror, which will entitle the holder to receive on redemption, in respect of each HK\$1.00 of Loan Notes redeemed, a minimum of HK\$0.75 and up to HK\$1.15.

Each Loan Note will carry an entitlement to receive a capital payment on each of the 2013 Redemption Date and the 2014 Redemption Date. The 2013 Redemption Amount payable will be determined by reference to the Consolidated Gross Profit of ERA for the financial year ending 31 December 2012. The 2014 Redemption Amount payable will be determined by reference to the aggregate Consolidated Gross Profit of ERA for the two consecutive financial years ending 31 December 2013. The Consolidated Gross Profit of ERA for these purposes will in each case be as shown in the relevant audited consolidated accounts of ERA. The payment of the 2013 Redemption Amount and the 2014 Redemption Amount will be guaranteed by Caterpillar.

The Cash Alternative, the 2013 Redemption Amount and the 2014 Redemption Amount will be financed by the Offeror. All ERA Shareholders will be entitled to elect to receive the Cash Alternative in respect of some of their Shares and the Loan Note Alternative in respect of the remainder of their Shares, or to elect to receive either the Cash Alternative or the Loan Note Alternative in respect of all of their Shares.

ERA Shareholders should be aware of, among other things, the following matters in relation to the Loan Notes:

- the Loan Notes will be non-transferable (except to the Offeror);
- no dividends will be paid in respect of the Loan Notes;
- no voting rights will attach to the Loan Notes; and
- **changes in the business and economic environment and the conduct of the business of ERA and its subsidiaries could adversely affect the Consolidated Gross Profit of ERA during 2012 and 2013 and accordingly the Aggregate Redemption Amount may be less than the consideration per Share under the Cash Alternative.**

Offer to ERA Optionholders

As at the date of this announcement, there are 303,098,719 Options held by the ERA Optionholders, which are convertible into 18,900,000 Shares at an exercise price of HK\$0.40 and 284,198,719 Shares at an exercise price of HK\$0.50.

A cash offer will be made by the Offeror, subject to the Conditions being fulfilled or (where permissible) waived by the Offeror, to cancel the Options. The offer to cancel each Option will be calculated on a see-through basis, so that each ERA Optionholder will be entitled to receive a price for his/her Options being the amount by which the Cash Alternative under the Offer exceeds the exercise price of his/her Options. In respect of the 18,900,000 Options convertible at an exercise price of HK\$0.40 the cancellation consideration will be HK\$0.48 per Option and in respect of the 284,198,719 Options convertible at an exercise price of HK\$0.50 the cancellation consideration will be HK\$0.38 per Option.

Further details of the Option Offer will be set out in the Offer Document.

Total consideration and confirmation of financial resources

As of the date of this announcement, there are 5,683,974,395 Shares in issue. Other than the 303,098,719 Options convertible into 303,098,719 Shares, there are no outstanding convertible securities, warrants, options or derivatives in respect of any Shares. The Offer will also be extended to all Shares validly issued pursuant to the exercise of the Options by the ERA Optionholders prior to the Closing Date.

The maximum amount of aggregate cash consideration to be paid to the ERA Shareholders in connection with the Offer would be approximately HK\$6,653,638,067, assuming (i) the Offer was accepted by all of the ERA Shareholders, (ii) all ERA Shareholders accepting the Offer elected to receive the Loan Note Alternative in respect of all of their Shares, (iii) the Loan Notes were redeemed for the maximum Aggregate Redemption Amount of HK\$1.15 in respect of each HK\$1.00 of Loan Notes and (iv) no Options were exercised by the ERA Optionholders prior to the Closing Date. This amount would increase to an aggregate of approximately HK\$6,885,134,081 if, instead of the circumstances described in point (iv) above, all Options were exercised by the ERA Optionholders prior to the Closing Date and the ERA Optionholders elected to receive the Loan Note Alternative in respect of all of the Shares received by them upon such exercise. The total amount of cash required to effect the Option Offer in the event no Options were exercised by the ERA Optionholders prior to the Closing Date would be HK\$117,067,513.

The Offeror intends to finance the cash required for the Offer and the Option Offer from available financial resources of the Caterpillar Group. Citigroup, the Offeror's financial adviser, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to implement the Offer and the Option Offer in full as described above.

Pre-condition to the Offer

The making of the Offer is subject to the satisfaction of the Pre-Condition, namely that a filing has been submitted to, and accepted by, MOFCOM under the Anti Monopoly Law of the PRC and the Offer has been cleared or, through the expiration of the relevant statutory time periods for review by MOFCOM, has been deemed to have been cleared by MOFCOM under the Anti Monopoly Law of the PRC, on terms acceptable to the Offeror and, if required by law, any consent or approval of any governmental or regulatory body in relation to the Offer or the contemplation thereof has been obtained on terms satisfactory to the Offeror.

If the Company reasonably considers that any terms attached to the decision received from MOFCOM under the Anti Monopoly Law of the PRC or any other relevant governmental or regulatory body in respect of the Offer may materially adversely affect the Consolidated Gross Profit of ERA for the period to the end of the 2013 financial year, the Offeror and ERA will discuss in good faith whether to adjust the terms of the Loan Note Alternative having regard to the terms of such decision. Where any such adjustment is made, this may reduce the Consolidated Gross Profit and aggregate Consolidated Gross Profit targets set out in the Loan Notes and in the section headed "2. The Offer – Consideration for the Offer" of this announcement but will not reduce the Aggregate Redemption Amount payable in the event such reduced Consolidated Gross Profit and aggregate Consolidated Gross Profit targets are met. In such circumstances, the rights of Loan Noteholders will not be prejudiced.

All references to the Offer in this announcement are, therefore, to the possible Offer, which will be implemented if, and only if, the Pre-Condition is satisfied.

If the Pre-Condition is satisfied on or before the Long Stop Date (which can be extended by the Offeror with the consent of ERA), the Offeror will issue a Further Announcement as soon as practicable thereafter. If the Pre-Condition is not satisfied on or before the Long Stop Date, the Offer will not be made and the ERA Shareholders will be notified by announcement as soon as practicable.

Conditions of the Offer

The Offer will be conditional upon the fulfilment or waiver (as applicable) of the Conditions as described in the section headed “4. Conditions of the Offer” of this announcement. All of the Conditions must be fulfilled or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as the Offeror and ERA may agree or, to the extent applicable, to which the Executive may consent), failing which the Offer will lapse.

WARNING:

The ERA Shareholders, ERA Optionholders and/or potential investors of ERA should be aware that the Offer will be made only if the Pre-Condition is satisfied and that the implementation of the Offer and the Option Offer are subject to the Conditions being fulfilled or (if permissible) waived, and therefore that the Offer and the Option Offer may or may not be made or implemented. The ERA Shareholders, ERA Optionholders and/or potential investors of ERA should therefore exercise caution when dealing in Shares and/or Options or any rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

Irrevocable Undertakings

On 10 November 2011, the Controlling Shareholders executed an irrevocable undertaking in favour of Caterpillar, pursuant to which each Controlling Shareholder has undertaken, *inter alia*, to:

- (a) accept, or procure the acceptance of, the Offer in respect of their Shares, not later than five Business Days after the despatch of the Offer Document; and
- (b) ensure and procure that MML will elect to receive the Loan Note Alternative in respect of not less than 30% of the Shares held by MML.

Assuming the Pre-Condition is satisfied and the Offer proceeds, the Offeror shall acquire from the Controlling Shareholders a total of 2,652,195,028 Shares pursuant to such irrevocable undertaking in consideration for not more than HK\$1,642,909,769 in cash, on the basis that the Controlling Shareholders will ensure and procure that MML will elect to receive the Loan Note Alternative in respect of a minimum of 30% of the Shares held by MML and elect to receive the Cash Alternative in respect of the remainder of its Shares, or Loan Notes with a maximum Aggregate Redemption Amount of HK\$3,050,024,282, if the Controlling Shareholders elected to receive the Loan Note Alternative in respect of all of their Shares.

On 10 November 2011, each of the Director Shareholders executed an irrevocable undertaking in favour of Caterpillar, pursuant to which each Director Shareholder has undertaken, *inter alia*, to accept, or procure the acceptance of, the Offer in respect of their Shares, not later than five Business Days after the despatch of the Offer Document.

Assuming the Pre-Condition is satisfied and the Offer proceeds, the Offeror shall acquire from the Director Shareholders a total of 75,128,000 Shares pursuant to such irrevocable undertakings in consideration for not more than HK\$66,112,640 in cash, if the Director Shareholders elected to receive the Cash Alternative in respect of all of their Shares, or Loan Notes with a maximum Aggregate Redemption Amount of HK\$86,397,200, if the Director Shareholders elected to receive the Loan Note Alternative in respect of all of their Shares.

Working capital loan

On 10 November 2011, the Offeror as lender entered into a HK\$385 million working capital loan agreement with ERA as borrower. Further details are set out in the section headed “Working Capital Loan” of this announcement.

General information

Independent Board Committee

An Independent Board Committee, which comprises the independent non-executive directors of ERA (other than Christopher John Parker who is a Concert Party to the Controlling Shareholders), has been established by the Board to make a recommendation to the ERA Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance and to the Optionholders as to its views on the Option Offer.

Independent financial adviser to the Independent Board Committee

The executive directors of ERA believe that the terms of the Offer are fair and reasonable and in the interests of the ERA Shareholders as a whole.

An Independent Board Committee has been established by the Board to make a recommendation to the ERA Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance, and to the Optionholders as to its views on the Option Offer.

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Offer and the Option Offer.

No dividend or other distribution

ERA does not intend to declare or pay any dividend or other distribution on the Shares during the Offer Period.

Compulsory acquisition and withdrawal of listing

The Offeror intends to exercise the right under section 88 of the Cayman Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Offer if it, within four months of the posting of the Composite Document, acquires not less than 90% of the Shares. On completion of the compulsory acquisition, if exercised, ERA will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise ERA by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Offer and purchases made by the Offeror and its Concert Parties during the four months after posting of the Offer Document total 90% of the disinterested Shares (as defined in the Takeovers Code).

Written notice of the Offeror's exercise of its right of compulsory acquisition as described above will be provided by the Offeror to those ERA Shareholders who do not accept the Offer and who are required to sell their Shares to the Offeror pursuant to such right. Such ERA Shareholders will be entitled to elect to receive the Cash Alternative in respect of some of their Shares and the Loan Note Alternative in respect of the remainder of their Shares, or to elect to receive either the Cash Alternative or the Loan Note Alternative in respect of all of their Shares. The Offeror reserves the right to deem any such ERA Shareholder who does not make any election in the required manner as to how it wishes to receive consideration from the Offeror for its Shares within 10 Business Days of being notified by the Offeror in writing of its intention to exercise its right of compulsory acquisition as having elected to receive the Cash Alternative in respect of all of their Shares.

WARNING:

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Islands Companies Law and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

General matters relating to the Offer

Availability of the Offer

The making and implementation of the Offer to ERA Shareholders and the Option Offer to ERA Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such ERA Shareholders and such ERA Optionholders, respectively, are located. Such ERA Shareholders and ERA Optionholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas ERA Shareholders and overseas ERA Optionholders wishing to take any action in relation to the Offer and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

The Offeror will comply with the requirements of the Takeovers Code in respect of overseas ERA Shareholders and overseas ERA Optionholders.

Composite Document

It is the intention of the Offeror and ERA that a Composite Document combining the Offer Document and the Response Document will be jointly despatched by the Offeror and ERA to the Shareholders in accordance with the requirements of the Takeovers Code. Subject to and after satisfaction of the Pre-Condition, the Composite Document containing, *inter alia*, further details of the Offer, the expected timetable, information regarding ERA, recommendations from the Independent Board Committee with respect to the Offer and the Option Offer, the letter of advice from the independent financial adviser to the Independent Board Committee, together with forms of acceptance will be despatched to the ERA Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable regulations.

The Offeror has applied to the Executive for its consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to the despatch of the Composite Document within seven days after the Pre-Condition is satisfied (or such later date to which the Executive, at the request of the Offeror, may consent).

Resumption of trading

At the request of ERA, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 7 November 2011 (Hong Kong time), pending the issue of this announcement.

Application has been made by ERA to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 November 2011.

This announcement does not constitute an offer or an invitation to purchase any securities. The Offer will be made solely by means of the Offer Document and the acceptance forms accompanying the Offer Document, which will contain the full terms and conditions of the Offer including details of how it may be accepted.

The Loan Note Alternative will be conditional on the Offer becoming or being declared unconditional in all respects and will remain open for so long as the Offer remains open for acceptance. Full details of the Loan Note Alternative will be contained in the Offer Document.

The Loan Notes and the related guarantee have not been, and absent the filing of a registration statement or the availability of an applicable exemption from registration or other waiver, will not be, offered, sold or delivered, directly or indirectly into any jurisdiction where to do so would constitute a violation thereof or a violation of any other relevant laws of such jurisdiction.

Notice to US holders of Shares:

The Offer will be made for the securities of a Cayman company and is subject to Hong Kong disclosure requirements, which are different from those of the United States. The financial information included in this announcement has been prepared in accordance with accounting principles of Hong Kong Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. The Offer will be made in the United States pursuant to the applicable US tender offer rules and otherwise in accordance with the requirements of the SFO. Accordingly, the Offer will be subject to disclosure and other procedural requirements, including with respect to withdrawal rights, offer timetable, settlement procedures and timing of payments, that are different from those applicable under US domestic tender offer procedures and law.

The receipt of cash pursuant to the Offer by a US holder of Shares may be a taxable transaction for US federal income tax purposes and under applicable state and local, as well as foreign and other tax laws. Each holder of Shares is urged to consult his independent professional advisor immediately regarding the tax consequences of acceptance of the Offer.

It may be difficult for US holders of Shares to enforce their rights and claims arising out of the US federal securities laws, since the Offeror and ERA are located in a country other than the United States, and some or all of their officers and directors may be residents of a country other than the United States. US holders of Shares may not be able to sue a non-US company or its officers or directors in a non-US court for violations of the US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgment.

In accordance with normal Hong Kong practice and pursuant to Rule 14e-5(b) of the US Exchange Act, the Offeror or its nominees, or its brokers (acting as agents), may from time to time make certain purchases of, or arrangements to purchase, Shares outside of the United States, other than pursuant to the Offer, before or during the period in which the Offer remains open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be reported to the SFC and will be available on the SFC website at <http://www.sfc.hk/>.

This announcement contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions, that, if they were to materialise or prove incorrect, could cause the results of the Offeror and Caterpillar and its consolidated subsidiaries to differ materially from those express or implied by such forward-looking statements. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. Each of the Offeror and Caterpillar assumes no obligation and does not intend to update these forward-looking statements, except as required pursuant to applicable law. Nothing in this announcement is intended to be a profit forecast or be interpreted to mean that earnings per share of the Offeror for the current or future financial years would necessarily match or exceed the historical published earnings per share of the Offeror or ERA.

1. INTRODUCTION

The directors of both the Offeror and ERA jointly announce that the Offeror (an indirect wholly-owned subsidiary of Caterpillar) will, subject to the satisfaction of the Pre-Condition, make a voluntary conditional offer to acquire all of the issued shares in the share capital of ERA.

2. THE OFFER

2.1 Consideration for the Offer

The consideration for the Offer will comprise the Cash Alternative and/or the Loan Note Alternative.

Pursuant to the Offer, the Offeror will offer to acquire the issued Shares in consideration for:

- (a) **Cash Alternative:** HK\$0.88 in cash per Share; and/or
- (b) **Loan Note Alternative:** a HK\$1.00 Loan Note per Share, issued by the Offeror, which will entitle the holder to receive on redemption, in respect of each HK\$1.00 of Loan Notes redeemed, a minimum of HK\$0.75 and up to HK\$1.15.

Each Loan Note will carry an entitlement to receive a capital payment on each of the 2013 Redemption Date and the 2014 Redemption Date. The 2013 Redemption Amount payable will be determined by reference to the Consolidated Gross Profit of ERA for the financial year ending 31 December 2012. The 2014 Redemption Amount payable will be determined by reference to the aggregate Consolidated Gross Profit of ERA for the two consecutive financial years ending 31 December 2013. The Consolidated Gross Profit of ERA for these purposes will in each case be as shown in the relevant audited consolidated accounts of ERA. The payment of the 2013 Redemption Amount and the 2014 Redemption Amount will be guaranteed by Caterpillar.

The Offeror does not intend to conduct, or change the nature of, ERA's business in such a way so as to intentionally diminish ERA's Consolidated Gross Profit and therefore the Aggregate Redemption Amount.

The amount of the 2013 Redemption Amount and the 2014 Redemption Amount will be determined in accordance with the following table:

Consolidated Gross Profit in 2012 (in HK\$ mm)	2013 Redemption Amount (HK\$ per HK\$1.00 of Loan Notes)	2014 Redemption Amount (HK\$ per HK\$1.00 of Loan Notes)					
	Aggregate Less than 1,500	Consolidated Gross Profit in 2012 and 2013 (in HK\$ mm)					
		1,500 – 1,589	1,589 – 1,667	1,667 – 1,745	1,745 – 1,831	1,831 – greater	
Less than 650	0.750	0.000	0.200	0.250	0.300	0.350	0.400
650 – 693	0.850	0.000	0.100	0.150	0.200	0.250	0.300
693 – 732	0.875	0.000	0.075	0.125	0.175	0.225	0.275
732 – 779	0.900	0.000	0.050	0.100	0.150	0.200	0.250
779 – 826	0.925	0.000	0.025	0.075	0.125	0.175	0.225
826 or greater	0.950	0.000	0.000	0.050	0.100	0.150	0.200

Note: Each range of Consolidated Gross Profit and aggregate Consolidated Gross Profit set out in the above table is inclusive of the first figure, and exclusive of the last figure, in such range.

For example, if the Consolidated Gross Profit of ERA for the financial year ending 31 December 2012 was HK\$700 million, the 2013 Redemption Amount would be HK\$0.875 per HK\$1.00 of Loan Notes. If the aggregate Consolidated Gross Profit of ERA for the two consecutive financial years ending 31 December 2013 was then HK\$1,700 million, the 2014 Redemption Amount would be HK\$0.175 per HK\$1.00 of Loan Notes. The Aggregate Redemption Amount would therefore be HK\$1.05 per HK\$1.00 of Loan Notes.

The Cash Alternative, the 2013 Redemption Amount and the 2014 Redemption Amount will be financed by the Offeror.

2.2 The Cash Alternative

The cash consideration of HK\$0.88 per Share under the Cash Alternative represents:

- (a) a premium of approximately 33.3% over the closing price of the Shares of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 33.6% over the volume weighted average closing price of the Shares of HK\$0.658 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Date;
- (c) a premium of approximately 36.2% over the volume weighted average closing price of the Shares of HK\$0.646 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date;
- (d) a premium of approximately 57.6% over the volume weighted average closing price of the Shares of HK\$0.558 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date;
- (e) a premium of approximately 100.1% over the volume weighted average closing price of the Shares of HK\$0.440 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Date;
- (f) a premium of approximately 281.8% over the June 2011 Net Asset Value Per Share; and
- (g) a premium of approximately 304.2% over the December 2010 Net Asset Value Per Share.

All ERA Shareholders will be entitled to elect to receive the Cash Alternative in respect of some of their Shares and the Loan Note Alternative in respect of the remainder of their Shares, or to elect to receive either the Cash Alternative or the Loan Note Alternative in respect of all of their Shares.

2.3 The Loan Note Alternative

The minimum Aggregate Redemption Amount of HK\$0.75 in respect of each HK\$1.00 of the Loan Notes represents:

- (a) a premium of approximately 13.6% over the closing price of the Shares of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (b) a premium of approximately 13.9% over the volume weighted average closing price of the Shares of HK\$0.658 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Date;
- (c) a premium of approximately 16.1% over the volume weighted average closing price of the Shares of HK\$0.646 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date;
- (d) a premium of approximately 34.3% over the volume weighted average closing price of the Shares of HK\$0.558 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date;
- (e) a premium of approximately 70.6% over the volume weighted average closing price of the Shares of HK\$0.440 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Date;
- (f) a premium of approximately 225.4% over the June 2011 Net Asset Value Per Share; and
- (g) a premium of approximately 244.5% over the December 2010 Net Asset Value Per Share.

The maximum Aggregate Redemption Amount of HK\$1.15 in respect of each HK\$1.00 of the Loan Notes represents:

- (a) a premium of approximately 74.2% over the closing price of the Shares of HK\$0.660 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (b) a premium of approximately 74.8% over the volume weighted average closing price of the Shares of HK\$0.658 per Share as quoted on the Stock Exchange for the 5 consecutive trading days up to and including Last Trading Date;
- (c) a premium of approximately 78.0% over the volume weighted average closing price of the Shares of HK\$0.646 per Share as quoted on the Stock Exchange for the 10 consecutive trading days up to and including the Last Trading Date;
- (d) a premium of approximately 106.1% over the volume weighted average closing price of the Shares of HK\$0.558 per Share as quoted on the Stock Exchange for the 30 consecutive trading days up to and including the Last Trading Date;

- (e) a premium of approximately 161.4% over the volume weighted average closing price of the Shares of HK\$0.440 per Share as quoted on the Stock Exchange for the 60 consecutive trading days up to and including the Last Trading Date;
- (f) a premium of approximately 398.9% over the June 2011 Net Asset Value Per Share; and
- (g) a premium of approximately 428.3% over the December 2010 Net Asset Value Per Share.

ERA Shareholders should be aware of, among other things, the following matters in relation to the Loan Notes:

- the Loan Notes will be non-transferable (except to the Offeror);
- no dividends will be paid in respect of the Loan Notes;
- no voting rights will attach to the Loan Notes; and
- **changes in the business and economic environment and the conduct of the business of ERA and its subsidiaries could adversely affect the Consolidated Gross Profit of ERA during 2012 and 2013 and accordingly the Aggregate Redemption Amount may be less than the consideration per Share under the Cash Alternative.**

2.4 Highest and lowest prices

During the six-month period preceding the Last Trading Date, the highest closing price of the Shares as quoted on the Stock Exchange was HK\$0.81 on 6 and 16 May 2011 and the lowest closing price of the Shares as quoted on the Stock Exchange was HK\$0.255 on 11 and 12 August 2011.

Offer to ERA Optionholders

As at the date of this announcement, there are 303,098,719 Options held by the ERA Optionholders, which are convertible into 18,900,000 Shares at an exercise price of HK\$0.40 and 284,198,719 Shares at an exercise price of HK\$0.50.

A cash offer will be made by the Offeror, subject to the Conditions being fulfilled or (where permissible) waived by the Offeror, to cancel the Options. The offer to cancel each Option will be calculated on a see-through basis, so that each ERA Optionholder will be entitled to receive a price for his/her Options being the amount by which the Cash Alternative under the Offer exceeds the exercise price of his/her Options. In respect of the 18,900,000 Options convertible at an exercise price of HK\$0.40 the cancellation consideration will be HK\$0.48 per Option and in respect of the 284,198,719 Options convertible at an exercise price of HK\$0.50 the cancellation consideration will be HK\$0.38 per Option.

Further details of the Option Offer will be set out in the Offer Document.

Settlement of consideration

Settlement of the consideration payable in respect of acceptances of the Offer by election to receive the Cash Alternative will be made as soon as possible, but in any event within 10 days of the date of receipt of a complete and valid acceptance of the Offer, or of the date on which the Offer becomes or declared unconditional in all respects, whichever is the later.

No fractions of a cent will be payable and the amount of cash consideration payable to an ERA Shareholder who accepts the Offer by electing to receive the Cash Alternative will be rounded down to the nearest cent.

Settlement of the Redemption Amounts under the Loan Notes will be in cash in HK\$ on the 2013 Redemption Date or the 2014 Redemption Date, as applicable.

2.5 Total consideration and confirmation of financial resources

As of the date of this announcement, there are 5,683,974,395 Shares in issue. Other than the 303,098,719 Options convertible into 303,098,719 Shares, there are no outstanding convertible securities, warrants, options or derivatives in respect of any Shares. The Offer will also be extended to all Shares validly issued pursuant to the exercise of the Options by the ERA Optionholders prior to the Closing Date.

The maximum amount of aggregate cash consideration to be paid to the ERA Shareholders in connection with the Offer would be approximately HK\$6,653,638,067, assuming (i) the Offer were accepted by all of the ERA Shareholders, (ii) all ERA Shareholders accepting the Offer elected to receive the Loan Note Alternative in respect of all of their Shares, (iii) the Loan Notes were redeemed for the maximum Aggregate Redemption Amount of HK\$1.15 in respect of each HK\$1.00 of Loan Notes and (iv) no Options were exercised by the ERA Optionholders prior to the Closing Date. This amount would increase to an aggregate of approximately HK\$6,885,134,081 if, instead of the circumstances described in point (iv)

above, all Options were exercised by the ERA Optionholders prior to the Closing Date and the ERA Optionholders elected to receive the Loan Note Alternative in respect of all of the Shares received by them upon such exercise. The total amount of cash required to effect the Option Offer in the event no Options were exercised by the ERA Optionholders prior to the Closing Date would be HK\$117,067,513.

The Offeror intends to finance the cash required for the Offer and the Option Offer from available financial resources of the Caterpillar Group. Citigroup, the Offeror's financial adviser, is satisfied that sufficient financial resources are, and will remain, available to the Offeror to implement the Offer and the Option Offer in full as described above.

3. PRE-CONDITION TO THE OFFER

The making of the Offer is subject to the satisfaction of the Pre-Condition, namely that a filing has been submitted to, and accepted by, MOFCOM under the Anti Monopoly Law of the PRC and the Offer has been cleared or, through the expiration of the relevant statutory time periods for review by MOFCOM, has been deemed to have been cleared by MOFCOM under the Anti Monopoly Law of the PRC, on terms acceptable to the Offeror and, if required by law, any consent or approval of any governmental or regulatory body in relation to the Offer or the contemplation thereof has been obtained on terms satisfactory to the Offeror.

If the Company reasonably considers that any conditions attached to the decision received from MOFCOM under the Anti Monopoly Law of the PRC or any other relevant governmental or regulatory body in respect of the Offer may materially adversely affect the Consolidated Gross Profit of ERA for the period to the end of the 2013 financial year, the Offeror and ERA will discuss in good faith whether to adjust the terms of the Loan Note Alternative having regard to the terms of such decision. Where any such adjustment is made, this may reduce the Consolidated Gross Profit and aggregate Consolidated Gross Profit targets set out in the Loan Notes and in the section headed "2. The Offer – Consideration for the Offer" of this announcement but will not reduce the Aggregate Redemption Amount payable in the event such reduced Consolidated Gross Profit and aggregate Consolidated Gross Profit targets are met. In such circumstances, the rights of Loan Noteholders will not be prejudiced.

All references to the Offer in this announcement are, therefore, to the possible Offer, which will be implemented if, and only if, the Pre-Condition is satisfied.

If the Pre-Condition is satisfied on or before the Long Stop Date (which can be extended by the Offeror with the consent of ERA), the Offeror will issue a Further Announcement as soon as practicable thereafter. If the Pre-Condition is not satisfied on or before the Long Stop Date, the Offer will not be made and the ERA Shareholders will be notified by announcement as soon as practicable.

4. CONDITIONS OF THE OFFER

The Offer will be conditional upon the satisfaction or waiver (as applicable) of the following Conditions:

- (a) valid acceptances of the offer being received (and not, where permitted, withdrawn) at or before 4:00 p.m. (Hong Kong time) on the Closing Date (or such later time as the Offeror may, subject to the rules of the Takeovers Code, decide) in respect of at least 90% of the issued share capital of ERA as at the Last Trading Date;
- (b) all necessary authorisations, registrations, filings, ruling, consents, opinions, permission and approvals in connection with the Offer having been obtained from, given by or made with (as the case may be) the Relevant Authorities in the Cayman Islands, Hong Kong and any other relevant jurisdictions;
- (c) all necessary authorisations, registrations, filings, rulings, consents, opinions, permissions and approvals in connection with the Offer remaining in full force and effect without material variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no material and adverse requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Offer or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Offer becomes unconditional;
- (d) all necessary consents which may be required for the implementation of the Offer under any existing contractual obligations of ERA being obtained or waived by the relevant party(ies), where any failure to obtain such consent or waiver would have a material adverse effect on the business of the ERA Group;
- (e) no government, governmental, quasi-governmental, statutory or regulatory body, court or agency in any jurisdiction having taken or instituted any action, proceeding, suit, investigation or enquiry (or enacted, made or proposed, and there not continuing to be outstanding, any statute, regulation, demand or order) that would make the Offer or its implementation in accordance with its terms void, unenforceable, illegal or impracticable (or which would impose any material and adverse conditions or obligations with respect to the Offer or its implementation in accordance with its terms), other than such actions, proceedings, suits, investigations or enquiries as would not have a material adverse effect on the legal ability of the Offeror to proceed with the Offer;
- (f) there having been no material adverse change in the business, assets, financial or trading positions, profits or prospects of the ERA Group since the date of this announcement; and

- (g) there having been no frustrating action taken by ERA or any member of the ERA Group since the date of this announcement, unless with the consent of the Offeror.

The Offeror reserves the right to waive any of the Conditions either in whole or in part, either generally or in respect of any particular matter. Pursuant to Note 2 to Rule 30.1 of the Takeovers Code, the Offeror may only invoke any or all of the Conditions as a basis for not proceeding with the Offer if the circumstances which give rise to the right to invoke any such Condition are of material significance to the Offeror in the context of the Offer. All of the above Conditions will have to be fulfilled or waived (as applicable) on or before the Conditions Long Stop Date (or such later date as the Offeror and ERA may agree or, to the extent applicable, to which the Executive may consent), failing which the Offer will lapse. ERA has no right to waive any of the Conditions.

The implementation of the Option Offer will be conditional upon the Offer becoming effective.

WARNING:

The ERA Shareholders, ERA Optionholders and/or potential investors of ERA should be aware that the Offer will be made only if the Pre-Condition is satisfied and that the implementation of the Offer and the Option Offer are subject to the Conditions being fulfilled or (if permissible) waived, and therefore that the Offer and the Option Offer may or may not be made or implemented. The ERA Shareholders, ERA Optionholders and/or potential investors of ERA should therefore exercise caution when dealing in Shares and/or Options or any rights in respect of them. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor or other professional advisers.

5. IRREVOCABLE UNDERTAKINGS

On 10 November 2011, the Controlling Shareholders executed an irrevocable undertaking in favour of Caterpillar, pursuant to which each Controlling Shareholder has undertaken, *inter alia*, to:

- (a) accept, or procure the acceptance of, the Offer in respect of their Shares, not later than five Business Days after the despatch of the Offer Document; and
- (b) ensure and procure that MML will elect to receive the Loan Note Alternative in respect of not less than 30% of the Shares held by MML.

The irrevocable undertaking also provides that, before the Offer closes, lapses or is withdrawn, each Controlling Shareholder shall not, among other things, sell, transfer, charge, encumber, grant any option over or otherwise dispose of any direct or indirect interest in its Shares, nor will it or he accept any other offer in respect of any of its or his Shares, nor will it or he enter into any agreement or any arrangement to do any of the above acts.

Assuming the Pre-Condition is satisfied and the Offer proceeds, the Offeror shall acquire from the Controlling Shareholders a total of 2,652,195,028 Shares pursuant to such irrevocable undertaking in consideration for not more than HK\$1,642,909,769 in cash, on the basis that the Controlling Shareholders will ensure and procure that MML will elect to receive the Loan Note Alternative in respect of a minimum of 30% of the Shares held by MML and elect to receive the Cash Alternative in respect of the remainder of its Shares, or Loan Notes with a maximum Aggregate Redemption Amount of HK\$3,050,024,282, if the Controlling Shareholders elected to receive the Loan Note Alternative in respect of all of their Shares.

On 10 November 2011, each of the Director Shareholders executed an irrevocable undertaking in favour of Caterpillar, pursuant to which each Director Shareholder has undertaken, *inter alia*, to accept, or procure the acceptance of, the Offer in respect of their Shares, not later than five Business Days after the despatch of the Offer Document.

Assuming the Pre-Condition is satisfied and the Offer proceeds, the Offeror shall acquire from the Director Shareholders a total of 75,128,000 Shares pursuant to such irrevocable undertakings in consideration for not more than HK\$66,112,640 in cash, if the Director Shareholders elected to receive the Cash Alternative in respect of all of their Shares, or Loan Notes with a maximum Aggregate Redemption Amount of HK\$86,397,200, if the Director Shareholders elected to receive the Loan Note Alternative in respect of all of their Shares.

The Irrevocable Undertakings and the obligations of the Controlling Shareholders and Director Shareholders thereunder shall lapse and terminate, if not previously renewed by agreement between Caterpillar and the Controlling Shareholders on the earliest to occur of:

- (a) the date on which the MOFCOM formally rejects the application made in relation to the Offer for approval under the Anti-Monopoly Law of the People's Republic of China;
- (b) the date on which the Offer lapses or is withdrawn; and
- (c) the date which is 7 months after the date of this announcement.

The Irrevocable Undertakings will, however, remain binding even if a higher offer is made for the Shares by or on behalf of a party or parties other than the Offeror.

6. WORKING CAPITAL LOAN

On 10 November 2011, the Offeror as lender entered into a HK\$385 million working capital loan agreement with ERA as borrower.

The agreement contains customary conditions to advances. The working capital loan will have a 12 month term and an interest rate of 8% per annum payable semi-annually. The loan is callable by the Offeror, subject to a 180 day grace period, if the Pre-Condition is not or will not be satisfied, if the Offer lapses or is withdrawn or if there is a breach of certain provisions of the irrevocable undertakings provided by the Controlling Shareholders. The interest rate steps up to 15% 120 days after the loan becomes callable by the Offeror or if there is a payment default. The loan is to be collateralised by 1,538,464,000 Shares held by MML and subject to a US\$10 million personal guarantee to be jointly and severally provided by Emory Williams and Li Rubo.

7. GENERAL INFORMATION

7.1 Information on the Caterpillar Group and the Offeror

Caterpillar is incorporated in Delaware and was listed on the New York Stock Exchange on 2 December 1929 under the name Caterpillar Tractor Company. In 1986, it was changed to Caterpillar Inc., and in May 1991, Caterpillar became one of 30 companies in the Dow Jones Industrial Average. With 2010 sales and revenues of US\$42.588 billion, Caterpillar is the world's leading manufacturer of construction and mining equipment, diesel and natural gas engines, industrial gas turbines and diesel-electric locomotives. The company also is a leading services provider through Caterpillar Financial Services Corporation, Caterpillar Remanufacturing Services, Caterpillar Logistics Services, Inc. and Progress Rail Services Corporation.

Caterpillar has paid a cash dividend every year since the company was formed in 1925 and has paid a dividend every quarter since November 1933.

The Offeror is a *Société Anonyme* incorporated and registered in Luxembourg and is in the process of being registered with the Luxembourg Register of Commerce. Its principal business activity is investment holding. Caterpillar, through its wholly-owned subsidiary Caterpillar (HK) Limited, holds the entire share capital of the Offeror.

7.2 Information on the ERA Group

ERA is a company incorporated in Cayman Islands with limited liability and its principal business activity is investment holding.

The ERA Group, through its wholly-owned subsidiary, Zhengzhou Siwei, operates the ERA Group's hydraulic machinery business in the PRC. The ERA Group possesses a manufacturing base in Zhengzhou with a maximum production capacity of approximately RMB3 billion in 2011. Its leading products are hydraulic supports, together with related hydraulic equipment and accessories and electro-control equipment. The ERA Group has received over 100 national patents as of 30 September 2011. The ERA Group has passed many relevant accreditations, including the ISO9001:2008 Quality Management System, ISO14001:2004 Environmental Management System and GB/T28001-2001 Occupational Health and Safety Management System. The ERA Group is dedicated to supporting its customers with the best underground mining equipment and services.

Shareholding structure of ERA

The shareholding structure of ERA (i) as at the date of this announcement; and (ii) following the completion of the Offer (assuming (i) holders of at least 90% of the Shares tender their acceptances for the Offer and the remaining Shares are compulsorily acquired by the Offeror; and (ii) no additional Shares will be issued or repurchased by ERA from the date of this announcement up to and including the date of completion of the Offer) is as follows:

Name of Shareholder	As at the date of this announcement		After completion of the Offer	
	<i>No. of Shares held</i>	<i>Approx. % of issued Shares</i>	<i>No. of Shares held</i>	<i>Approx. % of issued Shares</i>
Controlling Shareholders (<i>Note 1</i>)	2,652,195,028	46.66	–	–
Lee Jong Dae (<i>Note 2</i>)	20,000,000	0.35	–	–
Christopher John Parker (<i>Note 3</i>)	55,128,000	0.97	–	–
Liu Jie (<i>Note 4</i>)	15,402,284	0.27	–	–
Controlling Shareholders and their Concert Parties	<u>2,742,725,312</u>	<u>48.25</u>	<u>–</u>	<u>–</u>
Offeror and its Concert Parties	–	–	5,683,974,395	100.00
Public Shareholders	<u>2,941,249,083</u>	<u>51.75</u>	<u>–</u>	<u>–</u>
Total:	<u><u>5,683,974,395</u></u>	<u><u>100.00</u></u>	<u><u>5,683,974,395</u></u>	<u><u>100.00</u></u>

Notes:

1. 2,617,507,028 Shares (representing approximately 46.05% of the issued share capital of ERA) ultimately beneficially owned by the Controlling Shareholders are held through MML, which in turn is owned by Emory Williams as to 32.66% and James Edward Thompson III as to 67.34%. 20,500,000 Shares (representing approximately 0.36% of the issued share capital of ERA) ultimately beneficially owned by Emory Williams are owned by and registered in the name of Power Castle Development Limited, which in turn is wholly owned by Emory Williams. 10,988,000 Shares (representing approximately 0.19% of the issued share capital of ERA) ultimately beneficially owned by Emory Williams are held through a third party broker, Julius Baer. Emory Williams directly beneficially owns 3,200,000 Shares (representing approximately 0.06% of the issued share capital of ERA).
2. The 20,000,000 Shares ultimately beneficially owned by Lee Jong Dae are held through Wah Hong Investment Limited, which in turn is indirectly wholly owned by Lee Jong Dae.
3. The 55,128,000 Shares ultimately beneficially owned by Christopher John Parker are held through Clydesdale International Ltd. which in turn is wholly owned by Christopher John Parker.
4. Madam Liu Jie is the spouse, and therefore a deemed Concert Party, of Emory Williams.

As at the date of this announcement, save for Emory Williams, Lee Jong Dae and Christopher John Parker, no other ERA Directors hold any Shares.

7.3 Independent Board Committee

An Independent Board Committee, which comprises the independent non-executive directors of ERA (other than Christopher John Parker who is a Concert Party to the Controlling Shareholders), has been established by the Board to make a recommendation to the ERA Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance and to the Optionholders as to its views on the Option Offer.

7.4 Independent financial adviser to the Independent Board Committee

The executive directors of ERA believe that the terms of the Offer are fair and reasonable and in the interests of the ERA Shareholders as a whole.

An Independent Board Committee has been established by the Board to make a recommendation to the ERA Shareholders as to whether the Offer is, or is not, fair and reasonable and as to acceptance, and to the Optionholders as to its views on the Option Offer.

An independent financial adviser will be appointed (with the approval of the Independent Board Committee) to advise the Independent Board Committee in connection with the Offer and the Option Offer.

7.5 No dividend or other distribution

ERA does not intend to declare or pay any dividend or other distribution on the Shares during the Offer Period.

7.6 Reasons for and benefits of the Offer

The directors of both the Offeror and ERA believe that the acquisition of ERA by the Offeror will provide significant synergy opportunities and result in a business that will deliver more benefits and value than could be accomplished by either company alone, as well as provide Caterpillar an entry opportunity into the Chinese roof support market.

In turn, the directors of both the Offeror and ERA believe that ERA, which has grown rapidly over the past several years, would benefit from the financial, management, and technical support that Caterpillar can provide. In particular the directors of both the Offeror and ERA believe that Caterpillar can bring technological improvements to ERA's current business and thereby lead to operational and safety improvements at Chinese mines where ERA's products are used. The directors of both the Offeror and ERA believe that Caterpillar's institutional knowledge in manufacturing and product design will also enable ERA to improve and diversify its product development in order to better serve its Chinese client base. Additionally, given the global reach and scale of Caterpillar's business, distribution abilities and operations outside of China, the directors of both the Offeror and ERA believe that the acquisition of ERA by the Offeror would give ERA greater access to, and improve its ability to grow, business and sales globally.

7.7 Compulsory acquisition and withdrawal of listing

The Offeror intends to exercise the right under section 88 of the Cayman Companies Law to compulsorily acquire those Shares not acquired by the Offeror under the Offer if it, within four months of the posting of the Composite Document, acquires not less than 90% of the Shares. On completion of the compulsory acquisition, if exercised, ERA will become a wholly-owned subsidiary of the Offeror and an application will be made for the withdrawal of the listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where the Offeror seeks to acquire or privatise ERA by means of the Offer and the use of compulsory acquisition rights, such rights may only be exercised if, in addition to satisfying any requirement imposed by the Cayman Islands Companies Law, acceptance of the Offer and purchases made by the Offeror and its Concert Parties during the four months after posting of the Offer Document total 90% of the disinterested Shares (as defined in the Takeovers Code).

Written notice of the Offeror's exercise of its right of compulsory acquisition as described above will be provided by the Offeror to those ERA Shareholders who do not accept the Offer and who are required to sell their Shares to the Offeror pursuant to such right. Such ERA Shareholders will be entitled to elect to receive the Cash Alternative in respect of some of their Shares and the Loan Note Alternative in respect of the remainder of their Shares, or to elect to receive either the Cash Alternative or the Loan Note Alternative in respect of all of their Shares. The Offeror reserves the right to deem any such ERA Shareholder who does not make any election in the required manner as to how it wishes to receive consideration from the Offeror for its Shares within 10 Business Days of being notified by the Offeror in writing of its intention to exercise its right of compulsory acquisition as having elected to receive the Cash Alternative in respect of all of their Shares.

WARNING:

If the level of acceptances of the Offer reaches the prescribed level under the Cayman Islands Companies Law and the requirements of Rule 2.11 of the Takeovers Code are satisfied, dealings in the Shares will be suspended from the Closing Date up to the withdrawal of listing of the Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

7.8 Further terms of the Offer

Shares

Under the terms of the Offer, the Shares will be acquired with all rights attached thereto as at the date of this announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of this announcement, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Hong Kong stamp duty

Sellers' ad valorem stamp duty arising in connection with acceptance of the Offer will be payable by each ERA Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by the Offeror for such person's Shares and will be deducted from the cash amount due to such accepting ERA Shareholder. The Offeror will pay the buyer's ad valorem stamp duty on its own behalf and, subject to such deduction aforesaid will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Shares which are validly tendered for acceptance under the Offer.

7.9 General matters relating to the Offer

Availability of the Offer

The making and implementation of the Offer to ERA Shareholders and the Option Offer to ERA Optionholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such ERA Shareholders and such ERA Optionholders, respectively, are located. Such ERA Shareholders and ERA Optionholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of any overseas ERA Shareholders and overseas ERA Optionholders wishing to take any action in relation to the Offer and the Option Offer, respectively, to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

The Offeror will comply with the requirements of the Takeovers Code in respect of overseas ERA Shareholders and overseas ERA Optionholders.

Composite Document

Subject to and after satisfaction of the Pre-Condition, the Composite Document containing, *inter alia*, further details of the Offer, the expected timetable, information regarding ERA, recommendations from the Independent Board Committee with respect to the Offer and the Option Offer, the letter of advice from the independent financial adviser to the Independent Board Committee, together with forms of acceptance will be despatched to the ERA Shareholders as soon as practicable and in compliance with the requirements of the Takeovers Code and other applicable regulations.

The Offeror has applied to the Executive for its consent pursuant to Note 2 to Rule 8.2 of the Takeovers Code to the despatch of the Composite Document within seven days after the Pre-Condition is satisfied (or such later date as the Executive, at the request of the Offeror, may consent).

Further agreements or arrangements

As at the date of this announcement, there are no arrangements (whether by way of option, indemnity or otherwise) in relation to the Shares or the shares of the Offeror which might be material to the Offer or the Option Offer.

As at the date of this announcement and save as disclosed in the sections headed “3. Pre-Condition to the Offer”, “4. Conditions of the Offer” and “5. Irrevocable Undertakings” of this announcement, there are no agreements or arrangements to which either of the Offeror or Caterpillar is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

Completion of the Offer

If the Conditions are not satisfied (or, if permissible, waived) on or before the Conditions Long Stop Date (or such later date as the Offeror and ERA may agree or, to the extent applicable, to which the Executive may consent), the Offer will lapse. In that case, the Offeror will issue an announcement in relation to the revision, extension, expiry or unconditionality of the Offer in accordance with the Takeovers Code and Listing Rules by 7:00 p.m. (Hong Kong time) on the Closing Date. The latest date on which the Offeror can declare the Offer unconditional as to acceptances is 7:00 p.m. (Hong Kong time) on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

If the Conditions are satisfied (or, if permissible, waived), ERA Shareholders will be notified by an announcement in accordance with the Takeovers Code and Listing Rules as soon as practicable thereafter.

Interest of the Offeror and its Concert Parties in ERA

As at the date of this announcement, none of the Offeror nor any of its Concert Parties owns or controls any Shares or any convertible securities, warrants or options (or other outstanding derivatives) in respect of the Shares.

As at the date of this announcement, none of the Offeror nor any of its Concert Parties has borrowed or lent any Shares.

8. RESUMPTION OF TRADING

At the request of ERA, trading in the Shares on the Stock Exchange was suspended from 9:00 a.m. on 7 November 2011 (Hong Kong time), pending the issue of this announcement.

Application has been made by ERA to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 11 November 2011.

9. DEFINITIONS

In this announcement, save as the context otherwise requires, the defined terms have the following meanings:

“2013 Redemption Date”	means 30 April 2013;
“2013 Redemption Amount”	means the amount payable in respect of each HK\$1.00 of Loan Notes redeemed on the 2013 Redemption Date;
“2014 Redemption Date”	means 30 April 2014;
“2014 Redemption Amount”	means the amount payable in respect of each HK\$1.00 of Loan Notes redeemed on the 2014 Redemption Date;
“Aggregate Redemption Amount”	means the aggregate of the 2013 Redemption Amount and the 2014 Redemption Amount;
“associate”	has the meaning ascribed to that term in the Listing Rules;
“Board”	means the board of directors of ERA from time to time;
“Business Days”	means a day on which securities listed on the Stock Exchange are traded;
“Cash Alternative”	means the option of an ERA Shareholder to receive HK\$0.88 per Share payable in cash under the Offer, as set out in the section headed “The Offer – Consideration for the Offer” of this announcement;
“Caterpillar”	means Caterpillar Inc., a Delaware corporation whose shares are listed on the New York Stock Exchange;

“Caterpillar Directors”	means the Directors of Caterpillar from time to time;
“Caterpillar Group”	means Caterpillar and its subsidiaries from time to time;
“Cayman Islands Companies Law”	means the Companies Law Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands;
“Citigroup”	means Citigroup Global Markets Asia Limited, a registered institution under the SFO, licensed to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts) and Type 6 (advising on corporate finance) regulated activities under the SFO, and a licensed bank under the Banking Ordinance (Cap. 155 of the Laws of Hong Kong);
“Closing Date”	means the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive;
“Composite Document”	means the Offer Document and the Response Document to be issued jointly by the Offeror and ERA in connection with the Offer;
“Concert Party(ies)”	means a party (the parties) acting in concert with the Offeror or the Controlling Shareholders (as the case may be), as determined in accordance with the Takeovers Code;
“Conditions”	means the conditions to the Offer, as set out under the section headed “4. Conditions to the Offer” of this announcement;
“Conditions Long Stop Date”	means the date which is 60 calendar days after the posting of the Composite Document, unless the date has been extended by the Offeror with the consent of ERA;
“Consolidated Gross Profit”	the gross profit of the ERA Group on a consolidated basis as determined in accordance with the International Financial Reporting Standards, being the existing accounting principles and policies as currently adopted by ERA;

“Controlling Shareholders”	means Emory Williams, James Edward Thompson III and MML;
“December 2010 Net Asset Value Per Share”	means the net asset value per share of HK\$0.218 being calculated by dividing the total net asset value of ERA as stated in the audited consolidated financial statements of ERA for the financial year ended 31 December 2010 by the total number of Shares in issue as of 31 December 2010;
“Director Shareholders”	means Lee Jong Dae and Christopher John Parker;
“disinterested Shares”	has the meaning ascribed to it in the Takeovers Code;
“ERA”	means ERA Mining Machinery Limited, a company incorporated in the Cayman Islands and whose Shares are listed on GEM;
“ERA Directors”	means the directors of ERA from time to time;
“ERA Group”	means ERA and its subsidiaries from time to time;
“ERA Optionholders”	means the registered holders of the Options from time to time;
“ERA Shareholders”	means registered holders of the Shares from time to time;
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC and any of its delegates;
“frustrating action”	has the meaning ascribed to it in the Takeovers Code;
“Further Announcement”	means the further announcement to be issued by the Offeror and ERA if the Pre-Condition is satisfied on or before the Long Stop Date;
“GEM”	means the Growth Enterprise Market of the Stock Exchange;
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong;

“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Board Committee”	means the independent committee of the board of directors of ERA established pursuant to Rule 2.1 of the Takeovers Code, as described in the section headed “Independent Board Committee” of this announcement;
“Irrevocable Undertakings”	means the irrevocable undertaking dated 10 November 2011 given by the Controlling Shareholders and the irrevocable undertakings dated 10 November 2011 given by each of the Director Shareholders;
“June 2011 Net Asset Value Per Share”	means the net asset value per share of HK\$0.23 being calculated by dividing the total net asset value of ERA as stated in the consolidated financial statements of ERA for the six months ended 30 June 2011 by the total number of Shares in issue as of 30 June 2011;
“Last Trading Date”	4 November 2011, being the final day of trading prior to suspension of trading in the Shares and the last trading day for the Shares before the date of this announcement;
“Listing Rules”	means the Rules Governing the Listing of Securities on GEM;
“Loan Noteholder”	means the holder of Loan Notes;
“Loan Note Alternative”	means the option of an ERA Shareholder to receive Loan Notes in respect of some or all of their Shares under the Offer, redeemable in the manner set out in the section headed “The Offer – Consideration for the Offer” of this announcement;
“Loan Notes”	means the loan notes, constituted under a loan note certificate executed by the Offeror, to be issued by the Offeror to an ERA Shareholder upon the ERA Shareholder’s election to receive the Loan Note Alternative in respect of some or all of its Shares;

“Long Stop Date”	means the date which is seven months after the date of this announcement, unless the date has been extended by the Offeror with the consent of ERA;
“MML”	means Mining Machinery Ltd., the controlling shareholder of ERA, which is wholly-owned by Emory Williams as to 32.66% and James Edward Thompson III as to 67.34%;
“MOFCOM”	means the Ministry of Commerce of the PRC;
“Offer”	means the pre-conditional voluntary offer to be made by the Offeror to acquire all of the Shares, comprised of the Cash Alternative and the Loan Note Alternative by the Offeror;
“Offer Document”	means the document required to be issued by, or on behalf of, the Offeror to all ERA Shareholder in accordance with the Takeovers Code containing, <i>inter alia</i> , details of the Offer and the terms and conditions of the Offer and forming part of the Composite Document;
“Offeror”	means Caterpillar (Luxembourg) Investment Co. S.A., an indirect wholly-owned subsidiary of Caterpillar;
“Offeror Directors”	means the directors of the Offeror from time to time;
“Offer Period”	means the period from the date of this announcement until whichever is the latest of (i) the date when the Offer closes for acceptances, (ii) the date when the Offer lapses, (iii) the time when the Offeror announces that the Offer will not proceed, (iv) the date when an announcement is made of the withdrawal of the Offer and (v) the latest date on which ERA Shareholders can elect to receive the Cash Alternative or the Loan Note Alternative in respect of some or all of their Shares;
“Option Offer”	means the cash offer to be made by the Offeror to the ERA Optionholders to cancel their options, as described in the section headed “Offer to ERA Optionholders” of this announcement;

“Options”	means options granted by ERA on 10 July 2008 and 12 August 2011 pursuant to its share option schemes adopted on 5 June 2001 and 14 July 2011, respectively, entitling the ERA Optionholder(s) to subscribe for new Share(s);
“PRC”	means the People’s Republic of China (excluding Hong Kong, Macau and Taiwan);
“Pre-Condition”	means the pre-condition to the making of the Offer as described in the section headed “3. Pre-Condition to the Offer” of this announcement;
“Relevant Authorities”	means all appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions;
“Response Document”	means the document required to be issued by ERA to the ERA Shareholders in accordance with the Takeovers Code containing, <i>inter alia</i> , the board circular of ERA and forming part of the Composite Document;
“SFC”	means the Securities and Futures Commission of Hong Kong;
“SFO”	means the Securities and Future Ordinance (Cap. 571 of the Laws of Hong Kong);
“Shares”	means the ordinary shares of HK\$0.01 each in the issued share capital of ERA;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“subsidiaries”	has the meaning ascribed to that term in the Listing Rules;
“Takeovers Code”	means The Code on Takeovers and Mergers;
“US Exchange Act”	means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder;

“US\$” means US Dollars, the lawful currency of the United States of America; and

“Zhengzhou Siwei” means Zhengzhou Siwei Mechanical & Electrical Equipment Manufacturing Co., Ltd.

Certain amounts and percentage figures in this announcement have been subject to rounding adjustments.

By Order of the Board
Caterpillar (Luxembourg) Investment Co. S.A.
Francois OGGIER
Director

By Order of the Board
ERA Mining Machinery Limited
Emory WILLIAMS
Chairman

Hong Kong, 10 November 2011

The Offeror Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the ERA Group and the Controlling Shareholders) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the ERA Group and the Controlling Shareholders) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the board of directors of the Offeror is comprised of Mr. Francois OGGIER, Mr. Christopher HONDA and Mr. Michael CURRAN.

The ERA Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror and its Concert Parties and Citigroup) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by the Offeror and its Concert Parties and Citigroup) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the executive directors of ERA are Mr. Emory WILLIAMS, Mr. LEE Jong-Dae, Mr. LI Rubo, Mr. WANG Fu and Dr. Phil Qiu JIN; and the independent non-executive directors of ERA are Mr. BOULANGER David Marc, Mr. PARKER Christopher John, Mr. CHAN Sze Hon and Mr. DONG Xiangge.

The Caterpillar Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the ERA Group and the Controlling Shareholders) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the ERA Group and the Controlling Shareholders) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statements in this announcement misleading.

As at the date of this announcement, the board of directors of Caterpillar is comprised of Mr. David L. CALHOUN, Mr. Daniel M. DICKINSON, Mr. Eugene V. FIFE, Mr. Juan GALLARDO, Mr. David R. GOODE, Mr. Jesse J. GREENE Jr., Mr. Peter A. MAGOWAN, Mr. Dennis A. MUILENBURG, Mr. Douglas R. OBERHELMAN, Mr. William A. OSBORN, Mr. Charles D. POWELL, Mr. Edward B. RUST Jr., Ms. Susan C. SCHWAB, Mr. Joshua I. SMITH and Mr. Miles D. WHITE.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates (including shareholders holding 5% or more of a class of “relevant securities” under class (6) of the definition of “associate” in the Takeovers Code) and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any seven day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that cooperation.”