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国际煤机集团

INTERNATIONAL MINING MACHINERY

INTERNATIONAL MINING MACHINERY HOLDINGS LIMITED

國際煤機集團

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1683)

FORMATION OF JOINT VENTURE

The Directors are pleased to announce that on 8 December 2010, Jiamusi Machinery entered into the JV Agreement with the JV Partner to set up a joint venture company to tap the huge potential in the coal mining market in Shanxi.

According to the terms of the JV Agreement, the two parties will set up a joint venture under the name of Shanxi Meijia Mining Machinery Company Limited with Shanxi Coal Transportation's subsidiary holding 51% of the equity interest and the Group holding the remaining 49% of the equity interest.

This announcement is a voluntary announcement made by the Company for the information of Shareholders and other investors only.

THE JV AGREEMENT

Date

8 December 2010

Parties

- (1) the JV Partner, a wholly-owned subsidiary of Shanxi Coal Transportation; and
- (2) Jiamusi Machinery, a wholly-owned subsidiary of the Company.

The Joint Venture Company

The parties to the JV Agreement agreed that the Joint Venture Company will be established for a 50-year term, and will be owned as to 51% by Shanxi Coal Transportation (through the JV Partner) and as to the balance of 49% by the Company (through Jiamusi Machinery).

The Joint Venture Company will be principally engaged in the production, sale and marketing of roadheaders and other mining machinery. The planning stage of works on the Joint Venture Company has commenced and production is expected to start by the end of 2011.

Pursuant to the JV Agreement, the registered capital of the Joint Venture Company will be RMB69 million, RMB33.81 million of which will be contributed by Jiamusi Machinery, with the remaining RMB35.19 million from the JV Partner. It is expected that the Joint Venture Company will invest approximately RMB83 million as an initial investment in its roadheader business.

The Joint Venture Company will initially focus on the production and sale of roadheaders, and its business will include shearers, armoured-face conveyors and other coal mining machinery at a later stage. Jiamusi Machinery will be responsible for the daily management of the Joint Venture Company.

INFORMATION OF THE COMPANY AND SHANXI COAL TRANSPORTATION

Company

The Company is an investment holding company. The principal activities of its principal subsidiaries are the design, manufacture and sale of underground longwall coal mining equipment in the PRC, including roadheaders, shearers and armoured-face conveyors. The shares of the Company have been listed on the Main Board of the Stock Exchange since 10 February 2010.

Shanxi Coal Transportation

Shanxi Coal Transportation is a large, modernised coal mining and logistics group established by the Shanxi State-owned Assets Management Committee and 11 municipal state-owned assets management committees. Shanxi Coal Transportation is engaged in a wide variety of coal-related businesses, including the sale of coal and coke, coal and coke technology development, the sale of coal chemicals and the production of coal mining machinery.

Shanxi Coal Transportation, with an annual coal sales volume of approximately 200 million tons, ranked as the second largest company among China's top 100 coal enterprises in 2009 according to China National Coal Association and is the 85th largest of China's top 500 enterprises in 2010 according to China Enterprise Confederation.

REASONS FOR THE JV AGREEMENT

The Group is a designer and manufacturer of underground longwall coal mining equipment in China. Three of its products are roadheaders, shearers and armoured-face conveyors.

Shanxi Coal Transportation is a leading coal mining enterprise. Apart from having strong support from the Shanxi provincial government, it is leading the industry in many ways including a wide scope of businesses and services, and an outstanding management track record.

Shanxi is a key coal mining province with annual coal production reaching 615 million tons. The province has an acute demand for coal mining machinery, making it a strategic market with vast development potential.

The Company believes that the ongoing consolidation in the coal mining industry gives rise to huge market opportunities, which the Joint Venture Company will successfully exploit to expand its market share, given its geographical advantage in Shanxi. The Company believes that the Joint Venture Company will be able to achieve outstanding results based on the leading industry position of Shanxi Coal Transportation and the progressive and talented management of the Company. The partnership with Shanxi Coal Transportation is mutually beneficial, and will boost the Company's competitiveness in such a huge market.

The Directors, including the independent non-executive Directors, consider that the terms of the JV Agreement are entered into upon normal commercial terms following arm's length negotiations among the parties and the terms of the JV Agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Shanxi Coal Transportation and its ultimate beneficial owners are third parties independent of the Company and are not connected persons (as defined in the Listing Rules) of the Company.

The establishment of the Joint Venture Company does not constitute a notifiable transaction for the Company under the Listing Rules. This announcement is made for information of Shareholders and other investors only.

DEFINITIONS

Unless the context otherwise requires, capitalised terms used in this announcement have the following meanings:

“Company”	International Mining Machinery Holdings Limited, a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Jiamusi Machinery”	佳木斯煤礦機械有限公司 (Jiamusi Coal Mining Machinery Co., Ltd.), a wholly-owned subsidiary of the Company
“Joint Venture Company”	a limited liability company to be established under the name of 山西美佳礦業設備製造有限公司 (Shanxi Meijia Mining Machinery Company Limited) in accordance with the terms of the JV Agreement
“JV Agreement”	the joint venture agreement dated 8 December 2010 and entered into between the JV Partner and Jiamusi Machinery with respect to the formation of the Joint Venture Company
“JV Partner”	山西煤炭運銷集團裝備產業有限公司, a limited liability company established under the laws of the PRC and a wholly-owned subsidiary of Shanxi Coal Transportation
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China which, for the purpose of this announcement only, excludes Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC

“Shanxi”	Shanxi Province of the PRC
“Shanxi Coal Transportation”	山西省煤炭運銷集團 (Shanxi Coal Transportation and Sales Group Co., Ltd.), a limited liability company established under the laws of the PRC
“Shareholders”	holders of shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board
International Mining Machinery Holdings Limited
Thomas H. Quinn
Chairman

Hong Kong, 8 December 2010

As at the date of this announcement, the executive Directors are Mr. Thomas H. Quinn, Mr. Kee-Kwan Allen Chan, Mr. Kwong Ming Pierre Tsui, Mr. Yinghui Wang and Mr. Youming Ye; the non-executive Directors are Mr. Rubo Li, Mr. John W. Jordan II and Ms. Lisa M. Ondrula; and the independent non-executive Directors are Dr. Yiming Hu, Dr. Xuezheng Wang, Mr. Zhenduo Yuan and Dr. Fung Man, Norman Wai.