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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)

(1) RESIGNATION OF DIRECTOR

AND

(2) CONTINUING CONNECTED TRANSACTION

The Board announces that Mr. Li has resigned as a non-executive Director with effect from 31 January 2011 due to personal reasons.

On 31 January 2011, the Company and Mr. Li have agreed to extend the term of the Consulting Agreement for a 12-month period to 1 May 2012. As a former Director, Mr. Li will remain as a connected person of the Company for a period of 12 months after his resignation. Since one of the applicable percentage ratios on an annual basis is over 0.1% but less than 5%, the extension of the Consulting Agreement constitutes a continuing connected transaction which is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

RESIGNATION OF MR. LI

The board (the "**Board**") of directors ("**Directors**") of International Mining Machinery Holdings Limited (the "**Company**") announces that Mr. Rubo Li ("**Mr. Li**") has resigned as a non-executive Director with effect from 31 January 2011 due to personal reasons.

Mr. Li has confirmed that there is no disagreement with the Board and there is no matter in relation to his resignation that needs to be brought to the attention of the shareholders of the Company or The Stock Exchange of Hong Kong Limited.

The Board would like to take this opportunity to sincerely express its gratitude to Mr. Li for his valuable contribution to the Company and its subsidiaries (the "**Group**") during his tenure of office.

CONTINUING CONNECTED TRANSACTION

Extension of Consulting Agreement

The Company had entered into a consulting agreement with Mr. Li on 4 December 2009 (the “**Consulting Agreement**”). Pursuant to the Consulting Agreement, Mr. Li renders to the Company, in his capacity as an independent contractor, such advisory and consulting service to the Company from time to time and on an occasional basis as reasonably requested by the Company. The Consulting Agreement was for a term commencing from 4 December 2009 to 1 May 2011.

On 31 January 2011, the Company and Mr. Li have agreed to extend the term of the Consulting Agreement for a 12-month period to 1 May 2012 (the “**Revised Consulting Agreement**”). The Revised Consulting Agreement is subject to an automatic renewal at the end of each of its terms for another 12-month period, until it is terminated by either party in accordance with the terms of the Revised Consulting Agreement.

Payment Terms and Annual Cap

The consulting fees are currently US\$21,000 (equivalent to approximately HK\$163,800) per month until 1 May 2012, amounting to an annual fee of US\$252,000 (equivalent to approximately HK\$1.97 million). The annual cap for the consulting fees (including any payment of a discretionary bonus) under the Revised Consulting Agreement will be HK\$4 million. It was determined based on: (i) the historical consulting fees since 2006; (ii) the estimated demand of services by the Company from Mr. Li; and (iii) Mr. Li’s potential contribution to the Company as a consultant.

Pursuant to the Revised Consulting Agreement, the Company will review the consulting fees package annually to determine the annual consulting fees and discretionary bonus.

Reasons for the Revised Consulting Agreement

Mr. Li had been providing advisory and consulting service to the Company since May 2006, prior to the listing of the Company. Mr. Li is one of the founders of the Company and was our former Vice Chairman. Mr. Li has over 12 years of experience in operation and management in the mining equipment machinery manufacturing industry and over seven years of experience in the coal mining industry. The entering of the Revised Consulting Agreement will allow the Company and its subsidiaries to continue to benefit from Mr. Li’s expertise and invaluable experience.

The Directors, including the independent non-executive Directors, are of the opinion that the terms and the annual cap of the Revised Consulting Agreement are on normal commercial terms, in the ordinary course of business of the Company, fair and reasonable and in the interests of the Group and its shareholders as a whole.

Information of the Group

The Group is a leading designer and manufacturer of underground longwall coal mining equipment in China.

Implications of the Listing Rules

As a former Director, Mr. Li will remain as a connected person of the Company for a period of 12 months after his resignation.

Since one of the applicable percentage ratios on an annual basis is over 0.1% but less than 5%, the extension of the Consulting Agreement constitutes a continuing connected transaction which is exempted from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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

Hong Kong, 31 January 2011

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. 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.