You should read the Prospectus in its entirety and carefully consider all of the information in this Prospectus including the risks and uncertainties described below before making an investment in our Shares. Our business, financial condition or results of operations could be materially and adversely affected by any of the risks mentioned in this Section. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial could also adversely affect our businesses, financial condition and results of operations.

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be categorised into: (i) risks relating to our business and industry; (ii) risks relating to the People's Republic of China; and (iii) risks relating to our Shares and the Global Offering.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and operating results are subject to significant cyclical fluctuations.

The sale of coal mining equipment is cyclical in nature and subject to a variety of factors, including fluctuations in market prices of coal and alternatives to coal, changes in general economic conditions, interest rates, our end customers' replacement or repair cycles, consolidation in the mining industry and competitive pressure. Many factors affect the supply of and demand for coal, minerals and oil and thus may affect the sale of our products and services, including:

➢ coal prices and changes in those prices;

➢ the levels of coal production;

➢ economic activity in China and elsewhere in the world;

➢ the level of coal mining activity;

➢ the levels of coal inventories;

➢ the expected cost of developing new reserves;

➢ the cost of conducting coal mining operations;

➢ substitution of new or competing inputs and mining methods;

➢ government policies;

➢ environmental regulation; and

➢ tax policies.

In particular, the coal mining industry is highly sensitive to general economic conditions and fluctuations in the prevailing prices of coal. Although the prices of coal in China are partially regulated by the PRC Government, coal prices have fluctuated in recent years. For example, the steam coal spot price of Qinhuangdao in China was approximately US$51 per metric ton, US$74 per metric ton, US$147 per metric ton and US$85 per metric ton as of 30 June 2006, 2007, 2008 and 2009, respectively. Historically, the production volume of coal has continued to rise during periods of price fluctuation. However, there can be no assurance that future fluctuations in coal prices will not negatively affect coal production. The production volume of coal is sensitive to coal prices, which in turn are affected by changes in general economic conditions. An economic slowdown in China or elsewhere in the world could curtail demand for coal and, consequently, coal mining equipment. In addition, our principal end customers are mining companies engaged in underground coal mining which have encountered increased scrutiny relating to safety regulations in recent years, primarily due to a number of recent high profile mine accidents in China's underground coal mining industry. Current or proposed legislation on safety standards and the increased cost of compliance may contribute to customers' decisions to discontinue or limit their mining operations and discourage development of new mines.

If demand for mining services or mining equipment utilisation rates decrease significantly, demand for our products and services will likely decrease. In particular, sales of original equipment historically have accounted for, and we expect to continue to account for, a significant majority of our total revenue. Demand for original equipment is generally closely correlated with the strength of commodity markets and, as a result, has historically been more cyclical than aftermarket sales. As a result of this cyclicality, we may experience in the future extended periods of reduced sales and margins.

Disruptions in the global financial markets could continue to have a material adverse impact on our results of operations, financial condition and cash flows.

The global financial crisis that began in 2008 has adversely affected China, and other world economies, including the United States. Although the PRC Government has adopted increasingly flexible macroeconomic policies, including an announced fiscal stimulus package, aimed at offsetting the slowdown brought about by the financial crisis, the growth of China's overall economy has been negatively impacted. The financial crisis may adversely affect our business and operating results in a number of respects. We believe that the global financial crisis has impacted our customers and may be a contributing factor to the increase in our trade receivables amounts. Our trade receivables due 366 days and longer increased from RMB15.3 million as of 31 December 2007, to RMB27.3 million as of 31 December 2008 and RMB57.1 million as of 31 July 2009. Our customers may delay payments in an attempt to conserve liquidity in response to the financial crisis, which in turn affects the aging schedule and turnover days of our trade receivables. See "Financial Information".

The global financial crisis also resulted in a tightening in credit markets, a low level of liquidity in many financial markets and increased volatility in credit and equity markets. Many financial institutions worldwide have tightened lines of credit and reduced the amount of funding available to borrowers. If these conditions continue, worsen or recur, they may adversely affect the availability, terms and cost of borrowings in the future, including any financings necessary to complete acquisitions or capital expenditures. Any disruptions in our ability to renew existing borrowings or obtain new borrowings may materially and adversely affect our business, financial condition, results of operations and cash flows as we rely on bank borrowings for a portion of our working capital and capital expenditure requirements.

The timing and nature of any recovery in worldwide financial markets and the global economy remain uncertain, and there can be no assurance that market conditions will improve in the near future or, even if they do improve, will not deteriorate again. In addition, we cannot assure you that recent PRC Government initiatives in response to the slowdown in the PRC economy will stabilise PRC debt markets in general or increase liquidity and the availability of borrowings to us. Furthermore, in response to a rapid increase in liquidity in the market, the PRC Government has recently implemented a number of measures to control such increase, including by raising interest rates. These factors may adversely affect own business, results of operations and financial condition.

Regulations on the coal mining industry may affect demand for our products.

Many of our end customers are underground coal mining companies. Many of these end customers supply coal for power generation in China. The operations of these mining companies are geographically diverse and are subject to or impacted by a wide array of regulations, including those directly affecting mining activities and those indirectly affecting their businesses, such as applicable environmental laws and an array of regulations governing the operation of electric utilities. As a result of changes in regulations and laws relating to the operation of mines, our end customers' mining operations could be disrupted or curtailed by governmental authorities. The high cost of compliance with mining and environmental regulations may also induce end customers to discontinue or limit their mining operations and may discourage companies from developing new mines. Additionally, government regulation of electric utilities may also adversely affect the demand for coal to the extent that such regulations cause electric utilities to select alternative energy sources and technologies as a source of electric power. Due to these factors, demand for our coal mining equipment could be substantially affected by regulations adversely impacting the coal mining industry or altering the consumption patterns of electric utilities.

We may face challenges in integrating our businesses.

We have a limited operating history as a combined business. We were established in 2006 and currently operate through three principal operating subsidiaries. Two of our principal subsidiaries, Jiamusi Machinery and Jixi Machinery, have significant operating history and were managed together under their previous controlling shareholders. Our third principal subsidiary, Huainan Longwall, was established in 2007. In addition, we have acquired minority interests in a number of joint ventures. Our limited operating history as a combined business may make the prediction of future results of operations difficult and, therefore, our historical operating results may not be indicative of any trends in the future.

Our limited operating history as a combined business presents us with a number of challenges in the integration of these businesses. To integrate our businesses, since 2006, we have implemented measures in a number of areas, including financial data, risk control, human resources, administration and information technology. However, we cannot assure you that these efforts will be successful. Our integration efforts may also be complicated by factors such as diversion of management's attention from daily operations, potential loss of key employees and customers, the potential for deficiencies in internal controls at the acquired business, performance problems with the acquired business' technology, and exposure to unanticipated liabilities of the acquired business. In addition, a key aspect of our business strategy is to expand our capability to provide complete longwall system solutions. To this end, we have sought to realise significant synergies by integrating the design and marketing processes of products at our subsidiaries. We cannot assure you that these efforts will be as successful as anticipated. If we fail to integrate the operations of our subsidiaries, our business operations and financial condition could be materially and adversely affected.

Future acquisitions of businesses or establishment of joint ventures may subject us to risks and uncertainties.

As part of our strategy, we may explore opportunities to complement our existing businesses, such as acquisitions and establishment of joint ventures, which may lead to risks and uncertainties in a number of areas, including the inability to generate sufficient revenue to offset the costs and expenses of acquisitions, risks relating to the business, management, technology, market acceptance and potential loss of, or harm to, relationships with employees, customers and business partners as a result of efforts to integrate the acquired businesses or new businesses. In addition, future acquisitions or joint ventures may require additional debt or equity financing, which in the case of debt financing, will increase our exposures to risks related to our substantial indebtedness, increase our leverage and potentially affect our credit ratings, and in the case of equity financing, would be dilutive to our existing shareholders. Any downgrades in our credit ratings associated with an acquisition or joint venture could adversely affect our ability to borrow by resulting in more restrictive borrowing terms. As a result of the foregoing, we also may not be able to complete acquisitions or joint venture projects in the future to the same extent as in the past, or at all. These and other factors could harm our ability to achieve anticipated levels of profitability at acquired operations or realise other anticipated benefits of an acquisition or joint venture, and could adversely affect our business, financial condition and results of operations. Any acquisition may also cause us to assume liabilities, acquire goodwill and non-amortisable intangible assets that will be subject to impairment testing and potential impairment charges, incur amortisation expense related to certain intangible assets, increase our expenses and working capital requirements, and subject us to litigation, which would reduce our return on invested capital. Failure to manage and successfully integrate the acquisitions we make or joint ventures we enter into could materially harm our business and operating results.

Our historical outstanding trade receivables and the turnover days of our trade receivables have been relatively high, and our discounted bills and factor programmes may not be effective.

As of 31 December 2006, 2007 and 2008 and 31 July 2009, our outstanding trade receivables net of impairment provision were RMB292.0 million, RMB514.4 million, RMB599.9 million and RMB849.4 million, respectively, and the turnover days of our trade receivables were 141 days, 172 days, 159 days and 175 days in 2006, 2007, 2008 and seven months ended 31 July 2009, respectively. As of 31 December 2006, 2007 and 2008 and 31 July 2009, the provision we made for trade and bills receivables totaled RMB11.6 million, RMB11.6 million, RMB12.4 million and RMB13.2 million, respectively. The increase in our outstanding trade receivables from 31 December 2008 to 31 July 2009 was mainly due to the increase in our sales and the credit period extensions granted to some of our customers that were affected by the ongoing financial crisis. A portion of our customers make payments by bank notes, with maturities generally under 180 days. We may discount a portion of such bank notes to banks prior to their maturities with interest charged by the banks. However, if our customers do not pay under a substantial amount of such trade receivables, and if we enter into additional note or factor programmes in the future, we may be required to sell our trade receivables at a greater discount, which in turn may adversely affect our liquidity. For further information about our factor programmes, see "Financial Information — Discussion of Certain Statements of Financial Position Items — Trade and bills receivables" of the Prospectus.

To the extent our trade receivables are not part of our discounted bills or factor programmes, delays in receiving payments from or non-payment by our customers may adversely affect our cash flow position and our ability to meet our working capital requirements. In addition, defaults in making payments to us on sales contracts for which we have already incurred significant costs and expenditures can materially and adversely affect our results of operations and reduce our financial resources that would otherwise be available for other purchase orders. We historically have had a relatively high customer concentration. As a result, any extended delay in payment by any major customer or end customer would have a material and adverse effect on the aging schedule and turnover days of our trade receivables. Our major customers' and end customers' ability to pay may be impaired by a number of factors including, but not limited to, unfavourable market conditions and delays in the schedules at mining operations, which in turn may be due to various reasons, including unfavourable economic conditions, operational hazards or natural disasters and budget constraints. Inability to collect our trade receivables on a timely basis could materially and adversely affect our financial condition, liquidity and results of operations. We cannot assure you that our customers will make payments in full to us on a timely basis or that we will be able to efficiently manage the level of bad debt arising from receipt of payments in stages.

We derive revenue from a limited number of products and services.

Our revenue is derived from sales of roadheader products, shearer products and armoured-face conveyors and related products, as well as aftermarket parts and services. Our products are primarily designed for underground longwall coal mining. Our products are generally not designed for or used in surface mining, room-and-pillar underground mining or mining of other types of minerals. As a result, our end customers' preference and demand for particular types of equipment used in underground coal mining may affect our business and profitability. Our business and financial performance is therefore dependent to a significant extent on market demand and preference for coal mining equipment and components as well as the growth and viability of the coal mining industry. An adverse change in market demand, customer preference or market prices for coal mining equipment and components could have a material adverse effect on our results of operations.

If we fail to offer technologically improved equipment to our end customers, demand for our products may be materially adversely affected.

We believe that our coal mining industry end customers are focused on improving automation, standardisation and integration of equipment and mining operations. In that regard, we concentrate on producing technologically improved equipment that allows our customers to conduct safe and cost-effective operations. To remain competitive, we believe we must develop new and innovative products on an ongoing basis. If we are unable to continue to develop new and innovative products that incorporate technological advancements and meet the evolving requirements of our customers, or if we are unable to successfully bring such products to market, or if our competitors produce and sell equipment that is more technologically advanced or otherwise better received in the marketplace than ours, the demand for our mining equipment could be materially adversely affected.

If we are unable to address our current manufacturing capacity constraints, or maintain our current utilisation rate, our operating results and growth prospects may be adversely affected.

As part of our strategy, we plan to increase our production capacity by upgrading our existing facilities and equipment, constructing additional facilities, purchasing new equipment and recruiting additional qualified employees. To this end, we have allocated a significant portion of the net proceeds from the Global Offering to expand our production capacity. However, we cannot assure you that we will be able to successfully implement our expansion plan. An unsuccessful implementation of our expansion plan may lead to our inability to commit to a production schedule for our customers within the timeframes they require. As a result, these customers may seek to procure equipment from other suppliers to meet their project deadlines, which could adversely affect our future sales, profitability and cash flow.

Conversely, our success also depends on our ability to maintain the current utilisation rate of our existing manufacturing facilities and our ability to outsource our work to third parties. Our inability to maintain our utilisation rate or to improve our manufacturing efficiency may reduce our market share and profitability. The utilisation rate and efficiency of our manufacturing facilities will also depend on our ability to integrate the design and manufacturing process of products at our various facilities as well as to enhance the product mix at each facility. Any failure to achieve any of the foregoing may adversely affect our operating results and growth prospects.

Our business requires significant and continuous capital investment.

We may be required to make significant capital expenditures to develop our business in the future. We may also require further funding for working capital, investments, potential acquisitions, joint ventures, debt servicing and other corporate requirements. As of 31 December 2006, 2007, 2008 and 31 July 2009, the amount due to TJCC Holdings was nil, RMB74.6 million, RMB126.8 million and RMB160.2 million, respectively. As of 31 December 2006, 2007, 2008 and 31 July 2009, the amount due to other shareholders and related parties was RMB2.2 million, RMB41.5 million, RMB64.3 million and RMB76.0 million, respectively. These existing related party obligations are expected to be settled upon the completion of the Global Offering. After such settlement, we cannot assure you that our future funding from third parties will be readily accessible. If we are unable to secure sufficient external funds when required, we may not be able to fund necessary capital expenditures. The availability of external funding is subject to various factors, some of which are beyond our control, including governmental approvals, prevailing capital market conditions, credit availability, interest rates and the performance of each of the businesses we operate. In addition, the current financial crisis may further restrict the bank credit available to us. Furthermore, in response to a rapid increase in liquidity in the market, the PRC Government has recently implemented a number of measures to control such increase, including by raising interest rates. Our inability to arrange additional financing in a timely manner on terms that are satisfactory to us could materially and adversely affect our business, results of operations and expansion plans.

Fluctuation in steel and other raw material prices may adversely affect our business.

For the 2006 Consolidated Period, the years ended 31 December 2007, 2008 and the seven months ended 31 July 2009, our cost of raw materials, including cost of steel, accounted for 73.5%, 73.1%, 76.5% and 78.7% of our total cost of sales, respectively. The market prices for steel and other such raw materials may fluctuate significantly. If supplies of these raw materials decline or their prevailing prices increase, we may experience cost increases, or delays, reductions or disruptions in raw material supplies that may result in a failure to meet our customers' delivery schedules. Our ability to pass increased costs of steel and other raw materials along to our customers may be limited by competitive pressures, customer resistance and the terms in our sales contracts with customers. Even if we are able to pass along all or a portion of the increases in costs of raw materials, there is typically a lag between their actual cost increase and the corresponding increase in the prices of our products. We cannot provide assurance that we will in the future be able to recover any increase in costs of steel and other raw materials by selling our products at higher prices. As a result of the foregoing, any increase in the prices of steel or other raw materials could have a material adverse effect on our results of operation and financial condition.

We purchase our raw materials and key components from a limited number of suppliers, and do not have long-term contracts with our suppliers.

We procure substantial amounts of our principal raw materials and key components including steel, electric parts, hydraulic parts, automated control systems and bearings for our operations from a limited number of independent third-party suppliers. In the 2006 Consolidated Period, 2007, 2008 and the seven months ended 31 July 2009, purchases from our five largest suppliers accounted for 24.5%, 21.4%, 21.9% and 27.8%, respectively, of our total purchases. We do not maintain significant inventories of principal raw materials and key components in our facilities. In addition, we do not have exclusive or long-term contracts with our suppliers, and therefore we may not be able to obtain necessary raw materials and key components on commercially acceptable terms or at all in the event of an overall increase in market demand for such materials and components on commercially acceptable terms or at all. As a result, if any of our suppliers are unable to fulfil their contractual obligations with us on a timely basis, or on agreed-upon or cost-effective terms, we may incur substantial costs and delays in our production.

We rely on a limited number of customers.

We derive a significant portion of our revenue from a limited number of customers. In the 2006 Consolidated Period, 2007, 2008 and the seven months ended 31 July 2009, revenue from our five largest customers accounted for 46.6%, 56.4%, 42.9% and 48.9% of our revenue, respectively. During the Track Record Period, four of our largest customers were distributors. We depend significantly on our distributors or sales agents to market and sell our products. We also depend on our distributors to provide aftermarket parts and services to our end customers. Some of our distributors or sales agents may maintain stronger relationships with our end customers than with us. We cannot assure you that our relationships with our distributors or sales agents will not terminate due to our inability to reach agreement on contractual terms or for other reasons. Furthermore, we cannot assure you that our distributors will continue to be able to effectively service our end customers and assist us in expanding our base of end customers. In addition, the mining industry in China is undergoing a period of consolidation. As a result, it has become increasingly important for us to be able to maintain our relationships with large coal mining enterprises and other key end customers. If we fail to effectively maintain our relationships with our distributors or sales agents, or if we and our distributors or agents fail to effectively maintain the relationships with our end customers, our business, results of operations and growth prospects may be adversely affected.

In addition, our sales and operating results may fluctuate significantly from period to period because our customers' purchasing patterns are affected by a variety of factors beyond our control. Because of the relatively high sales price of most of our products, one or a limited number of significant purchase orders may account for a substantial portion of sales in any particular period. In addition, our sales and gross profit may fluctuate depending upon the size and the requirements of the particular contracts entered into in that period. The loss of one or more of our significant customers could, at least on a short-term basis, have an adverse effect on our business, financial condition and results of operations.

We may be subject to product liability and other claims.

The sale of coal mining equipment entails an inherent risk of product liability and other claims. During the Track Record Period, we received warranty claims from our end-customers during the twelve-month warranty period for which we provide free warranty service for the repair and maintenance of parts or components. For the 2006 Consolidated Period, 2007, 2008 and the seven months ended 31 July 2009, our provision for warranties amounted to RMB5.6 million, RMB9.2 million, RMB17.1 million, and RMB9.0 million, respectively. We have not obtained insurance coverage for product liability and have not implemented any other protection scheme. If coal mining equipment manufactured by us proves to be defective and results in financial losses to our end customers or personal injuries to their employees, we may be subject to product liability claims under PRC laws or laws of other jurisdictions in which our products are sold. As a result, we may incur significant legal costs regardless of the outcome of any claim of alleged defects. Lawsuits are inherently expensive to defend and will divert management and other resources from our business operations, which could in turn materially and adversely affect our business, financial position and results of operations. We cannot assure you that we will not be subject to product liability or other claims in the future. Successful claims brought against us that are not covered by insurance could adversely affect our business, financial condition or results of operations.

Our continued success depends on our ability to protect our intellectual property.

Our continued success depends in part upon our ability to protect intellectual property. We rely principally on trademark and patent laws and, to a lesser extent, nondisclosure agreements and other contractual arrangements and laws relating to unfair competition, to protect our intellectual property, including jointly developed intellectual property. However, these measures could prove inadequate to protect intellectual property from infringement by others or to prevent misappropriation of our proprietary rights or technologies. In addition, China's intellectual property laws are still evolving and the levels of protection and means of enforcement of intellectual property rights in China differ from those in other jurisdictions. In particular, as part of our strategy, we intend to increase revenue from aftermarket parts and services as a proportion of our total revenue. However, we may face challenges in implementing this aspect of our strategy as there are a number of independent firms in China, commonly referred to as "will-fitters" that produce copies of the parts manufactured by us and other original equipment manufacturers. Enforcement of our intellectual property rights could be costly, and we may not be able to immediately detect unauthorised use of our intellectual property and enforce our rights in such property. Our inability to protect our proprietary technologies and enforce intellectual property rights through infringement or other enforcement proceedings could have a material adverse effect on our business, financial condition and results of operations.

Furthermore, we cannot assure you that any of our existing intellectual property rights will not be challenged by third parties. We may incur substantial legal and other costs as a party in an intellectual property lawsuit, which could affect our profitability and results of operations. Moreover, any judgment against us would materially and adversely affect our business operations and financial condition by potentially limiting our product offerings.

Disputes with our joint venture partners could adversely affect our business and operating results.

We have entered into a number of joint ventures in which we hold minority interests. We cannot assure you that disputes will not arise between us and our joint venture partners, or that a joint venture partner will not breach its obligations to us. If a dispute cannot be timely resolved in a satisfactory manner, the business and results of operations of the affected joint venture may be negatively impacted. The joint ventures may also be at risk of termination if the dispute remains unresolved. Furthermore, any financial, operating or other difficulties experienced by our joint venture partners in their businesses may also impede their ability to fulfil their contractual obligations with respect to the joint venture companies, which may in turn adversely affect the results of operations of the joint venture companies. The occurrence of any of these events may in turn adversely affect our business and operating results.

Our insurance coverage may be insufficient to cover all risks of loss associated with our business operations.

As of 31 July 2009, we had RMB363.7 million of insurance coverage, covering losses which may arise from property damages to our facilities and equipment. While we maintain all of the necessary insurance coverage mandated by PRC law, we cannot guarantee that our insurance polices will provide adequate compensation for all potential losses. Consistent with what we consider customary practice in China, we do not carry any insurance for business interruption or loss of profit arising from accidents at any of our production facilities or other disruptions of our operations. Accidents or natural disasters may also result in significant property damage, disruption to our operations and personal injuries, and our insurance coverage may be inadequate to cover such losses. In the case of an uninsured loss or a loss in excess of insured limits, we could suffer from damage to our reputation or lose all or a portion of our production capacity as well as future revenues anticipated to derive from the relevant facilities.

The interests of our Controlling Shareholders may conflict with the interests of our other shareholders.

Upon completion of the Global Offering, assuming the Over-allotment Option is not exercised, our Controlling Shareholders will own approximately 54.6% of our issued share capital. Subject to our Memorandum and Articles of Association and applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise a controlling influence on our management, policies and business by controlling the composition of our Board, determining the timing and amount of our dividend payments, approving significant corporate transactions, including mergers and acquisitions, and approving our annual budgets. We cannot assure you that our Controlling Shareholders will not cause us to enter into transactions or take, or fail to take, other actions or make decisions that conflict with the best interests of our other shareholders.

Our growth depends on our ability to continue to attract and retain qualified personnel, including our senior management members.

We rely heavily on our employees, which include skilled manufacturing workers, equipment operators, engineers and other technical personnel, to operate efficiently and expand our operations. Demand for these personnel is currently high and the supply is limited, particularly in the case of skilled and experienced employees. Although we have not experienced any difficulty in recruiting and retaining skilled and experienced employees in the past, we cannot assure you that we will be able to continue to attract and retain sufficient skilled and experienced engineers and machinists in the future. If we fail to recruit, retain or train skilled employees, our growth and business prospects could be materially affected. Additionally, a significant increase in the wages paid by competing employers could result in a reduction in our skilled labour force, increases in the rates of wages we must pay or both. Furthermore, we may be faced with increased training costs and reduced productivity as we train new employees.

In addition, the industry expertise and extensive contributions of our executive Directors and other members of our senior management are essential to our continuing success. As we continue to grow our business, we will increasingly require more employees and executives who have industry-related experience and expertise. If we lose the services of any of our senior management members, and are unable to recruit and retain replacement personnel with equivalent qualifications on a timely basis, the growth of our business could be adversely affected.

Compliance with environmental, health and safe production regulations can be costly, while non-compliance with such regulations may result in fines, other penalties or actions that could adversely affect our reputation.

As a coal mining equipment company with a variety of its operations in China, we are required to comply with a variety of national and local regulations concerning environmental protection and health and safe production. In addition, in order to maintain or renew our licenses, certificates and permits, we are subject to various periodic inspections, examinations, inquiries and audits by PRC regulatory authorities in accordance with applicable PRC laws and regulations. A finding of non-compliance or failure to obtain, maintain or timely renew the necessary licenses, certificates, permits or approvals could have a negative impact on our business operations and financial condition.

PRC environmental, health and safety laws and regulations are continuously evolving, and we cannot assure you that we have always complied, or will always comply, with such laws and regulations. We may also be required to incur substantial costs in order to comply with new or amendments to existing laws and regulations. Failure to comply with any of these laws and regulations could result in the untimely delivery of goods, delayed receipt of revenue, loss of income, the accrual of substantial costs and fines and the suspension or termination of our contracts. Any non-compliance with environmental, health and safety laws and regulations, or costs incurred in order to comply with such laws and regulations, may have a material adverse effect on our business, financial condition and results of operations.

We have not obtained the building ownership rights to some of our facilities.

As of the Latest Practicable Date, we have not obtained building ownership rights to some of our facilities primarily used for office, production, storage and other uses. As we carry out our operating activities in those facilities, our operation in connection with such facilities may be adversely affected if any third party claims that it is the legal or beneficial owner of any of those facilities, or land underlying the facilities. We cannot give any assurance that any such ownership dispute or claim will not occur. If any such dispute or claim occurs, our business operations and our financial condition could be materially and adversely affected. In addition, there is no assurance that we will not be subject to any claims (including lawsuits) for compensation in respect of any illegal or unauthorised use of land owned by third parties.

Labour disruptions could adversely affect our operations.

Members of our work force are generally employed under employment contracts which specify each employee's position, responsibilities, remuneration and grounds for termination pursuant to the PRC labour law and relevant regulations. Although we believe that our relations with our employees are good, a dispute between us and our employees or a strike or other disruption could disrupt our operations.

A material disruption to our manufacturing plants could adversely affect our ability to generate revenue.

Our manufacturing facilities are located in Jiamusi and Jixi of Heilongjiang province and Huainan of Anhui province, all in the PRC. We also have minority interests in a number of joint ventures with facilities at various locations in China. If operations at any of these facilities were to be disrupted as a result of equipment failures, natural disasters, work stoppages, power outages or other reasons, our business, financial position and results of operations could be materially adversely affected. Any of these significant events could require us to make large unanticipated capital expenditures. Interruptions in production could increase our costs and delay our delivery of original equipment and parts in production. Production capacity limits caused by such disruptions could cause us to reduce or delay sales efforts until production capacity is available. All of our facilities are also subject to the risk of catastrophic loss due to fires, explosions or adverse weather conditions. Lost sales or increased costs that we may experience during the disruption of operations may not be recoverable under our insurance policies, and longer-term business disruptions could result in a loss of customers. If this were to occur, our future sales and, therefore, our future profitability and cash flow, could be materially adversely affected.

We operate in a highly competitive industry.

We operate in a highly competitive industry and our manufacturing and service operations are subject to significant competitive pressures. Many of our end customers are large mining companies that have substantial bargaining power. They require our equipment to meet high standards of availability, productivity, safety and cost effectiveness, and they may delay their payments to us for a variety of reasons. In addition, some of our sales require us to participate in competitive tenders where we must compete on the basis of various factors, including performance guarantees, pricing, customer relationships, lead times, operating costs, product productivity, design, reliability, service, delivery and other commercial factors. We compete directly and indirectly with other manufacturers of coal mining equipment and manufacturers of parts and components for such products. Our primary competitors include Sany Heavy Equipment Co., Ltd. in our roadheader products segment, Wuxi Shengda Machinery Co., Ltd. in our shearer products segment and China Coal Zhangjiakou Coal Mining Machinery Co., Ltd. in our armoured-face conveyors and related products segment. Some of our competitors may have larger operations, possess greater financial resources, may be less leveraged and may be willing to sacrifice profit for market share and revenues. As such, they may be able to offer lower prices and more favourable payment terms than we can. If we cannot compete effectively with existing or future competitors, our operating results could be materially and adversely affected.

Changes to industry standards may have an adverse impact on our business.

Consistent delivery of high quality products is critical to our success. We have implemented a quality control system to ensure that our products meet all relevant national standards and customer specifications, including standards relating to safety and technological requirements. The State Administration of Coal Mine Safety, or SACMS, is responsible for adopting industry standards for coal mining equipment including safety standards, and meeting the requirements of those standards is essential for our business operation. We cannot assure you that our current and newly developed products will continue to comply with changing industry standards or requirements. If we fail to comply with these standards or requirements, our business may be adversely affected.

PRC coal mining industry consolidation may adversely affect our business operations.

In order to enhance coal mining safety, coal exploration efficiency and environmental protection, the PRC Government has taken initiatives to consolidate the coal mining industry. According to China Coal News, in 2009 more than 70% of over 2,000 operators of smaller mines in China's largest coal production base, Shanxi, have agreed to be acquired by operators of larger mines, as industry consolidation continues. This industry consolidation may contribute to increasing competition in the coal mining equipment industry in China. As a result, we may lose end customers that were operators of smaller mines which have been acquired. We may also fail to compete effectively to retain and gain market share on our sales to the operators of larger mines. Moreover, if an end customer is acquired, such customer may come under a new management team who will require time to review our customer' trade payables and equipment orders as part of the consolidation. This could result in a delay in payment of the trade receivables they owe us, and could lead to delay or even cancellation of equipment orders that have been placed with us. Any of these actions could materially adversely affect our trade receivables and inventory turnover days and/or require us to make provision against trade receivables or inventory, in each case potentially materially adversely affecting our working capital and current assets and liabilities. If any of the foregoing occurs, our business, market position, growth prospects and operating results may be adversely affected.

We may not be able to register our trademarks in Hong Kong or PRC.

We will use certain trademarks including the logo "IMM 国际煤机集团 INTERNATIONAL MINING MACHINERY" for our future business operations. As of the Latest Practicable Date, we have applied for the trademark registration of the portfolio of trademarks set out in the section headed "Statutory and General Information — Intellectual Property Rights" in Appendix VII to this Prospectus. However, there is no assurance that these applications for trademark registration in Hong Kong and PRC could eventually be approved or that we would be granted with exclusive rights to use these marks as registered trademarks in Hong Kong and PRC. If the trademarks including the logo "IMM 国际煤机集团 INTERNATIONAL MINING MACHINERY" could not be registered or if the registration process is delayed, our trademarks may be infringed, and our business and operating results may be materially and adversely affected.

RISKS RELATING TO THE PEOPLE'S REPUBLIC OF CHINA

Economic, political and social conditions, as well as government policies in China could have a material adverse effect on our business, results of operations and financial condition.

China's economy differs from the economies of many developed countries in many respects, including:

- structure;
- level of government involvement;
- level of development;
- growth rate;
- control of foreign exchange; and
- allocation of resources.

China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC Government has implemented economic reform measures to emphasise the utilisation of market forces in economic development. We cannot predict whether changes in China's political, economic and social conditions, laws, regulations and policies will have any material adverse effect on our current or future business, financial condition and results of operations.

The slowdown of economic growth in China and the world could have a material adverse effect on our business, results of operations and financial condition.

Disruptions in the worldwide financial markets and other macroeconomic challenges currently affecting the PRC economy and the global economic outlook could adversely impact our business, results of operations and financial condition. The slowdown in the growth of the PRC economy may result in a decrease in domestic demand for coal and coal-related products and subsequently affect the demand for coal mining equipment. We cannot assure you that the domestic or international demand for coal will continue to grow, or that the domestic or international markets for coal will not experience excess supply, both of which would have a negative impact on our coal mining equipment manufacturing operations. Therefore, continuing or further macro-economic measures implemented by the PRC Government may have a material adverse effect on our business, results of operations and financial condition.

Restrictions on foreign currency exchange may limit our ability to obtain and remit foreign currency or to utilise our revenues effectively.

We receive substantially all of our revenues in Renminbi, which currently is not a fully convertible currency. A portion of these revenues must be converted into other currencies to meet our foreign currency obligations. These foreign currency denominated obligations include payment of interest and principal on foreign currency-denominated debt and payment of dividends declared, if any, in respect of our Shares.

Under China's existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE, by complying with certain procedural requirements. However, the PRC Government may take measures in the future to restrict access to foreign currencies for current account transactions, which may prevent us from paying dividends in foreign currencies to our shareholders. In addition, foreign exchange transactions under our capital account, including foreign currency-denominated borrowings from PRC or foreign banks and principal payments in respect of foreign currency denominated obligations, continue to be subject to significant foreign exchange controls and require the approval of PRC Governmental authorities, including the SAFE. In particular, if we borrow foreign currency loans from foreign lenders, these loans must be registered with the SAFE. These limitations could affect our ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures and other purposes.

The proceeds from the Global Offering will be denominated in foreign currencies such as HK dollars and U.S. dollars. We will need to remit the proceeds back to China and convert them into Renminbi for use in China. However, we cannot assure you that the PRC Government will not take measures to restrict our ability to remit such proceeds into China and convert them into Renminbi. If the PRC Government restricts our ability to remit such proceeds into China or convert them into Renminbi, we may not be able to implement our strategy successfully and as a result, our financial condition, results of operations, cash flow and business prospects could be materially and adversely affected.

The discontinuation or reduction of any of the preferential tax treatments currently available to us in the PRC could materially and adversely affect our business, financial condition and results of operations.

Prior to 1 January 2008, under the then-current enterprises income tax law, or the Old EIT Law, our PRC companies were subject to a 33.0% income tax rate, which was subject to certain tax holidays and preferential tax rates. In accordance with the relevant income tax laws and regulations of the PRC, Jiamusi Machinery and Jixi Machinery were exempted from enterprise income tax for two years commencing from the first profit-making year, which was 2006, and were entitled to a 50% reduction in their enterprise income tax for the subsequent three years.

Under the new enterprise income tax law effective 1 January 2008, or the New EIT Law, both foreign-invested enterprises and domestic enterprises are subject to a unified 25% income tax rate. Furthermore, pursuant to the New EIT Law and relevant regulations issued by the State Council, certain enterprises established prior to 16 March 2007 that are entitled to the lower tax rates in accordance with the then prevailing tax laws and regulations shall be eligible for a five-year transition period beginning from 1 January 2008. We believe that, from 1 January 2008 to 31 December 2010, Jiamusi Machinery and Jixi Machinery are still entitled to a 50% reduction in their enterprise income tax, and the applicable enterprise income tax rate for Jiamusi Machinery and Jixi Machinery is 12.5%. Huainan Longwall does not enjoy any preferential tax treatment and its applicable enterprise income tax rate is 25.0% beginning 1 January 2008. In 2009, both Jixi Machinery and Jiamusi Machinery were granted the qualification as "High and New Technology Enterprise" by the State Administration of Taxation. This status must be applied for annually and, if granted, will reduce the enterprise income tax rate by 50% for the year of the grant.

In the period from 12 April 2006 to 31 December 2006 and the year ended 31 December 2007, we recorded tax credits instead of tax expenses, primarily due to our preferential tax treatments in the PRC. In the year ended 31 December 2008 and the seven months ended 31 July 2009, our effective income tax rate was 21.1% and 20.8%, respectively. If there is any discontinuation or reduction of the preferential tax treatments, our business, financial condition and results of operations could be materially and adversely affected. In addition, we cannot assure you that any of our PRC subsidiaries will able to obtain any further preferential tax treatments after 31 December 2010.

There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities.

Under the New EIT Law, the profits of a foreign invested enterprise arising in 2008 and onwards which are distributed to its immediate holding company outside the PRC will be subject to a withholding tax rate of 10.0%. Pursuant to a special arrangement between Hong Kong and the PRC, such rate is lowered to 5.0% if a Hong Kong resident enterprise owns over 25% of the PRC company. Further, according to the Circular of State Administration of Taxation on Printing and Issuing the Administrative Measures for Non-resident Individuals and Enterprises to Enjoy the Treatment Under Taxation Treaties (關於印發《非居民享受稅收協定待遇管理辦法（試行）》的通知), which became effective on 1 October 2009, the 5% tax rate does not automatically apply. Approvals from competent local tax authorities are required before an enterprise can enjoy the relevant tax treatments relating to dividends under relevant taxation treaties. For 2008 and the seven months ended 31 July 2009, we have accrued provisions of RMB9.6 million and RMB6.9 million, respectively, at the withholding tax rate of 5%. However, according to a tax circular issued by the State Administration of Taxation in February 2009, if the main purpose of an offshore arrangement is to obtain a preferential tax treatment, the PRC tax authorities have the discretion to adjust the preferential tax rate enjoyed by the relevant offshore entity.

Although we are a Cayman Islands company and the equity interests of our RPC subsidiaries are directly held by our subsidiaries in Hong Kong, the PRC tax authorities may regard the main purpose of our subsidiaries in Hong Kong as obtaining a lower withholding tax rate of 5.0%. As a result, the PRC tax authorities could levy a higher withholding tax rate to dividends received by our subsidiaries in Hong Kong from our PRC subsidiaries.

We may be deemed a PRC tax resident enterprise under the New EIT Law and its implementation regulations and be subject to PRC taxation on our worldwide income.

The New EIT Law of the PRC and its implementation regulation currently in force provide that if a non-PRC incorporated enterprise has its "de facto management organisation" located within the PRC, such enterprise may be recognised as a PRC tax resident enterprise and thus may be subject to enterprise income tax at the rate of 25% on its worldwide income.

In our case, as of the Latest Practicable Date, there have been no official tax rules promulgated regarding the determination of the "de facto management organisation" for foreign enterprises like ourselves which are controlled by a fund established outside the PRC.

As such, we believe that our Company is not a PRC tax resident enterprise under the New EIT Law of the PRC.

If the PRC tax rules later clarify that any of our Group's non-PRC entities is a deemed PRC tax resident enterprise, such deemed PRC tax resident enterprise would be subject to enterprise income tax of 25% on its worldwide income (including dividend income receivable from its subsidiaries), which excludes the dividends receivable directly from another PRC tax resident. Currently we cannot assure you that that we will not be treated as a "PRC tax resident enterprise" under the New EIT Law and related implementation regulations and not be subject to the enterprise income tax at the rate of 25% on our income generated both inside and outside the PRC.

Restrictions on payment of dividends under applicable regulations may limit the operating subsidiaries' ability to remit dividends to the Group, which could affect the Group's liquidity and its ability to pay dividends.

As a holding company, our ability to declare future dividends will depend on the availability of dividends, if any, received from our PRC operating subsidiaries. Under PRC law and the constitutional documents of our PRC operating subsidiaries, dividends may be paid only out of distributable profits. Distributable profits refer to after tax profits as determined under PRC GAAP less any recovery of accumulated losses and required allocations to statutory funds. Any distributable profits that are not distributed in a given year are retained and become available for distribution in subsequent years.

The calculation of our distributable profits under PRC GAAP differs in many aspects from the calculation under IFRS. As a result, our PRC operating subsidiaries may not be able to pay a dividend in a given year if they do not have distributable profits as determined under PRC GAAP even if they have profits as determined under IFRS. Accordingly, since our Company derives all of our earnings and cash flows from dividends paid to us by our PRC operating subsidiaries in the PRC, we may not have sufficient distributable profits to pay dividends to our shareholders.

Failure to comply with PRC regulations in respect of the registration of our PRC citizen employees' share options may subject such employees or us to fines and legal or administrative sanctions.

Pursuant to the Implementation Rules of the Administration Measure for Individual Foreign Exchange (《個人外匯管理辦法實施細則》, the "Individual Foreign Exchange Rules"), issued on 5 January 2007 by SAFE and the Operating Rules on the Foreign Exchange Administration of the Involvement of Domestic Individuals in the Employee Stock Ownership Plans and Share Option Schemes of Overseas Listed Companies (《境內個人參與境外上市公司員工持股計劃和認股期權計劃等外匯管理操作規程》) issued on 28 March 2007 by SAFE (the "Circular 78"), PRC citizens who are granted shares or share options by an overseas listed company according to its employee share option or share incentive plan are required, through the PRC subsidiary of such overseas listed company or other qualified PRC agents, to obtain the approval from SAFE or its local branches and complete certain other procedures related to the share option or other share incentive plan.

In order to comply with the requirements of the Individual Foreign Exchange Rules and the Circular 78, we will require our domestic employees to obtain approval from SAFE or its local branches when they participate in the share option scheme. Foreign exchange income from the sale of shares or dividends distributed by the overseas listed company must be remitted into China. In addition, the overseas listed company or its PRC subsidiary or other qualified PRC agent is required to appoint an asset manager or administrator and a custodian bank, as well as open foreign currency accounts to handle transactions relating to the share option or other share incentive plan. We and our PRC citizen employees who have been granted share options, or PRC option holders, will be subject to these rules upon the Listing of our Shares. If we or our PRC option holders fail to comply with these rules, we or our PRC option holders may be subject to fines and sanctions.

Changes in foreign exchange regulations and future movements in the exchange rate of Renminbi may adversely affect the financial condition and results of operations of our Company and our ability to pay dividends.

We are exposed to foreign exchange risks because we from time to time incur borrowings in foreign currencies while we generate revenue denominated in Renminbi. Should the Renminbi substantially depreciate against the relevant foreign currency, our repayment obligations may be significantly increased. As of 31 December 2008, our loans denominated in the currencies other than Renminbi were equal to approximately RMB40.5 million. These loans will be settled prior to the Global Offering. The conversion of Renminbi to repay foreign loans via foreign currency remittances and to pay dividends may subject us to the relevant PRC foreign exchange regulations. As a result, we are exposed to foreign exchange fluctuations and movements in the exchange rate of Renminbi, which may have a direct impact on our profit.

On 21 July 2005, the PRC Government reformed the Renminbi exchange rate mechanism so that the Renminbi was no longer pegged to the U.S. dollar but to a basket of currencies. A revaluation of Renminbi resulted in the appreciation of Renminbi against the U.S. dollar and HK dollar by approximately 21.2% as of 1 October 2009. The relaxation of the Renminbi-U.S. dollar peg may contribute to volatility or increased fluctuations in the value of Renminbi. Further appreciation of Renminbi could cause our costs to increase or our operating revenues to decrease. In addition, we plan to deposit the unused proceeds from the Global Offering in bank accounts outside of China without remitting those funds into China and converting them into Renminbi assets. In the event that the appreciation of Renminbi against the U.S. dollar and HK dollar continues, we may incur foreign exchange loss. Conversely, depreciation of Renminbi could adversely affect the value of dividends, if any, payable on, the Shares by our Company in foreign currency terms, and could increase the cost of importing equipment and facilities that are quoted in foreign currencies.

The PRC legal system embodies uncertainties which could limit the legal protections available to us.

The PRC legal system is a civil law system based on written statutes. Unlike common law systems, it is a system in which decided legal cases have little precedential value. In 1979, the PRC Government began to promulgate a comprehensive system of laws and regulations governing general economic and business matters. The overall effect of legislation since 1979 has been a significant enhancement of the protections afforded to various forms of foreign-invested enterprises in China. Each of our PRC subsidiaries is a foreign invested enterprise. As such, our PRC subsidiaries are subject to laws and regulations applicable to foreign investment in China. However, these laws, regulations and legal requirements are constantly changing and their interpretation and enforcement involve uncertainties. These uncertainties could limit the legal protections available to us. In addition, we cannot predict the effect of future developments in the PRC legal system, including the promulgation of new laws, changes to existing laws or the interpretation or enforcement thereof, or the preemption of local regulations by national laws. Furthermore, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention.

It may be difficult to serve process within the PRC or to enforce any judgments obtained from non-PRC courts against us or our Directors.

Our operating subsidiaries are incorporated in the PRC, substantially all of our executive Directors currently reside within the PRC, and all or substantially all of our assets are located within the PRC. The PRC does not currently have treaties providing for the reciprocal recognition or enforcement of judgments of courts located in the United States, the United Kingdom, Singapore, Japan and most other western countries. An Arrangement between China and Hong Kong Special Administrative Region on Reciprocal Recognition and Enforcement of Judgments of Civil and Commercial Cases under the Jurisdictions as Agreed to by the Parties Concerned was signed on 14 July 2006 and came into effect on 1 August 2008. However, there are many restrictions on such arrangement. As a result, it may not be possible for investors to effect service of process upon our subsidiaries or our Directors resident in the PRC pursuant to the authority of non-PRC courts. Further, the recognition and enforcement in the PRC of judgments of courts outside the PRC might be difficult or impossible.

The enforcement of the new labour contract law and an increase in labour costs in the PRC may adversely affect our business and our profitability.

A new labour contract law became effective on 1 January 2008. It imposes more stringent requirements on employers with respect to entering into fixed term employment contracts, hiring temporary employees and dismissing employees. In addition, under the newly promulgated Regulations on Paid Annual Leave for Employees, which became effective on 1 January 2008, each employee who has served more than one year for an employer is entitled to a paid vacation ranging from 5 to 15 days, depending on length of service. Employees who waive such vacation time at the request of employers must be compensated for three times their regular salaries for each waived vacation day. As a result of the new law and regulations, our labour costs are expected to increase. In addition, many of our principal subsidiaries are parties to collective bargaining agreements with their employees. We cannot assure you that any disputes, work stoppages or strikes will not arise in the future. When existing collective bargaining agreements expire, we cannot assure you that we will be able to reach new agreements with our employees. Such new agreements may be on substantially different terms and may result in increased direct and indirect labour costs. Increases in our labour costs and future disputes with our employees could adversely affect our business, financial condition or results of operations.

Any recurrence of severe acute respiratory syndrome or any other epidemic in China may have a material adverse effect on our business and operations, financial condition and results or operations.

Any future outbreaks of contagious diseases, including avian influenza and severe acute respiratory syndrome, or SARS, may materially and adversely affect our business and results of operations. There have been recent reports of outbreaks of a highly pathogenic avian influenza caused by H5N1 virus in certain regions of Asia and Europe. The World Health Organisation and other agencies have issued and may continue to issue warnings on a potential avian influenza pandemic if there is sustained human-to-human transmission. An outbreak of avian influenza in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, particularly in Asia. Additionally, a recurrence of SARS, a highly contagious form of atypical pneumonia, similar to the occurrence in the first half of 2003, which affected China, Hong Kong and certain other areas, could have similar adverse effects. Further, the World Health Organisation in April 2009 raised its pandemic alert level in response to an outbreak of influenza A caused by H1N1 virus that originated in Mexico, and resulted in a number of confirmed cases worldwide. There is no guarantee that any future outbreak of avian influenza, SARS, influenza A H1N1 or other epidemics, or the measures taken by the PRC Government or other countries in response to a future outbreak of avian influenza, SARS, influenza A H1N1 or other epidemics, will not seriously interrupt our operations or those of our suppliers or customers, which may have a material adverse effect on our results of operations.

RISKS RELATING TO OUR SHARES AND THE GLOBAL OFFERING

Current volatility in the global financial markets could cause significant fluctuations in the price of our Shares.

Financial markets around the world have been experiencing heightened volatility and turmoil since 2008. Upon listing, the price and trading volume of our Shares will likely be subject to similar market fluctuations which may be unrelated to our operating performance or prospects. Factors that may significantly impact the volatility of our stock price include:

➢ developments in our business or in the financial sector generally, including the effect of direct governmental actions in the financial markets;

➢ the operating and share price performance of companies that investors consider to be comparable to us;

➢ announcements of strategic developments, acquisitions and other material events by us or our competitors; and

➢ changes in global financial markets, global economies and general market conditions, such as interest or foreign exchange rates as well as stock and commodity valuations and volatility.

As a result of these market fluctuations, the price of our Shares may decline significantly, and you may lose a significant value on your investments.

Because the initial public offering price is higher than the net tangible book value per Share, you will incur immediate dilution.

The Offer Price will be higher than the net tangible book value per Share of the outstanding Shares issued to the existing shareholders. Therefore, purchasers of our Shares in the Global Offering will experience an immediate dilution in pro forma combined net tangible book value of HK$2.05 per Share (assuming an offer price of HK$5.63, being the mid-point of the stated offer price range of HK$4.88 to HK$6.38 per share) and the existing shareholders will receive an increase in the net tangible book value per Share of their Shares. If the Underwriters exercise their Over-Allotment Option or we issue additional Shares in the future, you may experience further dilution.

Shareholders' interest may be diluted as a result of additional equity fund-raising.

We may need to raise additional funds in the future to finance further expansion of or new developments relating to our existing operations or new acquisitions. If additional funds are raised through the issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing shareholders, the percentage ownership of such shareholders in our Company may be reduced and such new securities may confer rights and privileges that take priority over those conferred by the Shares.

Substantial future sales of our Shares in the public market could cause the price of our Shares to decline.

Sales of our Shares in the public market after the Global Offering, or the perception that these sales could occur, could cause the market price of our Share to decline. Upon completion of this Global Offering, we will have 1,300,000,000 Shares outstanding, or 1,378,000,000 Shares outstanding if the Underwriters exercise their Over-Allotment Option. Holders of our Shares will be able to sell their Shares upon the expiration of certain lock-up periods. See "Underwriting". We cannot make any prediction as to the effect, if any, market sales of securities held by our significant shareholders or any other shareholders or the availability of these securities for future sale will have on the market price of our Shares.

We cannot assure you that we will declare dividends in the future.

We did not declare or pay any dividends during the Track Record Period. On 24 January 2010, pursuant to the resolutions of our Board of Directors and the holders of our ordinary shares and preferred shares, we declared and approved the Contingent Dividend of a certain range to the Pre-IPO Ordinary Shareholders. For further details of our dividend policy, see the "Financial Information — Dividend Policy" in this Prospectus. We cannot assure you that future dividends will be declared or paid in an amount equivalent to or exceeding historical dividends. Therefore, investors are cautioned not to use historical dividends as an indication of the amount of future dividends. The declaration, payment and amount of any future dividends are subject to the discretion of our Directors depending on, among other considerations, our operations, earnings, financial condition, cash requirements and availability, our constitutional documents and applicable law.

We may be required to withhold PRC income tax on the dividends we pay you (if any), and any gain you realise on the transfer of our Shares may also be subject to PRC withholding tax.

Pursuant to the New EIT Law, we may be treated as a PRC resident enterprise for PRC tax purposes. See "— Risks Relating to the People's Republic of China — There are significant uncertainties under the New EIT Law relating to our PRC enterprise income tax liabilities". If we are so treated by the PRC tax authorities, we would be obligated to withhold PRC income tax of up to 5.0% on payments of dividends on our shares to investors that are non-resident enterprises of the PRC located in Hong Kong and 10.0% on payments of dividends on our Shares to investors that are non-resident enterprises of the PRC located outside Hong Kong, because the dividends payable on our Shares would be regarded as being derived from sources within the PRC. In addition, any gain realised by any investors who are non-resident enterprises of the PRC from the transfer of our Shares could be regarded as being derived from sources within the PRC and be subject to a 10.0% PRC withholding tax. Such PRC withholding tax would reduce your investment return on our Shares and may also materially and adversely affect the price of our Shares.

The laws of the Cayman Islands relating to the protection of the interest of minority shareholders are different from those in Hong Kong.

Our corporate affairs are governed by our Memorandum and Articles of Association and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. These differences may mean that our minority shareholders may have different protections than they would have under the laws of Hong Kong. A summary of Cayman Islands law on the protection of minority shareholders is set out in "Summary of Memorandum and Articles of Association and Cayman Companies Law" in Appendix VI to this Prospectus.

Certain statistics, industry data and other information related to the economy and the coal mining equipment industry contained in this Prospectus are derived from official government sources and may not be reliable.

Statistics, industry data and other information relating to the economy and the industry contained in this Prospectus have been derived from various official government publications with information provided by Chinese and other government agencies. We cannot assure you or make any representation as to the accuracy or completeness of such information. Neither we nor any of our respective affiliates or advisors, nor the Joint Bookrunners or any of its affiliates or advisors, have prepared or independently verified the accuracy or completeness of such information directly or indirectly derived from official government sources. Statistics, industry data and other information relating to the economy and the industry derived from official government sources may not be consistent with other information available from other sources and should not be unduly relied upon. Due to possible flawed collection methods, discrepancies between published information, different market practices or other problems, the statistics, industry data and other information relating to the economy and the industry derived from official government sources might be inaccurate or might not be comparable to statistics produced from other sources. In all cases, you should give careful consideration as to how much weight or importance you should attach or place on such statistics, projected industry data and other information relating to the economy and the industry.

You should not rely on any information contained in press articles or other media regarding our Company and the Global Offering.

Prior to the publication of this Prospectus, there has been certain press and media coverage (including, but not limited to, the Hong Kong Economic Times, Sing Tao Daily, Oriental Daily News, Thomas Reuters, Sing Pao, Hong Kong Economic Journal, Ming Pao, Takungpao, Apple Daily, Hong Kong Daily News and South China Morning Post from 19 January 2010 to 25 January 2010) regarding our Company and the Global Offering which included certain financial information, industry comparisons, profit forecasts and other information about our Company that does not appear in this Prospectus. We have not authorised the disclosure of any such information in the press or media and do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Prospective investors should not rely on any such information and should only rely on information included in this Prospectus in making any decision as to whether to subscribe for the Shares.