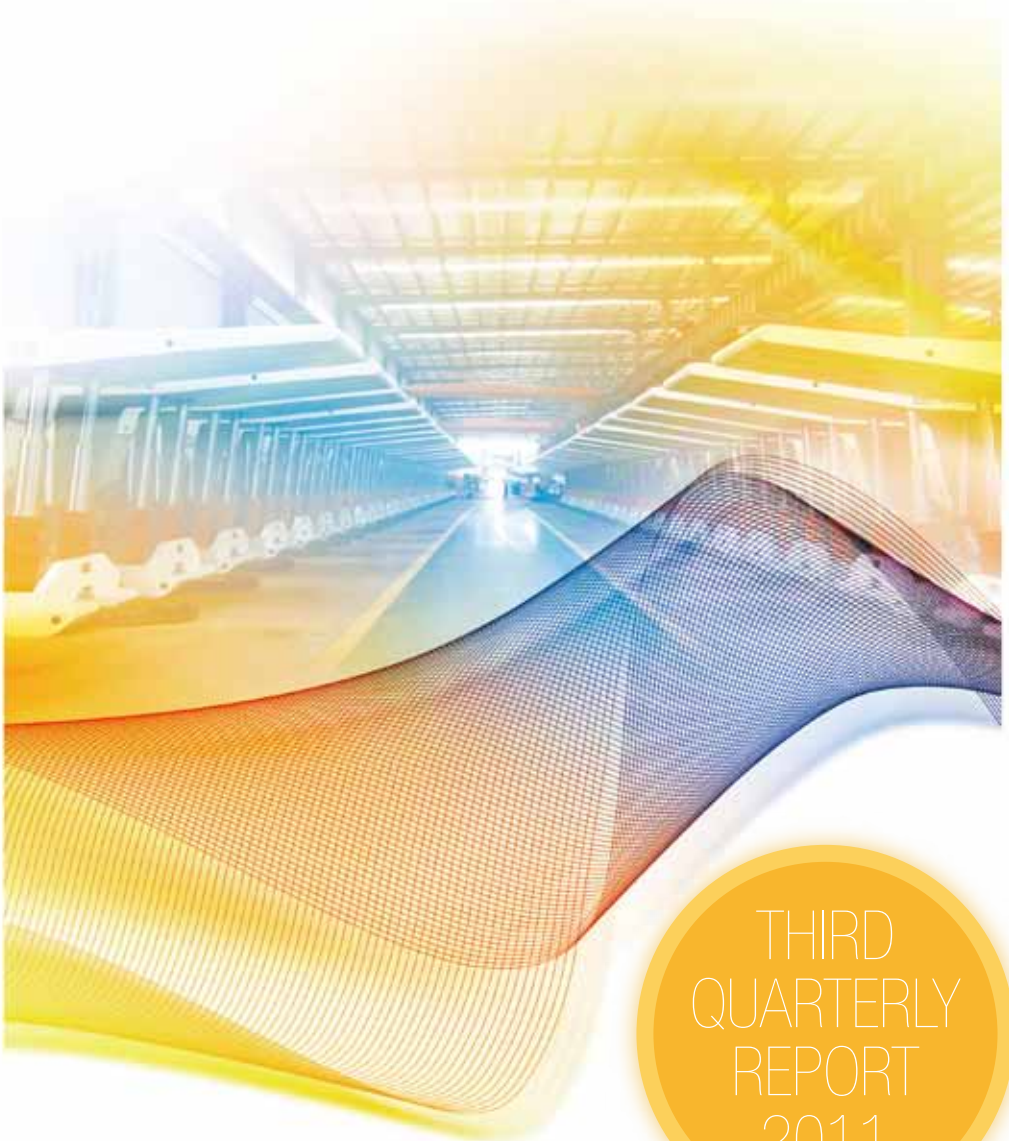


ERA Mining Machinery Limited 年代煤礦機電設備製造有限公司

(incorporated in the Cayman Islands with limited liability)

Stock Code: 8043



THIRD
QUARTERLY
REPORT
2011

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM means that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the Internet website operated by the Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

Hong Kong Exchanges and Clearing Limited and The Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the content of this report.

This report, for which the directors (the “Directors”) of ERA Mining Machinery Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief:

- (1) the information contained in this report is accurate and complete in all material respects and not misleading;*
- (2) there are no other matters the omission of which would make any statement in this report misleading; and*
- (3) all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

RESULTS

The Directors are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 30 September 2011, together with the unaudited comparative figures for the corresponding periods in 2010 as follows:

	Note	For the three months ended 30 September		For the nine months ended 30 September	
		2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Turnover	2	461,814	496,670	1,249,018	919,122
Cost of goods sold		(396,975)	(395,294)	(1,050,767)	(755,552)
Gross profit		64,839	101,376	198,251	163,570
Other income		30,201	8,329	76,936	29,292
Selling and distribution costs		(10,076)	(27,562)	(60,129)	(69,425)
Administrative expenses		(40,910)	(14,487)	(98,172)	(53,566)
Other operating expenses		(138)	(9)	(445)	(16)
Profit from operations		43,916	67,647	116,441	69,855
Finance costs		(31,594)	(11,149)	(80,145)	(26,914)
Profit before tax		12,322	56,498	36,296	42,941
Income tax expense	3	(3,421)	(8,868)	(6,545)	(10,845)
Profit and total comprehensive income for the period attributable to owners of the Company		8,901	47,630	29,751	32,096
		HK cents	HK cents	HK cents	HK cents
Earnings per share	4				
– basic		0.16	1.19	0.52	0.80
– diluted		0.16	N/A	0.52	N/A

Notes:

1. Basis of preparation

The unaudited consolidated results have been prepared in accordance with all applicable accounting standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong and accounting principles generally accepted in Hong Kong.

The accounting policies adopted in preparing the unaudited consolidated results for the period under review are consistent with those followed in the Company’s annual financial statements for the year ended 31 December 2010. The consolidated results for the nine months ended 30 September 2011 are unaudited and have been reviewed by the audit committee of the Company.

The Group has not applied the new standards, amendments or interpretations which have been issued but are not yet effective. The Group has already commenced an assessment of their impact but is not yet in a position to state whether they would have a material impact on its results of operations and financial positions.

2. Turnover

Turnover which represents sales of mining machineries, related spare parts and consultancy services income for the three months and nine months ended 30 September 2011 and 2010 are as follows:

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Sales of mining machineries	425,636	486,743	1,183,803	884,923
Sales of spare parts	36,178	9,927	64,986	34,199
Consultancy services income	-	-	229	-
	<u>461,814</u>	<u>496,670</u>	<u>1,249,018</u>	<u>919,122</u>

3. Income tax expense

No provision for Hong Kong Profits Tax has been made for the periods as the Group did not generate any assessable profits arising in Hong Kong during the periods.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiary, Zhengzhou Siwei Mechanical & Electrical Equipment Manufacturing Co., Ltd. ("Zhengzhou Siwei"), is 25% from 1 January 2008 onwards.

According to the new EIT law, entities that qualify as "High and New Technology Enterprises" are entitled to the preferential EIT rate of 15%. Zhengzhou Siwei received approval for the status as a "High and New Technology Enterprises". The status is valid for three years starting from January 2008 and will be renewed after evaluation by relevant government authorities every three years. Zhengzhou Siwei is located in Zhengzhou High and New Technology Industries Development Zone, and was entitled to a PRC income tax rate of 15%. Zhengzhou Siwei is now in the process to renew its status.

4. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the owner of the Company is based on the following data:

	For the three months ended 30 September		For the nine months ended 30 September	
	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000	2011 (unaudited) HK\$'000	2010 (unaudited) HK\$'000
Earnings				
Earnings for the purpose of basic and diluted earnings per share profit for the period attributable to owners of the Company	8,901	47,630	29,751	32,096
	'000	'000	'000	'000
Number of shares				
Weighted average number of ordinary shares for the purpose of basic earnings per share	5,683,974	4,000,000	5,682,505	4,000,000
Effect of share options	2,698	-	7,802	-
Weighted average number of ordinary shares for the purpose of diluted earnings per share	5,686,672	4,000,000	5,690,307	4,000,000

5. Movements in reserves

Movements in reserves during the periods are as follows:

	(Unaudited)					
	Attributable to owners of the Company					
	Issued equity <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2011	846,632	-	60,782	32,578	282,333	1,222,325
Profit for the period	-	-	-	22,064	29,751	51,815
Issue of shares	191	7,449	-	-	-	7,640
Conversion of convertible bonds	499	37,591	-	-	-	38,090
At 30 September 2011	<u>847,322</u>	<u>45,040</u>	<u>60,782</u>	<u>54,642</u>	<u>312,084</u>	<u>1,319,870</u>

	(Unaudited)					
	Attributable to owners of the Company					
	Issued equity <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Statutory reserve <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
At 1 January 2010	1	-	35,246	11,675	172,770	219,692
Profit for the period	-	-	-	-	32,096	32,096
Capitalisation of an amount due to shareholder of HK Siwei as share capital	23,010	-	-	-	-	23,010
Arising from reverse acquisition	823,621	-	-	-	-	823,621
At 30 September 2010	<u>846,632</u>	<u>-</u>	<u>35,246</u>	<u>11,675</u>	<u>204,866</u>	<u>1,098,419</u>



INTERIM DIVIDEND

The Directors do not recommend the payment of any dividend for the nine months ended 30 September 2011 (nine months ended 30 September 2010: Nil).

CHAIRMAN'S STATEMENT

To the Shareholders of ERA Mining Machinery:

The third quarter of 2011 was one of opportunities and challenges for ERA.

On the positive side, we finished Q3 with a record backlog amounting to HK\$1,711,852,000, an increase of 168.1% in comparison to the order backlog at 30 September, 2010 of HK\$638,589,000. The largest single order we received, at RMB350 million, was from China's coal mining leader China Shenhua Energy Company Limited ("Shenhua"). Other important bids won included orders from Shenyang Coal Group, Longmay Group, Xishan Coal & Electricity, Shanxi Coal Transport and other major coal producers. We are grateful for the opportunity to serve China's finest coal mining companies and appreciate their continued and growing faith in our ability to meet their needs. Their confidence in ERA further strengthens our leading position in China's high-end hydraulic roof support market.

At the same time, policy driven contractions in lending significantly reduced our ability to deliver quickly. While our turnover for the nine months 30 September 2011 was up 35.9% year on year, our slower than expected delivery schedule and higher than planned steel costs reflects the challenges of the turmoil in the worldwide financial markets, including the impact of our decision not to go with a mid year equity offering.

Other news of the Company has been overshadowed by the recent public announcement dated 10 November 2011 made by Caterpillar Luxembourg Investment Co. S.A. to purchase 100% of the shares of ERA.

ERA used four criteria in evaluating this transaction.

- 1) Would it be good for our customers?
- 2) Would it be good for our employees?
- 3) Would it be good for our Zhengzhou community, and for China?
- 4) And, would it be good for our shareholders?

In answering these questions during negotiations, we reached the conclusion that in all respects it met our goals. We try very hard to do a great job for our customers and this is a deeply ingrained part of Caterpillar's philosophy as well. We believe this transaction will be good for our customers and make a great and continuing contribution to China's increasing mine safety. Caterpillar is regarded as one of the world's great companies to work for and this should be a great opportunity for our employees to join a growing, learning peer group in a world class organization. Caterpillar is also deeply involved in the communities in which they are located and we believe that the various communities in which we manufacture and service customers will greatly benefit from Caterpillar's corporate involvement. Last, but certainly not least, we believe Caterpillar has made a very fair offer to all ERA shareholders, and has assisted the company in the interim by providing an additional working capital loan of HK\$385,000,000.

Our Board of Directors and management team believe that the company is again poised for growth in 2012 and beyond. In order to promote mine safety and efficiency, the Chinese Government continues to mandate the mechanization of China's coal mining industry, an effort in which our core hydraulic roof support products play a key role. We expect to continue to focus on our core business while exploring opportunities which allow us to leverage our core strengths.

We can succeed only if our customers succeed. We look forward to productive and mutually profitable working partnerships with customers old and new. On behalf of our Board and management team I would like to give sincere thanks to the many employees, customers, shareholders and friends who supported us in 2011. We look forward to working together in the exciting months ahead.

Respectfully,
Emory Williams
Chairman

11 November 2011



MANAGEMENT DISCUSSION AND ANALYSIS

Business Overview

Product

At present, Zhengzhou Siwei's sole products are hydraulic roof supports ("shields") and related equipments for the underground coal mining industry. Zhengzhou Siwei designs and manufactures a full range of shields ranging from 0.8 m to 7.3 m in height and from 1,800 KN to 18,000 KN in terms of working resistance. All shields delivered are custom manufactured to the mining requirements of each customer.

Research and Development

Zhengzhou Siwei has invested significantly in research and development in order to assist our customers in improving mining safety and efficiency and to mitigate environmental impact. Research and development costs for the nine months ended 30 September 2011 were approximately HK\$33,932,000, of which approximately HK\$11,774,000 is included in salary, representing an increase of 210.3% in comparison to the same period in 2010. During 2011, Zhengzhou Siwei expanded the number of engineers in its research and development department by over 40 people. As of 30 September 2011, Zhengzhou Siwei had 129 (30 September 2010: 78) patents or patents pending.

Expansion of Manufacturing Capabilities and Capacity

Zhengzhou Siwei has been constantly expanding its manufacturing capacity and capabilities. During 2011, most of this expansion occurred in Zhengzhou Siwei's newest Guangwu factory location in Zhengzhou, where Zhengzhou Siwei is consolidating all of its shield manufacturing. Significant additions to manufacturing capacity have been made across the board during the first nine months of this year, especially in advanced electro-plating and welding. The management expects to continue its physical consolidation and capacity expansion during 2011 to provide for future growth.

Market Overview

China's ever increasing demand for highly mechanized coal mining equipment has been driven principally by two factors, China's increasing demand for electricity and China's government policy directed at improving the safety and efficiency of Chinese mining. These government policies are reflected in the consolidation of the small and medium sized coal mines and the mandating of increasingly rigorous safety measures. While growth of new mines may slow during China's 12th Five Year Plan, management expects this development to intensify the trend of comprehensive mechanization in China's existing and newly consolidated mines. The management expects these factors to result in continued strong short and mid-term growth for China's mining machinery market.

Approximately 97% of China's coal mines are located underground, below 400 meters. Over 55% of capital expenditure spending in the working phase of the underground coal mining is attributable to by shields, and the balance represents the sum of armored face conveyors, shearers and roadheaders.

Prospects

Indicators point to continued strong economic growth in China. Continued initiatives by China's central government strengthening policies aimed at improving mine safety, efficiency and mitigating environmental impact, requiring mine mechanization and further consolidation of small and medium sized coal mines also bode well for the coal mining industry. ERA has spent the first nine months of 2011 building the foundations for future growth. Heavy investment in new, efficient manufacturing facilities, in human resources, in improved manufacturing and new products give the board and management reason to believe that they can achieve significant sales growth while improving profitability.

Financial Review

Turnover

China's continued strong economic growth, demand for energy and government policies encouraging coal mine mechanization helped the Group to achieve record sales and earnings. For the nine months ended 30 September 2011, the Group recorded a turnover of approximately HK\$1,249.0 million, represents a growth of 35.9% when compared to the same period last year.

Cost of Sales

For the nine months ended 30 September 2011, cost of sales was approximately HK\$1,050.8 million or 84.1% of turnover compared to HK\$755.6 million and 82.2% of turnover in 2010. Steel represented approximately 80% of the cost of sales for the nine months ended 30 September 2011, which is consistent with 2010.

Gross Profit and Gross Margin

The Group's gross profit for the nine months ended 30 September 2011 was HK\$198.3 million, 21.2% higher in comparison to the same period last year. Gross profit margin decreased from 17.8% to 15.9% for the same period in the prior year, with margin decreases primarily attributable to decreases in average selling prices due to tighter competition.

Selling and Distribution Costs

For the nine months ended 30 September 2011, the Group incurred selling and distribution costs of approximately HK\$60.1 million, a decrease of approximately HK\$9.3 million or 13.4% when compared to the same period last year. Decreases were primarily attributable to less sales commission incurred after the Company changed the sales channel by performing more sales liaison tasks in house since July 2011.

Administrative Expenses

For the nine months ended 30 September 2011, the Group incurred administrative expenses of approximately HK\$98.2 million, an increase of approximately HK\$44.6 million or 83.3% when compared to the same period last year. Apart from the general increase as a result of business expansion, the significant increase in administrative expenses was principally due to additional salaries and benefits and research and development costs.

In order to prepare for potential volume growth, Zhengzhou Siwei has been hiring and training staff extensively during the past nine months in anticipation of the increasing production and sales capabilities. Salaries and benefits increased 78.9% year on year, with 14.7% of the increase attributable to the rising average wages level and 85.3% attributable to new hires. As of 30 September 2011, more than 60 new hires had already been trained in anticipation of production capacity increases.

As mentioned in the Management Discussion and Analysis section, Zhengzhou Siwei has invested significantly in research and development, adding over 40 new research and development engineers during the reporting period, in order to assist our customers in improving mining safety, efficiency and lessen environmental impact. Additional research and development costs of approximately HK\$22,998,000, of which approximately HK\$4,345,000 is included in salary, were incurred for the nine months period ended 30 September 2011, representing an increase of 210.3% over the same period in 2010.

Finance Costs

For the nine months ended 30 September 2011, the Group incurred finance costs of approximately HK\$80.1 million, an increase of approximately HK\$53.2 million or 197.8% when compared to the same period last year. Additional finance costs for the current reporting period represent charges on short term borrowings (for working capital and capacity expansion) and interests on bills.

Net Profit Attributable to Owners of the Company

For the nine months ended 30 September 2011, the Group's net profit attributable to owners of the Company was approximately HK\$29.8 million, a decrease of approximately HK\$2.3 million or 7.3% when compared to the same period last year.

EBITDA

Given the Group's increased financial costs due to continued growth in fixed assets and working capital needs, the management team believes EBITDA (a non HKFRS accounting standard metric comprised of net profit before income tax, net finance costs, depreciation and amortization) is a good metric for looking at the Group's results. EBITDA for the first nine months of 2011 increased by HK\$41.0 million, 50.5% ahead of the corresponding period in 2010.

	For the nine months ended 30 September		
	2011	2010	Variance in
	(unaudited)	(unaudited)	%
	HK\$'000	HK\$'000	
Profit before tax	36,296	42,941	(15.5)%
Depreciation & amortization	21,190	13,299	59.3%
Net finance costs	64,719	24,949	159.4%
	<hr/>	<hr/>	
EBITDA	<u>122,205</u>	<u>81,189</u>	50.5%

As the Group has invested significantly in the fixed assets to expand its production capacity, an increasing amount of depreciation & amortization was incurred compared to the same period in 2010.

For comments on finance costs, please refer to the section above headed "Finance Costs".



DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, the interests of the Directors and the chief executive of the Company in shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) which would have to be notified to the Company and the Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO) and/or required to be entered in the register maintained by the Company pursuant to Section 352 of the SFO or which had to be notified to the Company and the Exchange pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules relating to securities transactions by the Directors were as follows:

Interests in shares of the Company

Name of Directors	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Mr. Emory Williams	Corporate Interest (Note 1)	2,667,597,312 ordinary shares (long position)	46.93%
Mr. Lee Jong Dae	Corporate Interest (Note 2)	20,000,000 ordinary shares (long position)	0.35%
Mr. Christopher John Parker	Corporate Interest (Note 3)	55,128,000 ordinary shares (long position)	0.97%

Notes:

1. Out of the total 2,667,597,312 ordinary shares, 2,617,507,028 ordinary shares in the Company owned by Mr. Emory Williams are beneficially owned by and registered in the name of Mining Machinery Ltd. Mr. Emory Williams has a 32.66% equity interest in Mining Machinery Ltd. And 20,500,000 ordinary shares in the Company owned by Mr. Emory Williams are beneficially owned by and registered in the name of Power Castle Development Limited. Madam Liu Jie, the spouse of Mr. Emory Williams, beneficially owns 15,402,284 ordinary shares in the Company.
2. The 20,000,000 ordinary shares in the Company owned by Mr. Lee Jong Dae are beneficially owned by and registered in the name of Wah Hong Investment Limited.
3. The 55,128,000 ordinary shares in the Company owned by Mr. Christopher John Parker are beneficially owned by and registered in the name of Clydesdale International Ltd.

Long positions in underlying shares of equity derivatives of the Company

Name of Directors	Capacity	Description of equity derivatives (number and class of underlying shares)	Approximate percentage of issued share capital
Mr. Li Rubo	Beneficial owner	share options to subscribe for shares (3,200,000 ordinary shares) (<i>Note</i>)	0.06%
Dr. Phil Qiu Jin	Beneficial owner	share options to subscribe for shares (51,839,743 ordinary shares) (<i>Note</i>)	0.91%
Mr. Lee Jong Dae	Beneficial owner	share options to subscribe for shares (55,639,743 ordinary shares) (<i>Note</i>)	0.98%
Mr. David Marc Boulanger	Beneficial owner	share options to subscribe for shares (1,900,000 ordinary shares) (<i>Note</i>)	0.03%
Mr. Christopher John Parker	Beneficial owner	share options to subscribe for shares (1,900,000 ordinary shares) (<i>Note</i>)	0.03%
Mr. Chan Sze Hon	Beneficial owner	share options to subscribe for shares (600,000 ordinary shares) (<i>Note</i>)	0.01%

Note: The aforesaid share options are classified as “long position” under the SFO. For details of the share options granted, please refer to the section headed “Share Option Scheme” below.

Save as disclosed above, as at 30 September 2011, none of the Directors nor the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and/or short positions which they were taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rules 5.48 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Exchange.

SHARE OPTION SCHEME

The following table discloses details of options outstanding under the Company's share option scheme (the "Share Option Scheme") adopted by the Company on 14 July 2011.

Name of grantee	Option type	Number of shares options			Outstanding as at 30 September 2011
		Outstanding as at 1 January 2011	Exercised	Granted	
Directors					
Mr. Emory Williams	A	3,200,000	(3,200,000)	-	-
Mr. Li Rubo	A	3,200,000	-	-	3,200,000
Mr. Lee Jong Dae	A	3,800,000	-	-	3,800,000
	B	-	-	51,839,743	51,839,743
Dr. Phil Qiu Jin	B	-	-	51,839,743	51,839,743
Mr. David Marc Boulanger	A	900,000	-	-	900,000
	B	-	-	1,000,000	1,000,000
Mr. Christopher John Parker	A	900,000	-	-	900,000
	B	-	-	1,000,000	1,000,000
Mr. Chan Sze Hon	A	300,000	-	-	300,000
	B	-	-	300,000	300,000
Mr. Lee Sung Min <i>(resigned on 13 October 2010)</i>	A	900,000	(900,000)	-	-
Mr. Kim Beom Soo <i>(resigned on 13 October 2010)</i>	A	900,000	(900,000)	-	-
		<u>14,100,000</u>	<u>(5,000,000)</u>	<u>105,979,486</u>	<u>-</u>
Employees in aggregate	A	4,900,000	-	-	(400,000)
	B	-	-	178,219,233	-
Advisors and Consultants	A	19,400,000	(14,100,000)	-	-
		<u>38,400,000</u>	<u>(19,100,000)</u>	<u>284,198,719</u>	<u>(400,000)</u>
Total		<u>38,400,000</u>	<u>(19,100,000)</u>	<u>284,198,719</u>	<u>303,098,719</u>
Option type	Date of grant	Exercisable period		Exercise price HK\$	
A	10 July 2008	10 July 2009-9 July 2013		0.4	
B	12 August 2011	12 August 2012-11 August 2018		0.5	

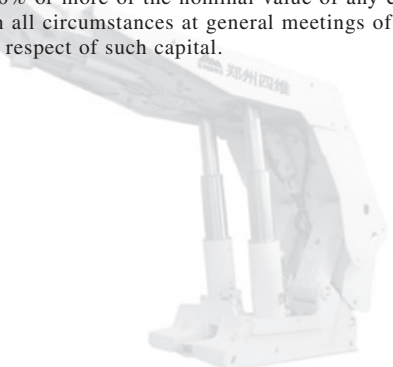
SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES

As at 30 September 2011, so far as is known to the Directors, the following persons (not being a Director or the chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would need to be disclosed to the Company and the Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

Name of substantial shareholder	Capacity	Number and class of shares held	Approximate percentage of issued share capital
Mining Machinery Ltd.	Beneficial owner	2,617,507,028 ordinary shares (long position) (Note)	46.05%

Note: Mr. Emory Williams and Mr. James Edward Thompson III have 32.66% and 67.34% equity interests, respectively, in Mining Machinery Ltd. Mr. Emory Williams was appointed as the chairman and an executive Director of the Company.

Save as disclosed above, as at 30 September 2011, there was no person who had an interest and/or a short position in the shares and/or underlying shares of the Company which would need to be disclosed to the Company and the Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group, or any options in respect of such capital.



PURCHASE, REDEMPTION AND SALE OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period under review.

COMPETING INTEREST

As at 30 September 2011, the Directors are not aware of any business or interest of each Director, initial management shareholder and their respective associates (as defined in the GEM Listing Rules) that they believe competes or may compete with the business of the Group and any other conflicts of interest which any such person has or may have with the Group.

AUDIT COMMITTEE

As required by the GEM Listing Rules, the Company has established an audit committee (the "Audit Committee") with written terms of reference which deal clearly with its authority and duties. Its principal duties are to review and supervise the Group's financial reporting process and internal control systems. The Audit Committee comprises three independent non-executive Directors, Mr. Chan Sze Hon, Mr. David Marc Boulanger and Mr. Christopher John Parker. The Group's unaudited results for the three months and nine months ended 30 September 2011 have been reviewed by the Audit Committee, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the GEM Listing Rules and legal requirements, and that adequate disclosures have been made.

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

Hong Kong, 11 November 2011

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