THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or otherwise transferred all your shares in, or options over shares in, **International Mining Machinery Holdings Limited**, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or to the licensed securities dealer, registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s). This Composite Document should be read in conjunction with the Forms of Acceptance, the contents of which form part of the Offers.

The Offers are not being made, directly or indirectly, in or into the United States or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction. Copies of this document and the Forms of Acceptance and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent into or from the United States or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction and persons receiving this document and the Forms of Acceptance (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offers.

Joy Global
The future of mining

JOY GLOBAL INC.

(A Delaware Corporation)

IMM 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)

COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO UNCONDITIONAL MANDATORY CASH OFFERS BY UBS AG AND GOLDMAN SACHS (ASIA) L.L.C. ON BEHALF OF JOY GLOBAL ASIA LIMITED, A WHOLLY-OWNED SUBSIDIARY OF JOY GLOBAL INC., TO ACQUIRE ALL OF THE ISSUED SHARES IN THE CAPITAL OF INTERNATIONAL MINING MACHINERY HOLDINGS LIMITED (NOT ALREADY OWNED BY JOY GLOBAL ASIA LIMITED) AND FOR THE CANCELLATION OF ALL OF THE OUTSTANDING SHARE OPTIONS OF INTERNATIONAL MINING MACHINERY HOLDINGS LIMITED

Joint Financial Advisers to Joy Global Inc.

UBS

Goldman Sachs

Independent Financial Adviser to the Independent Board Committee of International Mining Machinery Holdings Limited

SUNWAH KINGSWAY
新華滙富

Kingsway Capital Limited

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" in this Composite Document.

A letter from the Joint Financial Advisers, UBS AG and Goldman Sachs (Asia) L.L.C., containing among other things details of the terms of the Offers, is set out on pages 6 to 16 of this Composite Document.

A letter from the IMM Board is set out on pages 17 to 21 of this Composite Document.

A letter from the IMM Independent Board Committee containing its recommendations in respect of the Offers is set out on pages 22 and 23 of this Composite Document.

A letter from Kingsway Capital Limited, containing advice to the IMM Independent Board Committee in respect of the Offers, is set out on pages 24 to 40 of this Composite Document.

The procedures for acceptance of the Offers and other related information is set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

Acceptances of the Share Offer and the Option Offers should be received by the Receiving Agent and the Company Secretary of IMM, respectively, by no later than 4:00 p.m. on 3 February 2012 (or such other time and/or date as Joy Global may determine and announce with the consent of the Executive).

6 January 2012

CONTENTS

The timetable set out below is indicative. Any changes to the timetable will be announced by Joy Global. All time references contained in this Composite Document refer to Hong Kong time.

Despatch date of this Composite Document and the commencement of the Offers *(Note 1)*	Friday, 6 January 2012
Latest time and date for acceptance of the Offers if not revised or extended *(Note 2)*	4:00 p.m. on Friday, 3 February 2012
Closing Date of the Offers if not revised or extended *(Note 2)*	Friday, 3 February 2012
Announcement of the results of the Offers or as to whether the Offers have been revised or extended on the website of the Stock Exchange *(Note 3)*	by 7:00 p.m. on Friday, 3 February 2012
Latest date for posting of remittances for the amount due in respect of valid acceptances received under the Offers *(Note 4)*	Monday, 13 February 2012

Notes:

(1) The Offers are made on Friday, 6 January 2012, being the date of posting of this Composite Document, and are capable of being accepted on and from this date.

(2) The Offers, which are unconditional, will be closed on Friday, 3 February 2012 unless Joy Global revises or extends the Offers in accordance with the Takeovers Code. Acceptances tendered after 4:00 p.m. on Friday, 3 February 2012 will only be valid if the Offers are revised or extended. If Joy Global decides to extend the Offers, an announcement will be made stating the next closing date or that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing will be given before the Offers are closed to those IMM Shareholders and IMM Optionholders who have not accepted the Offers and an announcement will be published. Acceptances of the Offers shall be irrevocable and not capable of being withdrawn except in the circumstances set out in the paragraph headed "Right of Withdrawal" in Appendix I to this Composite Document.

(3) An announcement will be issued by 7:00 p.m. on Friday, 3 February 2012 as to whether or not the Offers have been revised or extended and, in relation to any extension of the Offers, to state either (if and to the extent revised or extended) the next closing date or that the Offers will remain open until further notice.

(4) The consideration payable for the IMM Shares and the Share Options under the Offers will be posted by ordinary post to the IMM Shareholders and IMM Optionholders that accept the Offers at their own risk as soon as possible, but in any event within 10 days of the date of receipt by the Receiving Agent (in respect of the Share Offer) or the Company Secretary of IMM (in respect of the Option Offers) of all relevant documents necessary to render the acceptance under the Offers complete and valid.

WARNING:

If the level of acceptances reaches the level prescribed under Cayman Companies Law, and if Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Joy Global proceeds with the privatisation of IMM, dealings in the securities of IMM will be suspended from the Closing Date (or such later time or date as Joy Global may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of IMM's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

If, at the close of the Offers, less than 25% of the IMM Shares are held by the public or if the Stock Exchange believes that:

- **a false market exists or may exist in the trading of the IMM Shares; or**
- **there are insufficient IMM Shares in public hands to maintain an orderly market,**

then the Stock Exchange may exercise its discretion to suspend dealings in the IMM Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the IMM Shares and therefore trading in the IMM Shares may be suspended until a prescribed level of public float is attained.

As at the Latest Practicable Date and based on public information disclosed under Part XV of the SFO, the public float of IMM is approximately 30.7% of the issued share capital of IMM.

In this Composite Document, unless the context otherwise requires, the following terms and expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it in the Takeovers Code;
"associate"	has the meaning ascribed to it in the Listing Rules;
"Bidco"	means Joy Global Asia Limited, a private limited liability company which was incorporated in Hong Kong on 29 April 2011 with number 1593988 as Newco Hong Kong 123 Limited and which is a wholly-owned subsidiary of Joy Global Inc.;
"Business Day"	means a day on which the Stock Exchange is open for the transaction of business;
"Cayman Companies Law"	means the Companies Law of the Cayman Islands (as amended);
"CCASS"	means the Central Clearing and Settlement System, established and operated by the HKSCC;
"Closing Date"	means Friday, 3 February 2012 (or such later time(s) and, or, date(s) as Joy Global may, subject to the rules of the Takeovers Code, decide);
"Composite Document"	means this composite document, incorporating the Offer Document issued by the Joint Financial Advisers on behalf of Joy Global and the Response Document issued by IMM;
"Concert Parties"	means parties acting in concert with Bidco, as determined in accordance with the Takeovers Code;
"Conditions"	means the conditions to the completion of the Share Purchase Agreement, as set out under the paragraph headed "Conditions Precedent to the Share Purchase Agreement" in the Original Offer Announcement;
"Disinterested Shares"	means all of the issued and to be issued IMM Shares other than those which are owned by or agreed to be acquired by Bidco and its Concert Parties;
"Executive"	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
"Form(s) of Acceptance "	means the **WHITE** Form of Acceptance and/or the **PINK** Form of Acceptance;
"Goldman Sachs"	means Goldman Sachs (Asia) L.L.C., a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;

"HK$"	means Hong Kong dollar(s), the lawful currency of Hong Kong;
"HKSCC"	means Hong Kong Securities Clearing Company Limited;
"Hong Kong"	means the Hong Kong Special Administrative Region of the PRC;
"IMM"	means International Mining Machinery Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 1683);
"IMM Board"	means the board of directors of IMM;
"IMM Director(s)"	means the director(s) of IMM as at the Latest Practicable Date;
"IMM Group"	means IMM, its subsidiaries and IMM's associated companies as identified in Note 4 to the financial statements in IMM's annual report and audited consolidated financial statements for the year ended 31 December 2010;
"IMM Independent Board Committee"	means the independent board committee of the IMM Board comprising Dr. Yiming Hu, Dr. Xuezheng Wang, Mr. Zhenduo Yuan and Dr. Fung Man Norman Wai, formed to give recommendations to the IMM Shareholders and the IMM Optionholders in respect of the Offers;
"IMM Optionholders"	means registered grantees/holders for the time being of Share Options;
"IMM Shareholders"	means registered holders for the time being of IMM Shares;
"IMM Shares"	means the ordinary shares of HK$0.10 each in the issued capital of IMM;
"Independent Financial Adviser"	means Kingsway, being the independent financial adviser to the IMM Independent Board Committee, the IMM Shareholders and the IMM Optionholders in respect of the Offers;
"Joint Financial Advisers"	means UBS and Goldman Sachs;
"Joy Global"	means Joy Global Inc., a Delaware Corporation and/or Joy Global Inc. acting through its wholly-owned subsidiary Bidco, as the context requires;
"Joy Global Director(s)"	means the director(s) for the time being of Joy Global Inc.;

"Kingsway"	means Kingsway Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO;
"Last Trading Date"	means 11 July 2011, being the last trading date prior to the suspension of trading in the IMM Shares on the Stock Exchange before the publication of the Original Offer Announcement;
"Latest Practicable Date"	means 4 January 2012, being the last practicable date prior to the printing of this Composite Document for ascertaining certain information referred to in this Composite Document;
"Listing Rules"	means the Rules Governing the Listing of Securities on the Stock Exchange;
"MOFCOM"	means the Anti-monopoly Bureau of the PRC Ministry of Commerce;
"Offer Document"	means the document required to be issued by, or on behalf of, Bidco to all IMM Shareholders and IMM Optionholders in accordance with the Takeovers Code and containing, inter alia, details of the terms of the Offers;
"Offer Period"	means the period from 14 July 2011 until the date when the Offers close for acceptances;
"Offers"	means the Share Offer and the Option Offers;
"Option Offers"	means the unconditional mandatory cash offers by the Joint Financial Advisers on behalf of Bidco to the IMM Optionholders for the cancellation of the Share Options;
"Original Offer Announcement"	means the announcement in relation to the entering into of the Share Purchase Agreement and the Offers made by Joy Global and IMM on 14 July 2011;
"**PINK** Form of Acceptance"	means the pink Form of Acceptance and Cancellation of outstanding Share Options in respect of the Option Offers;
"PRC"	means the People's Republic of China;
"Receiving Agent"	means Computershare Hong Kong Investor Services Limited;
"Response Document"	means the document required to be issued by IMM to IMM Shareholders and IMM Optionholders in accordance with the Takeovers Code containing, inter alia, the board circular of IMM;

"RMB"	means Renminbi, the lawful currency of the PRC;
"SFC"	means the Securities and Futures Commission of Hong Kong;
"SFO"	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"Share Offer"	means the unconditional mandatory cash offer by the Joint Financial Advisers on behalf of Bidco to acquire all of the issued and to be issued IMM Shares (other than those IMM Shares already owned by Bidco at the time when the Share Offer is made) at the Share Offer Price in accordance with the Takeovers Code;
"Share Offer Price"	means the cash amount of HK$8.50 per IMM Share payable by Bidco to the relevant IMM Shareholders for each IMM Share accepted under the Share Offer;
"Share Option Scheme"	means the share option scheme adopted by IMM pursuant to a resolution passed by IMM shareholders on 24 January 2010, as amended from time to time;
"Share Options"	means outstanding options over IMM Shares granted pursuant to the Share Option Scheme;
"Share Purchase Agreement"	means the share purchase agreement dated 11 July 2011 (as amended) entered into between TJCC, Bidco and Joy Global in relation to the sale and purchase of 534,800,000 IMM Shares;
"Stock Exchange"	means The Stock Exchange of Hong Kong Limited;
"subsidiary"	has the meaning ascribed to it in the Listing Rules;
"Takeovers Code"	means the Hong Kong Code on Takeovers and Mergers published by the SFC;
"TJCC"	means TJCC Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability;
"UBS"	means UBS AG, acting through its Hong Kong branch, an institution licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO;
"United States"	means the United States of America;
"US$"	means United States dollar(s), the lawful currency of the United States;

"**WHITE** Form of Acceptance"	means the white Form of Acceptance and Transfer of the IMM Shares in respect of the Share Offer; and
"%"	means per cent.

In the event of inconsistency, the English text of this Composite Document and the Forms of Acceptance shall prevail over the Chinese text.

Any reference to an exchange rate contained in this Composite Document is for the purpose of illustration only.

6 January 2012

To the IMM Shareholders and IMM Optionholders,

Dear Sir or Madam,

Unconditional mandatory cash offers
by UBS AG and Goldman Sachs (Asia) L.L.C.
on behalf of
Joy Global Asia Limited, a wholly-owned subsidiary of
Joy Global Inc.,
to acquire all of the issued shares in the capital of
International Mining Machinery Holdings Limited
(not already owned by Joy Global Asia Limited)
and
for the cancellation of all of the outstanding Share Options of
International Mining Machinery Holdings Limited

1. INTRODUCTION

On 14 July 2011, Joy Global and IMM jointly announced that on 11 July 2011 TJCC, Joy Global and Bidco had entered into the Share Purchase Agreement, pursuant to which TJCC had conditionally agreed to sell, and Bidco had conditionally agreed to acquire, 534,800,000 IMM Shares in aggregate (representing approximately 41% of the entire issued share capital of IMM) at the purchase price of HK$8.50 per share, for a total cash consideration of HK$4,545,800,000. Completion of the acquisition of the 534,800,000 IMM Shares under the Share Purchase Agreement was conditional on the satisfaction of the Conditions listed in the Original Offer Announcement, which included the receipt of MOFCOM anti-trust clearance for Joy Global's acquisition of IMM.

It was further announced that, pursuant to the Takeovers Code, upon completion of the Share Purchase Agreement, Bidco would be required to make offers for all of the issued IMM Shares (other than those IMM Shares already owned by or agreed to be acquired by Bidco and its Concert Parties) and for the cancellation of all of the outstanding Share Options. It was announced at that time that such offers would be conditional upon Bidco having received valid acceptances in respect of IMM Shares which, together with the 534,800,000 IMM Shares to be acquired through the Share Purchase Agreement, would result in Bidco and its Concert Parties holding more than 50% of the voting rights of IMM.

On 29 July 2011, Joy Global and IMM jointly announced that (i) Bidco had disclosed, in accordance with Rule 22 of the Takeovers Code and Part XV of the SFO, its acquisition of 136,461,500 IMM Shares at HK$8.00 per share, representing approximately 10.5% of the issued share capital of IMM, (ii) that on completion of the Share Purchase Agreement Bidco would accordingly hold 671,261,500 IMM Shares representing approximately 51.6% of the issued share capital of IMM (and 50.9% on a fully diluted basis assuming the full exercise of all Share Options then outstanding), and (iii) that, if the Share Purchase Agreement was completed, the offers made by Bidco for the issued IMM Shares and for the cancellation of outstanding Share Options would be unconditional in all respects (as Bidco would already hold more than 50% of the voting rights of IMM).

In the period from 29 July 2011 to 7 September 2011, Bidco acquired and disclosed its acquisition of a further 229,184,800 IMM Shares in total at HK$8.00 per share, and the resulting increase of Bidco's holding to 365,646,300 IMM Shares representing approximately 28.1% of the issued share capital of IMM (and 27.7% on a fully diluted basis assuming all Share Options outstanding as at the Latest Practicable Date are exercised in full).

On 23 December 2011 Joy Global and IMM announced that they received unconditional MOFCOM anti-trust clearance for the transactions contemplated by the Share Purchase Agreement and that the Condition described at paragraph (a) of the section headed "Conditions Precedent to the Share Purchase Agreement" in the Original Offer Announcement had accordingly been satisfied. On 30 December 2011 Joy Global and IMM announced that the remaining Conditions had been satisfied and that the Share Purchase Agreement had been completed.

As at the Latest Practicable Date, and following completion of the Share Purchase Agreement, Bidco holds 900,446,300 IMM Shares representing approximately 69.3% of the issued share capital of IMM (and 68.3% on a fully diluted basis assuming all Share Options outstanding as at the Latest Practicable Date are exercised in full). Bidco is therefore IMM's controlling shareholder (as defined in the Listing Rules).

As a result of completion of the Share Purchase Agreement, the Joint Financial Advisers are now making unconditional mandatory cash Offers on behalf of Bidco to acquire all of the IMM Shares not already owned by Bidco, and for the cancellation of all of the outstanding Share Options, all as set out in this Composite Document.

This Composite Document sets out details of the Offers, together with information relating to Joy Global and the intentions of Joy Global in relation to the IMM Group. Further details of the terms of the Offers are set out under the paragraphs headed "Further Terms of the Offers" below, and details of the procedures for acceptance of the Offers are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

Your attention is drawn to the letter from the IMM Board, the letter from the IMM Independent Board Committee and the letter from the Independent Financial Adviser, all contained in this Composite Document.

2. THE OFFERS

2.1 Consideration for the Offers

The Joint Financial Advisers, on behalf of Bidco, are making (i) the Share Offer to acquire all of the IMM Shares (other than those IMM Shares already held by Bidco), and (ii) the Option Offers for the cancellation of all of the outstanding Share Options, on the following bases:

The Share Offer

For each IMM Share .... HK$8.50 in cash

The Option Offers

For each Share Option with an exercise price of HK$4.07 per IMM Share .... HK$4.43 in cash

For each Share Option with an exercise price of HK$6.75 per IMM Share .... HK$1.75 in cash

As at the Latest Practicable Date, there are 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares. Other than the 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares, there are no other IMM Shares, Share Options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into IMM Shares.

2.2 Comparisons of value

The Share Offer Price of HK$8.50 per IMM Share is the same price as Joy Global paid for each IMM Share under the Share Purchase Agreement.

The Share Offer Price represents:

(i) a discount of approximately 0.6% to the closing price of HK$8.55 per IMM Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 29.8% over the closing price of HK$6.55 per IMM Share as quoted on the Stock Exchange on the Last Trading Date;

(iii) a premium of approximately 23.9% over the average closing price of approximately HK$6.86 per IMM Share as quoted on the Stock Exchange for the last five trading days immediately prior to and including the Last Trading Date;

(iv) a premium of approximately 15.8% over the average closing price of approximately HK$7.34 per IMM Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Date;

(v) a premium of approximately 10.5% over the average closing price of approximately HK$7.69 per IMM Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date;

(vi) a premium of approximately 16.3% over the average closing price of approximately HK$7.31 per IMM Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Date; and

(vii) a premium of approximately 50.2% over the average closing price per IMM Share of HK$5.66 as quoted on the Stock Exchange for the period from the first listing of the IMM Shares on the Stock Exchange on 10 February 2010 up to and including the Last Trading Date.

The price offered for cancellation of each of the Share Options represents the amount by which the Share Offer Price exceeds the subscription price payable per IMM Share upon exercise of the relevant Share Option.

Please also refer to the paragraph headed "Market Prices" in Appendix III to this Composite Document for further information on the market prices of IMM Shares.

2.3 Highest and lowest prices

During the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the IMM Shares as quoted on the Stock Exchange was HK$8.75 per IMM Share on 9 May 2011, and the lowest closing price of the IMM Shares as quoted on the Stock Exchange was HK$5.60 per IMM Share on 24 February 2011 and 25 February 2011.

2.4 Total Consideration and confirmation of financial resources

Based on the Share Offer Price of HK$8.50 per IMM Share and 399,797,900 IMM Shares (representing the IMM Shares not already held by Bidco) at the date of this Composite Document, the maximum amount payable under the Share Offer (assuming no Share Options are exercised and the Share Offer is accepted in full) is approximately HK$3,398 million.

Based on the Option Offers prices of (i) HK$4.43 per Share Option with an exercise price of HK$4.07 in respect of 2,556,000 outstanding Share Options involving 2,556,000 IMM Shares, and (ii) HK$1.75 per Share Option with an exercise price of HK$6.75 in respect of 15,363,800 outstanding Share Options involving 15,363,800 IMM Shares (each as at the Latest Practicable Date), the maximum amount payable under the Option Offers (assuming no Share Options are exercised and the Option Offers are accepted in full) is approximately HK$38.2 million.

In the event that all the Share Options outstanding as at the Latest Practicable Date are exercised in full and the Share Offer is accepted in full (including in respect of all IMM Shares issued and allotted as a result of the exercise of the Share Options), the maximum amount payable by Bidco pursuant to the Share Offer will be increased to approximately HK$3,550 million. In such case IMM shall receive an aggregate amount of approximately HK$114.1 million from the exercise of the Share Options.

Based on the foregoing, the maximum amount payable under the Offers (assuming the Share Options outstanding as at the Latest Practicable Date are exercised in full and the Share Offer is accepted in full) is approximately HK$3,550 million.

Save for the Share Options, IMM has no options, warrants or other securities that carry a right to subscribe for or convert into IMM Shares.

The acquisition of IMM Shares pursuant to the Offers will be financed with a combination of cash on hand and borrowings. The Joint Financial Advisers are satisfied that sufficient financial resources are available to Bidco to satisfy full acceptance of the Offers as described above.

3. GENERAL INFORMATION

3.1 Information on IMM

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

The audited consolidated net asset value of IMM was approximately RMB2,824,876,000 as of 31 December 2010. IMM recorded an audited consolidated net profit before tax of approximately RMB416,893,000 and RMB294,155,000 for the years ended 31 December 2010 and 31 December 2009, respectively. IMM recorded an audited consolidated net profit after tax attributable to IMM Shareholders of approximately RMB350,115,000 and RMB228,726,000 for the years ended 31 December 2010 and 31 December 2009, respectively.

As of 30 June 2011, the unaudited consolidated net asset value of IMM was approximately RMB2,957,420,000. IMM recorded an unaudited consolidated net profit before tax of approximately RMB257,588,000 for the six months ended 30 June 2011 and an unaudited consolidated net profit after tax attributable to IMM Shareholders of approximately RMB203,521,000 for the same period.

3.2 Information on Joy Global

Joy Global is primarily engaged in the manufacture of high-productivity mining solutions. Through its businesses P&H Mining Equipment and Joy Mining Machinery, Joy Global manufactures and markets original equipment and aftermarket parts and services for the underground and above-ground mining industries and for certain industrial applications. Joy Global's products and related services are used primarily in the mining of coal, copper, iron ore, oil sands, gold and other mineral resources. Joy Global is the direct successor to a business begun over 125 years ago.

Joy Global Inc. was incorporated in Delaware on 17 September 1986 under the name of Harnischfeger Industries, Inc and changed its named to Joy Global Inc. on 12 July 2001. Joy Global Inc. was first listed on the NASDAQ GS Board on 31 July 2001 and moved its listing to the New York Stock Exchange on 6 December 2011, trading under the ticker JOY.

Bidco is a private limited liability company that was incorporated in Hong Kong on 29 April 2011 for the purpose of making the Offers. Bidco changed its name from Newco Hong Kong 123 Limited to Joy Global Asia Limited on 7 November 2011. It is a wholly-owned subsidiary of Joy Global Inc..

3.3 Reasons for and benefits of the Offers

Joy Global believes that there are compelling commercial reasons for a combination of Joy Global and IMM. Joy Global believes that the business of IMM is a good strategic fit with its existing businesses and complements Joy Global's strategy to grow in emerging markets. In particular, Joy Global sees strong potential in expanding its customer base, raising its profile in China, and diversifying its revenue chain by combining with IMM.

3.4 Joy Global's intentions in relation to IMM

Joy Global intends to conduct a post-acquisition review of IMM's operations with a view to developing a plan to realise efficiencies and synergies with Joy Global's operations in China. Pending completion of the post-acquisition review, Joy Global does not intend to institute major changes to the business of IMM (including redeployment of assets or major employee changes within IMM or its subsidiaries) as IMM's existing business is highly complementary with Joy Global.

Joy Global is strongly committed to build on IMM's current brand and business, and aims to grow IMM under Joy Global's existing dual brand strategy in China.

3.5 Compulsory acquisition and withdrawal of listing

Bidco intends to exercise the right under section 88 of the Cayman Companies Law to compulsorily acquire those IMM Shares not acquired by Bidco under the Share Offer. On completion of the compulsory acquisition, IMM will become a wholly-owned subsidiary of Bidco and an application will be made for the withdrawal of the listing of the IMM 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 Joy Global seeks to acquire or privatise IMM by means of the Share 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 Companies Law, acceptance of the Share Offer and purchases made by Bidco and its Concert Parties during the period of four months after posting of this Composite Document total 90% of the Disinterested Shares.

WARNING:

If the level of acceptances reaches the level prescribed under Cayman Companies Law, and if Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Joy Global proceeds with the privatisation of IMM, dealings in the securities of IMM will be suspended from the Closing Date (or such later time or date as Joy Global may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of IMM's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

If, at the close of the Offers, less than 25% of the IMM Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the IMM Shares; or
- there are insufficient IMM Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the IMM Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the IMM Shares and therefore trading in the IMM Shares may be suspended until a prescribed level of public float is attained.

3.6 Changes to the board composition of IMM

Thomas H. Quinn, Youming Ye, John W. Jordan II and Lisa M. Ondrula are all affiliated with TJCC and the funds which own and control TJCC, and accordingly they each tendered their resignations as IMM Directors prior to Completion. Thomas H. Quinn also tendered his resignation as chairman of IMM when he tendered his resignation as an IMM Director. All of the resignations were expressed to become effective on the earliest date permitted under the Takeovers Code or by the Executive. The Executive consented to the retirement of the four TJCC affiliated directors upon the posting of this Composite Document. Accordingly, Thomas H. Quinn, Youming Ye, John W. Jordan II and Lisa M. Ondrula ceased to be directors of IMM and Thomas H. Quinn also ceased to be chairman of IMM on the date of posting of this Composite Document. All of the outgoing IMM Directors confirmed that they have no disagreement with the board of IMM and that there are no other matters in respect of their resignations that need to be brought to the attention of the IMM Shareholders and IMM Optionholders.

The IMM Directors held a board meeting on 23 December 2011 to approve the appointment of Michael W. Sutherlin as executive director and chairman of IMM and the appointment of Michael S. Olsen, Edward L. Doheny II, Eric A. Nielsen and Sean D. Major as non-executive directors of IMM, with effect from the posting of this Composite Document. Accordingly Michael W. Sutherlin, Michael S. Olsen, Edward L. Doheny II, Eric A. Nielsen and Sean D. Major were appointed as directors of IMM on the date of posting of this Composite Document and Michael W. Sutherlin was also appointed as chairman of IMM on the date of posting of this Composite Document.

The biographical details of Michael W. Sutherlin, Michael S. Olsen, Edward L. Doheny, Eric A. Nielsen and Mr. Sean D. Major are set out below.

Executive Director

Mr. Michael W. Sutherlin, aged 65, has held the position of President and Chief Executive Officer of Joy Global Inc. since 2006. He was previously Executive Vice President of Joy Global Inc. and President and Chief Operating Officer of Joy Mining Machinery from 2003 to 2006. Prior to joining Joy Global Inc. in 2003, Mr. Sutherlin was an executive with Varco International, Inc., a manufacturer of equipment for the global oil and gas drilling industry and a predecessor company to National Oilwell Varco, Inc., where he was President and Chief Operating Officer from 1999 to 2002. Mr. Sutherlin has been a director and member of the Executive Committees of the National Mining Association (United States) since 2007 and of the World Coal Association (United Kingdom) since 2008. He has also served as a director and member of the Executive Committees of the Coal Industry Advisory Board to the International Energy Agency (France) since 2009 and the National Coal Council to the United States Department of Energy since 2009. Mr. Sutherlin previously served as a member of the Society of Petroleum Engineers from 1978 to 2002, the National Ocean Industries Association from 1999 to 2002 and the Petroleum Equipment Suppliers Association from 1982 to 2002, where he was Chairman of the International Operations Committee. Mr. Sutherlin also served as a director of Tesco Corporation from 2002 to August 2011. Mr. Sutherlin holds a Master's degree from the University of Texas at Austin and a dual Bachelor's degree from Texas Tech University.

Non-executive Directors

Mr. Michael S. Olsen, aged 60, has held the position of Executive Vice President and Chief Financial Officer of Joy Global Inc. since 2008. Mr. Olsen was the Chief Accounting Officer of Joy Global Inc. from 2006 to 2008, and the Vice President, Controller and Chief Accounting Officer of Joy Global Inc. from 2001 to 2005. Mr. Olsen joined Joy Mining Machinery, a subsidiary of Joy Global Inc., in 1979 as manager of external reporting. Mr. Olsen has a Bachelor of Science degree in Accounting from Pennsylvania State University and a Master of Business Administration degree from the University of Pittsburgh.

Mr. Edward L. Doheny, aged 49, has held the position of Executive Vice President of Joy Global Inc. and President and Chief Operating Officer of Joy Mining Machinery since 2006. Mr. Doheny started his career with Ingersoll-Rand Corporation in 1984, where he held a series of management positions of increasing responsibility, including President of Industrial Technologies from 2003 to 2005, and President of Shared Services in 2003. Mr. Doheny holds a Bachelor's degree in Engineering from Cornell University and a Master's degree in Management from Purdue University.

Mr. Eric A. Nielsen, aged 52, has held the position of Executive Vice President of Business Development for Joy Global Inc. since 2010. Prior to joining Joy Global, Mr. Nielsen was President of Terex Corporation's Material Processing and Mining Group since 2008 and held various management positions with Volvo Construction Equipment between 1994 and 2008, most recently as President and CEO of Volvo Excavators and Volvo Construction Equipment Korea, overseeing global marketing, R&D and manufacturing activities in Korea, China, Germany and the United States. Mr. Nielsen began his professional career as an engineer working with both British and Japanese industrial organisations and the majority of Mr. Nielsen's managerial positions have had extensive international focus. Mr. Nielsen has a Bachelor of Science degree in mechanical engineering from Michigan Technological University, and a Master of Business Administration degree from The University of Chicago.

Mr. Sean D. Major, aged 47, has held the position of Executive Vice President, General Counsel and Secretary of Joy Global Inc. since 2007. Prior to joining Joy Global, Mr. Major was employed by Johnson Controls, Inc., holding roles of increasing legal responsibility since 1998, most recently as Assistant General Counsel & Assistant Secretary. Mr. Major started his in house career with Abbott Laboratories as Counsel International after working for seven years in private practice with law firms in Chicago and Tokyo. Mr. Major has a bachelor's degree in Economics from DePauw University, a juris doctor degree from Indiana University, and a Master of Business Administration degree from Northwestern University's Kellogg Graduate School of Management. Mr. Major is a member of the bar in both Illinois and Michigan.

4. FURTHER TERMS OF THE OFFERS

4.1 The Share Offer

Under the Share Offer, the IMM Shares will be acquired (i) with all rights attached thereto as at the date of the Original Offer 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 the Original Offer Announcement and (ii) free from all rights of preemption, options, liens, claims, equities, charges, encumbrances and third party rights.

To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

The completed and signed **WHITE** Form of Acceptance should then be forwarded, together with the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of IMM Shares in respect of which you intend to accept the Share Offer, by post or by hand to the Receiving Agent at Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, with "IMM Share Offer" marked on the envelope, as soon as possible after receipt of this Composite Document and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as Joy Global may determine and announce with the consent of the Executive.

4.2 The Option Offers

Under the Option Offers, the Share Options of the accepting IMM Optionholders, together with all rights attaching thereto, will be cancelled.

To accept the Option Offers, you should complete and sign the accompanying **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offers.

The completed and signed **PINK** Form of Acceptance should then be forwarded, together with the relevant certificate(s) of the Share Options stating the number of Share Options in respect of which you intend to accept the Option Offer(s), by post or by hand to the Company Secretary of IMM at Company Secretary, International Mining Machinery Holdings Limited, Suite 3202, 32nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong with "IMM Option Offers" marked on the envelope, as soon as possible after receipt of this Composite Document and in any event no later than 4:00 p.m. on the Closing Date or such later time and/or date as Joy Global may determine and announce with the consent of the Executive.

4.3 IMM Shareholders and IMM Optionholders outside of Hong Kong

Joy Global intends to make available the Offers to all IMM Shareholders and IMM Optionholders, including those who are resident outside Hong Kong. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions (including the obtaining of any governmental, exchange control or other consent which may be required or the compliance with other necessary formalities, regulatory or legal requirements and the payment of any transfer or cancellation or other taxes due in respect of such jurisdiction) or obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdiction.

The attention of IMM Shareholders and IMM Optionholders who are not resident in Hong Kong is drawn to sub-paragraph (a)(iii) of the paragraph headed "General" in Appendix I to this Composite Document.

In the event that the receipt of this Composite Document by overseas IMM Shareholders or IMM Optionholders is prohibited by any relevant law or may only be effected after compliance with conditions or requirements that the Joy Global Directors regard as unduly onerous or burdensome or otherwise not in the best interests of Joy Global or the shareholders of Joy Global as a whole, this Composite Document, subject to the Executive's consent, will not be despatched to such overseas IMM Shareholders or IMM Optionholders. Copies of this Composite Document must not be mailed or otherwise forwarded, distributed or sent into or from any jurisdiction outside of Hong Kong where to do so would contravene applicable law or regulation, and persons receiving this Composite Document (including custodians, nominees and trustees) should observe these restrictions.

The Offers are not being made, directly or indirectly, in or into the United States or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction. Copies of this document and the Forms of Acceptance and any accompanying document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent into or from the United States or any other jurisdiction if to do so would constitute a violation of the relevant laws in such jurisdiction and persons receiving this document and the Forms of Acceptance (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offers.

Joy Global reserves the right to make special arrangements regarding the terms of the Offers in relation to IMM Shareholders or IMM Optionholders whose receipt of the Offers or of this Composite Document is subject to the laws of an overseas jurisdiction. Joy Global also reserves the right to notify any matter, including the making of the Offers, to IMM Shareholders or IMM Optionholders having a registered address outside of Hong Kong by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction in which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such IMM Shareholders or IMM Optionholders to receive or see that notice.

Settlement of the consideration payable to certain IMM Optionholders who accept the Option Offer(s) may be subject to filings with and applicable approvals from relevant PRC authorities (in accordance with the laws and regulations of the PRC), and such consideration will not be paid unless and until all applicable approvals from relevant PRC authorities have been duly obtained (and subject to any deductions or withholdings mandated by such authorities). Accordingly an application will be made to the Executive for a waiver from strict compliance with Rule 20.1(a) of the Takeovers Code.

5. SETTLEMENT OF THE OFFERS

5.1 The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance, a cheque for the amount due to each IMM Shareholder less seller's ad valorem stamp duty in respect of the IMM Shares tendered by him/her/it under the Share Offer will be despatched to the IMM Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of receipt of the duly completed **WHITE** Form of Acceptance and all relevant documents by the Receiving Agent from the IMM Shareholder accepting the Share Offer.

5.2 The Option Offers

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) of the Share Options are complete and in good order in all respects and have been received by the Company Secretary of IMM no later than the latest time for acceptance, a cheque for the amount due to each IMM Optionholder in respect of the Share Options surrendered by him/her under the Option Offer(s) will be despatched to the IMM Optionholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days of receipt of the duly completed **PINK** Form of Acceptance and all relevant documents by the Company Secretary of IMM from the IMM Optionholder accepting the Option Offer(s).

Settlement of the consideration to which any IMM Shareholder or IMM Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which Joy Global may otherwise be, or claim to be, entitled against such IMM Shareholder or IMM Optionholder, as the case may be.

5.3 Hong Kong stamp duty

Sellers' ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each accepting IMM Shareholder at the rate of HK$1.00 for every HK$1,000 or part thereof of the consideration payable by Joy Global for such person's IMM Shares and will be deducted from the cash amount due to such accepting IMM Shareholder. Joy Global will pay the buyer's ad valorem stamp duty on its own behalf. No stamp duty is payable in connection with the Option Offers.

Your attention is drawn to the further terms of the Offers set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance.

6. TAXATION

IMM Shareholders and IMM Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Offers. It is emphasised that none of Joy Global, Bidco, IMM, UBS, Goldman Sachs or the Independent Financial Adviser or any of their respective directors or associates or any other person involved in the Offers accepts responsibility for any tax effects on, or liabilities of, any person(s) as a result of their acceptance or rejection of the Offers.

This Composite Document does not include any information in respect of overseas taxation. IMM Shareholders and IMM Optionholders who may be subject to overseas tax are recommended to consult their tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of the IMM Shares and Share Options respectively.

7. GENERAL

7.1 Nominees

To ensure equality of treatment of all the IMM Shareholders, those IMM Shareholders who hold IMM Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for beneficial owners of IMM Shares whose investments are registered in nominee names to accept the Share Offer, it is essential that they provide instructions of their intentions with regard to the Share Offer to their nominees.

7.2 Posting

All documents and remittances sent to IMM Shareholders and IMM Optionholders by post will be sent to them by ordinary post at their own risk. Such documents and remittances will be sent to IMM Shareholders and IMM Optionholders at their addresses as they appear in the register of members of IMM or the register of IMM Optionholders (as the case may be), and in the case of joint IMM Shareholders, to the IMM Shareholder whose name appears first in the register of members of IMM, as applicable. None of Joy Global, Bidco, IMM, UBS, Goldman Sachs, the Receiving Agent or any of their respective directors or any other person involved in the Offers will be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof.

8. ADDITIONAL INFORMATION

Your attention is also drawn to the accompanying Forms of Acceptance and the additional information set out in the appendices which form part of this Composite Document.

Yours faithfully,

For and on behalf of
UBS AG
Stephen Gore
Managing Director

Samson Lo
Executive Director

For and on behalf of
Goldman Sachs (Asia) L.L.C.
Richard Campbell-Breeden
Managing Director

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)

6 January 2012

Executive IMM Directors:
Thomas H. Quinn
Kee-Kwan Allen Chan
Kwong Ming Pierre Tsui
Yinghui Wang
Youming Ye

Non-executive IMM Directors:
John W. Jordan II
Lisa M. Ondrula

Independent non-executive IMM Directors:
Yiming Hu
Xuezheng Wang
Zhenduo Yuan
Fung Man Norman Wai

Registered Office:
Walkers Corporate Services Limited
Walker House
87 Mary Street
George Town
Grand Cayman KY1-9005
Cayman Islands

Principal place of business in China:
2nd floor, Tower A, Aimer Plaza
Wangjing Development Zone
Chaoyang District
Beijing 100102, China

Principal place of business in Hong Kong:
8th Floor
Gloucester Tower
The Landmark
15 Queen's Road Central
Hong Kong

To the IMM Shareholders and the IMM Optionholders

Dear Sir or Madam,

Unconditional mandatory cash offers
by UBS AG and Goldman Sachs (Asia) L.L.C.
on behalf of
Joy Global Asia Limited, a wholly-owned subsidiary of
Joy Global Inc.,
to acquire all of the issued shares in the capital of
International Mining Machinery Holdings Limited
(not already owned by Joy Global Asia Limited)
and
for the cancellation of all of the outstanding Share Options of
International Mining Machinery Holdings Limited

1. INTRODUCTION

Reference is made to the Original Offer Announcement in which Joy Global and IMM jointly announced that UBS and Goldman Sachs would, subject to the satisfaction of the Conditions, make cash offers on behalf of Bidco, a wholly-owned subsidiary of Joy Global (i) to acquire all of the issued IMM Shares (other than those IMM Shares already held by Bidco), and (ii) for the cancellation of all of the outstanding Share Options.

On 30 December 2011, Joy Global and IMM jointly announced that the Conditions were fulfilled.

The purpose of this Composite Document, of which this letter forms a part, is to provide you with information relating to the IMM Group, Joy Global, Bidco and the Offers, as well as setting out the letter from the IMM Independent Board Committee containing its recommendation and advice to the IMM Shareholders and the IMM Optionholders in respect of the Offers and the letter from the Independent Financial Adviser containing its advice to the IMM Independent Board Committee, the IMM Shareholders and the IMM Optionholders in respect of the Offers.

2. IMM INDEPENDENT BOARD COMMITTEE

Dr. Yiming Hu, Dr. Xuezheng Wang, Mr. Zhenduo Yuan and Dr. Fung Man Norman Wai, being all of the independent non-executive IMM Directors, constitute the IMM Independent Board Committee appointed to advise the IMM Shareholders and the IMM Optionholders in respect of the Offers.

John W. Jordan II is the founder, chairman and one of the managing principals of The Jordan Company L.P. and Lisa M. Ondrula is a member of the operations management group of The Jordan Company L.P.. The Jordan Company L.P. provides consultancy services to TJCC and is also the manager of the funds which own and control TJCC. Accordingly, John W. Jordan II and Lisa M. Ondrula are not considered independent under the Takeovers Code and have not been appointed to the IMM Independent Board Committee.

3. THE OFFERS

The Joint Financial Advisers, on behalf of Bidco, are making (i) the Share Offer to acquire all the IMM Shares (other than those IMM Shares already held by Bidco), and (ii) the Option Offers for the cancellation of all the outstanding Share Options, on the terms and conditions set out in this Composite Document and in the Forms of Acceptance, on the following bases:

The Share Offer

For each IMM Share .... HK$8.50 in cash

The Option Offers

For each Share Option with an exercise price of HK$4.07 per IMM Share .... HK$4.43 in cash

For each Share Option with an exercise price of HK$6.75 per IMM Share .... HK$1.75 in cash

Further details are set out in the letter from the Joint Financial Advisers in this Composite Document.

4. UNCONDITIONAL MANDATORY CASH OFFERS

Bidco and its Concert Parties are mandatorily required to make the Share Offer pursuant to Rule 26.1(d) of the Takeovers Code and the Option Offers pursuant to Rule 13.1 of the Takeovers Code following completion of the Share Purchase Agreement.

As Bidco and its Concert Parties hold more than 50% of the voting rights of IMM as at the Latest Practicable Date, the Offers are unconditional in all respects.

5. INFORMATION ON IMM

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

The audited consolidated net asset value of IMM was approximately RMB2,824,876,000 as of 31 December 2010. IMM recorded an audited consolidated net profit before tax of approximately RMB416,893,000 and RMB294,155,000 for the years ended 31 December 2010 and 31 December 2009, respectively. IMM recorded an audited consolidated net profit after tax attributable to IMM Shareholders of approximately RMB350,115,000 and RMB228,726,000 for the years ended 31 December 2010 and 31 December 2009, respectively.

As of 30 June 2011, the unaudited consolidated net asset value of IMM was approximately RMB2,957,420,000. IMM recorded an unaudited consolidated net profit before tax of approximately RMB257,588,000 for the six months ended 30 June 2011 and an unaudited consolidated net profit after tax attributable to IMM Shareholders of approximately RMB203,521,000 for the same period.

As at the Latest Practicable Date, there were 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares. Other than the 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares, there are no other IMM Shares, Share Options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible to IMM Shares.

6. INTENTIONS OF JOY GLOBAL

The IMM Board notes that Joy Global intends to conduct a post acquisition review of IMM's operations with a view to developing a plan to realise efficiencies and synergies with Joy Global's operations in China and that pending completion of the post-acquisition review, Joy Global does not intend to institute major changes to the business of IMM (including redeployment of assets or major employee changes within IMM or its subsidiaries) as IMM's existing business is highly complementary with Joy Global.

The IMM Board further notes that Joy Global is strongly committed to build on IMM's current brand and business, and aims to grow IMM under Joy Global's existing dual brand strategy in China.

7. IMM SHARES AND SHARE OPTIONS HELD BY IMM DIRECTORS

As at the Latest Practicable Date, the IMM Directors intend to accept the Offers in respect of their own beneficial holdings of IMM Shares and Share Options (where applicable).

8. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

The IMM Board notes that Bidco intends to exercise the right under Section 88 of the Cayman Companies Law to compulsorily acquire those IMM Shares not acquired by Bidco under the Share Offer if the Share Offer has been accepted by IMM Shareholders holding not less than 90% in value of the IMM Shares subject to the Share Offer within four months after the posting of this Composite Document (in accordance with Rule 2.11 of the Takeovers Code). In that case, upon completion of the compulsory acquisition, IMM will become a wholly-owned subsidiary of Bidco and an application will be made for the withdrawal of the listing of the IMM Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

According to Rule 15.6 of the Takeovers Code, as Bidco intends to exercise its rights under the relevant provisions of the Cayman Companies Law to compulsorily acquire those IMM Shares not acquired by Bidco under the Share Offer, the Share Offer may not remain open for acceptance for more than four months from the posting of this Composite Document, unless Bidco has by that time become entitled to exercise the power of compulsory acquisition available to it under the Cayman Companies Law.

9. MAINTAINING THE LISTING

If Bidco is not able to effect the compulsory acquisition as described above and, at the close of the Offers, less than 25% of IMM Shares are held by the public or if the Stock Exchange believes that:

(a) a false market exists or may exist in the trading of IMM Shares; or

(b) there are insufficient IMM Shares in public hands to maintain an orderly market,

then the Stock Exchange will consider exercising its discretion to suspend trading in IMM Shares. In this connection, it should be noted that upon closing of the Offers, there may be insufficient public float for IMM Shares and therefore trading in IMM Shares may be suspended until a sufficient level of public float is attained.

10. ADDITIONAL INFORMATION

IMM Shareholders and IMM Optionholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting the Offers. It is emphasised that none of Joy Global, Bidco, IMM, the Joint Financial Advisers, the Independent Financial Adviser (or any of their respective directors, officers or associates) or any other person involved in the Offers accepts responsibility for any tax effects on, or liabilities of, any person(s) as a result of their acceptance or rejection of the Offers.

This Composite Document does not include any information in respect of overseas taxation. IMM Shareholders and IMM Optionholders are recommended to consult their own tax advisers regarding the implications in the relevant jurisdiction of owning and disposing of IMM Shares and of accepting the Option Offers (whichever is applicable).

11. FURTHER INFORMATION

Please refer to the letter from the Joint Financial Advisers set out in this Composite Document, Appendix I to this Composite Document and the Forms of Acceptance for further information relating to the Offers, the acceptance and settlement procedures of the Offers, the making of the Offers to IMM Shareholders and IMM Optionholders outside of Hong Kong and taxation.

12. RECOMMENDATION

The executive and non-executive IMM Directors (other than the independent non-executive IMM Directors whose opinion is expressed in the letter from the IMM Independent Board Committee in this Composite Document) consider that the terms of the Offers are fair and reasonable so far as the independent IMM Shareholders and the independent IMM Optionholders are concerned and recommend that you accept the Offers (whichever is applicable).

Your attention is drawn to (i) the aforementioned letter from the IMM Independent Board Committee, which contains the IMM Independent Board Committee's recommendation to the independent IMM Shareholders and the independent IMM Optionholders in respect of the Offers, and (ii) the letter from the Independent Financial Adviser in this Composite Document, which contains the Independent Financial Adviser's advice to the IMM Independent Board Committee, the independent IMM Shareholders and the independent IMM Optionholders in respect of the fairness and reasonableness of the Offers, and the principal factors and reasons it has considered before arriving at its advice. You are also advised to read this Composite Document and the Forms of Acceptance in respect of the acceptance and settlement procedures of the Offers.

By order of the Board of
International Mining Machinery Holdings Limited
Kee-Kwan Allen Chan
Chief Executive Officer

Set out below is the full text of the letter of advice from the IMM Independent Board Committee prepared for inclusion in this Composite Document.

IMM 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)

6 January 2012

To the independent IMM Shareholders and the independent IMM Optionholders

Dear Sir or Madam,

Unconditional mandatory cash offers
by UBS AG and Goldman Sachs (Asia) L.L.C.
on behalf of
Joy Global Asia Limited, a wholly-owned subsidiary of
Joy Global Inc.,
to acquire all of the issued shares in the capital of
International Mining Machinery Holdings Limited
(not already owned by Joy Global Asia Limited)
and
for the cancellation of all of the outstanding Share Options of
International Mining Machinery Holdings Limited

We refer to the composite offer and response document dated 6 January 2012 issued jointly by the Joint Financial Advisers on behalf of Joy Global and IMM (the "**Composite Document**"), of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the IMM Board to form the IMM Independent Board Committee to consider and advise the independent IMM Shareholders and the independent IMM Optionholders as to whether or not the terms of the Offers are fair and reasonable and to make a recommendation as to acceptance of the Offers. Kingsway has been appointed as the Independent Financial Adviser.

We wish to draw your attention to the letter from the IMM Board, the letter from the Joint Financial Advisers and the letter from the Independent Financial Adviser set out elsewhere in the Composite Document which contains, among other things, the advice and recommendations provided by Kingsway to us regarding the terms of the Offers and the principal factors and reasons taken into consideration for its advice and recommendations.

Having considered the terms of the Offers, taking into account the information contained elsewhere in the Composite Document and the advice of the Independent Financial Adviser:

(a) we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the IMM Shareholders are concerned and we recommend the IMM Shareholders accept the Share Offer; and

(b) we are of the opinion that the terms of the Option Offers are fair and reasonable so far as the IMM Optionholders are concerned and we recommend the IMM Optionholders accept the Option Offers.

Yours faithfully,

Dr. Fung Man Norman Wai
for and on behalf of
the IMM Independent Board Committee
Dr. Yiming Hu **Dr. Xuezheng Wang**
Mr. Zhenduo Yuan **Dr. Fung Man Norman Wai**
Independent non-executive IMM Directors

Set out below is the full text of the letter of advice from the Independent Financial Adviser, Kingsway Capital Limited, setting out its advice to the IMM Independent Board Committee, the independent IMM Shareholders and the independent IMM Optionholders prepared for inclusion in this Composite Document.

SUNWAH KINGSWAY
新華滙富
5/F., Hutchison House, 10 Harcourt Road, Central, Hong Kong.
Tel. No: (852) 2877-1830 Fax. No: (852) 2283-7322

6 January 2012

To the IMM Independent Board Committee, the independent IMM Shareholders and the independent IMM Optionholders

Dear Sirs,

Unconditional mandatory cash offers
by UBS AG and Goldman Sachs (Asia) L.L.C.
on behalf of
Joy Global Asia Limited, a wholly-owned subsidiary of
Joy Global Inc.,
to acquire all of the issued shares in the capital of
International Mining Machinery Holdings Limited
(not already owned by Joy Global Asia Limited)
and
for the cancellation of all of the outstanding Share Options of
International Mining Machinery Holdings Limited

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the independent board committee of International Mining Machinery Holdings Limited (the "**IMM Independent Board Committee**") and the independent IMM Shareholders and independent IMM Optionholders in respect of the unconditional mandatory cash offers by the Joint Financial Advisers on behalf of Joy Global Asia Limited ("**Bidco**"), a wholly-owned subsidiary of Joy Global Inc. to acquire all of the issued shares in the capital of International Mining Machinery Holdings Limited (not already owned by Bidco and its Concert Parties) and for the cancellation of all the outstanding share options of International Mining Machinery Holdings Limited (the "**Offers**"), details of which are set out in the composite offer and response document issued jointly by (i) the Joint Financial Advisers on behalf of Joy Global, and (ii) IMM and dated 6 January 2012 (the "**Composite Document**"), of which this letter forms part. Unless otherwise defined, capitalised terms used in this letter shall have the same meanings as defined in this Composite Document.

On 14 July 2011, Joy Global and IMM jointly announced that on 11 July 2011 TJCC, Joy Global and Bidco entered into the Share Purchase Agreement, pursuant to which TJCC has conditionally agreed to sell, and Bidco has conditionally agreed to acquire, 534,800,000 IMM Shares in aggregate (representing approximately 41% of the entire issued share capital of IMM) at the purchase price of HK$8.50 per IMM Share, for a total cash consideration of HK$4,545,800,000. Completion of the acquisition of the 534,800,000 IMM Shares under the Share Purchase Agreement was conditional on the satisfaction of the Conditions listed in the Original Offer Announcement, which included the receipt of MOFCOM anti-trust clearance for Joy Global's acquisition of IMM.

On 29 July 2011, Joy Global and IMM jointly announced that (i) Bidco had disclosed, in accordance with Rule 22 of the Takeovers Code and Part XV of the SFO, its acquisition of 136,461,500 IMM Shares at HK$8.00 per IMM Share, representing approximately 10.5% of the issued share capital of IMM, (ii) that on completion of the Share Purchase Agreement Bidco would accordingly hold 671,261,500 IMM Shares representing approximately 51.6% of the issued share capital of IMM (and 50.9% on a fully diluted basis assuming the full exercise of all Share Options then outstanding), and (iii) that, if the Share Purchase Agreement was completed, the offers made by Bidco for the issued IMM Shares and for the cancellation of outstanding Share Options would be unconditional in all respects (as Bidco would already hold more than 50% of the voting rights of IMM).

In the period from 29 July 2011 to 7 September 2011, Bidco acquired and disclosed its acquisition of a further 229,184,800 IMM Shares in total at HK$8.00 per IMM Share, and the resulting increase of Bidco's holding to 365,646,300 IMM Shares, representing approximately 28.1% of the issued share capital of IMM (and 27.7% on a fully diluted basis assuming all Share Options outstanding as at the Latest Practicable Date are exercised in full).

On 23 December 2011, Joy Global and IMM announced that they had received unconditional MOFCOM anti-trust clearance for the transactions contemplated by the Share Purchase Agreement and that the Condition described at paragraph (a) of the section headed "Conditions Precedent to the Share Purchase Agreement" in the Original Offer Announcement had accordingly been satisfied. On 30 December 2011 Joy Global and IMM announced that the remaining Conditions had been satisfied and that Share Purchase Agreement had been completed. As a result of the completion of the Share Purchase Agreement, the Joint Financial Advisers are now making unconditional mandatory cash Offers on behalf of Bidco to acquire all of the IMM Shares not already owned by Bidco, and for the cancellation of all outstanding Share Options, all as set out in this Composite Document.

As at the Latest Practicable Date, and following completion of the Share Purchase Agreement, Bidco holds 900,446,300 IMM Shares representing approximately 69.3% of the issued share capital of IMM (and 68.3% on a fully diluted basis assuming all Share Options outstanding as at the Latest Practicable Date are exercised in full). Bidco is therefore the IMM's controlling shareholder (as defined in the Listing Rules).

An IMM Independent Board Committee comprising the independent non-executive Directors has been appointed to make a recommendation to the independent IMM Shareholders and independent IMM Optionholders as to whether the terms of the Offers are fair and reasonable and whether or not the independent IMM Shareholders and independent IMM Optionholders should accept the Offers. In our capacity as the Independent Financial Adviser to the IMM Independent Board Committee, the independent IMM Shareholders and independent IMM Optionholders, our role is to provide the IMM Independent Board Committee, the independent IMM Shareholders and independent IMM Optionholders with an independent opinion and recommendation as to whether the terms of the Offers are fair and reasonable and whether or not the independent IMM Shareholders and independent IMM Optionholders should accept the Offers.

BASIS OF OUR OPINION

In formulating our view and recommendation to the IMM Independent Board Committee, the independent IMM Shareholders and independent IMM Optionholders, we have relied on the accuracy of the information, opinions and representations contained or referred to in this Composite Document and provided to us by IMM, the IMM Directors and the management of IMM. We have assumed that all information, opinions and representations contained or referred to in this Composite Document were true, accurate and complete at the time they were made and continued to be true and accurate as at the date of this Composite Document. We have also assumed that all statements of belief, opinion and intention made by the IMM Directors and Bidco in this Composite Document were reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in this Composite Document to provide a reasonable basis for our opinions and recommendations. The Joy Global Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to the IMM Group) and confirmed that having made all reasonable enquiries, to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by IMM or any IMM Directors or by us) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading. The IMM Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Composite Document (other than that relating to Joy Global and Bidco and confirmed, having made all reasonable enquiries, to the best of their knowledge, opinions expressed in the Composite Document (other than those expressed by Joy Global, Bidco, and Joy Global Director, any director of Bidco or by the Joint Financial Advisers) have been arrived at after due and careful consideration and there are no other facts not contained in the Composite Document, the omission of which would make any statements in the Composite Document misleading. We have not, however, carried out any independent verification of the information provided by IMM, the IMM Directors and the management of IMM, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the IMM Group, Joy Global and/or Bidco.

In formulating our opinion, we have not considered the tax implications to the independent IMM Shareholders and independent IMM Optionholders arising from acceptances or non-acceptances of the Offers as these are particular to their individual circumstances. It is emphasised that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the independent IMM Shareholders and independent IMM Optionholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional advisers.

TERMS OF THE OFFER

1. The Offers

The terms set out below are summarised from the "Letter from the Joint Financial Advisers" contained in this Composite Document. Independent IMM Shareholders and independent IMM Optionholders are encouraged to read the relevant section in full.

The Joint Financial Advisers, on behalf of Bidco, are making (i) the Share Offer to acquire all of the IMM Shares (other than those IMM Shares already held by Bidco), and (ii) the Option Offers for the cancellation of all of the outstanding Share Options, on the following bases:

The Share Offer:

For each IMM Share . . . . HK$8.50 in cash

The Options Offers:

For each Share Option with an exercise price of HK$4.07 per IMM Share . . . . . HK$4.43 in cash

For each Share Option with an exercise price of HK$6.75 per IMM Share . . . . . HK$1.75 in cash

The Offers are unconditional and are therefore not conditional upon any minimum level of acceptances being received nor subject to any other condition.

As at the Latest Practicable Date, there were 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares. Other than the 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares, there are no other IMM Shares, Share Options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into IMM Shares.

2. Further terms of the Offers

IMM Shares

Under the Share Offer, the IMM Shares will be acquired (i) with all rights attached thereto as at the Latest Practicable Date 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 Latest Practicable Date, and (ii) free from all rights of preemption, options, liens, claims, equities, charges, encumbrances and third party rights.

Share Options

Under the Option Offers, the Share Options of the accepting independent IMM Optionholders, together with all rights attaching thereto, will be cancelled.

3. Hong Kong stamp duty

Seller's ad valorem stamp duty arising in connection with acceptance of the Share Offer will be payable by each IMM Shareholder at the rate of HK$1.00 for every HK$1,000 or part thereof of the consideration payable by Bidco for such person's IMM Shares and will be deducted from the cash amount due to such accepting IMM Shareholder. Bidco will pay the buyer's ad valorem stamp duty and will account to the Stamp Office of Hong Kong for all stamp duty payable on the sale and purchase of IMM Shares in respect of which valid acceptances are received under the Share Offer.

No stamp duty is payable in connection with the Option Offers.

4. Availability of the Offers

Joy Global intends to make the Offers available to all IMM Shareholders and IMM Optionholders, including those who are resident outside Hong Kong, to the extent practicable. The availability of the Offers to persons not resident in Hong Kong may be affected by the laws of the relevant overseas jurisdictions. Persons who are not resident in Hong Kong should inform themselves about and observe any applicable requirements in their own jurisdictions.

Joy Global reserves the right to make special arrangements regarding the terms of the Offers in relation to IMM Shareholders or IMM Optionholders whose receipt of the Offers or of this Composite Document is subject to the laws of an overseas jurisdiction. Joy Global also reserves the right to notify any matter, including the making of the Offers, to IMM Shareholders or IMM Optionholders having a registered address outside of Hong Kong by announcement or by advertisement in a newspaper which may or may not be circulated in the jurisdiction in which such persons are resident. The notice will be deemed to have been sufficiently given, despite any failure by such IMM Shareholders or IMM Optionholders to receive or see that notice.

Settlement of the consideration payable to certain IMM Optionholders who accept the Option Offer(s) may be subject to filings with and applicable approvals from relevant PRC authorities (in accordance with the laws and regulations of the PRC), and such consideration will not be paid unless and until all applicable approvals from relevant PRC authorities have been duly obtained (and subject to any deductions or withholdings mandated by such authorities). Accordingly an application will be made to the Executive for a waiver from strict compliance with Rule 20.1(a) of the Takeovers Code.

PRINCIPAL REASONS AND FACTORS CONSIDERED

In arriving at our recommendation to the IMM Independent Board Committee, the independent IMM Shareholders and independent IMM Optionholders in respect of the Offers, we have considered the following principal reasons and factors:

1. Background

(a) Information on the IMM Group

The IMM Group is principally engaged in the design, manufacture and sale of underground longwall coal mining equipment in China, including roadheaders, shearers, armoured-face conveyors and related products and electric control systems.

(b) Financial information of the IMM Group

(i) Historical performance

As set out in the annual report of IMM for the year ended 31 December 2010 ("**2010 Annual Report**"), after IMM was listed on the Main Board of the Stock Exchange on 10 February 2010 (the "**Global Offering**"), it (i) completed an acquisition of 100% of the equity interest in Qingdao Tianxun Electric Co., Ltd., (ii) established Shanxi Meijia Mining Machinery Company Limited, a joint venture with a key customer, Shanxi Coal Transportation and Sales Group Co., Ltd., (iii) established its foothold into international markets, and (iv) continued to expand its product offerings to suit a wide spectrum of customer needs.

Set out below is the extracted financial information of the IMM Group for the three years ended 31 December 2008, 2009 and 2010, and the unaudited financial information of the IMM Group for the six months ended 30 June 2010 and 2011. Further information on the IMM Group's financial information can be found in Appendix II to this Composite Document:

	Six months ended 30 June		**For the year ended 31 December**		
	2011	**2010**	**2010**	**2009**	**2008**
	(Unaudited)	**(Unaudited)**	**(Audited)**	**(Audited)**	**(Audited)**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue					
— roadheaders	689,242	584,025	1,081,758	819,044	684,105
— shearers	258,945	220,122	538,571	456,892	447,557
— armoured-face conveyors and related products	118,549	122,056	267,526	243,567	148,031
— electric control system	46,048	—	54,760	—	—
Total	1,112,784	926,203	1,942,615	1,519,503	1,279,693
Gross profit	496,793	395,822	842,110	575,128	475,129
Gross profit margin	44.6%	42.7%	43.3%	37.9%	37.1%
Profit for the year/period	203,521	145,155	350,041	232,844	146,162
Profit margin	18.3%	15.7%	18.0%	15.3%	11.4%
Profit for the year/period attributable to owners of the parent	203,521	145,229	350,115	228,726	150,354

Source: IMM's interim report and annual reports.

For the year ended 31 December 2009

For the year ended 31 December 2009, the IMM Group's revenue amounted to approximately RMB1,519.5 million, representing an increase of approximately RMB239.8 million or approximately 18.7% as compared to approximately RMB1,279.7 million in 2008. The increase was primarily due to an increase in sales of roadheader products and armoured-face conveyors, partially offset by a decrease in sales of aftermarket parts and services. While sales volumes in units were flat as compared to 2008, a favorable sales mix led to a significant increase in the IMM Group's revenue. Gross profit increased by approximately RMB100.0 million, or approximately 21.0%, from approximately RMB475.1 million in 2008 to approximately RMB575.1 million in 2009. During 2009, the gross margin was approximately 37.9%, representing a slight increase as compared to approximately 37.1% in 2008, which primarily reflected the increase in the percentage of revenue derived from roadheader products with a stable gross profit margin and armoured-face conveyors and related products with the increase in the gross profit margin from approximately 12.5%, offset by a slight decrease in gross margin of our shearer products. The IMM Group's net profit for the year was RMB232.8 million as compared to RMB146.2 million in 2008, representing an increase of 59.2%, which was primarily the result of increased sales and various cost containment initiatives.

For the year ended 31 December 2010

For the year ended 31 December 2010, the IMM Group's revenue increased by approximately 27.8% to approximately RMB1,942.6 million in 2009 as a result of the strong market demand for our roadheaders, shearers, armoured-faced conveyors and related products and electric control systems. The gross profit grew by approximately 46.4% over prior year to approximately RMB842.1 million in 2010, and the gross margin improved by approximately 5.5% over 2009 due to the better sales mix in customer, product and pricing, better overhead leverage from a higher volume of sales and reduced outsourcing by enhancing capacity utilisation. Compared to 2009, the net profit attributable to IMM's equity holders as adjusted increased by approximately RMB191.3 million to approximately RMB436.7 million, excluding the impact of approximately RMB86.6 million of non-recurring charges related to the Global Offering and non-recurring income from the waiver of taxes related to periods prior to the formation of IMM.

Six months ended 30 June 2011

For the six months ended 30 June 2011, the IMM Group's revenue amounted to approximately RMB1,112.8 million, representing an increase of approximately RMB186.6 million, or approximately 20.1%, as compared to approximately RMB926.2 million for the same period in 2010. The increase was primarily due to the increase in sales of roadheader products, shearer products, and electric control systems, complemented by a favourable product mix. This was, however, partially offset by a slight decrease in sales of armoured-face conveyors and related products. Gross profit increased by approximately RMB101.0 million, or approximately 25.5%, from approximately RMB395.8 million for the first half of 2010 to approximately RMB496.8 million in 2011. The gross margin was approximately 44.6%, representing an increase of approximately 1.9% as compared to approximately 42.7% for the same period in 2010. This is mainly due to the increase in the percentage of revenue derived from higher margin product sales of roadheader products, shearer products and electric control systems. The IMM Group's net profit attributable to the equity holders of IMM for the first half of 2011 was approximately RMB203.5 million, which represents an increase of approximately RMB58.3 million or approximately 40.2% over the net profit attributable to the equity holders of IMM for the same period in 2010. This increase was primarily the result of increased sales and various cost containment initiatives.

(ii) Financial position

	As at 30 June	**As at 31 December**		
	2011	**2010**	**2009**	**2008**
	(Unaudited)	**(Audited)**	**(Audited)**	**(Audited)**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	1,194,045	1,210,107	626,913	633,813
Current assets	2,881,921	2,564,666	1,578,526	1,525,382
Current liabilities	1,009,842	837,931	1,463,323	1,097,198
Non-current liabilities	108,704	111,966	50,064	603,575
Net assets	2,957,420	2,824,876	692,052	458,422

Source: IMM's interim report and annual reports.

As of 31 December 2009, the IMM Group's total assets amounted to approximately RMB2,205.4 million, representing an increase of approximately RMB46.2 million or approximately 2.1% as compared to the balance as of 31 December 2008. The increase was mainly attributable to the increase in trade receivables, proceeds from bank loans and reserves over those of last year. As of 31 December 2009, the IMM Group's total liabilities amounted to approximately RMB1,513.4 million, representing a decrease of approximately RMB187.4 million as compared to the balance as at 31 December 2008. The decrease in liabilities was mainly attributable to loan repayments to the holding company of IMM, TJCC, and a related party, TJCC Services Ltd., and a partial redemption of IMM's preference shares.

As of 31 December 2010, the IMM Group's net assets were approximately RMB2,824.9 million, representing an increase of approximately three times from approximately RMB692.1 million as at 31 December 2009. The total assets of the IMM Group amounted to approximately RMB3,774.8 million, representing an increase of approximately RMB1,569.4 million, or approximately 71.2%, as compared to the balance as at 31 December 2009. The increase was mainly attributable to the increase in (i) goodwill and other intangible assets acquired through the acquisition of Qingdao Tianxun Electric Co., Ltd., (ii) trade receivables over those of the prior period due to increased sales levels, and (iii) cash and cash equivalents as a result of the proceeds from the Global Offering. As of 31 December 2010, the IMM Group's total liabilities amounted to approximately RMB949.9 million, representing a decrease of approximately RMB563.5 million as compared to the balance as at 31 December 2009. The decrease in liabilities was mainly attributable to the redemption of IMM's preference shares in connection with the Global Offering and repayment of short-term bank loans.

As of 30 June 2011, the IMM Group's net assets were approximately RMB2,957.4 million, representing an increase of approximately 4.7% from approximately RMB2,824.9 million as at 31 December 2010. The total assets of the IMM Group amounted to approximately RMB4,075.9 million, representing an increase of approximately RMB301.1 million or approximately 8.0%, as compared to the total assets as of 31 December 2010. The increase was mainly attributable to the increase in trade receivables over those of the prior period due to increased sales levels. As of 30 June 2011, the IMM Group's total liabilities amounted to approximately RMB1,118.5 million, representing an increase of approximately RMB168.6 million as compared to the total liabilities as at 31 December 2010. The increase in liabilities was mainly attributable to the increase in trade payables due to the corresponding increase of purchases for the production of inventory for increased sales volumes.

2. Business prospects of the IMM Group

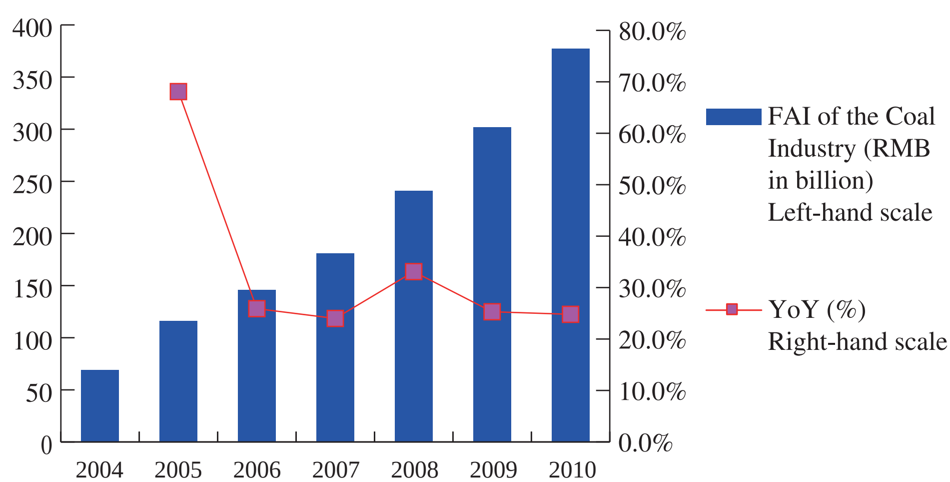
According to the interim report of IMM for the six months ended 30 June 2011 ("**2011 Interim Report**"), China is the world's largest producer and consumer of coal and the China National Coal Machinery Industry Association ("**CMIA**") expects it to remain so for the foreseeable future. Chinese coal spot prices have been rising steadily in the first half of 2011, and the benchmark Bohai Rim steam coal index hit RMB808 per tonne on 27 April 2011, up from RMB774 per tonne on 26 January 2011. Based on the aforesaid, IMM expects to have significant growth in demand and the need for increased supply. CMIA also estimates that companies will invest RMB77 billion in coal mining machinery to meet the demand for increasing coal production. The IMM Directors also expect this to directly benefit the coal mining machinery industry and in turn, provide customers with new and additional automation to extract coal in a more cost efficient and timely manner.

As further stated in the 2011 Interim Report, guided by the Twelfth Five-Year Plan, actions have been taken by the provincial governments, and they will continue the restructuring in the next five years by focusing on consolidating and merging coal mine resources in various regions. To meet the objective of the Twelfth Five-Year Plan, large mining companies are likely to increase the capacity of existing large mines or restructure small mines and introduce mining machines to the consolidated coal mines. The IMM Directors consider that IMM, as one of the market leaders, should benefit from the increasing demand for equipment from large mining companies and outperform the industry's growth.

3. Outlook of the Coal Mining Machinery Industry in the PRC

According to China National Development and Reform Commission (中華人民共和國國家發展和改革委員會"**NDRC**"), coal is the nation's most important energy resource. In 2009, more than 70% of the energy consumed came from coal. The coal mining machinery industry, closely related to the production of coal, can be affected directly by ups and downs of the coal industry. Demand for coal mining machinery products was boosted in 2008. Fixed asset investment of the coal industry, as a proxy to the demand for coal mining machinery, reached approximately RMB241.1 billion, approximately 33.6% higher than in 2007. The boom in demand was partly due to the PRC government's announcement in the beginning of 2007 of the reconstruction and consolidation of the coal industry as part of the Eleventh Five-Year Plan (2006–2010). During the five-year period, the government planned to shut down small coal mines and raise the proportion of large-scale mines. The government also aimed to raise the nation's coal production by 400 million tons, by means of constructing new mines and renovating or expanding small mines. The Eleventh Five-Year Plan also required large and medium-scale coal mines to reach mechanisation rates over approximately 95% and approximately 80%, respectively. As a result, domestic coal production of the PRC increased more than 800 million tons, and reached approximately 2.99 billion tons by the end of 2010. Fixed asset investment in the coal industry also grew from approximately RMB145.9 billion in 2006 to approximately RMB377 billion in 2010.

The following chart shows the trend of fixed asset investment ("**FAI**") in the PRC coal industry and its annual growth rate.



Source: National Bureau of Statistics of China

As shown in the above chart, after the boom in demand for coal mining machinery in 2005, the annual growth rate of FAI in the coal industry dropped to approximately 24.0% in 2007. According to statistics issued by the National Bureau of Statistics of China, notwithstanding that the FAI in the coal industry had reached a record high of approximately RMB377 billion in 2010, the 2010 year-on-year growth rate was an approximately 24.8%, which is the lowest growth rate since 2008. Growth in demand for mining machinery products seems to have kept up with the rate in 2010. However, it seems unlikely that an annual growth rate of over 30% will return in the short to medium term. We have been advised by the management of IMM that, as a result of the increase in bank reserves and interest rates by the Peoples' Bank of China in 2011, IMM's customers have faced difficulties in obtaining bank financing for the purchase of mining machinery from IMM.

Although we concur with the view of the IMM Directors that IMM, as one of the market leaders in the coal mining machinery industry in the PRC, will benefit from the increasing demand for equipment from large mining companies, the slowdown in the growth of demand in the coal mining machinery in the PRC from 2008 to 2010 may impose uncertainty in the business environment of IMM. Further, according to the listing prospectus of IMM and our discussion with the IMM's management, there have been some foreign players who adopted acquisitive expansion strategies in contributing to the consolidation of the PRC coal mining machinery industry. A recent example of this trend is ERA Mining Machinery Limited, a company listed in the main board of the Stock Exchange which principally engages in the manufacture and sales of coal mining machinery in the PRC, announced on 10 November 2011 that Caterpillar Inc. and its subsidiary had made a conditional general offer to acquire all the issued shares of ERA Mining Machinery Limited. Caterpillar's offer may be indicative of a trend for the introduction of foreign capital and technical knowhow to the PRC mining machinery industry, leading to a possible intensified competition amongst the industry players in the PRC.

In light of the above, we are of the view that (i) the future growth of business environment for IMM Group may slow down in the short to medium term, (ii) IMM Group may be faced with possible intensified competition, and (iii) the Offers provide an alternative for the independent IMM Shareholders and independent IMM Optionholders who wish to realise their investments.

4. Background of Joy Global and its intention

(a) Information on Joy Global

Joy Global is primarily engaged in the manufacture of high-productivity mining solutions. Through its businesses P&H Mining Equipment and Joy Mining Machinery, Joy Global manufactures and markets original equipment and aftermarket parts and services for the underground and above-ground mining industries and for certain industrial applications. Joy Global's products and related services are used primarily in the mining of coal, copper, iron ore, oil sands, gold and other mineral resources. Joy Global is the direct successor to a business begun over 125 years ago.

As stated in the letter from the Joint Financial Advisers in this Composite Document, Joy Global Inc. was incorporated in Delaware on 17 September 1986 under the name of Harnischfeger Industries, Inc. and changed its name to Joy Global Inc. on 12 July 2001. Joy Global Inc. was first listed on the NASDAQ GS Board on 31 July 2001 and moved its listing to the New York Stock Exchange on 6 December 2011, trading under the ticker JOY.

Bidco is a private limited liability company that was incorporated in Hong Kong on 29 April 2011 for the purpose of making the Offers. Bidco changed its name from Newco Hong Kong 123 Limited to Joy Global Asia Limited on 7 November 2011. It is a wholly-owned subsidiary of Joy Global Inc.

(b) Intention of the Offeror

As stated in the letter from the Joint Financial Advisers in this Composite Document, Joy Global believes that there are compelling commercial reasons for a combination of Joy Global and IMM. Joy Global believes that the business of IMM is a good strategic fit with its existing businesses and complements Joy Global's strategy to grow in emerging markets. In particular, Joy Global sees strong potential in expanding its customer base, raising its profile in China, and diversifying its revenue chain by combining with IMM.

Joy Global intends to conduct a post acquisition review of IMM's operations with a view to developing a plan to realise efficiencies and synergies with Joy Global's operations in China. Pending completion of the post-acquisition review, Joy Global does not intend to institute major changes to the business of IMM (including redeployment of assets or major employee changes) as IMM's existing business is highly complementary with Joy Global. Details of changes to the board composition of IMM are stated in the section headed "Changes to the board composition of IMM" of the letter from the Joint Financial Advisers in this Composite Document.

Joy Global is strongly committed to build on IMM's current brand and business, and aims to grow IMM under Joy Global's existing dual brand strategy in China.

5. Compulsory acquisition and withdrawal of listing

As stated in the letter from the Joint Financial Advisers, Bidco intends to exercise the right under section 88 of the Cayman Companies Law to compulsorily acquire those IMM Shares not acquired by Bidco under the Share Offer. On completion of the compulsory acquisition, IMM will become a wholly-owned subsidiary of Bidco and an application will be made for the withdrawal of the listing of the IMM 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 Joy Global seeks to acquire or privatise IMM by means of the Share 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 Companies Law, acceptance of the Share Offer and purchases made by Bidco and its Concert Parties during the period of four months after posting of this Composite Document total 90% of the Disinterested Shares.

6. The Offer Price

As stated in the letter from the Joint Financial Advisers in this Composite Document, the Share Offer Price of HK$8.50 per IMM Share is the same price as Joy Global paid for each IMM Share under the Share Purchase Agreement and represents:

(i) a discount of approximately 0.6% to the closing price of HK$8.55 per IMM Share as quoted on the Stock Exchange on the Latest Practicable Date;

(ii) a premium of approximately 269.6% over the unaudited net asset value of approximately HK$2.3 per IMM Share as at 30 June 2011;

(iii) a premium of approximately 29.8% over the closing price of HK$6.55 per IMM Share as quoted on the Stock Exchange on the Last Trading Date;

(iv) a premium of approximately 23.9% over the average closing price of approximately HK$6.86 per IMM Share as quoted on the Stock Exchange for the last 5 trading days immediately prior to and including the Last Trading Date;

(v) a premium of approximately 15.8% over the average closing price of approximately HK$7.34 per IMM Share as quoted on the Stock Exchange for the last 30 trading days immediately prior to and including the Last Trading Date;

(vi) a premium of approximately 10.5% over the average closing price of approximately HK$7.69 per IMM Share as quoted on the Stock Exchange for the last 60 trading days immediately prior to and including the Last Trading Date;

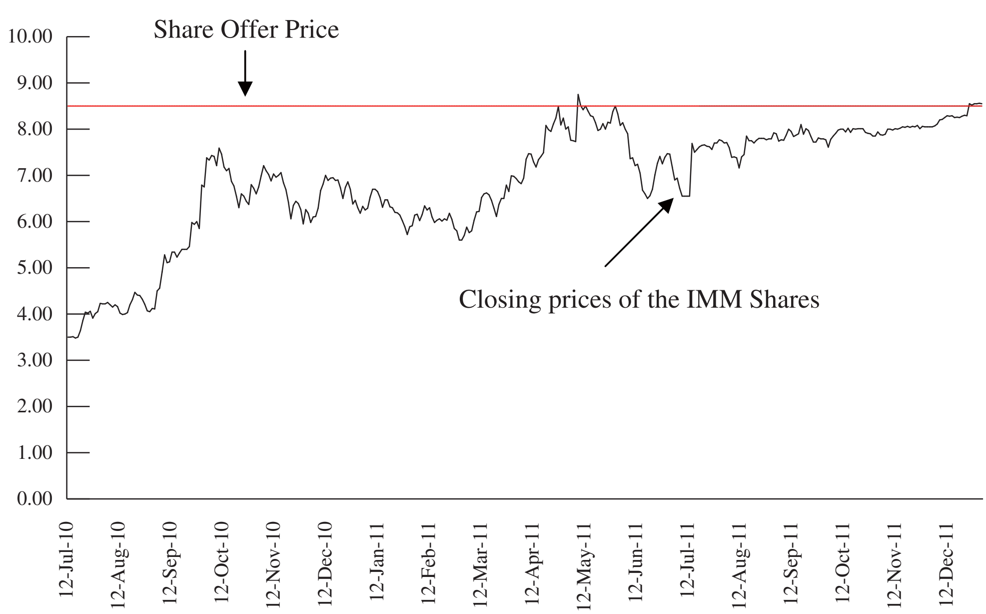
(vii) a premium of approximately 16.3% over the average closing price of approximately HK$7.31 per IMM Share as quoted on the Stock Exchange for the last 90 trading days immediately prior to and including the Last Trading Date; and

(vii) a premium of approximately 50.2% over the average closing price per IMM Share of HK$5.66 as quoted on the Stock Exchange for the period from the first listing of the IMM Shares on the Stock Exchange on 10 February 2010 up to and including the Last Trading Date.

7. Historical price performance and trading liquidity of the IMM Shares

(a) Price performance of the IMM Shares

The chart below illustrates the closing price level of the IMM Shares during the period from 12 July 2010 (being the 12 months period prior to the Last Trading Day) to the Last Trading Date and thereafter up to and including the Latest Practicable Date (the "**Review Period**"):



Note: Trading in the IMM Shares was suspended from 12 July 2011 to 14 July 2011
Source: Website of the Stock Exchange

During the Review Period, the closing price of the IMM Shares moved upwards from the lowest point of HK$3.48 per IMM Share (recorded on 15 July 2010) to the highest point of HK$8.75 per IMM Share (recorded on 9 May 2011). We note that the average daily closing price of the IMM Shares during the Review Period was approximately HK$6.86 per IMM Share, which represented a discount of approximately 19.3% to the Share Offer Price. We also note that the IMM Shares have closed on or above the Share Offer Price on only 10 trading days, representing approximately 2.72% of the total 367 trading days during the Review Period.

We note that since the end of August 2010, the closing price of the IMM Shares has grown significantly from HK$4.11 on 30 August 2010 to HK$7.46 on 8 October 2010 immediately after the release of the IMM Group's results announcement for the six months ended 30 June 2010. We also note from the above graph that the closing price of the IMM Shares has again increased significantly from HK$6.46 on 15 March 2011 to HK$8.75 on 9 May 2011 immediately after the release of the IMM Group's results announcement for the year ended 31 December 2011. The closing price of IMM Shares fell to HK$6.50 on 20 June 2011 and rebounded to HK$8.55 as at the Latest Practicable Date which was slightly above the Share Offer Price.

Having considered that the share price of IMM has closed on or above the Share Offer Price on only 10 trading days and there is no assurance that the price of the IMM Shares will remain at the current level if the Offers are withdrawn or lapse, we are of the view that the Share Offer Price is acceptable to the independent IMM Shareholders.

(b) Liquidity of the Shares

We have reviewed the historical trading volume of the IMM Shares during the Review Period. The total trading volume of the IMM Shares, the average daily trading volume of the Shares, the percentages of average daily trading volume of the IMM Shares as compared to the total number of issued Shares and the Shares held by the public IMM Shareholders during the Review Period are shown in the table overleaf:

	Total trading volume for the month/period *(Number of IMM Shares)*	Average daily trading volume for the month/period *(Note 1)* *(Number of IMM Shares)*	Percentage of average daily trading volume to total number of IMM Shares in issue as at the Latest Practicable Date *(Note 2)*	Percentage of average daily trading volume to total number of IMM Shares held by public IMM Shareholders as at the Latest Practicable Date *(Note 3)*
2010				
July *(Note 4)*	102,412,890	6,827,526	0.53%	1.71%
August	50,714,370	2,305,199	0.18%	0.58%
September	280,044,204	13,335,438	1.03%	3.34%
October	470,122,740	23,506,137	1.81%	5.88%
November	189,134,190	8,597,009	0.66%	2.15%
December	151,094,300	6,867,923	0.53%	1.72%
2011				
January	89,694,212	4,271,153	0.33%	1.07%
February	54,743,500	3,041,306	0.23%	0.76%
March	152,772,494	6,642,282	0.51%	1.66%
April	185,394,224	10,299,679	0.79%	2.58%
May	156,188,004	7,809,400	0.60%	1.95%
June	130,328,919	6,206,139	0.48%	1.55%
July *(Note 5)*	289,227,751	17,013,397	1.31%	4.26%
August	268,890,700	11,690,900	0.90%	2.92%
September	119,324,373	5,966,219	0.46%	1.49%
October	62,945,902	3,147,295	0.24%	0.79%
November	59,660,200	2,711,827	0.21%	0.68%
December	74,011,489	3,700,574	0.28%	0.93%
2012				
January *(up to and including the Latest Practicable Date)*	3,987,500	1,993,750	0.15%	0.50%

Source: Website of the Stock Exchange

Notes:

1. *Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the relevant month/period which exclude any trading day on which trading of IMM Shares on the Stock Exchange was suspended for the whole trading days.*

2. *Based on 1,300,214,200 IMM Shares in issue as at the Latest Practicable Date.*

3. *Based on 399,767,900 IMM Shares held by the public Shareholders as at the Latest Practicable Date.*

4. *The trading days represented the period from 12 July 2010 to 30 July 2010.*

5. *Trading of the IMM Shares was suspended from 12 July 2011 to 14 July 2011 during the Review Period.*

As shown in the table above, the trading of the IMM Shares has been very inactive. The daily trading volume in each month represented only 0.58% to 5.88% of the IMM Shares held by the public IMM Shareholders during the Review Period.

Given the low liquidity of the IMM Shares, it may be difficult for the independent IMM Shareholders, and particularly those with relatively large shareholdings, to realise their investment in IMM in the open market, without dragging down the price of the IMM Shares. We therefore consider that the Share Offer provides an opportunity to the independent IMM Shareholders to realise their investment in IMM Shares. Nevertheless, independent IMM Shareholders who wish to dispose of part or all of their IMM Shares are reminded to closely monitor the market price and the liquidity of the IMM Shares during the Offer Period and consider selling their IMM Shares in the open market, instead of accepting the Share Offer, if the net proceeds from the disposal of such IMM Shares in the open market would exceed that receivable under the Share Offer.

8. Comparison of PER and PBR

For the purpose of assessing the Share Offer Price, we have also reviewed and compared the price to earnings ratios (the "**PERs**") and the price to net asset value (the "**PBRs**") of companies (the "**Comparable Companies**") listed on the recognised stock exchanges which are engaged in sales of coal mining machinery as a principal activity according to Bloomberg (which is substantially similar with businesses of the IMM Group). To the best of our knowledge, effort and endeavor and based on above criteria and our searches conducted on Bloomberg and the website of the Stock Exchange, we consider the list of Comparable Companies is exhaustive and those Comparable Companies are fair and representative comparables to the IMM Group.

Name of Comparable Companies	**Stock code**	**Historical PER**	**PBR**
		times	*times*
		(Note 1)	*(Note 1)*
Joy Global Inc.	JOYG US	17.01	4.26
Sany Heavy Equipment International Holdings Co. Ltd.	631.HK	16.32	3.24
ERA Mining Machinery Limited	8043.HK	27.69	3.69
Tian Di Science & Technology Co. Ltd.	600582 CH	20.85	3.16
Taiyuan Heavy Industry Co.	600169 CH	5.89	0.81
	Maximum	**27.69**	**4.26**
	Minimum	**5.89**	**0.81**
	Average	**17.55**	**3.03**
IMM as at the Latest Practicable Date	1683.HK	24.88	3.09
IMM at Share Offer Price	1683.HK	24.73	3.07

Notes:

(1) Calculation is based on the closing share prices of IMM and the Comparable Companies as at the Latest Practicable Date quoted by Bloomberg and the published financial information contained in the latest annual reports, interim reports or quarterly reports of the Comparable Companies.

(2) For illustrate purposes only, the amounts in RMB and US$ are translated to HK$ at the rate of RMB0.82=HK$1.00 and US$1.00=HK$7.78.

Sources: (i) Bloomberg; and (ii) website of the Stock Exchange

Based on the respective closing prices of the shares of the Comparable Companies as at the Latest Practicable Date, the PERs of the Comparable Companies ranging from approximately 5.89 times to approximately 27.69 times with an average of approximately 17.55 times while the PBRs of the Comparable Companies ranging from approximately 0.81 times to approximately 4.26 times with an average of approximately 3.03 times. We noted that the share price of ERA Mining Machinery Limited, being one of the Comparable Companies, has increased significantly after its announcement of Caterpillar Inc.'s conditional general offer released on 10 November 2011. The resultant higher PER and PBR of ERA Mining Machinery Limited has increased the average and higher range of PER and PBR in the Comparable Companies.

Accordingly, the (i) implied PER represented by the Share Offer Price of approximately 24.73 times is higher than the average and within range of PER of the Comparable Companies; and (ii) the implied PBR represented by the Share Offer Price of approximately 3.07 times is higher than the average and within the range of PBR of the Comparable Companies.

Overall, based on the (i) comparison of the Share Offer Price with the historical closing price of the IMM Shares, and (ii) comparison of the PER and PBR implied by the Share Offer price with that of the Comparable Companies and IMM, we consider that the Share Offer Price is still attractive to IMM Shareholders as a whole.

9. The Option Offer

As at the Latest Practicable Date, there were 2,556,000 outstanding Share Options exercisable at HK$4.07 and 15,363,800 outstanding Share Options exercisable at HK$6.75 which entitling the holders thereof to subscribe for up to an aggregate of 17,919,800 new Shares. Based on the Option Offer Prices of HK$4.43 per Share Option with an exercise price of HK$4.07 in respect of 2,556,000 outstanding Share Options involving 2,556,000 IMM Shares and HK$1.75 per Share Option with an exercise price of HK$6.75 in respect of 15,363,800 outstanding Share Options involving 15,363,800 IMM Shares (each as at the Latest Practicable Date), the maximum amount payable under the Option Offers (assuming no Share Options are exercised and the Option Offers are accepted in full) is approximately HK$38.2 million.

We note that the principle of equality of treatment has been applied under the Takeovers Code. Given that the exercise price of the outstanding Share Options is lower than the Share Offer Price and thus are "in-the-money", a "see through" price has been adopted to make the Option Offers, being the intrinsic value for the outstanding Share Options which essentially represents the difference between the exercise price of the Share Options at HK$4.07 and HK$6.75 per Share and the Share Offer Price of HK$8.50 for each offer of IMM Share. As we are of the opinion that the Share Offer Price is fair and reasonable, we also consider the Option Offers Prices to be fair and reasonable.

The IMM Optionholders are hereby advised to consider whether to exercise their Share Options and selling the option shares in the open market if the market price of the IMM Shares exercised from the Share Options exceeds the sum of the exercise price of the Share Options and the offer prices of the Share Options during the offer period and the net proceeds from such sale (after deducting the amount payable for exercising the Share Options and the transaction costs) would exceed the net amount receivable under the Option Offers.

RECOMMENDATION

Having considered the above principal factors and reasons, in particular,

(a) the slowdown in growth of demand in the coal mining machinery in the PRC from 2008 to 2010 which imposes an unpromising future growth of business environment for IMM Group in the short to medium term;

(b) the possible intensified competition among industry players in the PRC due to the introduction of foreign capital and technical knowhow to the PRC mining machinery industry;

(c) the lack of liquidity of the IMM Shares during the Relevant Period which may hinder the independent Shareholders from disposing of their IMM Shares in the market after the close of the Offers without dragging down the price of the IMM Shares;

(d) the Share Offer Price of HK$8.50 per IMM Share represents (i) a discount of approximately 0.6% to the closing price of HK$8.55 per IMM Share as at the Latest Practicable Date; (ii) a premium of approximately 269.6% over the unaudited net asset value of approximately HK$$2.3 per IMM Share as at 30 June 2011; (iii) a premium of approximately 29.8% over the closing price of HK$6.55 per IMM Share as at the Last Trading Date; and (iv) a premium of approximately 23.9% over the average closing price of approximately HK$6.86 per IMM Share for the last 5 trading days immediately prior to and including the Last Trading Date; and

(e) the (i) implied PER represented by the Share Offer Price of approximately 24.73 times is higher than the average and within range of PER of the Comparable Companies; and (ii) the implied PBR represented by the Share Offer Price of approximately 3.07 times is higher than the average and within the range of PBR of the Comparable Companies,

we are of the view that the terms of the Offers are fair and reasonable so far as the independent Shareholders are concerned. Accordingly, we advise the Independent Board Committee to recommend the independent IMM Shareholders and independent IMM Optionholders to accept the Offers.

Yours faithfully,
For and on behalf of
Kingsway Capital Limited
Chu Tat Hoi
Executive Director

1. ACCEPTING THE OFFERS

1.1 The Share Offer

(a) To accept the Share Offer, you should complete and sign the accompanying **WHITE** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Share Offer.

(b) If the IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your IMM Shares is/are in your name, and you wish to accept the Share Offer, you must send the duly completed **WHITE** Form of Acceptance together with the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) by post or by hand to the Receiving Agent at Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, with "IMM Share Offer" marked on the envelope.

(c) If the IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your IMM Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your IMM Shares, you must either:

(i) lodge your IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) with the nominee company, or other nominee, with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the duly completed **WHITE** Form of Acceptance together with the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) for the number of IMM Shares in respect of which you intend to accept the Share Offer to the Receiving Agent; or

(ii) arrange for the IMM Shares to be registered in your name by IMM through the Receiving Agent, and send the duly completed **WHITE** Form of Acceptance together with the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) to the Receiving Agent; or

(iii) if your IMM Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the last date on which acceptances of the Share Offer must be received by the Receiving Agent). In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in the securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in the securities/custodian bank as required by them; or

(iv) if your IMM Shares have been lodged with your investor participant account maintained with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited (which is normally one Business Day before the last date on which acceptances of the Share Offer must be received by the Receiving Agent).

(d) If the IMM Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your IMM Shares is/are not readily available and/or is/are lost and you wish to accept the Share Offer in respect of your IMM Shares, the **WHITE** Form of Acceptance should nevertheless be completed and delivered to the Receiving Agent together with a letter stating that you have lost one or more of your IMM Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) or that it/they is/are not readily available. If you find such document(s) or if it/they become available, the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) should be forwarded to the Receiving Agent as soon as possible thereafter. If you have lost your IMM Share certificate(s), you should also write to the Receiving Agent for a letter of indemnity which, when completed in accordance with the instructions given, should be returned to the Receiving Agent.

(e) If you have lodged transfer(s) of any of your IMM Shares for registration in your name and have not yet received your IMM Share certificate(s), and you wish to accept the Share Offer in respect of your IMM Shares, you should nevertheless complete the **WHITE** Form of Acceptance and deliver it to the Receiving Agent together with transfer receipt(s) that you have duly signed. Such action will be deemed to be an irrevocable authority to the Joint Financial Advisers and/or Joy Global or their respective agent(s) to collect from the Receiving Agent on your behalf the relevant IMM Share certificate(s) when issued and to deliver such certificate(s) to the Receiving Agent as if it was/they were delivered to the Receiving Agent with the **WHITE** Form of Acceptance.

(f) Unless otherwise decided by Joy Global, acceptance of the Share Offer will be treated as valid only if the completed **WHITE** Form of Acceptance is received by the Receiving Agent no later than 4:00 p.m. on the Closing Date or such later time and/or date as Joy Global may determine and announce with the consent of the Executive, and is:

(i) accompanied by the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and, if the IMM Share certificate(s) is/are not in your name, such other documents in order to establish your right to become the registered holder of the relevant IMM Shares;

(ii) from a registered IMM Shareholder or his/her/its personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to IMM Shares which are not taken into account under another sub-paragraph of this paragraph (f)); or

(iii) certified by the Receiving Agent or the Stock Exchange.

(g) If the **WHITE** Form of Acceptance is executed by a person other than the registered IMM Shareholder, appropriate documentary evidence of authority to the satisfaction of the Receiving Agent must be produced.

(h) Seller's ad valorem stamp duty for transfers of IMM Shares registered by the Receiving Agent arising in connection with acceptance of the Share Offer will be payable by each accepting IMM Shareholder at the rate of HK$1.00 for every HK$1,000 or part thereof of the greater of (i) the consideration payable by Bidco in respect of the relevant acceptance, and (ii) the value of the IMM Shares and will be deducted from the cash amount due to such accepting IMM Shareholder. Joy Global will pay the buyer's ad valorem stamp duty in respect of the IMM Shares accepted under the Share Offer.

(i) No acknowledgement of receipt of any **WHITE** Form of Acceptance, IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

1.2 The Option Offers

(a) If you accept the Option Offer(s), you should complete the **PINK** Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the Option Offers.

(b) The completed **PINK** Form of Acceptance should be forwarded, together with the relevant certificate(s) of the relevant Share Options stating the number of Share Options in respect of the Share Options granted which you intend to accept the Option Offer(s), by post or by hand to the Company Secretary of IMM at Company Secretary, International Mining Machinery Holdings Limited, Suite 3202, 32nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong, with "IMM Option Offers" marked on the envelope, as soon as possible and in any event so as to reach the Company Secretary of IMM at the aforesaid address no later than 4:00 p.m. on the Closing Date or such later time and/or date as Joy Global may determine and announce with the consent of the Executive.

(c) No stamp duty will be deducted from the amount paid to the IMM Optionholders who accept the Option Offer(s).

(d) No acknowledgement of receipt of any **PINK** Form of Acceptance and/or certificate(s) of the Share Options will be given.

1.3 General

Subject to the terms of the Takeovers Code, acceptance(s) of the Offers may, at the discretion of Joy Global, be treated as valid even if not entirely in order or not accompanied by the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof), but, in such cases, the consideration due will not be despatched until the IMM Share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities in respect thereof) has/have been received by the Receiving Agent. However, subject to the Executive's consent, such acceptances will not be counted as valid acceptances of the Offers unless Rule 30.2 of the Takeovers Code has been fully complied with.

2. SETTLEMENT OF THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Acceptance and the relevant IMM Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are complete and in good order in all respects and have been received by the Receiving Agent no later than the latest time for acceptance (or such later time and/or date as Joy Global may announce with the consent of the Executive), a cheque for the amount due to each IMM Shareholder less seller's ad valorem stamp duty in respect of the IMM Shares tendered by him/her/it under the Share Offer will be despatched to the IMM Shareholder by ordinary post at his/her/its own risk as soon as possible but in any event within 10 days of the date of receipt of the completed **WHITE** Form of Acceptance and all the relevant documents by the Receiving Agent from the IMM Shareholder accepting the Share Offer.

2.2 The Option Offers

Provided that a valid **PINK** Form of Acceptance and the relevant certificate(s) of the Share Options are complete and in good order in all respects and have been received by the Company Secretary of IMM no later than the latest time for acceptance (or such later time and/or date as Joy Global may announce with the consent of the Executive), a cheque for the amount due to each IMM Optionholder in respect of the Share Options surrendered by him/her under the Option Offer(s) will be despatched to the IMM Optionholder by ordinary post at his/her own risk as soon as possible but in any event within 10 days of the date of receipt of the duly completed **PINK** Form of Acceptance and all relevant documents by the Company Secretary of IMM from the IMM Optionholder accepting the Option Offer(s).

2.3 Consideration

Settlement of the consideration to which any IMM Shareholder or IMM Optionholder is entitled under the Offers will be implemented in full in accordance with the terms of the Offers (save in respect of the payment of seller's ad valorem stamp duty) without regard to any lien, right of set-off, counterclaim or other analogous right to which Bidco may otherwise be, or claim to be, entitled against such IMM Shareholder or IMM Optionholder, as the case may be.

3. ACCEPTANCE PERIOD AND REVISIONS

(a) Joy Global has the right, subject to the Takeovers Code, to extend the Offers after the despatch of this Composite Document or to revise the terms of the Offers. Any decision to extend the latest time and/or date for acceptances may be made at any time up to, and will be announced no later than, the time on the relevant date stipulated in the section headed "Announcements" in this Appendix, or any such later time and date as the Executive may agree.

(b) Unless the Offers are validly extended, all acceptances must be received by 4:00 p.m. on the Closing Date in accordance with the instructions printed on the relevant Form of Acceptance and the Offers will be closed on the Closing Date.

(c) If the Offers are extended the announcement of such extension will state the next closing date.

(d) If the Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Closing Date shall, except where the context otherwise requires, be deemed to refer to the closing date of the Offers so extended.

(e) If in the course of the Offers, Joy Global revises the terms of the Offers, all the IMM Shareholders and the IMM Optionholders, whether or not they have already accepted the Offers, will be entitled to the revised terms. A revised offer must be kept open for at least 14 days following the date on which the revised offer document is posted and shall not be closed earlier than the Closing Date.

(f) The acceptance by or on behalf of an IMM Shareholder of the Share Offer or an IMM Optionholder of the Option Offer(s) in its original and/or any previously revised form shall be treated as an acceptance of the relevant Offer(s) as so revised.

(g) Any acceptance of the relevant revised Offer(s) and/or any election pursuant thereto shall be irrevocable unless and until the accepting IMM Shareholder/IMM Optionholder becomes entitled to withdraw his/her/its acceptance under the paragraph headed "Right of Withdrawal" below and duly does so.

4. COMPULSORY ACQUISITION AND WITHDRAWAL OF LISTING

Bidco intends to exercise the right under section 88 of the Cayman Companies Law to compulsorily acquire those IMM Shares not acquired by Bidco under the Share Offer. On completion of the compulsory acquisition, IMM will become a wholly-owned subsidiary of Bidco and an application will be made for the withdrawal of the listing of the IMM Shares from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

According to Rule 15.6 of the Takeovers Code, as Bidco may consider exercising its rights under the relevant provisions of the Cayman Companies Law to compulsorily acquire those IMM Shares not acquired by Bidco under the Share Offer, the Share Offer may not remain open for acceptance for more than four months from the posting of the Offer Document, unless Bidco has by that time become entitled to exercise the power of compulsory acquisition available to it under the Cayman Companies Law, in which event Bidco will do so without delay.

Pursuant to Rule 2.11 of the Takeovers Code, except with the consent of the Executive, where Joy Global seeks to acquire or privatise IMM by means of the Share 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 Companies Law, acceptance of the Share Offer and purchases made by Bidco and its Concert Parties during the period of four months after posting of the Offer Document total 90% of the Disinterested Shares.

WARNING:

If the level of acceptances reaches the level prescribed under Cayman Companies Law, and if Rule 2.11 of the Takeovers Code permits a compulsory acquisition and Joy Global proceeds with the privatisation of IMM, dealings in the securities of IMM will be suspended from the Closing Date (or such later time or date as Joy Global may, subject to the rules of the Takeovers Code, decide) up to the withdrawal of listing of IMM's securities from the Stock Exchange pursuant to Rule 6.15 of the Listing Rules.

Maintaining the listing/public float

If, at the close of the Offers, less than 25% of the IMM Shares are held by the public or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the IMM Shares; or
- there are insufficient IMM Shares in public hands to maintain an orderly market,

then the Stock Exchange may exercise its discretion to suspend dealings in the IMM Shares. In this connection, it should be noted that upon completion of the Offers, there may be insufficient public float for the IMM Shares and therefore trading in the IMM Shares may be suspended until a prescribed level of public float is attained.

5. ANNOUNCEMENTS

(a) By 6:00 p.m. (or such later time as the Executive may in exceptional circumstances permit) on the Closing Date, Joy Global will inform the Executive and the Stock Exchange of its decision in relation to the revision or extension of the Offers. Joy Global will publish an announcement on the Stock Exchange's website by 7:00 p.m. on the Closing Date stating whether the Offers have been revised or extended. The announcement will state the total number of IMM Shares and Share Options:

(i) for which acceptances of the Offers has been received;

(ii) held, controlled or directed by Bidco and its Concert Parties before the Offer Period; and

(iii) acquired or agreed to be acquired during the Offer Period by Bidco and its Concert Parties.

The announcement shall include the details of any relevant securities in IMM which Joy Global or any person acting in concert with Joy Global has borrowed or lent (save for any borrowed IMM Shares which have been on-lent or sold). The announcement will also specify the percentages of the relevant classes of share capital, and the percentages of voting rights, represented by these numbers.

If Bidco is unable to comply with any requirements of Rule 19 of the Takeovers Code, the Executive may require that IMM Shareholders and IMM Optionholders who have tendered their Form(s) of Acceptance to accept the Offer be granted a right of withdrawal on terms acceptable to the Executive, until the requirements of Rule 19 of the Takeovers Code can be met.

(b) In computing the total number of IMM Shares and Share Options represented by acceptances, only valid acceptances that are complete, in good order and fulfil the acceptance conditions set out in this Appendix, and which have been received by the Receiving Agent or the Company Secretary of IMM respectively no later than 4:00 p.m. on the Closing Date (being the latest time and date for acceptance of the Offers) shall be included.

6. RIGHT OF WITHDRAWAL

(a) As the Offers are unconditional in all respects, acceptances by IMM Shareholders or IMM Optionholders shall be irrevocable and shall not be capable of being withdrawn, except in the circumstances set out in (b) below.

(b) If Joy Global is unable to comply with the requirements set out in the paragraph headed "Announcements" in this Appendix, the Executive may require that IMM Shareholders and IMM Optionholders who have tendered acceptances to the Offers be granted a right of withdrawal on terms that are acceptable to the Executive until the requirements set out in that paragraph are met.

7. GENERAL

(a) Each IMM Shareholder and IMM Optionholder by whom, or on whose behalf, a Form of Acceptance is executed, irrevocably undertakes, represents, warrants and agrees to and with Bidco, Joy Global and the Joint Financial Advisers, so as to bind him, her or it, their personal representatives, heirs, successors and assigns, to the following effect:

(i) that the execution of the relevant Form of Acceptance whether or not any boxes are completed shall constitute:-

(A) an acceptance of the Share Offer or Option Offer(s) in respect of the number of IMM Shares or Share Options inserted or deemed to be inserted in the relevant Form of Acceptance on and subject to the terms set out or referred to in this Composite Document and in such Form of Acceptance and that, subject only to the right of withdrawal set out or referred to in this Appendix, each such acceptance shall be irrevocable, and

(B) an undertaking to execute any further documents, take any further actions and give any further assurances which may be required in connection with the foregoing including, without limitation, to secure the transfer of the IMM Shares in respect of which he, she or it has accepted or is deemed to have accepted the Offers to Bidco and the benefit of all dividends and distributions paid, made or declared on or after the close of the Offers;

(ii) the IMM Shares acquired under the Share Offer and the Share Options tendered under the Option Offers are sold or tendered by such person or persons free from all claims, equities, liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them as at the date of the Original Offer Announcement or subsequently attaching to them, including in respect of the IMM Shares, the right to receive in full all dividends and other distributions;

(iii) if such acceptor is an overseas IMM Shareholder or IMM Optionholder, that he, she or it has observed the laws of all relevant territories, obtained any and all requisite governmental, exchange control or other consents which may be required, complied with all requisite formalities and paid any and all transfer or other taxes due from him or her in connection with such acceptance in any territory, that he, she or it has not taken or omitted to take any action which will or may result in Bidco, Joy Global, the Joint Financial Advisers or any other person acting or being in breach of the legal or regulatory requirements of any territory in connection with the Offers or his or her acceptance thereof and he, she or it is permitted under the laws of the relevant jurisdictions in connection therewith to receive and accept the Offers (and any revision thereof), and that such acceptance is valid and binding in accordance with the laws of the relevant jurisdictions in connection therewith;

(iv) that such IMM Shareholder or IMM Optionholder will deliver or procure the delivery to the Receiving Agent (in the case of the Share Offer) or the Company Secretary of IMM (in the case of the Option Offers) of his or her relevant IMM Share or Share Option certificate(s) (if any) and/or transfer receipt(s) and/or any other document(s) of title and/or any satisfactory indemnity or indemnities in respect thereof (as applicable);

(v) that the execution and delivery of the relevant Form of Acceptance to the Receiving Agent (in the case of the Share Offer) or the Company Secretary of IMM (in the case of the Option Offers) constitutes a separate and irrevocable authority and request to Joy Global and/or the Joint Financial Advisers to procure the despatch by post of a cheque in respect of any cash payment in connection with the Offers, at the risk of such IMM Shareholder or IMM Optionholder, to the person or agent whose name and address is set out in the relevant Form of Acceptance or, if none is set out, to the first-named or the sole registered holder of the relevant IMM Shares or Share Options at his or her registered address;

(vi) that the terms and conditions of the Offers contained in this Composite Document shall be incorporated in and form part of the relevant Form of Acceptance, which shall be read and construed accordingly;

(vii) that in relation to the Offers, he, she or it will do all such acts and things as shall be necessary or expedient to vest in Bidco, or its nominees or such other person as Joy Global may decide, the IMM Shares and/or Share Options to which such acceptance relates;

(viii) that acceptance of the Offers by any nominee will be deemed to constitute a warranty by such nominee to Bidco, Joy Global and the Joint Financial Advisers that the number of IMM Shares or Share Options indicated in the Forms of Acceptance is the aggregate number of IMM Shares or Share Options held by such nominee for such beneficial owners who are accepting the Offers;

(ix) that the Offers and all acceptances thereof, the Forms of Acceptance and all contracts made pursuant to the Offers, and all actions taken or made or deemed to be taken or made pursuant to these terms are governed by and shall be construed in accordance with the laws of Hong Kong. Execution of a Form of Acceptance by or on behalf of the relevant IMM Shareholder or IMM Optionholder will constitute a submission by such IMM Shareholder or IMM Optionholder in relation to all matters arising out of the Offers and the relevant Form of Acceptance to the jurisdiction of the courts of Hong Kong and the agreement of such IMM Shareholder or IMM Optionholder that nothing shall limit the right of Bidco, Joy Global or the Joint Financial Advisers to bring an action, suit or proceeding arising out of or in connection with the creation, validity, effect, interpretation or performance of the legal relations established in relation to the Offers and the Forms of Acceptance in any other manner permitted by law or in any court of competent jurisdiction;

(x) that in relation to any acceptance of the Share Offer in respect of a holding of IMM Shares which is in uncertificated form, Bidco, Joy Global and the Joint Financial Advisers reserve the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of any of the Share Offer whether in order to comply with the facilities or requirements of CCASS or otherwise, provided such alterations, additions or modifications are consistent with the requirements of Rule 30.2 of the Takeovers Code or are otherwise made with the consent of the Executive;

(xi) that due execution of the relevant Form of Acceptance in respect of the Offers will constitute an irrevocable instruction and authority to Bidco, Joy Global, the Joint Financial Advisers, any director of Bidco, any Joy Global Director and any director of the Joint Financial Advisers or their respective agents to complete, amend and execute on behalf of the IMM Shareholders and IMM Optionholders who accept the Offers, the Forms of Acceptance and any document and, in relation to the Offers, to do any other act that may be necessary or expedient for the purpose of vesting in Bidco, or such person or persons as Joy Global shall direct, the IMM Shares or for the cancellation of the Share Option(s) which are the subject of such acceptance;

(xii) that in making their decision in respect of the Offers, IMM Shareholders and IMM Optionholder will rely on their own examination of Bidco, Joy Global, IMM, that the terms of the Offers, including the merits and risks involved, and that the contents of this Composite Document, including any general advice or recommendation contained herein, together with the Forms of Acceptance will not to be construed as any legal or business advice and that IMM Shareholders and IMM Optionholders should consult their own professional advisers for professional advice; and

(xiii) that the terms, provisions, instructions and authorities contained in or deemed to be contained in the Forms of Acceptance constitute part of the terms of the Offers. The provisions of this Appendix shall be deemed to be incorporated into the Forms of Acceptance.

(b) All communications, notices, Forms of Acceptance, certificate(s) of IMM Shares or certificate(s) of the Share Options, transfer receipt(s), other documents of title or indemnities and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the IMM Shareholders and the IMM Optionholders will be delivered by or sent to or from them, or their designated agents, at their own risk, and none of Joy Global, Bidco or its Concert Parties, the Joint Financial Advisers, IMM, the Receiving Agent nor any of their respective directors or other parties involved in the Offers or any of their respective agents shall accept any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(c) Notwithstanding any other provision in this Composite Document or the Forms of Acceptance and subject to the provisions of the Takeovers Code, Joy Global and the Joint Financial Advisers reserve the right to treat acceptances as valid if received by or on behalf of either of them at any place or places or in any manner determined by either of them otherwise than as set out in this Composite Document or in the Forms of Acceptance, provided however that, subject to the Executive's consent, such acceptances will not be counted as valid acceptances of the Offers unless Rule 30.2 of the Takeovers Code has been fully complied with.

(d) The accidental omission to despatch this Composite Document and/or the Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.

(e) References to the Offers in this Composite Document and in the Forms of Acceptance shall include any revision and/or extension thereof.

(f) The English text of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts for the purpose of interpretation.

1. FINANCIAL SUMMARY

Set out below is a summary of the audited consolidated results of the IMM Group for each of the three financial years ended 31 December 2010 extracted from the audited consolidated financial statements of the IMM Group for 2008, 2009 and 2010 and of the IMM Group's unaudited consolidated results for the six months ended 30 June 2011 extracted from the IMM Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2011. The audited consolidated financial statements of the IMM Group for each of the three financial years ended 31 December 2008, 2009 and 2010 did not contain any qualification.

The summary consolidated income statement for the IMM Group for each of the three financial years ended 31 December 2008, 2009 and 2010 and for the six months ended 30 June 2011 set out below does not contain any extraordinary items or exceptional items.

	For the years ended 31 December			For the six months ended 30 June
	2008	**2009**	**2010**	**2011**
				Unaudited
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
REVENUE	1,279,693	1,519,503	1,942,615	1,112,784
Cost of sales	(804,564)	(944,375)	(1,100,505)	(615,991)
Gross profit	475,129	575,128	842,110	496,793
Other income and gains	7,743	15,484	56,225	16,542
Selling and distribution costs	(118,250)	(105,252)	(152,879)	(98,122)
Administrative expenses	(167,802)	(180,867)	(274,747)	(124,806)
Other expenses	(10,023)	(8,839)	(43,147)	(25,730)
Finance revenue	14,646	18,743	633	912
Finance costs	(17,058)	(20,144)	(11,688)	(7,415)
Share of profits/(losses) of associates	767	(98)	386	(586)
PROFIT BEFORE TAX	185,152	294,155	416,893	257,588
Income tax expense	(38,990)	(61,311)	(66,852)	(54,067)
PROFIT FOR THE YEAR/PERIOD	146,162	232,844	350,041	203,521
Attributable to:				
Owners of the parent	150,354	228,726	350,115	203,521
Non-controlling interests	(4,192)	4,118	(74)	—
	146,162	232,844	350,041	203,521
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic *(RMB)*	0.19	29.32 cents	28.18 cents	15.65 cents
Diluted *(RMB)*	—	29.32 cents	28.17 cents	15.62 cents

	For the years ended 31 December			For the six months ended 30 June
	2008	2009	2010	2011
				Unaudited
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
PROFIT FOR THE YEAR/PERIOD	146,162	232,844	350,041	203,521
Other comprehensive income:				
Exchange differences on translation of foreign operations	31,335	570	(20,120)	(9,673)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	177,497	233,414	329,921	193,848
Attributable to:				
Owners of the parent	181,689	229,296	329,995	193,848
Non-controlling interests	(4,192)	4,118	(74)	—
	177,497	233,414	329,921	193,848

	As at 31 December			As at 30 June
	2008	2009	2010	2011
				Unaudited
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Assets and liabilities				
Total Assets	2,159,195	2,205,439	3,774,773	4,075,966
Total liabilities	(1,700,773)	(1,513,387)	(949,897)	(1,118,546)
Total equity	458,422	692,052	2,824,876	2,957,420

2. AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE IMM GROUP FOR THE YEAR ENDED 31 DECEMBER 2010

Set out below are the audited consolidated financial statements of the IMM Group for the year ended 31 December 2010, together with the notes thereto, which have been extracted from the annual report of the IMM Group for the year ended 31 December 2010. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as defined in the annual report of IMM for the year ended 31 December 2010.

Consolidated Income Statement
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
REVENUE	6	1,942,615	1,519,503
Cost of sales		(1,100,505)	(944,375)
Gross profit		842,110	575,128
Other income and gains	6	56,225	15,484
Selling and distribution costs		(152,879)	(105,252)
Administrative expenses		(274,747)	(180,867)
Other expenses		(43,147)	(8,839)
Finance revenue	7	633	18,743
Finance costs	7	(11,688)	(20,144)
Share of profits/(losses) of associates		386	(98)
PROFIT BEFORE TAX	8	416,893	294,155
Income tax expense	11	(66,852)	(61,311)
PROFIT FOR THE YEAR		350,041	232,844
Attributable to:			
Owners of the parent		350,115	228,726
Non-controlling interests		(74)	4,118
		350,041	232,844
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*	13	28.18 cents	29.32 cents
Diluted *(RMB)*	13	28.17 cents	29.32 cents

Details of the dividends for the year are disclosed in Note 12 to the financial statements.

Consolidated Statement of Comprehensive Income
Year ended 31 December 2010

	2010	2009
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	350,041	232,844
Other comprehensive income:		
Exchange differences on translation of foreign operations	(20,120)	570
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	329,921	233,414
Attributable to:		
Owners of the parent	329,995	229,296
Non-controlling interests	(74)	4,118
	329,921	233,414

Consolidated Statement of Financial Position
31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	378,675	292,657
Land use rights	16	121,652	141,194
Goodwill	17	314,969	101,203
Other intangible assets	18	330,245	33,640
Investments in associates	20	21,455	21,069
Available-for-sale investments	21	—	7,500
Deferred tax assets	22	8,840	7,654
Prepayments, deposits and other receivables	25	34,271	21,996
		1,210,107	626,913
CURRENT ASSETS			
Inventories	23	424,624	310,213
Trade and bills receivables	24	1,440,737	1,046,156
Prepayments, deposits and other receivables	25	133,173	112,914
Time deposits with original maturity of more than three months	26	307,142	—
Cash and cash equivalents	26	258,990	73,520
Amount due from a related party	28	—	35,723
		2,564,666	1,578,526
CURRENT LIABILITIES			
Interest-bearing loans	29	123,420	304,994
Trade and bills payables	30	401,304	352,977
Other payables and accruals	31	263,149	319,692
Tax payable		50,058	57,120
Amount due to a shareholder	27	—	143
Amount due to a related party	28	—	25,000
Preference shares	33	—	403,397
		837,931	1,463,323
NET CURRENT ASSETS		1,726,735	115,203

Consolidated Statement of Financial Position
31 December 2010

	Notes	**2010** *RMB'000*	**2009** *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		2,936,842	742,116
NON-CURRENT LIABILITIES			
Deferred tax liabilities	22	111,966	50,064
NET ASSETS		2,824,876	692,052
EQUITY			
Equity attributable to owners of the parent:			
Issued capital	32	114,270	80
Reserves	35	2,710,606	668,663
		2,824,876	668,743
Non-controlling interests		—	23,309
TOTAL EQUITY		2,824,876	692,052

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

	Attributable to owners of the parent									
	Issued capital RMB'000 (Note 32)	Share premium account RMB'000 (Note 35)	Statutory reserve fund RMB'000 (Note 35)	Share option reserve RMB'000 (Note 34)	Difference arising from acquisition of non-controlling interests RMB'000	Retained profits RMB'000	Exchange fluctuation reserve RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2009	78	7,723	25,982	—	—	336,004	69,444	439,231	19,191	458,422
Profit for the year	—	—	—	—	—	228,726	—	228,726	4,118	232,844
Other comprehensive income for the year: Exchange differences on translation of foreign operations	—	—	—	—	—	—	570	570	—	570
Total comprehensive income for the year	—	—	—	—	—	228,726	570	229,296	4,118	233,414
Issue of shares	2	214	—	—	—	—	—	216	—	216
At 31 December 2009	80	7,937*	25,982*	—*	—*	564,730*	70,014*	668,743	23,309	692,052

Consolidated Statement of Changes in Equity

Year ended 31 December 2010

	Attributable to owners of the parent										
	Issued capital *RMB'000* *(Note 32)*	Share premium account *RMB'000* *(Note 35)*	Statutory reserve fund *RMB'000* *(Note 35)*	Share option reserve *RMB'000* *(Note 34)*	Difference arising from acquisition of non-controlling interests *RMB'000*	Retained profits *RMB'000*	Proposed final dividend *RMB'000*	Exchange fluctuation reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2010	80	7,937	25,982	—	—	564,730	—	70,014	668,743	23,309	692,052
Profit for the year	—	—	—	—	—	350,115	—	—	350,115	(74)	350,041
Other comprehensive income for the year: Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(20,120)	(20,120)	—	(20,120)
Total comprehensive income for the year	—	—	—	—	—	350,115	—	(20,120)	329,995	(74)	329,921
Repurchase of old shares	(80)	80	—	—	—	—	—	—	—	—	—
Issue of shares	45,708	2,184,835	—	—	—	—	—	—	2,230,543	—	2,230,543
Share issue expenses	—	(101,161)	—	—	—	—	—	—	(101,161)	—	(101,161)
Capitalisation of share premium account	68,562	(68,562)	—	—	—	—	—	—	—	—	—
Equity-settled share option arrangements	—	—	—	5,184	—	—	—	—	5,184	—	5,184
Acquisition of non-controlling interests	—	—	—	—	(28,165)	—	—	—	(28,165)	(23,235)	(51,400)
Special dividend	—	—	—	—	—	(280,263)	—	—	(280,263)	—	(280,263)
Proposed final 2010 dividend	—	—	—	—	—	(70,200)	70,200	—	—	—	—
Transfer from retained profits	—	—	19,547	—	—	(19,547)	—	—	—	—	—
At 31 December 2010	114,270	2,023,129*	45,529*	5,184*	(28,165)*	544,835*	70,200*	49,894*	2,824,876	—	2,824,876

* These reserve accounts comprise the consolidated reserves of RMB2,710,606,000 (2009: RMB668,663,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		416,893	294,155
Adjustments for:			
Depreciation of items of property, plant and equipment	8	34,298	32,052
Amortisation of land use rights	8	3,350	3,428
Amortisation of other intangible assets	8	33,181	15,269
Loss on disposal of items of property, plant and equipment	8	3,575	499
Gain on disposal of land use rights	8	(1,937)	—
Gain on disposal of an available-for-sale investments	8	(2,250)	—
Reversal of inventories to net realisable value	8	(5,980)	(18,276)
Provision for impairment of trade receivables	8	3,311	2,448
Reversal of impairment of trade receivables	8	(3,925)	—
Equity-settled share option expenses	8	5,184	—
Finance costs	7	11,688	20,144
Finance revenue	7	(633)	(18,743)
Share of (profits)/losses of associates		(386)	98
		496,369	331,074
Increase in trade and bills receivables		(321,464)	(328,915)
Increase in prepayments, deposits and other receivables		(15,286)	(42,665)
(Increase)/decrease in inventories		(100,277)	121,708
Increase/(decrease) in trade an bills payables		33,747	(65,436)
Decrease in other payables and accruals		(124,918)	(854)
Increase in an amount due to the holding company		—	44,404
(Decrease)/increase in amounts due to a related party and a shareholder		(11,643)	13,732
		(43,472)	73,048
Interest paid		(2,402)	—
Income tax paid		(86,958)	(53,800)
NET CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES		(132,832)	19,248

Consolidated Statement of Cash Flows
Year ended 31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		(131,209)	(47,523)
Purchase of land use rights		—	(2,553)
Acquisition of a subsidiary	36	(487,077)	—
Proceeds from disposal of items of property, plant and equipment		5,132	2,913
Proceeds from disposal of land use rights		20,989	—
Acquisition of non-controlling interests		(51,400)	—
Capital contribution of available-for-sale investments		(7,500)	—
Disposal of available-for-sale investments		17,250	
Decrease/(increase) in amounts due from a related party		22,223	(65,872)
Increase in time deposits with original maturity of more than three months		(307,142)	—
Interest received		633	551
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(918,101)	(112,484)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares		2,129,382	—
Proceeds from paid-up preference shares		—	145,887
Repurchase of preference shares		(403,397)	(242,516)
New bank loans		87,000	346,021
Repayment of bank loans		(281,574)	(154,787)
Dividend paid		(280,263)	—
Interest paid		(7,333)	(8,780)
NET CASH FLOWS FROM FINANCING ACTIVITIES		1,243,815	85,825
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		192,882	(7,411)
Cash and cash equivalents at beginning of year		73,520	80,933
Effect of foreign exchange rate changes, net		(7,412)	(2)
CASH AND CASH EQUIVALENTS AT END OF YEAR		258,990	73,520

Statement of Financial Position of the Company
31 December 2010

	Notes	2010 RMB'000	2009 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	15	527	—
Investments in subsidiaries	19	537,475	14,900
		538,002	14,900
CURRENT ASSETS			
Prepayments, deposits and other receivables	25	775	19,468
Time deposits with original maturity of more than three months	26	307,142	—
Cash and cash equivalents	26	156,500	2,501
Amounts due from subsidiaries	28	1,175,338	685,582
		1,639,755	707,551
CURRENT LIABILITIES			
Other payables and accruals	31	36,631	45,471
Tax payable		1,574	—
Amount due to a shareholder	27	—	143
Preference shares	33	—	403,397
		38,205	449,011
NET CURRENT ASSETS		1,601,550	258,540
TOTAL ASSETS LESS CURRENT LIABILITIES		2,139,552	273,440
NET ASSETS		2,139,552	273,440
EQUITY			
Issued capital	32	114,270	80
Reserves	35	2,025,282	273,360
TOTAL EQUITY		2,139,552	273,440

Notes to Financial Statements
31 December 2010

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 12 April 2006 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in the manufacture and sale of mining machinery in mainland China. The registered office of the Company is located at Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands.

In the opinion of the Directors, the Company's controlling shareholder is TJCC Holdings Ltd., which was incorporated in the Cayman Islands. The controlling shareholder of TJCC Holdings Ltd. is The Resolute Fund L.P., which is a limited partnership, established under the laws of the British Virgin Islands. The Jordan Company, which was incorporated in United States, manages The Resolute Fund, L.P.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2010.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

Basis of consolidation from 1 January 2010

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2010. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate.

Basis of consolidation prior to 1 January 2010

Certain of the above-mentioned requirements have been applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributable to the parent, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the parent shareholders.

- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying amount of such investment at 1 January 2010 has not been restated.

2.2 CHANGES IN ACCOUNTING POLICY AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

IFRS 1 (Revised)	*First-time Adoption of International Financial Reporting Standards*
IFRS 1 Amendments	Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards — Additional Exemptions for First-time Adopters*
IFRS 2 Amendments	Amendments to IFRS 2 Share-based Payment — *Group Cash-settled Share-based Payment Transactions*
IFRS 3 (Revised)	*Business Combinations*
IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
IAS 39 Amendment	Amendment to IAS 39 *Financial Instruments: Recognition and Measurement — Eligible Hedged Items*
IFRIC 17	*Distributions of Non-cash Assets to Owners*
IFRS 5 Amendments included in Improvements to IFRSs issued in May 2008	Amendments to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations — Plan to sell the controlling interest in a subsidiary*
Improvements to IFRSs 2009	Amendments to a number of IFRSs issued in April 2009

Other than as further explained below regarding the impact of IFRS 3 (Revised), IAS 27 (Revised) and amendments to IAS 7 and IAS 17 included in Improvements to IFRSs 2009, the adoption of these new and revised IFRSs has had no significant financial effect on these financial statements.

The principal effects of adopting these new and revised IFRSs are as follows:

(a) IFRS 3 (Revised) Business Combinations and IAS 27 (Revised) Consolidated and Separate Financial Statements

IFRS 3 (Revised) introduces a number of changes in the accounting for business combinations that affect the initial measurement of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results.

IAS 27 (Revised) requires that a change in the ownership interest of a subsidiary without loss of control is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss. Furthermore, the revised standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Consequential amendments were made to various standards, including, but not limited to IAS 7 *Statement of Cash Flows*, IAS 12 *Income Taxes*, IAS 21 *The Effects of Changes in Foreign Exchange Rates*, IAS 28 *Investments in Associates* and IAS 31 *Interests in Joint Ventures*.

The changes introduced by these revised standards are applied prospectively and affect the accounting of acquisitions, loss of control and transactions with non-controlling interests after 1 January 2010.

(b) Improvements to IFRSs 2009 issued in April 2009 sets out amendments to a number of IFRSs. There are separate transitional provisions for each standard. While the adoption of some of the amendments results in changes in accounting policies, none of these amendments has had a significant financial impact on the Group. Details of the key amendments most applicable to the Group are as follows:

- IAS 7 Statement of Cash Flows: Requires that only expenditures that result in a recognised asset in the statement of financial position can be classified as a cash flow from investing activities.

- IAS 17 Leases: Removes the specific guidance on classifying land as a lease. As a result, leases of land should be classified as either operating or finance leases in accordance with the general guidance in IAS 17.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 1 Amendment	Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards — Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters[2] Amendment to IFRS 1 First-time Adoption of International Financial Reporting Standards — Severe Hyperinflation and Removal of Fixed Dates for First-time Adpoters[4]
IFRS 7 Amendments	Amendments to IFRS 7 Financial Instruments: *Disclosures — Transfers of Financial Assets*[4]
IFRS 9	*Financial Instruments*[6]
IAS 12 Amendments	Amendments to IAS 12 *Income Taxes — Deferred Tax: Recovery of Underlying Assets*[5]
IAS 24 (Revised)	*Related Party Disclosures*[3]
IAS 32 Amendment	Amendment to IAS 32 *Financial Instruments: Presentation — Classification of Rights Issues*[1]
IFRIC 14 Amendments	Amendments to IFRIC 14 *Prepayments of a Minimum Funding Requirement*[3]
IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*[2]

Apart from the above, IASB has issued *Improvements to IFRSs 2010* which sets out amendments to a number of IFRSs primarily with a view to removing inconsistencies and clarifying wording. The amendments to IFRS 3 and IAS 27 are effective for annual periods beginning on or after 1 July 2010, whereas the amendments to IFRS 1, IFRS 7, IAS 1, IAS 34 and IFRIC 13 are effective for annual periods beginning on or after 1 January 2011 although there are separate transitional provisions for each standard.

1 Effective for annual periods beginning on or after 1 February 2010
2 Effective for annual periods beginning on or after 1 July 2010
3 Effective for annual periods beginning on or after 1 January 2011
4 Effective for annual periods beginning on or after 1 July 2011
5 Effective for annual periods beginning on or after 1 January 2012
6 Effective for annual periods beginning on or after 1 January 2013

The Group is in the process of making an assessment of the impact of these new and revised IFRSs upon initial application. So far, the Group considers that these new and revised IFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity whose financial and operating policies the Company controls, directly or indirectly, so as to obtain benefits from its activities.

The results of subsidiaries are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Associates

An associate is an entity, not being a subsidiary or a jointly-controlled entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment loss. The Group's share of the post-acquisition results and reserves of associates is included in the consolidated income statement and consolidated reserves, respectively. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates and is not individually tested for impairment.

The results of associates are included in the Company's income statement to the extent of dividends received and receivable. The Company's investments in associates are treated as non-current assets and are stated at cost less any impairment losses.

Business combinations and goodwill

Business combinations from 1 January 2010

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as of the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets of the subsidiary acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as of 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cashgenerating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill forms part of a cash-generating unit (group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Business combinations prior to 1 January 2010 but after 1 January 2005

In comparison to the above-mentioned requirements which were applied on a prospective basis, the following differences applied to business combinations prior to 1 January 2010:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were recognised as part of goodwill.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, financial assets and goodwill), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the income statement in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the income statement in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Group; (ii) has an interest in the Group that gives it significant influence over the Group; or (iii) has joint control over the Group;

(b) the party is an associate;

(c) the party is a jointly-controlled entity;

(d) the party is a member of the key management personnel of the Group or its parent;

(e) the party is a close member of the family of any individual referred to in (a) or (d);

(f) the party is an entity that is controlled, jointly-controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or

(g) the party is a post-employment benefit plan for the benefit of the employees of the Group, or of any entity that is a related party of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the income statement in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset or as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment are as follows:

Buildings	20 to 40 years
Leasehold improvements	The shorter of the lease terms or their useful lives
Plant and machinery	10 years
Office equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the income statement in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings, plant and machinery under construction or installation and testing which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as of the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Patents and software copyrights

Purchased patents and software copyrights are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of six to eight years.

Customer bases and know-how

Customer bases and know-how are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of five years.

Research and development costs

All research costs are charged to the income statement as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Land use rights

Land use rights are stated at cost less accumulated amortisation and any impairment losses. Land use rights are amortised on the straight-line basis over the lease terms of 50 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the income statement so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessee, rentals payable under the operating leases net of any incentives received from the lessor are charged to the income statement on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

The Group's financial assets include cash and cash equivalents, time deposits with original maturity of more than three months, trade and other receivables, loans receivable, quoted and unquoted financial instruments, and amounts due from related parties.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of sale in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with changes in fair value recognised in other income and gains or finance costs in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify these financial assets in rare circumstances. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated at fair value through profit or loss using the fair value option at designation.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the income statement. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the income statement. The loss arising from impairment is recognised in the income statement in other expenses.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment valuation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the income statement in other income, or until the investment is determined to be impaired, at which time the cumulative gain or loss is recognised in the income statement in other operating expenses and removed from the available-for-sale investment valuation reserve. Interest and dividends earned are reported as interest income and dividend income, respectively and are recognised in the income statement as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such securities are stated at cost less any impairment losses.

The Group evaluates its available-for-sale financial assets whether the ability and intention to sell them in the near term are still appropriate. When the Group is unable to trade these financial assets due to inactive markets and management's intent to do so significantly changes in the foreseeable future, the Group may elect to reclassify these financial assets in rare circumstances. Reclassification to loans and receivables is permitted when the financial assets meet the definition of loans and receivables and the Group has the intent and ability to hold these assets for the foreseeable future or to maturity. The reclassification to the held-to-maturity category is permitted only when the entity has the ability and intent to hold until the maturity date of the financial asset.

For a financial asset reclassified out of the available-for-sale category, any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the expected cash flows is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the income statement.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses individually whether objective evidence of impairment exists for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to other expenses in the income statement.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is removed from other comprehensive income and recognised in the income statement.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. The determination of what is "significant" or "prolonged" requires judgement. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement — is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity instruments classified as available for sale are not reversed through the income statement. Increases in their fair value after impairment are recognised directly in other comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Separated embedded derivatives also are classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The net fair value gain or loss recognised in the income statement does not include any interest charged on these financial liabilities.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the income statement when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference between respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. For financial instruments where there is no active market, the fair value is determined using appropriate valuation techniques. Such techniques include using recent arm's length market transactions; reference to the current market value of another instrument which is substantially the same; a discounted cash flow analysis; and option pricing models.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the income statement.

Provisions for product warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general guidance for provisions above, and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the guidance for revenue recognition.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to the income statement by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;

(b) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Share-based payment transactions

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in Note 34 to the financial statements.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the income statement for a period represents the movement in the cumulative expense recognised at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transaction awards are treated equally.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 20% to 22% of its payroll costs to the central pension scheme. The contributions are charged to the income statement as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends proposed by the Directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Renminbi ("RMB"), which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollar ("HK$"). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional rates of exchange ruling at the end of the reporting period. All differences are taken to the income statement.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their income statements are translated into RMB at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequent recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Deferred tax liabilities are recognised for withholding corporate income taxes relating to the unremitted earnings of the Group's subsidiaries established in mainland China that are subject to withholding taxes. Significant management judgement is required to determine the amount of deferred tax liabilities, based upon the likely distribution level of such earnings from these subsidiaries in the foreseeable future. The carrying value of deferred tax liabilities arising from the withholding tax associated with the undistributed profits of PRC subsidiaries for the year ended 31 December 2010 was RMB13,015,000 (2009: RMB12,577,000). Further details are contained in Note 22 to the financial statements.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial years, are discussed below.

(i) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The estimation of the expected future cash flows from cash-generating unit could change significantly should the cash-generating unit fail to sustain the estimated growth. The carrying amount of goodwill as at 31 December 2010 was RMB314,969,000 (2009: RMB101,203,000). Further details are given in Note 17 to the financial statements.

(ii) Impairment of trade receivables

Impairment of trade receivables is made based on an assessment of the recoverability of trade receivables. The identification of doubtful debts requires management's judgement and estimates. Provision is made when there is objective evidence that the Group will not be able to collect the debts. Where the actual outcome or further expectation is different from the original estimate, such differences will impact the carrying value of the receivables, doubtful debt expenses and write-back of trade receivables in the period in which such estimate has been changed.

(iii) Impairment of property, plant and equipment and other intangible assets

The carrying value of property, plant and equipment and other intangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.4 to the financial statements: Impairment of non-financial assets other than goodwill. The recoverable amount of an asset, or, where appropriate, the cash-generating unit to which it belongs, is calculated as the higher of its fair value less costs to sell and value in use. Estimating the value in use requires the Group to estimate future cash flows from the cash-generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Useful lives of property, plant and equipment

The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations, competitor actions in response to severe industry cycles or unforeseeable change in legal enforcement rights in future. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

(v) Useful lives of intangible assets

The Group determines the estimated useful lives and related amortisation charges for its intangible assets. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are amortised over the useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at end of the reporting period.

(vi) Net realisable value of inventories

Net realisable value of an inventory is the estimated selling price in the ordinary course of business, less estimated costs to be incurred to completion and disposal. These estimates are based on the current market condition and the historical experience of selling products of similar nature which could change significantly as a result of changes in customer taste or competitor actions in response to severe consumer product industry cycles. Management reassesses these estimates at end of the reporting period.

(vii) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(viii) Warranty expenses

The Group offers a twelve-month warranty for its products, during which free warranty service for the repair and maintenance of parts or components under normal usage is provided to customers. Management estimates warranty provisions based on historical cost data for repairs and maintenance and sales.

(ix) Valuation of share options

As described in Note 34 to the financial statements, the Company has engaged an independent professionally qualified valuer to assist in the valuation of the share options granted during the year. The fair value of options granted under the share option scheme is determined using the Binomial Model. The significant inputs into the model were the underlying share price at the grant date, exercise price, risk-free interest rate, expected volatility of the underlying shares, expected dividend yield, expected employee exit rate, exercise multiple and expected life of options. When the actual results of the inputs differ from management's estimate, it will have an impact on share option expenses and the related share option reserve of the Company. As at 31 December 2010, the fair value of the share options granted by the Company was RMB54,870,000, of which share option expense of RMB5,184,000 was recognised during the year.

4. PARTICULARS OF COMPANIES COMPRISING THE GROUP AND ASSOCIATES

Particulars of the companies comprising the Group and its associates at 31 December 2010 are set out below:

Name of company	Place and date of incorporation/ registration and operations	Nominal value of registered/ paid-up capital	Attributable equity interest of the Company Direct %	Attributable equity interest of the Company Indirect %	Principal activities
Subsidiaries					
TJCC IMM Siwei Holdings Ltd.	Cayman Islands 16 February 2007	USD1	100	—	Investment holding
TJCC IMM Jiamusi Holdings Ltd.	Cayman Islands 26 January 2007	USD1	100	—	Investment holding
TJCC IMM Jixi Holdings Ltd.	Cayman Islands 26 January 2007	USD1	100	—	Investment holding
TJCC IMM AFC Holdings Ltd.	Cayman Islands 16 February 2007	USD1	100	—	Investment holding

Name of company	Place and date of incorporation/ registration and operations	Nominal value of registered/ paid-up capital	Attributable equity interest of the Company Direct %	Indirect %	Principal activities
International Mining Machinery Jiamusi Holdings Limited ("IMM JMS Holdings")	Hong Kong 31 January 2007	HK$10	—	100	Investment holding
International Mining Machinery Jixi Holdings Limited ("IMM JX Holdings")	Hong Kong 31 January 2007	HK$10	—	100	Investment holding
International Mining Machinery AFC Holdings Limited ("IMM AFC Holdings")	Hong Kong 22 February 2007	HK$10	—	100	Investment holding
Jiamusi Coal Mining Machinery Co., Ltd. ("Jiamusi Machinery")	PRC/ Mainland China 4 September 2002	RMB 94,895,630	—	100	Manufacture and sale of coal mining machinery
Jixi Coal Mining Machinery Co., Ltd. ("Jixi Machinery")	PRC/ Mainland China 19 September 2001	RMB 100,000,000	—	100	Manufacture and sale of coal mining machinery

Name of company	Place and date of incorporation/ registration and operations	Nominal value of registered/ paid-up capital	Attributable equity interest of the Company Direct %	Attributable equity interest of the Company Indirect %	Principal activities
Huainan Longwall Coal Mining Machinery Co., Ltd.[(a)]	PRC/ Mainland China 27 June 2007	RMB 132,000,000	—	100	Manufacture and sale of coal mining machinery
Qingdao Tian Xun Electric Co., Ltd. [(b)]	PRC/ Mainland China 7 September 2001	RMB 5,000,000	100	—	Manufacture and sale of electric control systems
Associates					
Huainan Shunli Coal Mining Machinery Repairing Co., Ltd..	PRC/ Mainland China 29 November 2006	RMB 2,000,000	—	25	Repair service for coal mining machinery
Neimenggu Tianlong Coal Mining Machinery Repairing Co., Ltd.	PRC/ Mainland China 17 July 2008	RMB 100,000,000	—	20	Repair service for coal mining machinery

Notes:

(a) On 19 January 2010, IMM AFC Holdings, a wholly-owned subsidiary of the Group, acquired the remaining 25% equity interest in Huainan Longwall Coal Mining Machinery Co., Ltd. ("Huainan Longwall") from Huainan Benniu Machinery Co., Ltd. ("Benniu") at a purchase consideration of RMB51,400,000. Pursuant to the acquisition above, Huainan Longwall became a wholly-owned subsidiary of the Group.

(b) On 27 August 2010, the Company acquired the entire equity interest in Qingdao Tian Xun Electric Co., Ltd. ("Qingdao Tianxun"), a company established in the PRC, from Mr. Deng Kefei, Mr. Deng Kelong, Mr. Ma Fuqian and Mr. Wang Dongxing. Pursuant to the acquisition above, Qingdao Tianxun became a wholly-owned subsidiary of the Company.

* The English names of the subsidiaries registered in the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

5. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Roadheader products and aftermarket parts and services

Engaged in the design, manufacture and sale of roadheader products and the provision of aftermarket services including onsite service repairs, overhaul and supply of spare parts to customers.

(b) Shearer products and aftermarket parts and services

Engaged in the design, manufacture and sale of shearer products and the provision of aftermarket services including onsite service repairs, overhaul and supply of spare parts to customers.

(c) Armoured-face conveyors and related products and aftermarket parts and services

Engaged in the manufacture and sale of armoured-face conveyors and related spare parts and the provision of aftermarket services including onsite service repairs, overhaul and supply of spare parts to customers.

(d) Electric control systems and related products and aftermarket parts and services

Engaged in the manufacture and sale of electric control systems and related spare parts and the provision of aftermarket services including onsite service repairs, overhaul and supply of spare parts to customers.

No operating segments have been aggregated to form the above reportable operating segments.

Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs and Directors' remuneration and income tax. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

As the chief operating decision maker of the Group considers that most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located inside the PRC, no geographical information is presented.

Year ended 31 December 2010	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Electric control systems and related products and aftermarket parts and services *RMB'000*	Group *RMB'000*
Segment revenue:					
Sales to external customers	1,081,758	538,571	267,526	54,760	1,942,615
Intersegment sales	3,946	94	—	23,969	28,009
	1,085,704	538,665	267,526	78,729	1,970,624
Reconciliation:					
Elimination of intersegment sales					(28,009)
Total revenue					1,942,615
Segment results	408,907	98,832	20,137	30,079	557,955
Reconciliation:					
Elimination of intersegment results					(5,861)
Interest income					389
Corporate and other unallocated expenses*					(133,637)
Finance costs					(1,953)
Profit before tax					416,893
Segment assets	1,590,729	780,733	424,298	658,303	3,454,063
Reconciliation:					
Elimination of intersegment receivables					(145,311)
Corporate and other unallocated assets					466,021
Total assets					3,774,773

Year ended 31 December 2010	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Electric control systems and related products and aftermarket parts and services *RMB'000*	Group *RMB'000*
Segment liabilities	304,478	440,524	197,807	100,181	1,042,990
Reconciliation:					
Elimination of intersegment payables					(145,311)
Corporate and other unallocated liabilities					52,218
Total liabilities					949,897
Other segment information:					
Share of profits/(losses) of associates	626	(240)	—	—	386
Research and development costs	19,099	13,515	2,061	5,906	40,581
Depreciation of items of property, plant and equipment	14,177	16,328	3,110	523	34,138
Reconciliation:					
Corporate and other unallocated depreciation					160
Total depreciation					34,298

Year ended 31 December 2010	Roadheader products and aftermarket parts and services	Shearer products and aftermarket parts and services	Armoured-face conveyors and related products and aftermarket parts and services	Electric control systems and related products and aftermarket parts and services	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amortisation of land use rights	1,550	1,409	369	22	3,350
Amortisation of other intangible assets	9,905	1,982	3,384	17,910	33,181
Reversal of impairment of trade receivables	(3,925)	—	—	—	(3,925)
Provision for impairment of trade receivables	—	1,498	1,567	246	3,311
(Reversal)/write-down of inventories to net realisable value	(3,303)	(4,087)	1,410	—	(5,980)
Product warranty provision	9,672	8,619	3,695	254	22,240
Loss/(gain) on disposal of items property, plant and equipment	74	3,504	12	(15)	3,575
Gain on disposal of land use rights	—	(1,937)	—	—	(1,937)
Investments in associates	21,269	186	—	—	21,455
Capital expenditure**	15,326	24,292	78,327	307	118,252
Reconciliation:					
Corporate and other unallocated expenditure					343,417
Total capital expenditure					461,669

* Corporate and other unallocated expenses mainly represent central administration costs, Directors' remuneration and consulting fees which are managed on a group basis and are not allocated to operating segments.

** Capital expenditure consists of additions to property, plant and equipment, land use rights and other intangible assets including assets from the acquisition of a subsidiary during the year.

Year ended 31 December 2009	Roadheader products and aftermarket parts and services *RMB'000*	Shearer products and aftermarket parts and services *RMB'000*	Armoured-face conveyors and related products and aftermarket parts and services *RMB'000*	Group *RMB'000*
Segment revenue:				
Sales to external customers	819,044	456,892	243,567	1,519,503
Intersegment sales	—	—	—	—
Total revenue	819,044	456,892	243,567	1,519,503
Segment results	272,043	37,433	26,431	335,907
Reconciliation:				
Interest income				18,225
Corporate and other unallocated expenses				(48,613)
Finance costs				(11,364)
Profit before tax				294,155
Segment assets	1,301,291	687,689	297,742	2,286,722
Reconciliation:				
Elimination of intersegment receivables				(103,251)
Corporate and other unallocated assets				21,968
Total assets				2,205,439
Segment liabilities	442,600	553,419	159,064	1,155,083
Reconciliation:				
Elimination of intersegment payables				(103,251)
Corporate and other unallocated liabilities				461,555
Total liabilities				1,513,387

Year ended 31 December 2009	Roadheader products and aftermarket parts and services	Shearer products and aftermarket parts and services	Armoured-face conveyors and related products and aftermarket parts and services	Group
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:				
Share of profits/(losses) of associates	238	(336)	—	(98)
Research and development costs	16,626	11,099	1,791	29,516
Depreciation of items of property, plant and equipment	12,119	16,463	3,470	32,052
Amortisation of land use rights	1,550	1,574	304	3,428
Amortisation of other intangible assets	9,904	1,982	3,383	15,269
Impairment of trade receivables	—	2,448	—	2,448
Write-down/(reversal) of inventories to net realisable value	2,561	(20,837)	—	(18,276)
Product warranty provision	6,662	7,630	1,152	15,444
(Gain)/loss on disposal of items of property, plant and equipment	(449)	1,234	(286)	499
Investments in associates	20,643	426	—	21,069
Capital expenditure	24,901	5,291	36,562	66,754

Information about major customers

During the year ended 31 December 2010, the Group had two customers from whom the revenues raised of RMB269,585,000 and RMB243,414,000, respectively, individually accounted for more than 10% of the Group's total revenue during the year.

During the year ended 31 December 2009, the Group had two customers from whom the revenues raised of RMB217,579,000 and RMB160,048,000, respectively, individually accounted for more than 10% of the Group's total revenue during that year.

Details of the concentration of credit risk arising from the customers are set out in Note 41 to the financial statements.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and the value of services rendered after allowances for returns, trade discounts and various types of government surcharges, where applicable.

An analysis of revenue, other income and gains is as follows:

	2010	2009
	RMB'000	*RMB'000*
Revenue		
Sale of goods	1,935,181	1,507,281
Rendering of services	9,223	12,222
	1,944,404	1,519,503
Less: Government surcharges	(1,789)	—
	1,942,615	1,519,503
Other income and gains		
Waiver of unpaid tax	32,888	13,273
Reversal of long-aged trade debts	17,895	—
Gain on disposal of an available-for-sale investment	2,250	—
Gain on disposal of land use rights	1,937	—
Sale of scrap materials	409	910
Others	846	1,301
	56,225	15,484

7. FINANCE REVENUE AND FINANCE COSTS

An analysis of finance revenue and finance costs is as follows:

	2010	2009
	RMB'000	*RMB'000*
Finance revenue		
Interest income	633	18,743
Finance costs		
Loan interests	7,333	18,113
Interest arising from discounted bills	2,402	2,031
Notional interest	1,953	—
Total finance costs	11,688	20,144

8. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2010	**2009**
	RMB'000	*RMB'000*
Cost of inventories sold	1,095,746	936,682
Cost of services provided	4,759	7,693
Employee benefit expense *(including Directors' remuneration as set out in Note 9)*		
— Wages and salaries	168,390	133,134
— Pension scheme contributions	18,880	18,217
— Founder participation rights payment	33,198	—
— Equity-settled share option expenses	5,184	—
	225,652	151,351

	2010	**2009**
	RMB'000	*RMB'000*
Research and development costs	40,581	29,516
Auditors' remuneration	3,560	2,430
Depreciation of items of property, plant and equipment *(Note 15)*	34,298	32,052
Amortisation of land use rights *(Note 16)*	3,350	3,428
Amortisation of other intangible assets *(Note 18)*	33,181	15,269
Reversal of impairment of trade receivables *(Note 24)*	(3,925)	—
Provision for impairment of trade receivables *(Note 24)*	3,311	2,448
Minimum lease payments under operating leases	4,053	4,367
Reversal of inventories to net realisable value	(5,980)	(18,276)
Product warranty provision	22,240	15,444
Loss on disposal of items of property, plant and equipment	3,575	499
Gain on disposal of land use rights	(1,937)	—
Gain on disposal of an available-for-sale investments	(2,250)	—
Fee for early termination of management consulting agreement with TJCC Services Ltd. ("TJCC Services")	68,344	—

9. DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Listing Rules and Section 161 of the Hong Kong Companies Ordinance, is as follows:

	2010 *RMB'000*	2009 *RMB'000*
Fees	2,270	2,107
Other emoluments:		
Salaries, allowances and benefits in kind	11,814	8,030
Performance-related bonuses*	917	2,596
Founder participation rights payment	23,239	—
Equity-settled share option expenses	644	—
	36,614	10,626
	38,884	12,733

* Certain executive Directors of the Company are entitled to a bonus payment which is determined as a percentage of the profit after tax of the Group.

During the year, certain Directors were granted share options in respect of their services to the Group under the share option scheme of the Company, further details of which are set out in Note 34 to the financial statements. The fair value of such options which has been recognised in the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above Directors' remuneration disclosures.

(a) Independent non-executive Directors

The remuneration of each of the independent non-executive Directors during the year is as follows:

	Fees *RMB'000*	Equity-settled share option expenses *RMB'000*	Total remuneration *RMB'000*
2010			
Yiming Hu	141	14	155
Xuezheng Wang	141	14	155
Zhengduo Yuan	141	14	155
Fung Man, Norman Wai	141	14	155
	564	56	620

On 24 January 2010, Dr. Yiming Hu, Dr. Xuezheng Wang, Mr. Zhengduo Yuan and Dr. Fung Man, Norman Wai were appointed as independent non-executive Directors of the Company. No remuneration was paid to these Directors prior to their appointment.

There were no other emoluments payable to the independent non-executive Directors during the year (2009: Nil).

(b) Executive Directors

The remuneration of each of the executive Directors during the year is as follows:

	Salaries, allowances and benefits in kind	Performance-related bonuses	Equity settled share option expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2010				
Thomas H. Quinn	—	—	—	—
Kee-Kwan Allen Chan	4,521	—	—	4,521
Youming Ye	3,635	—	—	3,635
Kwong Ming Pierre Tsui(ii)	2,004	529	287	2,820
Yinghui Wang(ii)	714	388	301	1,403
David W. Zalaznick(i)	—	—	—	—
	10,874	917	588	12,379
2009				
Thomas H. Quinn	—	—	—	—
Kee-Kwan Allen Chan	5,124	1,708	—	6,832
Youming Ye	2,900	888	—	3,788
Emory Williams(i)	6	—	—	6
David W. Zalaznick(i)	—	—	—	—
	8,030	2,596	—	10,626

(i) Mr. Emory Williams and Mr. David W. Zalaznick resigned as executive Directors of the Company on 4 December 2009 and 14 January 2010, respectively.

(ii) On 24 January 2010, Mr. Kwong Ming Pierre Tsui and Mr. Yinghui Wang were appointed as executive Directors of the Company.

(c) Non-executive Directors

The remuneration of each of the non-executive Directors for the year is as follows:

	Fees	Salaries, allowances and benefits in kind	Founder participant rights payment	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
2010				
John W. Jordan II	—	—	—	—
Rubo Li a/k/a John Lee[iii]	1,706	—	23,239	24,945
Lisa M. Ondrula[iv]	—	940	—	940
	1,706	940	23,239	25,885
2009				
John W. Jordan II	—	—	—	—
Rubo Li a/k/a John Lee	2,107	—	—	2,107
	2,107	—	—	2,107

(iii) Subsequent to the end of the reporting period on 31 January 2011, Mr. Rubo Li a/k/a John Lee resigned as a non-executive Director of the Company.

(iv) On 24 January 2010, Ms. Lisa M. Ondrula was appointed as a non-executive Director of the Company.

Mr. Thomas H. Quinn, Mr. John W. Jordan II and Mr. David W. Zalaznick did not receive any remuneration from the Company for the years ended 31 December 2010 and 2009, but were remunerated by The Jordan Company arising from their individual capacity as members of senior management of The Resolute Fund, L.P.

There was no arrangement under which Directors waived or agreed to waive any remuneration during the year.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included four (2009: three) Directors, details of whose remuneration are set out in Note 9 above. Details of the remuneration of the remaining one (2009: two) non-director, highest paid employee for the year are as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Salaries, allowances and benefits in kind	1,082	3,098
Performance-related bonuses	571	670
Equity-settled share option expenses	287	—
Pension scheme contributions	28	27
	1,968	3,795

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2010	**2009**
Nil to HK$1,000,000	—	—
HK$1,000,001 to HK$1,500,000	—	—
HK$1,500,001 to HK$2,000,000	—	1
Over HK$2,000,000	1	1
	1	2

During the year, share options were granted to a non-director, highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in Note 34 to the financial statements. The fair value of such options, which has been recognised to the income statement over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director, highest paid employees' remuneration disclosures.

During the year, no emoluments were paid by the Group to the Directors, or the non-director and highest paid employees as an inducement to join or upon joining the Group, or as compensation for loss of office.

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the year.

The provision for mainland China current income tax is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in mainland China which are exempted from tax at preferential rates.

In accordance with the relevant income tax laws and regulations of the PRC for manufacturing enterprises, Jiamusi Machinery and Jixi Machinery were exempted from corporate income tax ("CIT") for two years commencing from their first profit-making year which was 2006 and were entitled to a 50% reduction in the PRC corporate income tax for the subsequent three years from 1 January 2008 to 31 December 2010. According to the PRC Corporate Income Tax Law (the "New Corporate Income Tax Law"), Foreign Investment Enterprise (the "FIE") that was set up prior to 16 March 2007 may continue to enjoy preferential tax treatments for up to five years starting from 1 January 2008. Therefore, the applicable income tax rate of Jiamusi Machinery and Jixi Machinery was 12.5% from 1 January 2008 to 31 December 2010.

Huainan Longwall and Qingdao Tianxun obtained the Certificate of National High-Tech Enterprise in May 2010 and November 2009, respectively, and accordingly, were entitled to a lower PRC corporate income tax rate of 15% for the year ended 31 December 2010.

The share of tax attributable to associates for the years ended 31 December 2009 and 2010, respectively, is included in "Share of profits/(losses) of associates" on the face of the consolidated income statements.

The major components of income tax charge for the year are as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Current tax		
— Income tax in the PRC for the year	77,133	58,039
— Deferred tax *(Note 22)*	(10,281)	3,272
Total tax charge for the year	66,852	61,311

A reconciliation of the income tax expense applicable to profit before tax at the statutory rate for the country in which the Company and the majority of its subsidiaries are domiciled (i.e., the PRC) to the tax expense at the effective tax rate for the year is as follows:

	2010 *RMB'000*	2009 *RMB'000*
Profit before tax	416,893	294,155
Tax at an applicable tax rate	104,223	73,539
Lower tax rate for certain loss making entities in different jurisdictions	37,397	11,522
Tax concession for certain subsidiaries*	(76,890)	(46,425)
Losses/(profits) attributable to associates	(97)	25
Adjustments in respect of current tax of previous periods	(16,194)	—
Income not subject to tax	(8,222)	—
Expenses not deductible for tax	15,779	9,934
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	10,856	12,716
Tax charge at the Group's effective rate	66,852	61,311

* Jiamusi Machinery and Jixi Machinery were converted to FIEs on 11 April 2006 and 10 April 2006, respectively. Their income generated starting from May 2006 to December 2007 was fully exempted from tax, and that for the years ended 31 December 2009 and 2010 was subjected to a 50% deduction to the standard rate of tax. Huainan Longwall and Qingdao Tianxun were recognised as High-Tech companies and enjoyed a tax rate of 15% (2009: 25%) starting from 1 January 2010.

12. DIVIDENDS

(a) Dividends attributable to the current year

	2010 *RMB'000*	2009 *RMB'000*
Proposed final — RMB5.4 cents per ordinary share	70,200	—

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(b) Special dividend declared in connection with the initial public offering

	2010	**2009**
	RMB'000	*RMB'000*
Declared during the year	280,263	—
Paid during the year	280,263	—

13. EARNINGS PER SHARE

The calculation of basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,242,222,222 (2009: 780,000,000) in issue during the year, as adjusted to reflect the rights issued during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share for the year includes the 520,000,000 ordinary shares issued in connection with the listing of the Company's ordinary shares on the Stock Exchange on 10 February 2010.

The calculation of diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	Number of shares	
	2010	**2009**
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,242,222,222	780,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	639,986	—
	1,242,862,208*	780,000,000

* The diluted earnings per share amount is increased when taking the share option granted on 29 October 2010 into account, because the exercise price of these outstanding share options was higher than the average market price for the Company's shares during the current year, which had an anti-dilutive effect on the basic earnings per share for the year and were ignored in the calculation of diluted earnings per share. Therefore, diluted earnings per share amounts are based on the profit for the year of RMB350,115,000, and the weighted average number of ordinary shares of 1,242,862,208 in issue during the year.

14. RETIREMENT BENEFITS AND ACCOMMODATION BENEFITS

Retirement benefits

As stipulated by PRC regulations, Jiamusi Machinery, Jixi Machinery, Huainan Longwall and Qingdao Tianxun participate in a defined contribution retirement scheme. All formal employees are entitled to an annual pension equal to a fixed proportion of the average basic salary amount of their last employment at their retirement date. Jiamusi Machinery, Jixi Machinery, Huainan Longwall and Qingdao Tianxun are required to make contributions to the local social security bureau at a rate of 20% of the average basic salaries of the employees under the employment of Jiamusi Machinery, Jixi Machinery, Huainan Longwall and Qingdao Tianxun to whom the defined contribution retirement plan is applicable. Jiamusi Machinery, Jixi Machinery, Huainan Longwall and Qingdao Tianxun have no obligations for the payment of pension benefits beyond the annual contributions to the local social security bureau as set out above.

Accommodation benefits

According to the relevant PRC rules and regulations, Jiamusi Machinery, Jixi Machinery, Huainan Longwall and Qingdao Tianxun are each required to make contributions, which are in proportion to the salaries and wages of the employees to an accommodation fund administered by the Public Accumulation Funds Administration Centre. There are no further obligations on the part of Jiamusi Machinery, Jixi Machinery, Huainan Longwall and Qingdao Tianxun, except for contributions to the accommodation fund.

15. PROPERTY, PLANT AND EQUIPMENT

Group

	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 1 January 2009	161,744	—	137,309	24,399	10,861	3,064	337,377
Additions	789	—	2,783	1,626	865	42,718	48,781
Transfers	3,079	—	13,072	457	—	(16,608)	—
Disposals	(2,805)	—	(8,848)	(940)	(587)	—	(13,180)
At 31 December 2009 and 1 January 2010	162,807	—	144,316	25,542	11,139	29,174	372,978
Additions	717	2,035	4,541	6,414	12,906	92,321	118,934
Transfers	52,685	—	67,227	765	—	(120,677)	—
Acquisition of a subsidiary *(Note 36)*	4,680	—	2,540	594	2,275	—	10,089
Disposals	(14,556)	—	(5,639)	(405)	(4,601)	—	(25,201)
At 31 December 2010	206,333	2,035	212,985	32,910	21,719	818	476,800

	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated depreciation:							
At 1 January 2009	15,863	—	28,628	8,362	5,184	—	58,037
Charge for the year	7,921	—	16,205	6,067	1,859	—	32,052
Disposals	(1,074)	—	(7,401)	(805)	(488)	—	(9,768)
At 31 December 2009 and 1 January 2010	22,710	—	37,432	13,624	6,555	—	80,321
Charge for the year	7,758	262	18,749	5,606	1,923	—	34,298
Disposals	(8,928)	—	(4,046)	(396)	(3,124)	—	(16,494)
At 31 December 2010	21,540	262	52,135	18,834	5,354	—	98,125
Net book value:							
At 31 December 2010	184,793	1,773	160,850	14,076	16,365	818	378,675
At 31 December 2009	140,097	—	106,884	11,918	4,584	29,174	292,657

Company

	Buildings	Leasehold improvements	Plant and machinery	Office equipment	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:							
At 31 December 2009 and 1 January 2010	—	—	—	—	—	—	—
Additions	—	258	—	425	—	—	683
At 31 December 2010	—	258	—	425	—	—	683
Accumulated depreciation:							
At 31 December 2009 and 1 January 2010	—	—	—	—	—	—	—
Charge for the year	—	59	—	97	—	—	156
At 31 December 2010	—	59	—	97	—	—	156
Net book value:							
At 31 December 2010	—	199	—	328	—	—	527
At 31 December 2009	—	—	—	—	—	—	—

Group

The net book values of property, plant and equipment pledged as security for interest-bearing bank loans granted to the Group are as follows (Note 29):

	2010	2009
	RMB'000	*RMB'000*
Buildings	51,013	71,628
Plant and machinery	—	28,311
Total	51,013	99,939

As at 31 December 2010, the Group has not obtained certificates of real estate ownership from the relevant PRC government authorities for certain buildings with a carrying amount of RMB1,452,000.

16. LAND USE RIGHTS

Group

	2010	2009
	RMB'000	*RMB'000*
Cost:		
At 1 January	152,823	134,850
Acquisition of a subsidiary *(Note 36)*	2,860	—
Additions	—	17,973
Disposals	(23,256)	—
At 31 December	132,427	152,823
Accumulated amortisation:		
At 1 January	11,629	8,201
Charge for the year	3,350	3,428
Disposals	(4,204)	—
At 31 December	10,775	11,629
Net book value:		
At 31 December	121,652	141,194
Net book value pledged *(Note 29)*	84,831	121,108

The leasehold land is held under a long-term lease and is situated in mainland China.

17. GOODWILL

Group

	2010	**2009**
	RMB'000	*RMB'000*
Cost:		
At 1 January	101,203	101,203
Addition *(Note 36)*	213,766	—
At 31 December	314,969	101,203

Goodwill acquired through business combination has been allocated to the Group's cash-generating units ("CGUs"), which are reportable segments, for impairment testing:

- Roadheader products and aftermarket parts and services
- Shearer products and aftermarket parts and services
- Electric control systems and related products and aftermarket parts and services

The carrying amount of goodwill allocated to each of the CGU is as follows:

	Roadheader products and aftermarket parts and services	**Shearer products and aftermarket parts and services**	**Electric control systems and related products and aftermarket parts and services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2010	99,669	1,534	213,766	314,969
31 December 2009	99,669	1,534	—	101,203

The recoverable amount of the CGUs is determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a five-year period with cash flows beyond the five-year period assumed to be stable. The discount rate applied to the cash flow projections for the segment of roadheader products and aftermarket parts and services is 18.3% (2009: 15.2%). The discount rate applied to the cash flow projections for the segment of shearer products and aftermarket parts and services is 18.0% (2009: 14.6%). The discount rate applied to the cash flow projections for the segment of electric control systems and related products and aftermarket parts and services is 18.2%. The growth rate does not exceed the projected long-term average growth rate for the mining industry in mainland China.

Key assumptions were used in the value in use calculation of the CGUs for 31 December 2009 and 2010. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins — Management determined budgeted gross margin based on past performance and its expectations for market development.

Discount rates — The discounts rate used are before tax and reflect specific risks relating to the relevant units.

The values assigned to key assumptions are consistent with external information sources.

18. OTHER INTANGIBLE ASSETS

Group

	Customer bases	**Patents and software copyrights**	**Know-how**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cost:				
At 1 January 2009	59,431	19,052	5,010	83,493
Additions	—	—	—	—
At 31 December 2009 and 1 January 2010	59,431	19,052	5,010	83,493
Acquisition of a subsidiary *(Note 36)*	85,666	244,120	—	329,786
At 31 December 2010	145,097	263,172	5,010	413,279
Accumulated amortisation:				
At 1 January 2009	31,201	2,382	1,001	34,584
Charge for the year	11,886	2,382	1,001	15,269
At 31 December 2009 and 1 January 2010	43,087	4,764	2,002	49,853
Charge for the year	17,597	14,583	1,001	33,181
At 31 December 2010	60,684	19,347	3,003	83,034
Net book value:				
At 31 December 2010	84,413	243,825	2,007	330,245
At 31 December 2009	16,344	14,288	3,008	33,640

The additions of customer bases, patents and software copyrights of the Group were acquired through a business combination as set out in Note 36.

19. INVESTMENTS IN SUBSIDIARIES

Company

	2010	2009
	RMB'000	*RMB'000*
Unlisted investments, at cost	537,475	14,900

Investments in subsidiaries as at 31 December 2010 represent the cost of the entire interests in TJCC IMM Siwei Holdings Ltd., TJCC IMM Jiamusi Holdings Ltd. ("TJCC IMM Jiamusi"), TJCC IMM Jixi Holdings Ltd. ("TJCC IMM Jixi"), TJCC IMM AFC Holdings Ltd. ("TJCC IMM AFC") and Qingdao Tianxun.

Details of investments in subsidiaries are set out in Note 4 to the financial statements.

20. INVESTMENTS IN ASSOCIATES

Group

	2010	2009
	RMB'000	*RMB'000*
Share of net assets	21,455	21,069

The following table illustrates the summarised financial information of the Group's associates extracted from their financial statements:

	2010	2009
	RMB'000	*RMB'000*
Current assets	76,880	98,486
Non-current assets	92,510	62,237
Current liabilities	(44,698)	(55,803)
Non-current liabilities	(17,600)	—
Net assets	107,092	104,920
Revenue	48,116	23,973
Total expense	(44,877)	(23,537)
Tax	(1,067)	(589)
Profit/(loss) after tax	2,172	(153)

Details of investments in associates are set out in Note 4 to the financial statements.

21. AVAILABLE-FOR-SALE INVESTMENTS

Group

	2010 RMB'000	2009 RMB'000
Unlisted equity investment, at cost	—	7,500

On 10 September 2010, the Group entered into an equity transfer agreement with an independent third party to dispose its 15% equity interest in a private entity for a consideration of RMB17,250,000. The gain on disposal of such available-for-sale investment of RMB2,250,000 was recognised in other income and gains as set out in Note 6 to the financial statements.

22. DEFERRED TAX

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

Group

	Decelerated tax amortisation of intangible assets RMB'000	Decelerated tax depreciation of property, plant and equipment RMB'000	Provision for inventories RMB'000	Losses available for offsetting against future taxable profits RMB'000	Accrued expenses RMB'000	Total RMB'000
Gross deferred tax assets as at 1 January 2009	301	3,690	5,519	747	—	10,257
Deferred tax credited/(charged) to the income statement during the year *(Note 11)*	67	362	(2,285)	(747)	—	(2,603)
Gross deferred tax assets at 31 December 2009 and 1 January 2010	368	4,052	3,234	—	—	7,654
Acquisition of subsidiaries *(Note 36)*	—	—	—	—	15	15
Deferred tax credited/(charged) to the income statement during the year *(Note 11)*	(107)	335	(250)	—	1,193	1,171
Gross deferred tax assets as at 31 December 2010	261	4,387	2,984	—	1,208	8,840

Deferred tax liabilities

Group

	Fair value adjustments arising from acquisition of subsidiaries *RMB'000*	**Undistributed profits of PRC subsidiaries** *RMB'000*	**Total** *RMB'000*
Gross deferred tax liabilities at 1 January 2009	39,800	9,595	49,395
Deferred tax (credited)/charged to the income statement during the year *(Note 11)*	(2,313)	2,982	669
Gross deferred tax liabilities at 31 December 2009 and 1 January 2010	37,487	12,577	50,064
Acquisition of a subsidiary *(Note 36)*	71,012	—	71,012
Deferred tax (credited)/charged to the income statement during the year *(Note 11)*	(9,548)	438	(9,110)
Gross deferred tax liabilities at 31 December 2010	98,951	13,015	111,966

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding corporate income tax is levied on dividends declared to foreign investors from foreign investment enterprises established in mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding corporate income tax rate may be applied if there is a tax treaty between mainland China and the jurisdiction of the foreign investors. For the Group, the applicable withholding rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of earnings generated from 1 January 2008.

23. INVENTORIES

Group

	2010	2009
	RMB'000	*RMB'000*
Raw materials	95,412	76,700
Work in progress	233,213	152,877
Finished goods	115,903	106,520
	444,528	336,097
Less: Provision for inventories	(19,904)	(25,884)
	424,624	310,213

24. TRADE AND BILLS RECEIVABLES

Group

	2010	2009
	RMB'000	*RMB'000*
Trade receivables	1,073,888	798,880
Bills receivable	381,130	262,171
Less: Impairment provision	(14,281)	(14,895)
	1,440,737	1,046,156

The Group grants different credit periods to customers. The Group generally requires its customers to make payments at various stages of a sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivable approximate to their fair values.

An aged analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of provisions, is as follows:

Group

	2010	**2009**
	RMB'000	*RMB'000*
Outstanding balances with ages:		
Within 90 days	502,967	368,158
91 to 180 days	295,240	215,511
181 to 365 days	176,112	129,885
1 to 2 years	75,638	60,420
Over 2 years	9,650	10,011
	1,059,607	783,985

The movements in the provision for impairment of trade receivables are as follows:

Group

	2010	**2009**
	RMB'000	*RMB'000*
At 1 January	14,895	12,447
Reversal of impairment losses *(Note 8)*	(3,925)	—
Impairment of trade receivables *(Note 8)*	3,311	2,448
At 31 December	14,281	14,895

The impaired trade receivables relate to individual customers that were in financial difficulties and the receivables that are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances. The bills receivable all mature within 180 days from the end of the reporting period.

The carrying amounts of trade and bills receivables pledged as security for interest-bearing bank loans granted to the Group are as follows (Note 29):

	2010	**2009**
	RMB'000	*RMB'000*
Trade receivables	—	45,663
Bills receivable	30,420	118,006
Total	30,420	163,669

The analysis of trade receivables that are not considered to be impaired is as follows:

Group

	2010	2009
	RMB'000	*RMB'000*
Neither past due nor impaired	599,202	455,993
Past due but not impaired		
Less than 90 days	268,759	188,052
91 to 180 days	107,465	81,874
181 to 365 days	66,432	39,215
1 to 2 years	17,749	18,851
	1,059,607	783,985

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

Group

	2010	2009
	RMB'000	*RMB'000*
Non-current portion		
Prepayments for purchases of property, plant and equipment	34,271	21,996
Current portion		
Prepayments	110,690	80,784
Deposits and other receivables	22,483	32,130
	133,173	112,914
Total	167,444	134,910

Company

	2010	2009
	RMB'000	*RMB'000*
Current portion		
Deposits and other receivables	775	19,468

The carrying amounts of other receivables approximate to their fair values.

None of the above assets are either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

26. CASH AND CASH EQUIVALENTS AND TIME DEPOSITS WITH ORIGINAL MATURITY OF MORE THAN THREE MONTHS

Group

	2010	2009
	RMB'000	*RMB'000*
Cash and bank balances	566,132	73,520
Less: Time deposits with original maturity of more than three months	(307,142)	—
Cash and cash equivalents	258,990	73,520
Denominated in RMB	94,789	70,993
Denominated in USD	449,028	2,527
Denominated in HKD	21,796	—
Denominated in EUR	519	—
	566,132	73,520

Company

	2010 *RMB'000*	2009 *RMB'000*
Cash and bank balances	463,642	2,501
Less: Time deposits with original maturity of more than three months	(307,142)	—
Cash and cash equivalents	156,500	2,501
Denominated in USD	441,851	2,501
Denominated in HKD	21,791	—
	463,642	2,501

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximate to their fair values.

The RMB is not freely convertible into other currencies, however, under mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

27. AMOUNT DUE TO A SHAREHOLDER

Group and Company

	2010 *RMB'000*	2009 *RMB'000*
Amount due to a shareholder cum Director of the Company	—	143

According to the consulting agreement signed on 4 December 2009, the Company is liable to pay Mr. Rubo Li a/k/a John Lee USD21,000 per month for consulting services rendered to the Company. The agreement was renewed on 31 January 2010 with an extended consulting period to 1 May 2012. Consulting fees to Mr. Rubo Li a/k/a John Lee have been included as part of the Directors' remuneration disclosed in Note 9 to the financial statements.

28. BALANCES WITH RELATED PARTIES AND SUBSIDIARIES

Group

	Note	2010 RMB'000	2009 RMB'000
Amount due from a related party			
Benniu	(i)	—	35,723

	Note	2010 RMB'000	2009 RMB'000
Amount due to a related party			
Benniu	(i)	—	25,000

Company

	Notes	2010 RMB'000	2009 RMB'000
Amounts due from subsidiaries			
TJCC IMM AFC	(ii)	255,739	126,747
TJCC IMM Jixi	(ii)	107,105	—
TJCC IMM Jiamusi	(ii)	83,158	—
IMM JX Holdings	(iii)	151,089	155,792
IMM JMS Holdings	(iii)	113,997	117,527
TJCC IMM Jiamusi	(iv)	464,250	285,516
		1,175,338	685,582

Notes:

(i) The balance due from Benniu was trade in nature while the balance due to Benniu was non-trade in nature.

On 19 January 2010, the Group acquired the remaining 25% equity interest in Huainan Longwall from Benniu at a purchase consideration of RMB51,400,000. Since then, Huainan Longwall has become a wholly-owned subsidiary of the Group and Benniu has ceased to be a related party of the Group.

(ii) The amounts due from the subsidiaries are non-trade in nature. The balance is unsecured, bears interest at a rate of 3.5% to 6.66% per annum and is repayable on demand.

(iii) The amounts due from the subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

(iv) Pursuant to the resolutions of the Board of Directors of TJCC IMM Jiamusi passed on 31 December 2009 and 24 January 2010, TJCC IMM Jiamusi declared special dividends of USD41,814,000 (equivalent to approximately RMB285,516,000) and USD29,292,000 (equivalent to approximately RMB200,000,000), respectively, to the Company. On 6 December 2010, USD1,000,000 (equivalent to approximately RMB6,676,000) was paid to the Company relating to the previously declared dividends.

The nature of the transactions with related parties and subsidiaries is disclosed in Note 39 to the financial statements.

The carrying amounts of the balances due from/to related parties and subsidiaries approximate to their fair values.

29. INTEREST-BEARING LOANS

Group

	2010	**2009**
	RMB'000	*RMB'000*
Bank loans:		
Secured	73,420	304,994
Unsecured	50,000	—
	123,420	304,994
The bank loans bear interest at rates per annum in the range of	4.10% to 5.84%	1.53% to 5.84%

The above bank loans were all repayable within one year. The carrying amounts of the Group's current bank loans approximate to their fair values.

Notes:

The Group's bank loans balances that are secured by the pledge of assets are as follows:

		2010	**2009**
	Notes	*RMB'000*	*RMB'000*
Building and land use rights	(i)	43,000	129,297
Plant and machinery	(ii)	—	20,203
Trade and bills receivables	(iii)	30,420	155,494
		73,420	304,994

(i) The loans were secured by the Group's building and land use rights, which had an aggregate carrying values of RMB51,013,000 and RMB84,831,000, respectively, as at 31 December 2010 (2009: RMB71,628,000 and RMB121,108,000, respectively), as set out in Notes 15 and 16 to the financial statements.

(ii) The loans were secured by the Group's plant and machinery, which had an aggregate carrying value of RMB28,311,000 as at 31 December 2009, as set out in Note 15 to the financial statements.

(iii) The loans were secured by the Group's trade and bills receivables with an aggregate carrying value of nil and RMB30,420,000 respectively, (2009: RMB45,663,000 and RMB118,006,000, respectively) as at 31 December 2010, as set out in Note 24 to the financial statements.

30. TRADE AND BILLS PAYABLES

Group

	2010	**2009**
	RMB'000	*RMB'000*
Trade payables	377,524	352,977
Bills payable	23,780	—
	401,304	352,977

An aged analysis of outstanding trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2010	**2009**
	RMB'000	*RMB'000*
Within 90 days	236,807	191,931
91 to 180 days	95,723	74,858
181 to 365 days	34,036	33,898
1 to 2 years	4,922	14,459
2 to 3 years	1,777	5,942
Over 3 years	28,039	31,889
	401,304	352,977

The trade payables are non-interest-bearing and are normally settled within 180 days. The carrying amounts of the trade payables approximate to their fair values.

31. OTHER PAYABLES AND ACCRUALS

Group

	2010	**2009**
	RMB'000	*RMB'000*
Advances from customers	57,325	61,438
Payroll payable	20,292	15,948
Value added tax payable	30,638	77,863
Accrued expenses	72,801	101,904
Welfare payable	12,663	9,496
Other payables	69,430	53,043
	263,149	319,692

Company

	2010	2009
	RMB'000	*RMB'000*
Accrued expenses	1,964	—
Other payables	34,667	45,471
	36,631	45,471

The carrying amounts of other payables and accruals approximate to their fair values.

32. ORDINARY SHARE CAPITAL

Group and Company

		2010	2009
	Notes	*RMB'000*	*RMB'000*
Authorised:	(i)	5,000,000,000 shares of HKD0.1 each	2,500 shares of USD10 each
Issued and fully paid		114,270	80

During the year, the movements in the number of issued share capital are analysed as follows:

		Number of ordinary shares	Nominal value
	Notes		*RMB'000*
Issued and fully paid:			
As at 1 January 2010		1,000	80
Repurchase of old shares	(i)	(1,000)	(80)
Issue of 10,000 shares at HKD0.1 to old shareholders	(i)	10,000	—
Capitalisation of share premium account	(ii)	779,990,000	68,562
Issue of new shares	(iii)	520,000,000	45,708
As at 31 December 2010		1,300,000,000	114,270

Notes:

(i) Pursuant to the written resolutions of the shareholders passed on 24 January 2010, the Company (a) increased its authorised share capital to HKD500,000,000 divided into 5,000,000,000 ordinary shares of HKD0.10 each and (b) allotted and issued 10,000 shares to the existing shareholders whose names appear on the register of members of the Company at the close of business on 24 January 2010 (the "Existing Shareholders") in proportion to their existing shareholdings in exchange for the 1,000 issued ordinary shares with a nominal value of USD10 each held by them and cancelled the authorised but unissued 1,500 ordinary shares with a nominal value of USD10 each.

(ii) Pursuant to the written resolution of shareholders of the Company passed on 24 January 2010, conditional on the share premium account of the Company being credited pursuant to the listing of the Company's shares, the Company capitalised HK$77,999,000 standing to the credit of the share premium account of the Company to pay up in full 779,990,000 new ordinary shares of HK$0.1 each for allotment and issue to the Existing Shareholders of the Company.

(iii) In connection with the Company's initial public offering, 520,000,000 new shares of HK$0.1 each were issued at a price of HK$4.88 per share for a total cash consideration, before expenses, of approximately HK$2,537,600,000 (equivalent to approximately RMB2,230,543,000) on 10 February 2010.

33. PREFERENCE SHARES

Group and Company

	2010	**2009**
	RMB'000	*RMB'000*
Preference shares	—	403,397

Pursuant to the written resolution of the shareholders of the Company on 24 January 2010, it was resolved that, conditional upon the Company having received the proceeds of the Listing, the remaining preference shares of the Company as at 31 December 2009 would be repurchased at a consideration of the initial purchase price of US$59,078,000 (equivalent to approximately RMB403,397,000). The preference shares were fully repurchased on 10 February 2010.

34. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's Directors, including independent non-executive Directors and other employees of the Group. The Scheme became effective on 24 January 2010 and, unless otherwise cancelled or amended, will expire on 23 January 2020.

The maximum number of share options currently permitted to be granted under the Scheme is 130,000,000 shares, being 10% of the total number of shares in issue as at 10 February 2010. Unless approved by shareholders in a general meeting, no participant shall be granted an option within the 12-month period up to and including the proposed date on which the grant of an option is made, if such grant would represent in aggregate over 1% of the number of shares in issue as at the proposed grant date. The limit on the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of any member of the Group must not exceed 30% of the number of shares in issue from time to time.

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1.00 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a vesting period of one to five years and ends on a date which is not later than five years from the date of offer of the share options or the expiry date of the Scheme, if earlier.

The exercise price of share options is determinable by the Directors, but may not be less than the higher of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheet on the grant date, which must be a business day; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the grant date; and (c) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Scheme during the year:

	2010	
	Weighted average exercise price	**Number of options**
	HK$ per share	*'000*
At 1 January	—	—
Granted during the year	6.37	21,939
At 31 December	6.37	21,939

There were no share options granted in 2009.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

	2010	
Number of options	**Exercise price**	**Exercise period**
'000	*HK$ per share*	
3,120*	4.07	up to 23 January 2020
18,819**	6.75	up to 23 January 2020
21,939		

* Each share option has a total life of option of 10 years with 20% vesting on 28 April 2011, 20% vesting on 28 April 2012, 20% vesting on 28 April 2013, 20% vesting on 28 April 2014 and the remaining 20% vesting on 28 April 2015.

** Each share option has a total life of option of 9 years with 20% vesting on 29 October 2011, 20% vesting on 29 October 2012, 20% vesting on 29 October 2013, 20% vesting on 29 October 2014 and the remaining 20% vesting on 29 October 2015.

The fair value of the share options granted during the year was HK$63,069,000 (equivalent to approximately RMB54,870,000) (2009: Nil) of which the Group recognised share option expenses of HK$5,958,000 (equivalent to approximately RMB5,184,000) (2009: Nil) during the year ended 31 December 2010.

The fair value of equity-settled share options granted during the year was estimated at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Date of grant	**28 April 2010**	**29 October 2010**
Stock price *(HK$)*	3.97	6.75
Exercise price *(HK$)*	4.07	6.75
Risk-free interest rate *(%)*	2.89	2.10
Expected volatility *(%)*	53	52
Dividend yield *(%)*	1.5	1.0
Post-vesting exit rate *(%)*	19	12
Exercise multiple	3	2
Expected life of options *(year)*	9.75	9.24

No other feature of the options granted was incorporated into the measurement of fair value.

35. RESERVES

(a) Group

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 61 to 62 of the consolidated financial statements.

Statutory surplus reserve and statutory reserve fund

In accordance with the Company Law of the PRC and the respective articles of association of the companies registered in the PRC (the "PRC Companies"), each of the PRC Companies was required to allocate 10% of its profits after tax, as determined in accordance with People's Republic of China accounting rules and regulations ("PRC GAAP"), to the statutory surplus reserve (the "SSR") until such reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the SSR can be capitalised as issued capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Subsequent to the re-registration of the two PRC subsidiaries, Jiamusi Machinery and Jixi Machinery, as wholly-foreign-owned companies on 11 April 2006, their allocation to the SSR was no longer required. According to the relevant PRC regulations applicable to wholly-foreign-owned companies, the Company is required to allocate a certain portion (not less than 10%), as determined by the Board of Directors, of its profit after tax in accordance with PRC GAAP to the statutory reserve fund (the "SRF") until such reserve reaches 50% of the registered capital.

The SSR and the SRF are non-distributable other than in the event of liquidation and, subject to certain restrictions set out in the relevant PRC regulations, can be used to offset accumulated losses or be capitalised as issued capital.

Distributable reserves

For dividend purposes, the amount which the PRC Companies can legally distribute by way of a dividend is determined by reference to the distributable profits as reflected in their PRC statutory financial statements which are prepared in accordance with PRC GAAP. These profits differ from those that are reflected in this report which is prepared in accordance with IFRSs.

In accordance with the Company Law of the PRC, profits after tax of the PRC Companies can be distributed as dividends after the appropriation to the SRF as set out above.

(b) Company

	Share premium account	**Share option reserve**	**Accumulated loss/ retained earnings**	**Exchange fluctuation reserve**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2009	7,723	—	(98,773)	9,087	(81,963)
Issue of shares	214	—	—	—	214
Total comprehensive income for the year*	—	—	355,236	(127)	355,109
As at 31 December 2009 and 1 January 2010	7,937	—	256,463	8,960	273,360
Repurchase of old shares	80	—	—	—	80
Issue of shares	2,184,835	—	—	—	2,184,835
Share issue expenses	(101,161)	—	—	—	(101,161)
Capitalisation of share premium account	(68,562)	—	—	—	(68,562)
Equity-settled share option arrangements	—	5,184	—	—	5,184
Special dividend	—	—	(280,263)	—	(280,263)
Total comprehensive income for the year*	—	—	81,274	(69,465)	11,809
As at 31 December 2010	2,023,129	5,184	57,474	(60,505)	2,025,282

* The consolidated profit attributable to owners of the parent for the year ended 31 December 2010 includes a loss of RMB136,775,000 (2009: RMB46,341,000) which has been dealt with in the financial statements of the Company.

36. BUSINESS COMBINATION

On 27 August 2010, the Group acquired a 100% interest in Qingdao Tianxun from Mr. Deng Kefei, Mr. Deng Kelong, Mr. Ma Fuqian and Mr. Wang Dongxing. Qingdao Tianxun is engaged in the manufacture of electric control systems and related products. The acquisition was made as part of the Group's strategy to expand its market share of new equipment and aftermarket sales and to further enhance the quality, safety and reliability of the Company's roadheaders, shearers and armoured-face conveyors. The purchase consideration for the acquisition was in the form of cash, with RMB500,000,000 paid at the acquisition date (the "first payment") and the remaining RMB38,929,239 to be paid on the business day immediately preceding the first anniversary of the date of issuance of the amended business licences (the "second payment"), which represents an amount equal to the unaudited net profit of Qingdao Tianxun for the six months ended 30 June 2010, subject to adjustment (if any).

The fair values of the identifiable assets and liabilities of Qingdao Tianxun as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Property, plant and equipment *(Note 15)*	10,089
Land use rights *(Note 16)*	2,860
Other intangible assets *(Note 18)*	329,786
Deferred tax assets *(Note 22)*	15
Inventories	8,154
Trade and bills receivables	72,503
Prepayments, deposits and other receivables	4,973
Cash and cash equivalents	12,923
Interest-bearing loans	(13,000)
Trade payables	(14,580)
Other payables and accruals	(21,000)
Tax payable	(2,763)
Deferred tax liabilities *(Note 22)*	(71,012)
Total identifiable net assets at fair value	318,948
Goodwill on acquisition *(Note 17)*	213,766
Total consideration	532,714*
Satisfied by cash	500,000

* Total consideration consists of the first payment of RMB500,000,000 and the acquisition-date fair value of second payment amounted to RMB32,714,000.

The fair value of the trade and bills receivables as at the date of acquisition amounted to RMB72,503,000. The gross contractual amount of trade and bills receivables was RMB73,058,000, of which trade receivables of RMB555,000 are expected to be uncollectible.

The Group incurred transaction costs of RMB3,188,000 for this acquisition. These transaction costs have been expensed and are included in administrative expenses in the consolidated income statement.

Included in the goodwill of RMB213,766,000 recognised above are the future economic benefits arising from assets that are not capable of being individually identified and separately recognised and therefore they do not meet the criteria for recognition as intangible assets under IAS 38 Intangible Assets. None of the goodwill recognised is expected to be deductible for income tax purposes.

As part of the purchase agreement, contingent consideration is payable, which is dependent on the amount of profit before tax of Qingdao Tianxun for the six months ended 30 June 2010, subject to adjustment. The initial amount recognised was RMB32,714,000. The consideration is due for final measurement and payment to the former shareholders on the business day immediately preceding the first anniversary of the date of issuance of the amended business licence. At the date of approval of these financial statements, no further significant changes to the consideration are expected. At 31 December 2010, corresponding notional interest arising from the consideration amounted to RMB1,953,000 as stated in Note 7 to the financial statements.

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(500,000)
Cash and cash equivalents acquired	12,923
Net outflow of cash and cash equivalents included in cash flows from investing activities	(487,077)
Transaction costs of the acquisition included in cash flows from operating activities	(3,188)
	(490,265)

Since its acquisition, Qingdao Tianxun contributed RMB54,760,000 to the Group's turnover and RMB19,547,000 to the consolidated profit for the year ended 31 December 2010.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been RMB2,010,603,000 and RMB412,896,000, respectively.

37. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to four years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

Group

	2010	**2009**
	RMB'000	*RMB'000*
Within a year	1,513	2,072
In the second to fifth years, inclusive	1,399	—
	2,912	2,072

38. COMMITMENTS

In addition to the operating lease commitments detailed in Note 37 above, the Group had the following capital commitments at the end of the reporting period:

Group

		2010	**2009**
	Note	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Plant and machinery		28,214	74,847
Investments	(i)	33,810	—
		62,024	74,847

Note:

(i) On 8 December 2010, Jiamusi Machinery, a wholly-owned subsidiary of the Group, entered into a joint venture agreement with a wholly-owned subsidiary of Shanxi Coal Transportation (the "JV Partner"), to set up a joint venture company, Shanxi Meijia Mining Machinery Company Limited ("Shanxi Meijia") to tap into the huge potential market of coal mining machinery in Shanxi province. The parties agreed that Shanxi Meijia will be established for a 50-year term, and will be owned as to 51% by the JV Partner and as to 49% by Jiamusi Machinery. As at 31 December 2010, Shanxi Meijia is in the midst of starting up and the Group expects to obtain the business licence from the local authority in 2011.

39. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following material transactions with related parties:

	Notes	**2010** *RMB'000*	**2009** *RMB'000*
Nature of transactions			
Consulting fee			
Rubo Li a/k/a John Lee	(i)	1,706	2,107
Emory Williams	(i)	—	6
		1,706	2,113
Sales of products			
Benniu	(ii)	—	33,419
Sales commission paid			
Benniu	(ii)	—	4,661
Operating lease of office buildings			
Benniu	(ii)	153	3,000
Purchases of goods			
Benniu	(ii)	—	101
Interest income			
TJCC Services	(iii) & (v)	—	7,811
International Mining Machinery Siwei Holdings Ltd. ("HK Siwei")	(iv) & (v)	—	9,505
Rubo Li a/k/a John Lee	(vi)	—	876
		—	18,192
Interest expense			
TJCC Holdings Ltd.	(vii)	—	11,364
Management fee			
TJCC Services	(iii)&(viii)	68,344	17,078
Loans received from the holding company			
TJCC Holdings Ltd.	(vii)	—	44,404
Loans provided to related parties			
TJCC Services	(iii)&(v)	—	40,988
Founder participation rights payment			
Rubo Li a/k/a John Lee	(ix)	23,239	—
Emory Williams	(ix)	9,959	—
		33,198	—

Notes:

(i) According to the consulting agreements entered between Mr. Rubo Li a/k/a John Lee and Mr. Emory Williams, respectively and the Company, the Company agreed to pay a consulting service fee to Mr. Rubo Li a/k/a John Lee and Mr. Emory Williams who were acting as the shareholders and Directors of the Company, for rendering consulting services to the Company. Mr. Emory Williams resigned as a Director of the Company on 4 December 2009 and Mr. Rubo Li a/k/a John Lee resigned as a Director of the Company on 31 January 2010.

(ii) The prices and terms of the referenced transactions were mutually agreed by both parties. On 19 January 2010, the Group acquired the remaining 25% equity interest in Huainan Longwall from Benniu at a purchase consideration of RMB51,400,000. Since then, Huainan Longwall has become a wholly-owned subsidiary of the Group and Benniu has ceased to be a related party of the Group.

(iii) TJCC Services share common Directors with the Company, being Mr. Youming Ye and Mr. Kee-Kwan Allen Chan.

(iv) HK Siwei is wholly-owned by Mining Machinery Limited. Mining Machinery Limited is beneficially owned as to 78.63% by Mr. Rubo Li a/k/a John Lee and his relatives and 21.37% by Mr. Emory Williams, his spouse and relatives. Both Mr. Rubo Li a/k/a John Lee and Mr. Emory Williams are shareholders and former Directors of the Company.

(v) The loans provided to the related parties are unsecured, bear interest at a rate of 8% per annum and are repayable on demand. On 31 December 2009, these loans were assigned to TJCC Holdings Ltd. according to an agreement signed between TJCC Holdings Ltd. and the Company.

(vi) The loan provided in year 2007 was secured by the pledge of the shares of the Company held by Mr. Rubo Li a/k/a John Lee. The loan bore interest at a rate of 5% per annum and is repayable on demand. On 31 December 2009, the loan and pledge were assigned to TJCC Holdings Ltd. according to an agreement signed between TJCC Holdings Ltd. and the Company.

(vii) The loans provided by the holding company, TJCC Holdings Ltd., were unsecured, bear interest at a rate of 8% per annum and were repayable on demand. On 31 December 2009, the loans provided by the holding company were offset by the assignments of loans and related interest due from Rubo Li a/k/a John Lee, HK Siwei, Mr. Emory Williams, Williams Realty Co., LLC and TJCC Services.

(viii) According to the management consulting agreement entered between TJCC Services and the Group, the Group agreed to pay a consulting service fee to TJCC Services for rendering consulting services on corporate affairs. On 31 December 2009, the management fee payable was used to offset a portion of the loan due from TJCC Services. The management consulting agreement was terminated on 31 December 2009.

In connection with the application for listing, TJCC Services has provided services outside its ordinary course of business to the Company, such as advising on the structure of the Hong Kong public offering and the international offering (the "Global Offering") and the reorganisation. As a one-off compensation for (a) these extraordinary services and (b) terminating the management consulting arrangement seven years early, the Group paid TJCC Services a transaction and termination fee of US$10 million (equivalent to approximately RMB68.3 million) upon completion of the Global Offering.

(ix) According to a founder participation agreement entered between the Company, Mr. Rubo Li a/k/a John Lee and Mr. Emory Williams (who are shareholders and former Directors of the Company) on 16 May 2006, both Mr. Rubo Li a/k/a John Lee and Mr. Emory Williams are entitled to participate in certain agreed respects in the proceeds available for distribution by the Company to the holders of preference shares based on a prescribed formula as stipulated in the founder participation agreement. The prescribed formula required a payment of US$4.86 million (equivalent to approximately RMB33.2 million) which is a payment directly associated with the full repurchase of preference shares by the Company upon the completion of the Global Offering.

(b) Outstanding balances with related parties:

Details of the Group's balances with its related parties at the end of the reporting period together with maximum outstanding balances due from related parties during the year are disclosed in Notes 27 and 28 to the financial statements.

(c) Compensation of key management personnel of the Group:

	2010	2009
	RMB'000	*RMB'000*
Basic salaries and other benefits	24,000	20,635
Retirement benefit scheme contributions	120	148
Founder participation rights payment	23,239	—
Equity-settled share option expense	2,750	—
	50,109	20,783

40. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Group

	2010	2009
	RMB'000	*RMB'000*
Financial assets		
Available-for-sale investments	—	7,500
Trade and bills receivables	1,440,737	1,046,156
Financial assets included in prepayments, deposits and other receivables	22,483	32,130
Amounts due from related parties	—	35,723
Time deposits with original maturity of more than three months	307,142	—
Cash and cash equivalents	258,990	73,520
	2,029,352	1,195,029
Financial liabilities		
Trade and bills payables	401,304	352,977
Financial liabilities included in other payables	175,186	180,391
Interest-bearing bank loans	123,420	304,994
Amount due to a shareholder	—	143
Amounts due to related parties	—	25,000
	699,910	863,505

Company

	2010	2009
	RMB'000	*RMB'000*
Financial assets		
Financial assets included in prepayments, deposits and other receivables	775	19,468
Time deposits with original maturity of more than three months	307,142	—
Cash and cash equivalents	156,500	2,501
Amounts due from subsidiaries	1,175,338	685,582
	1,639,755	707,551
Financial liabilities		
Financial liabilities included in other payables	36,631	45,471
Amount due to a shareholder	—	143
	36,631	45,614

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing loans, time deposits with original maturity of more than three months, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as trade and bills receivables as well as other receivables, which arise directly from its operations. The particular recognition methods adopted are disclosed in the accounting policy associated with each item.

It is, and has been during the year, the Group's policy that no trading in financial instruments should be undertaken.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, significant concentration of credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its interest-bearing loans. The Group does not use derivative financial instruments to hedge its interest rate risk. Since the Group's bank loans all bear fixed interest rates and are due within one year, its exposure to risk of changes in market interest rates is low.

Foreign currency risk

The Group operates in Hong Kong, the Cayman Islands and mainland China. For companies in mainland China, their principal activities are transacted in RMB. For other companies outside of mainland China, their principal activities are transacted in USD and HKD. The Group does not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the Directors consider that the Group has no significant foreign currency risk exposure.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis, therefore, the Group's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents and available-for-sale investments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Significant concentration of credit risk

Concentration of credit risk exists when changes in economic, industry or geographic factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Group's total credit exposure. The Group has a significant concentration of credit risk with customers in the mining sector who operate in mainland China, with the top five customers accounting for 30% and 28% of the Group's total trade receivables balances as at 31 December 2010 and 2009, respectively. Sales to these customers accounted for 45% and 44% of the Group's total sales for the years ended 31 December 2010 and 2009, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities have been put in place for contingency purposes.

The maturity profile of the Group's financial liabilities as at the end of the reporting period was as follows:

Group

31 December 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing loans	—	28,420	95,000	—	—	123,420
Trade and bills payables	139,933	248,871	12,500	—	—	401,304
Other payables and accruals	140,519	—	34,667	—	—	175,186
	280,452	277,291	142,167	—	—	699,910

31 December 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing loans	—	103,551	201,443	—	—	304,994
Trade payables	161,046	191,931	—	—	—	352,977
Other payables and accruals	180,391	—	—	—	—	180,391
Amounts due to the related parties	25,000	—	—	—	—	25,000
Amount due to a shareholder	143	—	—	—	—	143
	366,580	295,482	201,443	—	—	863,505

Company

31 December 2010	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	1,964	—	34,667	—	—	36,631

31 December 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Other payables and accruals	45,471	—	—	—	—	45,471
Amount due to a shareholder	143	—	—	—	—	143
	45,614	—	—	—	—	45,614

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and a healthy capital ratio in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's net debts include interest-bearing loans and preference shares less cash and cash equivalents. Capital represents total equity.

At the end of the reporting periods, the Group's strategy was to maintain the net borrowings to equity ratio at a healthy capital level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business.

As at 31 December 2010, the Group's cash and cash equivalents exceeded the total interest-bearing bank loans. As such, no gearing ratio as at 31 December 2010 is presented. As at 31 December 2009, the gearing ratio was 48%.

42. EVENTS AFTER THE REPORTING PERIOD

There were no significant events that took place after the reporting period and up to the date of the financial statements.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 15 March 2011.

3. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE IMM GROUP FOR THE SIX MONTHS ENDED 30 JUNE 2011

Set out below are the unaudited consolidated financial statements of the IMM Group for the six months ended 30 June 2011, together with the notes thereto, which have been extracted from the interim report of the IMM Group for the six months ended 30 June 2011. Unless the context otherwise requires, capitalised terms used therein shall have the same meanings as defined in the interim report of IMM for the six months ended 30 June 2011.

Interim Consolidated Income Statement
For the six months ended 30 June 2011

		For the six months ended 30 June	
		2011	**2010**
		Unaudited	*Unaudited*
	Notes	*RMB'000*	*RMB'000*
Revenue	5	1,112,784	926,203
Cost of sales		(615,991)	(530,381)
Gross profit		496,793	395,822
Other income and gains	5	16,542	39,813
Selling and distribution costs		(98,122)	(67,230)
Administrative expenses		(124,806)	(146,480)
Other expenses		(25,730)	(35,749)
Finance revenue	6	912	93
Finance costs	6	(7,415)	(5,769)
Share of losses of associates		(586)	(373)
Profit before tax	7	257,588	180,127
Income tax expense	8	(54,067)	(34,972)
Profit for the period		203,521	145,155
Attributable to:			
Owners of the parent		203,521	145,229
Non-controlling interests		—	(74)
		203,521	145,155
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic *(RMB)*	10	15.65 cents	12.26 cents
Diluted *(RMB)*	10	15.62 cents	12.26 cents

Details of the dividends proposed for the period are disclosed in Note 9 to the interim condensed financial information.

Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Profit for the period	203,521	145,155
Other comprehensive income		
Exchange differences on translation of foreign operations	(9,673)	(10,160)
Total comprehensive income for the period	193,848	134,995
Attributable to:		
Owners of the parent	193,848	135,069
Non-controlling interests	—	(74)
	193,848	134,995

Interim Consolidated Statement of Financial Position
30 June 2011

	Notes	30 June 2011 *Unaudited* *RMB'000*	31 December 2010 *Audited* *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment	11	389,892	378,675
Land use rights		120,149	121,652
Goodwill		314,969	314,969
Other intangible assets		297,231	330,245
Investments in associates		27,445	21,455
Deferred tax assets		10,919	8,840
Prepayments, deposits and other receivables		33,440	34,271
		1,194,045	1,210,107
CURRENT ASSETS			
Inventories		474,748	424,624
Trade and bills receivables	12	1,789,830	1,440,737
Prepayment, deposits and other receivables		105,369	133,173
Time deposits with original maturity of more than three months		253,857	307,142
Cash and cash equivalents		258,117	258,990
		2,881,921	2,564,666
CURRENT LIABILITIES			
Interest-bearing loans	13	140,000	123,420
Trade and bills payables	14	551,707	401,304
Other payables and accruals		258,926	263,149
Tax payable		59,132	50,058
Dividend payable		77	—
		1,009,842	837,931
NET CURRENT ASSETS		1,872,079	1,726,735

	Notes	30 June 2011 Unaudited *RMB'000*	31 December 2010 Audited *RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		3,066,124	2,936,842
NON-CURRENT LIABILITIES			
Deferred tax liabilities		108,704	111,966
NET ASSETS		2,957,420	2,824,876
EQUITY			
Equity attributable to owners of the parent			
Issued capital	15	114,282	114,270
Reserves		2,843,138	2,710,606
TOTAL EQUITY		2,957,420	2,824,876

Interim Consolidated Statement of Changes in Equity

For the six months ended 30 June 2011

	Attributable to owners of the parent										
	Issued capital	**Share premium account**	**Statutory reserve fund**	**Share option reserve**	**Difference arising from acquisition of non-controlling interests**	**Retained profits**	**Proposed final dividend**	**Exchange fluctuation reserve**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2010	80	7,937	25,982	—	—	564,730	—	70,014	668,743	23,309	692,052
Profit for the period	—	—	—	—	—	145,229	—	—	145,229	(74)	145,155
Other comprehensive income for the period											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(10,160)	(10,160)	—	(10,160)
Total comprehensive income for the period	—	—	—	—	—	145,229	—	(10,160)	135,069	(74)	134,995
Repurchase of old shares	(80)	80	—	—	—	—	—	—	—	—	—
Issue of shares	45,708	2,184,835	—	—	—	—	—	—	2,230,543	—	2,230,543
Share issue expenses	—	(101,161)	—	—	—	—	—	—	(101,161)	—	(101,161)
Capitalisation of share premium account	68,562	(68,562)	—	—	—	—	—	—	—	—	—
Equity-settled share option arrangements	—	—	—	376	—	—	—	—	376	—	376
Special dividend	—	—	—	—	—	(280,263)	—	—	(280,263)	—	(280,263)
Acquisition of non-controlling interests	—	—	—	—	(28,165)	—	—	—	(28,165)	(23,235)	(51,400)
As at 30 June 2010 (unaudited)	114,270	2,023,129	25,982	376	(28,165)	429,696	—	59,854	2,625,142	—	2,625,142
As at 1 January 2011	114,270	2,023,129	45,529	5,184	(28,165)	544,835	70,200	49,894	2,824,876	—	2,824,876
Profit for the period	—	—	—	—	—	203,521	—	—	203,521	—	203,521
Other comprehensive income for the period											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	—	(9,673)	(9,673)	—	(9,673)
Total comprehensive income for the period	—	—	—	—	—	203,521	—	(9,673)	193,848	—	193,848
Exercise of share options	12	661	—	(196)	—	—	—	—	477	—	477
Final dividend declared	—	—	—	—	—	(7)	(70,200)	—	(70,207)	—	(70,207)
Equity-settled share option arrangements	—	—	—	8,426	—	—	—	—	8,426	—	8,426
As at 30 June 2011 (unaudited)	114,282	2,023,790	45,529	13,414	(28,165)	748,349	—	40,221	2,957,420	—	2,957,420

Interim Condensed Consolidated Statement of Cash Flows
For the six months ended 30 June 2011

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Net cash flows from/(used in) operating activities	48,670	(168,425)
Net cash flows from/(used in) investing activities	15,360	(69,251)
Net cash flows (used in)/from financing activities	(55,502)	1,366,629
NET INCREASE IN CASH AND CASH EQUIVALENTS	8,528	1,128,953
Cash and cash equivalents at beginning of period	258,990	73,520
Effect of foreign exchange rate changes, net	(9,401)	(5,155)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	258,117	1,197,318

Notes to Interim Condensed Financial Information
For the six months ended 30 June 2011

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands on 12 April 2006 as an exempted company with limited liability under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Group is principally engaged in the manufacture and sale of mining machinery in mainland China. The registered office of the Company is located at Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands.

In the opinion of the Directors, the Company's controlling shareholder is TJCC Holdings Ltd., which was incorporated in the Cayman Islands. The controlling shareholder of TJCC Holdings Ltd. is The Resolute Fund L.P., which is a limited partnership, established under the laws of the British Virgin Islands. The Jordan Company, which was incorporated in United States, manages The Resolute Fund, L.P.

The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 10 February 2010.

2. BASIS OF PREPARATION

The unaudited interim condensed financial information for the six months ended 30 June 2011 has been prepared in accordance with IAS 34 Interim Financial Reporting.

The unaudited interim condensed financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2010.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed financial information are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2010, except for the adoption of certain new and revised International Financial Reporting Standards ("IFRSs", which also include IASs and Interpretations) that are relevant to the Group's operations mandatory for the annual periods beginning 1 January 2011. The effect of the adoption of these standards was not material to the Group's results of operations or financial position.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Roadheader products and aftermarket parts and services

Engaged in the design, manufacture and sale of roadheader products and aftermarket services which include onsite service repairs, overhaul and supply of spare parts to customers.

(b) Shearer products and aftermarket parts and services

Engaged in the design, manufacture and sale of shearer products and aftermarket services which include onsite service repairs, overhaul and supply of spare parts to customers.

(c) Armoured-face conveyors and related products and aftermarket parts and services

Engaged in the manufacture and sale of armoured-face conveyors and related spare parts and the provision of aftermarket services which include onsite service repairs, overhaul and supply of spare parts to customers.

(d) Electric control systems and related products and aftermarket parts and services

Engaged in the manufacture and sale of electric control systems and related spare parts and the provision of aftermarket services which include onsite service repairs, overhaul and supply of spare parts to customers.

No operating segments have been aggregated to form the above reportable operating segments.

Segment profit or loss represents the profit or loss earned by each segment without allocation of central administration costs and Directors' remuneration and income tax. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the financial information.

As the chief operating decision maker of the Group considers that most of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located inside the PRC, no geographical information is presented.

The following tables present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2011 and 2010:

Six months ended 30 June 2011 (unaudited)	Roadheader products and aftermarket parts and services	Shearer products and aftermarket parts and services	Armoured face conveyors and related products and aftermarket parts and services	Electric control systems and related products and aftermarket parts and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:					
Sales to external customers	689,242	258,945	118,549	46,048	1,112,784
Intersegment sales	—	—	—	49,344	49,344
	689,242	258,945	118,549	95,392	1,162,128
Reconciliation:					
Elimination of intersegment sales					(49,344)
Total revenue					1,112,784
Segment results	271,338	29,336	(54,920)	33,383	279,137
Reconciliation:					
Elimination of intersegment results					(4,901)
Interest income					758
Corporate and other unallocated expenses*					(14,256)
Finance costs					(3,150)
Profit before tax					257,588

Six months ended 30 June 2011 (unaudited)	**Roadheader products and aftermarket parts and services** *RMB'000*	**Shearer products and aftermarket parts and services** *RMB'000*	**Armoured face conveyors and related products and aftermarket parts and services** *RMB'000*	**Electric control systems and related products and aftermarket parts and services** *RMB'000*	**Total** *RMB'000*
Other segment information:					
Share of losses of associates	(586)	—	—	—	(586)
Research and development costs	9,265	7,311	10,815	4,375	31,766
Depreciation of items of property, plant and equipment	8,114	9,235	4,841	666	22,856
Reconciliation:					
Corporate and other unallocated depreciation					125
Total depreciation					22,981
Amortisation of land use rights	775	509	185	34	1,503
Amortisation of other intangible assets	3,714	743	1,692	26,865	33,014
Impairment of trade receivables	1,537	5,104	3,424	1,746	11,811
Reversal of impairment of trade receivables	(762)	(3,396)	(368)	(423)	(4,949)
Impairment of other receivables	—	485	10,000	—	10,485
Write-down/(reversal) of inventories to net realisable value	1,436	(2,805)	3,523	—	2,154
Product warranty provision	7,153	3,228	18,456	163	29,000
(Gain)/loss on disposal of items of property, plant and equipment	(88)	(1,300)	(46)	142	(1,292)
Capital expenditure**	17,116	14,298	5,339	703	37,456

Six months ended 30 June 2010 (unaudited)	**Roadheader products and aftermarket parts and services**	**Shearer products and aftermarket parts and services**	**Armoured-face conveyors and related products and aftermarket parts and services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue:				
Sales to external customers	584,025	220,122	122,056	926,203
Intersegment sales	—	94	—	94
	584,025	220,216	122,056	926,297
Reconciliation:				
Elimination of intersegment sales				(94)
Total Revenue				926,203
Segment results	224,055	58,133	12,052	294,240
Reconciliation:				
Interest income				1
Corporate and other unallocated expenses*				(114,114)
Profit before tax				180,127

Six months ended 30 June 2010 (unaudited)	**Roadheader products and aftermarket parts and services**	**Shearer products and aftermarket parts and services**	**Armoured-face conveyors and related products and aftermarket parts and services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other segment information:				
Share of losses of associates	(250)	(123)	—	(373)
Research and development costs	7,371	4,813	984	13,168
Depreciation of items of property, plant and equipment	6,734	7,841	1,321	15,896
Reconciliation:				
Corporate and other unallocated depreciation				40
Total depreciation				15,936
Amortisation of land use rights	775	777	184	1,736
Amortisation of other intangible assets	4,952	991	1,694	7,637
Impairment of trade receivables	—	2,220	—	2,220
Reversal of write down of inventories to net realisable value	—	(1,921)	—	(1,921)
Product warranty provision	4,462	3,523	1,757	9,742
Gain on disposal of items of property, plant and equipment	—	(500)	—	(500)
Gain on disposal of land use rights	—	(5,010)	—	(5,010)
Capital expenditure**	2,049	3,532	52,908	58,489
Reconciliation:				
Corporate and other unallocated expenditure				670
Total capital expenditure				59,159

The following table compares the total segment assets and liabilities as at 30 June 2011 and 31 December 2010.

30 June 2011 (unaudited)	**Roadheader products and aftermarket parts and services**	**Shearer products and aftermarket parts and services**	**Armoured face conveyors and related products and aftermarket parts and services**	**Electric control systems and related products and aftermarket parts and services**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	1,962,392	943,447	377,409	681,750	3,964,998
Reconciliation:					
Elimination of intersegment receivables					(205,778)
Corporate and other unallocated assets					316,746
Total assets					4,075,966
Segment liabilities	442,183	524,844	206,470	93,947	1,267,444
Reconciliation:					
Elimination of intersegment payables					(205,778)
Corporate and other unallocated liabilities					56,880
Total liabilities					1,118,546

31 December 2010 (audited)	Roadheader products and aftermarket parts and services	Shearer products and aftermarket parts and services	Armoured face conveyors and related products and aftermarket parts and services	Electric control systems and related products and aftermarket parts and services	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	1,590,729	780,733	424,298	658,303	3,454,063
Reconciliation:					
Elimination of intersegment receivables					(145,311)
Corporate and other unallocated assets					466,021
Total assets					3,774,773
Segment liabilities	304,478	440,524	197,807	100,181	1,042,990
Reconciliation:					
Elimination of intersegment payables					(145,311)
Corporate and other unallocated liabilities					52,218
Total liabilities					949,897

* Corporate and other unallocated expenses mainly represent central administration costs, Directors' remuneration and consulting fees which are managed on a group basis and are not allocated to operating segments.

** Capital expenditure consists of additions to property, plant and equipment, land use rights and other intangible assets during the period.

Information about major customers

During the six months ended 30 June 2011, the Group had two customers with revenues of RMB133,402,000 and RMB124,986,000, respectively, which individually accounted for more than 10% of the Group's total revenue during the period.

During the six months ended 30 June 2010, the Group had three customers with revenues of RMB167,976,000, RMB135,588,000 and RMB95,535,000 respectively, which individually accounted for more than 10% of the Group's total revenue during the period.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold and the value of services rendered after allowances for returns, trade discounts and various types of government surcharges, where applicable.

An analysis of revenue, other income and gains is as follows:

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Revenue		
Sales of goods	1,113,840	923,161
Rendering of services	8,423	3,042
	1,122,263	926,203
Less: Government surcharges	(9,479)	—
	1,112,784	926,203

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Other income and gains		
Reversal of long-aged trade debts	13,725	—
Gain on disposal of items of property, plant and equipment	1,292	500
Sale of scrap materials	1,112	927
Waiver of unpaid tax	—	32,888
Gain on disposal land use rights	—	5,010
Others	413	488
	16,542	39,813

6. FINANCE REVENUE AND FINANCE COSTS

An analysis of finance revenue and finance costs is as follows:

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Finance revenue		
Interest income	912	93
Finance costs		
Loan interest	2,429	4,543
Interest arising from discounted bills	1,836	1,226
Notional interest	3,150	—
Total finance costs	7,415	5,769

7. PROFIT BEFORE TAX

Profit before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Cost of inventories sold	612,117	529,018
Cost of services provided	3,874	1,363
Employee benefit expense including Directors' remuneration:		
— Wages and salaries	100,834	71,583
— Pension scheme contributions	12,759	9,464
— Equity-settled share option expense	8,426	376
— Founder participation rights payment	—	33,198
	122,019	114,621
Research and development costs	31,766	13,168
Auditors' remuneration	1,970	1,940
Depreciation of items of property, plant and equipment	22,981	15,936
Amortisation of land use rights	1,503	1,736
Amortisation of other intangible assets	33,014	7,637
Impairment of trade receivables	11,811	2,220
Reversal of impairment of trade receivables	(4,949)	—
Impairment of other receivables	10,485	—
Minimum lease payments under operating leases	5,458	2,432
Write-down/(reversal) of inventories to net realisable value	2,154	(1,921)
Product warranty provision	29,000	9,742
Gain on disposal of items of property, plant and equipment	(1,292)	(500)
Gain on disposal of land use rights	—	(5,010)
Fee for early termination of TJCC Services Ltd. ("TJCC Services") management consulting agreement	—	68,344

8. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the relevant periods.

The provision for mainland China current income tax is based on the statutory rate of 25% of the assessable profit of the Group as determined in accordance with PRC Corporation Income Tax Law which was approved and became effective on 1 January 2008, except for certain subsidiaries of the Group in mainland China which are exempted from tax at preferential rates.

Jiamusi Machinery and Jixi Machinery obtained the Certificate of National High-Tech Enterprise in November 2008. Huainan Longwall and Qingdao Tianxun obtained the Certificate of National High-Tech Enterprise in May 2010 and November 2009, respectively, and accordingly, they were entitled to a lower PRC corporate income tax rate of 15% for the six months ended 30 June 2011.

The share of tax attributable to associates for the six months ended 30 June 2011 and 2010, respectively, is included in "Share of losses of associates" on the face of the interim consolidated income statements.

Major components of income tax are as follows:

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Current tax		
— Income tax in the PRC for the period	59,408	42,658
Deferred tax	(5,341)	(7,686)
Income tax expense	54,067	34,972

9. DIVIDENDS

(a) Dividends attributable to the interim period

The Board of Directors does not recommend the payment of an interim dividend to the ordinary equity holders of the parent for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

(b) Dividends attributable to the previous financial year, declared and paid during the interim period

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Declared during the period		
Special dividend	—	280,263
Final dividend for 2010: RMB5.4 cents (for 2009: Nil)	70,207	—
Paid during the period	70,130	280,263

10. EARNINGS PER SHARE

Basic

The calculation of basic earnings per share amounts for the period is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares of 1,300,038,657 (six months ended 30 June 2010: 1,184,444,444) in issue during the period, as adjusted to reflect the rights issue during the period.

Diluted

The calculation of diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

	Number of shares for the six months ended 30 June	
	2011	**2010**
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	1,300,038,657	1,184,444,444
Effect of dilution — weighted average number of ordinary shares: share options	2,560,104	—
	1,302,598,761	1,184,444,444

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2011, the Group acquired property, plant and equipment with a cost of RMB37,456,000 (six months ended 30 June 2010: RMB59,159,000).

During the six months ended 30 June 2011, depreciation for property, plant and equipment was RMB22,981,000 (six months ended 30 June 2010: RMB15,936,000).

During the six months ended 30 June 2011, property, plant and equipment with a net book value of RMB3,258,000 (six months ended 30 June 2010: RMB298,000) were disposed of by the Group resulting in a net gain on disposal of RMB1,292,000 (six months ended 30 June 2010: net gain of RMB500,000).

The Group's buildings, plant and machinery with a net book value of RMB7,627,000 at 30 June 2011 (31 December 2010: RMB51,013,000) were pledged to banks as security for the bank loans.

As at 30 June 2011, the Group has not obtained certificates of real estate ownership from the relevant PRC government authorities for certain buildings with carrying amount of RMB51,911,000 (31 December 2010: RMB1,452,000). Until the receipt of the certificates, the Group has no right to assign or pledge these buildings.

12. TRADE AND BILLS RECEIVABLES

	30 June 2011	**31 December 2010**
	Unaudited	*Audited*
	RMB'000	*RMB'000*
Trade receivables	1,319,086	1,073,888
Bills receivable	491,887	381,130
Less: impairment provision	(21,143)	(14,281)
	1,789,830	1,440,737

The Group grants different credit periods to customers. The Group generally requires its customers to make payment at various stages of the sale transaction. The credit period of individual customers is considered on a case-by-case basis and set out in the sales contracts, as appropriate. Certain customers are required to make partial payment before or upon delivery. The Group seeks to maintain strict control over its outstanding receivables and closely monitors them to minimise credit risk. Overdue balances are reviewed regularly by senior management.

Trade receivables are unsecured and non-interest-bearing. The carrying amounts of trade receivables and bills receivable approximate their fair values.

An aged analysis of trade receivables at the end of the reporting period based on the invoice date and net of provisions, is as follows:

	30 June 2011 *Unaudited* *RMB'000*	**31 December 2010** *Audited* *RMB'000*
Outstanding balances with ages:		
Within 90 days	632,787	502,967
91 to 180 days	302,916	295,240
181 to 365 days	242,796	176,112
1 to 2 years	96,579	75,638
Over 2 years	22,865	9,650
	1,297,943	1,059,607

The movements in the impairment of trade receivables are as follows:

	30 June 2011 *Unaudited* *RMB'000*	**31 December 2010** *Audited* *RMB'000*
At beginning of period/year	14,281	14,895
Impairment of trade receivables *(Note 7)*	11,811	3,311
Reversal of impairment losses *(Note 7)*	(4,949)	(3,925)
At end of period/year	21,143	14,281

The individually impaired trade receivables relate to customers that were in financial difficulties and the receivables that are not expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances. The bills receivable all mature within 180 days from the end of the reporting period.

The carrying amounts of bills receivable pledged as security for interest-bearing bank loans granted to the Group are as follows:

	30 June 2011 *Unaudited* *RMB'000*	**31 December 2010** *Audited* *RMB'000*
Bills receivable	47,000	30,420

The analysis of trade receivables that were not considered to be impaired is as follows:

	30 June 2011 *Unaudited* *RMB'000*	**31 December 2010** *Audited* *RMB'000*
Neither past due nor impaired	721,198	599,202
Past due but not impaired		
Less than 90 days	325,349	268,759
91 to 180 days	104,602	107,465
181 to 365 days	122,314	66,432
1 to 2 years	22,040	17,749
Over 2 years	2,440	—
	1,297,943	1,059,607

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors believe that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

13. INTEREST-BEARING LOANS

	30 June 2011 *Unaudited* *RMB'000*	**31 December 2010** *Audited* *RMB'000*
Bank loans:		
Secured	140,000	73,420
Unsecured	—	50,000
	140,000	123,420
The bank loans bearing interest at rates per annum in the range of	5.31% to 6.62%	4.10% to 5.84%

The above bank loans were all repayable within one year. The carrying amounts of the Group's current bank loans approximate their fair values.

14. TRADE AND BILLS PAYABLES

	30 June 2011 *Unaudited* *RMB'000*	31 December 2010 *Audited* *RMB'000*
Trade payables	533,057	377,524
Bills payable	18,650	23,780
	551,707	401,304

An aged analysis of outstanding trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2011 *Unaudited* *RMB'000*	31 December 2010 *Audited* *RMB'000*
Within 90 days	318,959	225,527
91 to 180 days	126,354	83,223
181 to 365 days	62,321	34,036
1 to 2 years	9,840	4,922
2 to 3 years	1,227	1,777
Over 3 years	14,356	28,039
	533,057	377,524

The trade payables are non-interest-bearing and are normally settled within 180 days terms. The carrying amounts of the trade and bills payables approximate their fair values.

15. ORDINARY SHARE CAPITAL

	30 June 2011 *Unaudited* *RMB'000*	31 December 2010 *Audited* *RMB'000*
Authorised		
5,000,000,000 (31 December 2010: 5,000,000,000) shares of HK$0.1 each		
Issued and fully paid (HK$0.1 each)	114,282	114,270

During the period, the movements in the number of issued share capital are analysed as follows:

	Number of ordinary shares	Nominal value *RMB'000* *(Unaudited)*
Issued and fully paid:		
As at 1 January 2011	1,300,000,000	114,270
Exercise of share options	140,200	12
As at 30 June 2011	1,300,140,200	114,282

16. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties:

		For the six months ended 30 June	
		2011	**2010**
		Unaudited	*Unaudited*
	Note	*RMB'000*	*RMB'000*
Nature of transactions			
Consulting fee			
Rubo Li a/k/a John Lee	(i)	824	859
Operating lease of office buildings			
Benniu		—	153
Nature of transactions			
Management fee			
TJCC Services		—	68,344
Founder participation rights payment			
Rubo Li a/k/a John Lee		—	23,239
Emory Williams		—	9,959
		—	33,198

Note:

(i) According to the consulting agreement entered between Mr. Rubo Li a/k/a John Lee and the Company, the Company agreed to pay a consulting service fee to Mr. Rubo Li a/k/a John Lee who was acting as the shareholder and Director of the Company, for rendering consulting services to the Company. Mr. Rubo Li a/k/a John Lee resigned as a Director of the Company on 31 January 2011.

(b) Compensation of key management personnel of the Group:

	For the six months ended 30 June	
	2011	**2010**
	Unaudited	*Unaudited*
	RMB'000	*RMB'000*
Basic salaries and other benefits	11,100	8,919
Retirement benefit scheme contributions	57	41
Equity-settled share option expense	2,644	139
Founder participation rights payment	—	23,239
	13,801	32,338

17. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for office properties are negotiated for terms ranging from one to four years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2011	**31 December 2010**
	Unaudited	*Audited*
	RMB'000	*RMB'000*
Within a year	971	1,513
In the second to fifth years, inclusive	1,139	1,399
	2,110	2,912

18. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2011	**31 December 2010**
	Unaudited	*Audited*
	RMB'000	*RMB'000*
Contracted, but not provided for:		
— Plant and machinery	48,882	28,214
— Investments	27,048	33,810
	75,930	62,024

19. EVENTS AFTER THE REPORTING PERIOD

In a joint announcement dated 14 July 2011 (the "Announcement") made by Joy Global lnc. ("Joy Global") and the Company, it was announced that Joy Global agreed to acquire a 41.14% interest in (or 534,800,000 shares of) the Company from TJCC Holdings Ltd. at a price of HK$8.50 per share (the "Proposed Acquisition") through one of its subsidiaries, Newco 123 Hong Kong Limited, and to make a conditional mandatory cash offer for the Company's shares at a cash offer price of HK$8.50 per share and an option offer for the cancellation of all outstanding share options after completion of the Proposed Acquisition. As completion of the Proposed Acquisition is subject to (amongst other things) the approval from relevant regulatory authorities, it is uncertain whether the Proposed Acquisition will be completed and (if it does complete) when completion of the Proposed Acquisition will take place.

The Board is of the view that if the Proposed Acquisition is fully implemented, Newco 123 Hong Kong Limited and Joy Global may become the Company's controlling shareholder and ultimate controlling shareholder, respectively.

As at the date of approval of and authorised to issue this interim condensed financial information, the Proposed Acquisition mentioned above was still in progress.

20. APPROVAL OF THE INTERIM CONDENSED FINANCIAL INFORMATION

The interim condensed financial information was approved and authorised for issue by the Board of Directors on 29 August 2011.

4. INDEBTEDNESS

At the close of business on 30 November 2011, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Document, the IMM Group had an aggregate of outstanding bank loans of approximately RMB93 million, of which approximately RMB15 million were secured by pledges of the IMM Group's property, plant and equipment of approximately RMB7.4 million and the IMM Group's land use rights of approximately RMB1.7 million. Bills receivables of approximately RMB3 million were assigned as collateral for these bank loans. In addition, the IMM Group had bank overdrafts of approximately HK$0.16 million (equivalent to approximately RMB$0.13 million) as at 30 November 2011.

Save as disclosed above, the IMM Group had no other bank overdrafts or loans, or other similar indebtedness, mortgages, charges or guarantees or other material contingent liabilities at the close of business on 30 November 2011.

1. RESPONSIBILITY STATEMENTS

This Composite Document includes particulars given in compliance with the Takeovers Code for the purposes of giving information with regard to the Offers, Bidco, Joy Global and IMM.

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

The IMM Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to Joy Global and Bidco) and confirm, having made all reasonable enquires, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by Joy Global, Bidco, any Joy Global Director, any director of Bidco or by the Joint Financial Advisers) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

2. SHARE CAPITAL OF IMM

2.1 Authorised and issued share capital

As at the Latest Practicable Date, the authorised and issued share capital of IMM were as follows:

Authorised

The sum of HK$500,000,000 and US$25,000, divided into (i) 5,000,000,000 ordinary shares of HK$0.10 each, and (ii) 2,500 preferred shares of US$10 each.

Issued and fully paid up

HK$130,021,420 divided into 1,300,214,200 ordinary shares of HK$0.10 each. There are no preferred shares in issue.

All of the IMM Shares currently in issue rank pari passu in all respects with each other, including as to rights and entitlements to dividends, voting rights and return of capital.

The number of IMM Shares in issue at the end of the last financial year of IMM (being 31 December 2010) was 1,300,000,000. 214,200 IMM Shares have been issued since the end of the last financial year of IMM.

2.2 Share Option Scheme

As at the Latest Practicable Date, IMM had outstanding Share Options entitling the IMM Optionholders to subscribe for up to an aggregate of 2,556,000 IMM Shares at an exercise price of HK$4.07 per IMM Share and 15,363,800 IMM Shares at an exercise price of HK$6.75 per IMM Share. If those Share Options are exercised in full, IMM will have to issue 17,919,800 IMM Shares, representing approximately 1.4% of the enlarged issued share capital of IMM.

As at the Latest Practicable Date, other than the 1,300,214,200 IMM Shares in issue and outstanding Share Options involving 17,919,800 IMM Shares, IMM has no other IMM Shares, Share Options, options, warrants, derivatives or other securities that carry a right to subscribe for or which are convertible into IMM Shares.

2.3 Listing

The IMM Shares are listed and traded on the Main Board of the Stock Exchange. No part of the issued share capital of IMM is listed or dealt in, nor is any listing of or permission to deal in the IMM Shares being proposed or to be sought on, any other stock exchange.

3. MARKET PRICES

(a) During the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date, the highest closing price of the IMM Shares as quoted on the Stock Exchange was HK$8.75 per IMM Share on 9 May 2011, and the lowest closing price of the IMM Shares as quoted on the Stock Exchange was HK$5.60 per IMM Share on 24 February 2011 and 25 February 2011.

(b) The table below sets out the closing prices of the IMM Shares as quoted on the Stock Exchange on the last trading day of each of the calendar months during the period beginning six months prior to the commencement of the Offer Period and ending on the Latest Practicable Date:

Date	**Closing Price per IMM Share** *(HK$)*
31 January 2011	6.02
28 February 2011	5.70
31 March 2011	6.82
29 April 2011	8.00
31 May 2011	8.50
30 June 2011	7.47
11 July 2011	6.55
29 July 2011	7.70
31 August 2011	7.92
30 September 2011	7.79
31 October 2011	7.85
30 November 2011	8.05
30 December 2011	8.55
Latest Practicable Date	8.55

(c) The Share Offer Price represents a premium of approximately 29.8% over the closing price of HK$6.55 per IMM Share as quoted on the Stock Exchange on 11 July 2011, being the last trading day prior to the suspension of trading in the IMM Shares which occurred before the publication of the Original Offer Announcement.

4. DISCLOSURE OF INTERESTS UNDER THE SFO

4.1 IMM Directors' interests in IMM Shares

As at the Latest Practicable Date, the interests and short positions of the IMM Directors in the IMM Shares, underlying shares and debentures of IMM and any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to IMM and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to IMM and the Stock Exchange, or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code, were as follows.

a) IMM — Long positions in IMM Shares

The table below sets out the long positions in the IMM Shares and underlying shares held by the IMM Directors as at the Latest Practicable Date.

Name of IMM Director	Capacity	IMM Shares	Underlying IMM Shares *(Note)*	Total	Approximate % of issued share capital
Yiming Hu	Beneficial owner	0	30,000	30,000	0.002
Kwong Ming Pierre Tsui	Beneficial owner	0	1,210,000	1,210,000	0.093
Fung Man Norman Wai	Beneficial owner	0	30,000	30,000	0.002
Xuezheng Wang	Beneficial owner	0	24,000	24,000	0.002
Yinghui Wang	Beneficial owner	0	1,316,000	1,316,000	0.101
Zhenduo Yuan	Beneficial owner	0	30,000	30,000	0.002

Note: These interests represented the interests in underlying shares in respect of the Share Options granted to IMM Directors as beneficial owners, the details of which are set out below.

b) IMM Directors' rights to acquire IMM Shares

As at the Latest Practicable Date, the IMM Directors' interests in Share Options which remain outstanding are summarised below.

Holding options under Share Options with an exercise price of HK$4.07 per IMM Share

Name of IMM Director	Date of grant	Date of Expiry	Number of Share Options outstanding	Number of IMM Shares involved
Yiming Hu	28 April 2010	23 January 2020	30,000	30,000
Kwong Ming Pierre Tsui	28 April 2010	23 January 2020	175,000	175,000
Fung Man Norman Wai	28 April 2010	23 January 2020	30,000	30,000
Xuezheng Wang	28 April 2010	23 January 2020	24,000	24,000
Yinghui Wang	28 April 2010	23 January 2020	150,000	150,000
Zhenduo Yuan	28 April 2010	23 January 2020	30,000	30,000

Holding options under Share Options with an exercise price of HK$6.75 per IMM Share

Name of IMM Director	Date of grant	Date of Expiry	Number of Share Options outstanding	Number of IMM Shares involved
Yinghui Wang	29 October 2010	23 January 2020	1,166,000	1,166,000
Kwong Ming Pierre Tsui	29 October 2010	23 January 2020	1,035,000	1,035,000

Save as disclosed above, as at the Latest Practicable Date, none of the IMM Directors had or were deemed to have any interest or short position in the IMM Shares, underlying shares or debentures of IMM or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to IMM and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein, (iii) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, to be notified to IMM and the Stock Exchange, or (iv) to be disclosed in this Composite Document pursuant to the requirements of the Takeovers Code.

4.2 Substantial shareholders' interests in IMM Shares

As at the Latest Practicable Date, the following persons (other than an IMM Director) were substantial shareholders of IMM (as defined in the Listing Rules) and had an interest or short position in IMM Shares or underlying shares of IMM which would fall to be disclosed to IMM under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered into the register required to be kept by IMM under section 336 of the SFO and the amount of each such person's interest in such securities, together with particulars of any options in respect of such capital:

Name of shareholder	Capacity	Number of IMM Shares	Approximate % of issued share capital
Joy Global Asia Limited	Beneficial owner	900,446,300	69.25
Joy Global Inc.	Interest controlled corporation	900,446,300	69.25
Cheah Cheng Hye*	Founder of discretionary trust fund	68,786,500 long positions	5.29
Hang Seng Bank Trustee International Limited*	Trustee (other than bare trustee)	68,786,500 long positions	5.29
Cheah Company Limited*	Interest of controlled corporation	68,786,500 long positions	5.29
Cheah Capital Management Limited*	Interest of controlled corporation	68,786,500 long positions	5.29
To Hau Yin*	Interest of spouse	68,786,500 long positions	5.29
Value Partners Group Limited*	Interest of controlled corporation	68,786,500 long positions	5.29
Value Partners Limited*	Investment Manager	68,786,500 long positions	5.29

**Note: The IMM Share holding information disclosed in this table derives from information disclosed pursuant to Rule 22 of the Takeovers Code as at the Last Practicable Date. According to disclosures made pursuant to Part XV of the SFO as at the Last Practicable Date, Cheah Cheng Hye, Hang Seng Bank Trustee International Limited, Cheah Company Limited, Cheah Capital Management Limited, To Hau Yin and Value Partners Limited have a long position of 77,172,500 IMM Shares, representing 5.93% of the issued share capital of IMM, and Value Partners Group Limited has a long position of 70,486,000 IMM Shares, representing 5.42% of the issued share capital of IMM.*

As at the Latest Practicable Date, Bidco and its Concert Parties own or control in aggregate 900,446,300 IMM Shares, representing approximately 69.3% of the issued share capital of IMM.

Save as disclosed above, the IMM Directors were not aware that there was any person (other than an IMM Director) who, as at the Latest Practicable Date, was a substantial shareholder of IMM (as defined in the Listing Rules) and had an interest or short position in IMM Shares or underlying shares of IMM which would fall to be disclosed to IMM under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be entered into the register required to be kept by IMM under section 336 of the SFO or which were required to be disclosed pursuant to the Takeovers Code.

5. DISCLOSURE OF INTERESTS UNDER THE TAKEOVERS CODE

5.1 Interests disclosable under Schedule I to the Takeovers Code

The shareholdings of Joy Global and Bidco in IMM (as defined in Note 1(a) to paragraph 4 of Schedule I to the Takeovers Code) as at the Latest Practicable Date are set out in the section headed "Disclosure of Interests under the SFO — Substantial shareholders' interests in the IMM Shares" in this Appendix.

As at the Latest Practicable Date:

(a) no director of Joy Global or Bidco was interested in any IMM Shares, convertible securities, warrants, options or derivatives of IMM;

(b) save as disclosed in the section headed "Disclosure of Interests under the SFO — Substantial shareholders' interests in the IMM Shares" in this Appendix, neither Bidco, Joy Global nor any parties acting in concert with Bidco or Joy Global owned or controlled any IMM Shares, convertible securities, warrants, options or derivatives of IMM;

(c) no persons have irrevocably committed themselves to accept or reject the Offers;

(d) there was no arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between Bidco or Joy Global, or any party acting in concert with any of them or any other associate of Bidco, and any other person; and

(e) none of Bidco or Joy Global nor any parties acting in concert with any of them had borrowed or lent any IMM Shares, convertible securities, warrants, options or derivatives of IMM (save for any borrowed IMM Shares which have been on-lent or sold).

5.2 Interests disclosable under Schedule II to the Takeovers Code

As at the Latest Practicable Date:

(a) IMM did not have any interest in the shares, convertible securities, warrants, options or derivatives of Joy Global or Bidco;

(b) save as disclosed in the sections headed "Disclosure of Interests under the SFO — Directors' interests in the IMM Shares" and "Disclosure of Interests under the SFO — Substantial shareholders' interests in the IMM Shares" in this Appendix, none of the IMM Directors were interested in any IMM Shares, convertible securities, warrants, options or derivatives of IMM. None of the IMM Directors were interested in any shares, convertible securities, warrants, options or derivatives of Joy Global or Bidco;

(c) no subsidiary of IMM, nor any pension fund of IMM or any of its subsidiaries, nor any adviser to IMM as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders) owned or controlled any IMM Shares, convertible securities, warrants, options or derivatives of IMM;

(d) no IMM Shares, convertible securities, warrants, options or derivatives of IMM were managed on a discretionary basis by fund managers (other than exempt fund managers) connected with IMM;

(e) the IMM Directors intend to accept the Offers in respect of their own beneficial shareholdings and the Share Options holdings;

(f) none of IMM nor any IMM Directors had borrowed or lent any IMM Shares, convertible securities, warrants, options or derivatives of IMM (save for any borrowed IMM Shares which have been either on-lent or sold); and

(g) no person had an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with IMM or any person who is an associate of IMM by virtue of classes (1), (2), (3) or (4) of the definition of associate in the Takeovers Code.

6. DEALINGS IN SECURITIES

6.1 Dealings in IMM Shares disclosable under Schedule I to the Takeovers Code

(a) During the Offer Period, Bidco has purchased a total of 900,446,300 IMM Shares at the following prices and on the following dates:

(i) 136,461,500 IMM Shares for HK$8.00 per IMM Share on 28 July 2011;

(ii) 101,996,300 IMM Shares for HK$8.00 per IMM Share on 16 August 2011;

(iii) 127,188,500 IMM Shares for HK$8.00 per IMM Share on 7 September 2011; and

(iv) 534,800,000 IMM Shares for HK$8.50 per IMM Share on 30 December 2011 pursuant to completion of the Share Purchase Agreement.

(b) Save as disclosed in paragraph (a) above, as at the Latest Practicable Date none of Bidco, Joy Global nor parties acting in concert with any of them has dealt for value in the IMM Shares, convertible securities, warrants, options or derivatives of IMM during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(c) None of the directors of Bidco nor the Joy Global Directors have dealt for value in the IMM Shares, convertible securities, warrants, options or derivatives of IMM during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

6.2 Dealings discloseable under Schedule II to the Takeovers Code

(a) IMM has not dealt for value in the shares, convertible securities, warrants, options or derivatives of Bidco or Joy Global during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(b) Save for the sale by Dr. Wang Xuezheng on 29 April 2011 of 6,000 IMM Shares at HK$4.07 per IMM Share (following the exercise of 6,000 Share Options by Dr. Wang Xuezheng), none of the IMM Directors have dealt for value in the shares, convertible securities, warrants, options or derivatives of any of IMM, Bidco or Joy Global during the period beginning six months prior to the Offer Period and ending on the Latest Practicable Date.

(c) None of the subsidiaries of IMM, any pension fund of IMM or any of its subsidiaries, nor any adviser to IMM as specified in class (2) of the definition of associate in the Takeovers Code (excluding exempt principal traders) has dealt for value in the IMM Shares, convertible securities, warrants, options or derivatives of IMM during the Offer Period and ending on the Latest Practicable Date.

(d) No person who has an arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with IMM or with any person who is an associate of IMM by virtue of classes (1), (2), (3) and (4) of the definition of associate has dealt for value in the IMM Shares, convertible securities, warrants, options or derivatives of IMM during the Offer Period and ending on the Latest Practicable Date.

(e) No fund managers (other than exempt fund managers) managing funds on a discretionary basis which are connected with IMM have dealt for value in the IMM Shares, convertible securities, warrants, options or derivatives of IMM during the Offer Period and ending on the Latest Practicable Date.

(f) None of IMM nor any IMM Directors had borrowed or lent any IMM Shares, convertible securities, warrants, options or derivatives of IMM (save for any borrowed IMM Shares which have been either on-lent or sold) during the Offer Period and ending on the Latest Practicable Date.

7. LITIGATION

As at the Latest Practicable Date, IMM was not a party to any material litigation or arbitration that could have a material adverse effect on the financial condition of IMM or the results of IMM's operation, taken as a whole. So far as IMM is aware, as at the Latest Practicable Date, no such material litigation or arbitration is threatened.

8. MATERIAL CONTRACTS

As at the Latest Practicable Date, the following contracts which are or may be material (not being contracts entered into in the ordinary course of business) and which were subsisting as at the Latest Practicable Date have been entered into by the IMM Group after the date falling two years immediately preceding the commencement of the Offer Period up to the Latest Practicable Date:

(a) an equity transfer agreement dated 3 December 2009 entered into between IMM and Huainan Benniu Machinery Co., Ltd., pursuant to which IMM acquired a 25% equity interest in Huainan Longwall Coal Mining Machinery Co., Ltd. from Huainan Benniu Machinery Co., Ltd. for a consideration of RMB51,400,000;

(b) an omnibus assignment and assumption agreement dated 31 December 2009 entered into between IMM and TJCC, pursuant to which IMM agreed to assign certain loans and interest receivables as identified in Schedule 1 thereto, payable to International Mining Machinery Siwei Holdings Limited, Mr. Rubo Li, Mr. Emory Williams, Williams Realty Co., LLC and TJCC Services Ltd to TJCC and TJCC agreed to forgive and discharge IMM's obligations to make payment of interest and/or principal under the promissory notes as set forth in Schedule III thereto;

(c) a letter agreement dated 4 December 2009 entered into among IMM, TJCC, TJCC Services Ltd., Mr. Rubo Li, Mr. Emory Williams and Williams Realty Co., LLC whereby, among other things (i) certain consultant subscription agreements between IMM, Mr. Rubo Li, Mr. Emory Williams and Williams Realty Co., LLC respectively were amended, (ii) certain related parties loans were agreed to be set-off, and (iii) the rights, title and interest in and to the name of "International Mining Machinery" were assigned by Mr. Rubo Li, Mr. Emory Williams and Williams Realty Co., LLC to IMM;

(d) a non-competition undertaking dated 24 January 2010 entered into between IMM, The Resolute Fund, L.P., The Resolute Fund SIE, L.P., The Resolute Fund Netherlands, PV I, L.P., The Resolute Fund Netherlands, PV II, L.P., The Resolute Netherlands Fund Singapore PV, L.P., The Resolute Fund NQP, L.P. and TJCC, pursuant to which The Resolute Fund, L.P., The Resolute Fund SIE, L.P., The Resolute Fund Netherlands, PV I, L.P., The Resolute Fund Netherlands, PV II, L.P., The Resolute Fund Singapore PV, L.P., The Resolute Fund NQP, L.P. and TJCC, agreed not to, and agreed to procure The Jordan Company, L.P. not to, compete with IMM's main business;

(e) a Hong Kong underwriting agreement dated 28 January 2010 relating to the Hong Kong public offering for the subscription of IMM Shares entered into by IMM, TJCC Holdings, UBS AG, Hong Kong Branch, BOCI Asia Limited, China Merchants Security (HK) Co., Ltd., CIMB Securities (HK) Limited and Shenyin Wanguo Capital (H.K.) Limited; and

(f) an international purchase agreement dated 3 February 2010 relating to the international offering of IMM Shares for subscription entered into among IMM, TJCC Holdings, UBS AG, Hong Kong Branch and BOCI Asia Limited.

9. SERVICE CONTRACTS AND LETTERS OF APPOINTMENT

As at the Latest Practicable Date, the following IMM Directors had entered into a service contract or letter of appointment with IMM Group, the key terms and conditions of which are set out below.

IMM Director	Term of service contract/ letter of appointment	Remuneration
Kee-Kwan Allen Chan	24 January 2010 to 23 January 2013	US$360,000 per annum, without variable remuneration payable under the contract
Kwong Ming Pierre Tsui	24 January 2010 to 23 January 2013	RMB2,004,000 per annum, without variable remuneration payable under the contract
Yinghui Wang	24 January 2010 to 23 January 2013	RMB714,000 per annum, without variable remuneration payable under the contract
Youming Ye	24 January 2010 to 23 January 2013	US$357,500 per annum, without variable remuneration payable under the contract
Lisa M. Ondrula	24 January 2010 to 23 January 2013	US$159,000 per annum, without variable remuneration payable under the letter of appointment
Yiming Hu	24 January 2010 to 23 January 2013	RMB150,000 per annum, without variable remuneration payable under the letter of appointment
Xuezheng Wang	24 January 2010 to 23 January 2013	RMB150,000 per annum, without variable remuneration payable under the letter of appointment
Zhenduo Yuan	24 January 2010 to 23 January 2013	RMB150,000 per annum, without variable remuneration payable under the letter of appointment
Fung Man Norman Wai	24 January 2010 to 23 January 2013	RMB150,000 per annum, without variable remuneration payable under the letter of appointment

As at the Latest Practicable Date, save as disclosed above, none of the IMM Directors had any existing or proposed service contract or letter of appointment with IMM Group which (i) (including both continuous and fixed term contracts) had been entered into or amended within six months before the commencement of the Offer Period, (ii) was a continuous contract with a notice period of 12 months or more, or (iii) was a fixed term contract with more than 12 months to run irrespective of the notice period.

10. ARRANGEMENTS IN RELATION TO THE OFFERS

As at the Latest Practicable Date:

(a) there were no agreements or arrangements between Bidco, Joy Global and any other person (whether by way of option, indemnity or otherwise) in relation to the IMM Shares or the shares of Bidco or Joy Global which relate to the circumstances in which any such party might invoke or seek to invoke a condition to the Offers;

(b) there was no benefit (other than statutory compensation) to be given to any IMM Director as compensation for loss of office or otherwise in connection with the Offers;

(c) there was no agreement or arrangement between any IMM Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;

(d) there was no material contract entered into by Bidco or Joy Global in which any IMM Director has a material personal interest;

(e) there was no irrevocable commitment to accept or reject the Offers which had been received by Bidco or its Concert Parties;

(f) no agreement, arrangement or understanding (including any compensation arrangement) exists between Bidco, Joy Global or parties acting in concert with any of them and any IMM Director, recent directors of IMM, IMM Shareholders or recent shareholders of IMM having any connection with or dependence upon the Offers; and

(g) there was no agreement, arrangement or understanding between Bidco or Joy Global and any other person to transfer, charge or pledge the IMM Shares or Share Options acquired in pursuance of the Offers.

11. EXPERTS

The following are qualifications of each of the experts who are named in this Composite Document or have given their opinion, letters or advice which are contained in this Composite Document:

(a) UBS AG, acting through its Hong Kong branch, an institution licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance), Type 7 (providing automated trading services) and Type 9 (asset management) regulated activities under the SFO, being one of the joint financial advisers to Bidco and Joy Global in relation to the Offers;

(b) Goldman Sachs (Asia) L.L.C., a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being one of the joint financial advisers to Bidco and Joy Global in relation to the Offers; and

(c) Kingsway Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the Independent Financial Adviser in relation to the Offers.

12. CONSENTS

Each of UBS, Goldman Sachs and Kingsway has given and has not withdrawn its respective written consent to the issue of this Composite Document with the inclusion herein of its letter and the references to its name, in the form and context in which they are included.

13. MATERIAL CHANGES

The IMM Directors confirm that there was no material change in the financial or trading position or outlook of IMM between 31 December 2010, being the date to which the latest audited consolidated financial statements of the IMM Group were made up, and the Latest Practicable Date.

14. GENERAL

(a) The joint company secretaries of IMM are Kwong Ming Pierre Tsui and Sau Kuen Gloria Ma.

(b) Bidco is a private limited liability company which was incorporated in Hong Kong on 29 April 2011 with number 1593988 as Newco Hong Kong 123 Limited. On 7 November 2011 Bidco changed its name to Joy Global Asia Limited. Bidco is a wholly-owned subsidiary of Joy Global Inc. The registered office of Bidco is at 9/F, Three Exchange Square, Central, Hong Kong. The Bidco Directors are John D. Major and Kim R. Kodousek. As Bidco has only recently been incorporated, no audited accounts have been prepared.

(c) Joy Global Inc. is the holding company of Bidco and is a company which was incorporated in the State of Delaware on 17 September 1986 as Harnischfeger Industries Inc. Joy Global Inc. was first listed on the NASDAQ GS Board on 31 July 2001 and moved its listing to the New York Stock Exchange on 6 December 2011 trading under the ticker JOY. The principal executive offices of Joy Global Inc. are located at 4400 West National Avenue, Milwaukee, WI 53214, USA. As at the Latest Practicable Date, the directors of Joy Global Inc. are Michael W. Sutherlin, Steven L. Gerard, John N. Hanson, Gale E. Klappa, Richard B. Loynd, P. Eric Sieger and James H. Tate.

(d) The registered office of IMM is at Walkers Corporate Services Limited, Walker House, 87 Mary Street, George Town, Grand Cayman KYI-9005, Cayman Islands and its principal place of business in China is at 2nd floor, Tower A, Aimer Plaza, Wangjing Development Zone, Chaoyang District, Beijing 100102, China. IMM's principal place of business in Hong Kong is at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong.

(e) The Hong Kong branch share registrar and transfer office of IMM is Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(f) The registered address of UBS, being one of the Joint Financial Advisers and one of the agents making the Offers on behalf of Bidco, is at 52/F, Two IFC, 8 Finance Street, Hong Kong.

(g) The registered address of Goldman Sachs, being one of the Joint Financial Advisers and one of the agents making the Offers on behalf of Bidco, is at 68/F, Cheung Kong Center, 2 Queen's Road Central, Hong Kong.

(h) The registered address of Kingsway, being the Independent Financial Adviser is at 5/F, Hutchinson House, 10 Harcourt Road, Central, Hong Kong.

(i) In accordance with normal Hong Kong market practice and subject to applicable regulatory requirements, Bidco or Joy Global or their affiliates or nominees or brokers (acting as agents) may from time to time make certain purchases of, or arrangements to purchase, IMM Shares outside the United States, other than pursuant to the Offers, before or during the period in which the Offers remain open for acceptance. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. These purchases, or arrangements to purchase, shall comply with applicable rules in Hong Kong, including the Takeovers Code and the rules of the Stock Exchange and applicable United States securities laws (except to the extent of any exemptive relief granted by the United States Securities and Exchange Commission). Any information about such purchases will be disclosed as required in Hong Kong (in accordance with applicable regulatory requirements, including the Takeovers Code) and communicated in the United States in accordance with and under applicable regulatory requirements (including applicable United States securities laws).

(j) Any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control securities of IMM, owns or controls 5% or more of any class of securities of IMM, including a person who as a result of any transaction owns or controls 5% or more of any class of securities of IMM, is generally required under the provisions of Rule 22 of the Takeovers Code to notify the Stock Exchange and the Executive of every dealing in such securities during the Offer Period. Please consult your financial adviser immediately if you believe this rule may be applicable to you.

(k) This Composite Document contains statements about IMM, Bidco and Joy Global that are or may be forward-looking statements. All statements other than statements of historical facts included in this Composite Document may be forward-looking statements. Any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates" or similar expressions or the negative thereof are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, economic performance, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of IMM's or Bidco's or Joy Global's operations; and (iii) the effects of government regulation on IMM's or Joy Global's business.

(l) These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of any such person, or industry results, to be materially different from any results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements are based on numerous assumptions regarding the present and future business strategies of such persons and the environment in which each will operate in the future. All subsequent oral or written forward-looking statements attributable to Joy Global or Bidco or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Except as required by law, Joy Global does not intend to update these forward-looking statements, even though the affairs of Joy Global will change from time to time.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be made available for inspection (i) on the websites of IMM at www.immchina.com and the SFC at www.sfc.hk, and (ii) at the principal place of business of IMM in Hong Kong at 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong, during normal business hours from 9:00 a.m. to 5:00 p.m., Monday to Friday (except public holidays) while the Offers remain open for acceptance:

(a) the memorandum of association and articles of association of IMM;

(b) the memorandum of association and articles of association of Bidco;

(c) the annual reports of the IMM Group for the years ended 31 December 2009 and 31 December 2010 respectively;

(d) the interim report of the IMM Group for the six months ended 30 June 2011;

(e) the letter from UBS and Goldman Sachs, the Joint Financial Advisers to Bidco and Joy Global and the agent making the Offers on behalf of Bidco, the text of which is set out on pages 6 to 16 of this Composite Document;

(f) the letter from the IMM Board, the text of which is set out on pages 17 to 21 of this Composite Document;

(g) the letter of recommendation from the IMM Independent Board Committee, the text of which is set out on pages 22 and 23 of this Composite Document;

(h) the letter of advice from Kingsway, the Independent Financial Adviser, the text of which is set out on pages 24 to 40 of this Composite Document;

(i) the letters of written consent from each of the parties listed in the paragraph headed "Consents" in this Appendix;

(j) the material contracts referred to in the paragraph headed "Material Contracts" in this Appendix; and

(k) the service contracts and letters of appointment referred to in the paragraph headed "Service Contracts" in this Appendix.