

OUR CONTROLLING SHAREHOLDERS

Prior to the Reorganisation, The Resolute Fund, L.P., a private equity fund, controls indirectly an aggregate of 91.0% of the issued share capital of our Company through the ownership of its five parallel funds in TJCC Holdings. Resolute Fund Partners, LLC, a Delaware limited liability company, is the general partner of The Resolute Fund, L.P. and each of the five parallel funds. Two of our Directors, Mr. John W. Jordan II and Mr. Thomas H. Quinn, are two of the equity holders of Resolute Fund Partners, LLC. Immediately following the completion of the Global Offering and the Reorganisation (but without taking into account the Shares to be issued pursuant to the exercise of the Over-allotment Option), The Resolute Fund, L.P., through its five parallel funds, will control 54.6% of the issued share capital of our Company. The Resolute Fund, L.P. and its five parallel funds currently expect to continue to be our controlling shareholders following the completion of the Global Offering. Based on the above, The Resolute Fund, L.P. and TJCC Holdings are our Controlling Shareholders.

INFORMATION ON OUR CONTROLLING SHAREHOLDERS

TJCC Holdings Ltd.

TJCC Holdings Ltd. is an exempted company incorporated under the laws of the Cayman Islands and owned as to 79.83%, 3.78%, 3.15%, 3.15% and 0.09% by The Resolute Fund SIE, L.P. (a limited partnership established under the laws of the British Virgin Islands), The Resolute Fund Netherlands, PV I, L.P., The Resolute Fund Netherlands, PV II, L.P., The Resolute Fund Singapore PV, L.P. and The Resolute Fund NQP, L.P. (all being Delaware limited partnerships) (collectively referred to as the “Resolute Funds”), respectively. Each of Mr. Kee-Kwan Allen Chan and Mr. Youming Ye, two of our Directors, holds 3.50% and 4.25% equity interest of TJCC Holdings, respectively. TJCC Holdings is an investment holding company. Each of the Resolute Funds is a parallel fund of The Resolute Fund, L.P. Each of the Resolute Funds has the same general partner as The Resolute Fund, L.P. and is managed by The Jordan Company, L.P. Pursuant to the management consulting agreement dated 16 May 2006 entered into between TJCC Holdings and The Jordan Company, L.P., The Jordan Company, L.P. was retained as a consultant to provide business and financial advice to TJCC Holdings.

The Resolute Fund, L.P.

The Resolute Fund, L.P., a Delaware limited partnership founded in 2002, is a private equity fund with limited partners comprised of institutional and other investors, who are independent from, not connected or associated with, and not acting in concert with the general partner or manager of The Resolute Fund, L.P. The Resolute Fund, L.P. and the Resolute Funds are not required to return invested capital to their investors upon request. The Resolute Fund, L.P. has invested in a diversified portfolio of middle-market businesses. The objective of The Resolute Fund, L.P. is to provide investors with superior long-term capital appreciation by investing in a diversified portfolio of equity securities and targeting companies that are well established, historically profitable and well-managed niche players in their respective industries. The Resolute Fund, L.P. invested in the Company through the intermediate holding company, TJCC Holdings. Resolute Fund Partners, LLC, in its capacity as the general partner of The Resolute Fund, L.P. and each of the Resolute Funds, has appointed The Jordan Company, L.P. as the manager of The Resolute Fund, L.P. and each of the Resolute Funds. The investment strategy of The Resolute Fund, L.P. is to seek long term capital appreciation through primarily North American private equity and equity-linked investments in

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established, well-managed and consistently profitable businesses with enterprise values between US\$50 million (equivalent to approximately HK\$387.5 million) and US\$500 million (equivalent to approximately HK\$3,875.4 million). The investment horizon of investments made by The Resolute Fund, L.P. is generally 4-7 years.

The Jordan Company, L.P.

The Jordan Company, L.P. is a Delaware limited partnership. It is a New York-based private investment firm whose predecessors were founded in February 1982 and has been pursuing its private investment efforts for 26 years. The Jordan Company, L.P. is the manager of The Resolute Fund, L.P. and each of the Resolute Funds, pursuant to a management agreement dated 1 January 2003 whereby The Jordan Company, L.P. agrees to provide portfolio management and administrative services to the above funds. The investment approach of The Jordan Company, L.P. is to acquire companies in partnership with management at reasonable valuations and to support these investments with a hands-on, value-added operational strategy to generate superior investment returns. Its hands-on strategy focuses on operational improvements to enhance internal growth and strategic acquisitions. Its value-added approach supports a strong relationship with talented managers. The Jordan Company, L.P. has invested and sponsored equity and equity-linked capital in more than 90 portfolio companies. It targets companies with a history of revenue growth, high operating margins and limited capital requirements. Mr. John W. Jordan II, one of our Directors, is a founder, equity holder and managing principal of The Jordan Company, L.P. Mr. Thomas H. Quinn, one of our Directors, is a founder, equity holder and managing principal of The Jordan Company, L.P.

Relationship between The Jordan Company, L.P. and the Company

The table below describes the relationship of certain directors of the Company with The Jordan Company, L.P.

Name	Position in The Jordan Company, L.P.	Positions in the Company
Mr. John W. Jordan II	Chairman and Managing Principal	Non-executive Director
Mr. Thomas H. Quinn	Managing Principal	Executive Director, Chairman of the Board
Ms. Lisa M. Ondrula	Member of the Operations Management Group	Non-executive Director

The Company is of the view that these concurrently held positions will not affect the independence of the Board due to the following:

- (i) Though Mr. John W. Jordan II, Mr. Thomas H. Quinn and Ms. Lisa M. Ondrula are involved in the management of the Company, their roles mainly focus on providing guidance and direction to the Company, assisting the Board in strategy and policy formulation.
- (ii) The day-to-day management of the Company is carried out by the executive Directors, namely, Mr. Kee-Kwan Allen Chan, Mr. Kwong Ming Pierre Tsui, Mr. Yinghui Wang, and Mr. Youming Ye and various members of the senior management of the Company with

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Mr. Thomas H. Quinn overseeing the performance of the operation and management of the Group. The aforesaid executive Directors and members of the senior management form the core management group of the Company which has been responsible for the daily management of the Company, including assisting the Board in deriving sound management decisions, carrying out the decisions of the Board, performing overall strategic financial planning and analysis for the Group, overseeing the business development, project development and management, finance and accounting issues, the sales and financial aspects of management of the business and other essential operations of the Company.

Mr. Kee-Kwan Allen Chan and Mr. Youming Ye were historically members of the Operations Management Group of The Jordan Company, L.P. Messrs. Chan and Ye will resign from these positions prior to the Global Offering.

Competing Interests

We are engaged in the designing and manufacturing of underground longwall coal mining equipment in China. Substantially all of our revenue has been derived from sales to PRC customers, which primarily consisted of PRC coal producers and distributors.

Other than the Group, none of The Jordan Company, L.P. or the Resolute Funds or the investment portfolio companies of The Resolute Fund, L.P. is engaged in the designing or manufacturing of coal mining equipment. Other than (i) Kinetek De Sheng (Foshan) Motor Co., Ltd, Wuxi Zhongxiu Kinetek Elevator Technology Co., Ltd., Guangzhou Kinetek Jinghe Machine Co. Ltd., Changzhou Kinetek Motor Master Co., Ltd., and Foshan Kinetek Commercial Trading Company Limited (collectively, “**Kinetek**”), investments by one of the investment portfolio companies of The Resolute Fund, L.P., which are engaged in the manufacturing and sale of controls, electric motors, gears, and drive systems for various commercial and industrial applications, and (ii) Sensus - Precision Die Casting (Yangzhou) Co., Ltd., Beijing United Gas Meters Co. Ltd. (China), Sensus Manufacturing Shanghai Ltd. and Sensus Metering Systems (Fuzhou) Co., Ltd. (collectively, “**Sensus**”), investments by one of the investment portfolio companies of The Resolute Fund, L.P., which are engaged in the manufacturing of water, gas, heat and electric meters and providing related communications systems, the manufacturing of pipe joining and repair products for water and gas utilities and the supply of precision manufactured aluminium die castings, the Group is the only investment of The Resolute Fund, L.P. in China as of the Latest Practicable Date.

For the above reasons, the Directors consider that the business of the Group is different from the business of the investment portfolio companies of the Controlling Shareholders, in terms of location, customers, products and purposes.

Mr. Rubo Li, one of our Directors, is a director of Mining Machinery Limited, a company incorporated in Mauritius, which controls 100% equity interest in Zhengzhou Siwei through its wholly-owned subsidiary, HK Siwei.

Zhengzhou Siwei is a hydraulic roof support products manufacturer. The Company and The Jordan Company, L.P. entered into extensive negotiations in 2006 and 2007 with Mr. Rubo Li and Mr. Emory Williams (a former Director who resigned on 4 December 2009 and also a shareholder and director of Mining Machinery Limited) in connection with the potential acquisition of HK Siwei. Negotiation on the proposed acquisition of HK Siwei is currently suspended. On 9 October

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2009, ERA Holdings Global Limited (Stock Code: 8043), a company whose shares are listed on the GEM Board of Hong Kong Stock Exchange, has, through its wholly-owned subsidiary, entered into an agreement with Mining Machinery Limited (an investment holding company incorporated in Mauritius, which controls 100% equity interest in Zhengzhou Siwei through its wholly-owned subsidiary, HK Siwei) to acquire the entire issued share capital of HK Siwei. The completion of this acquisition is subject to certain conditions, including existing agreements among Mr. Rubo Li, Mr. Emory Williams and the Company in relation to the grant of right of first offer and right of first refusal to purchase, acquire or participate in the business of Zhengzhou Siwei. While the Company continues to evaluate the ERA agreement as mentioned above, as of the Latest Practicable Date, the Company did not expect nor have any current plan to acquire HK Siwei nor exercise any right of first offer nor right of first refusal properly provided to us in connection with the ERA agreement.

A complete underground longwall mining system consists of four core pieces of equipments, namely roadheader, shearer, armoured-face conveyors and hydraulic roof support. We design and manufacture three of the four core pieces of coal mining equipments, namely, roadheaders, shearers and armoured-face conveyors. In longwall mining operations, hydraulic roof supports are used to support the mine roof so as to protect the mining equipment such as shearer and armoured-face conveyor and mining personnel under them. In a typical longwall mining operation, the tunnel excavation is performed by using a roadheader. The cutting of the coal is performed by a shearer. The armoured-face conveyor carries the raw coal away from the working face to a crusher, and then by a series of belt conveyors to outside the mine. The hydraulic roof supports are to support the mine roof. The businesses of Zhengzhou Siwei as a hydraulic roof support products manufacturer are complementary to the business and equipments manufactured by the Company and its subsidiaries. The business of Zhengzhou Siwei therefore is not in competition with that of the Group.

Mr. Rubo Li is also a shareholder with 59.7% equity interest of Jiaozuo Metech Mechanical Manufacturing Co., Ltd. (焦作美泰科機械製造有限公司), a mechanical manufacturing company which is not engaged in the manufacturing of any coal mining equipment. The business of such company is not in competition with our business.

The Directors are of the view that none of the Controlling Shareholders, The Jordan Company, L.P., or the Directors had any interest in any business that directly or indirectly competes with the business of the Company as of the Latest Practicable Date. Notwithstanding this, The Resolute Fund, L.P., as our Controlling Shareholder and each of the five parallel funds (namely, The Resolute Fund SIE L.P., The Resolute Fund Netherlands, PV I, L.P., The Resolute Fund Netherlands, PV II, L.P., The Resolute Fund Singapore PV, L.P. and The Resolute Fund NQP, L.P., collectively the “Resolute Funds”) has undertaken to procure The Jordan Company, L.P. (as the manager of The Resolute Fund, L.P. and the Resolute Funds and the consultant of TJCC Holdings) not to compete, either directly or indirectly, with the Company by providing a Non-Competition Undertaking (referred to below) to us. With the implementation of the protective measures as described in “Non-Competition Undertaking” below, the Directors believe that we will not face competition from the Controlling Shareholders.

Non-Competition Undertaking

The Company entered into a Non-Competition Undertaking with our Controlling Shareholders, and each of the Resolute Funds on 24 January 2010, under which our Controlling Shareholders and the

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Resolute Funds agreed not to compete with us in the business of designing and manufacturing of underground longwall coal mining equipment in China.

Each of the Controlling Shareholders and the Resolute Funds has undertaken to procure The Jordan Company, L.P. (as the manager of The Resolute Fund, L.P. and the Resolute Funds and the consultant of TJCC Holdings) not to compete, either directly and indirectly, with the Company in the Non-Competition Undertaking that it will, during the term of the Non-Competition Undertaking, not compete with us, directly or indirectly, whether on its own or jointly with other entities in any activities or businesses which compete with our business of designing and manufacturing of underground longwall coal mining equipment in China.

In order to properly manage any potential or actual conflict of interest between us and our Controlling Shareholders and each of the Resolute Funds, we have adopted the following corporate governance measures:

- (i) our independent non-executive Directors shall review, at least annually, the compliance with and enforcement of the terms of the Non-Competition Undertaking by the Controlling Shareholders and the Resolute Funds;
- (ii) we will disclose the annual declarations by the Controlling Shareholders and each of the Resolute Funds on compliance with and the Non-Competition Undertaking in the annual report of the Company; and
- (iii) each of the Controlling Shareholders and the Resolute Funds undertake to provide all information necessary for the annual review described in (i) above.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and each of the Resolute Funds, their respective associates and our Group and to protect the interests of our Shareholders, in particular, the minority Shareholders.

The Non-Competition Undertaking took effect on 24 January 2010 and shall remain effective until the earlier of (a) the date on which The Resolute Fund, L.P. directly or indirectly beneficially holds less than 30% of the issues share capital of the Company; and (b) the date on which the Shares cease to be listed on the Hong Kong Stock Exchange.

Consultant Subscription Agreements

Pursuant to two consultant subscription agreements dated 16 May 2006, Mr. Rubo Li (our Director) and Mr. Emory Williams (our former Director who resigned on 4 December 2009) have undertaken not to compete, directly or indirectly, with the Group's business during the period from 16 May 2006 to 16 May 2011.

INDEPENDENCE FROM THE RESOLUTE FUND, L.P.

Having considered the following factors, we are satisfied that we can conduct our business independently from The Resolute Fund, L.P. and its associates after the Global Offering:

Management Independence

The Board comprises 12 Directors. One non-executive Director, namely, Mr. John W. Jordan II, and one executive Director, namely, Mr. Thomas H. Quinn are also the managing principals of The Jordan Company, L.P. Ms. Lisa M. Ondrula, another non-executive Director, serves as a member of the Operations Management Group of The Jordan Company, L.P. Other than Mr. John W. Jordan II, Mr. Thomas H. Quinn and Ms. Lisa M. Ondrula, none of the Directors or senior management

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members of the Company hold any position in The Resolute Fund, L.P. or its manager, The Jordan Company, L.P.

Since the respective roles of Mr. John W. Jordan II and Ms. Lisa M. Ondrula are non-executive in nature and although Mr. Thomas H. Quinn is an executive Director and the Chairman of the Board, the Directors expect that any conflicts of interest situation involving The Resolute Fund, L.P., The Jordan Company, L.P. or their respective associates will be minimal or unlikely to arise. In the event of any conflicts of interest, we believe that we have sufficient and effective control mechanisms to enable the Directors to discharge their duties appropriately, avoid potential conflicts of interest and safeguard the interests of shareholders as a whole because our Controlling Shareholders and each of the Resolute Funds entered into the Non-Competition Undertaking by agreeing not to compete, either directly or indirectly, with us.

Based on the above, the Directors are satisfied that our Board as a whole, together with our senior management team are able to perform the managerial role in our Group independently.

Operation Independence

The Resolute Fund, L.P. is a private equity fund and The Jordan Company, L.P. is its manager. We and The Resolute Fund, L.P. and its manager, The Jordan Company, L.P. do not have any common or shared facilities or resources. In terms of our business operations, we are independent of our Controlling Shareholders and its manager. We hold all relevant licenses that are material to our business operations and have sufficient operation capacity in terms of capital, equipment and employees to operate our business independently from The Resolute Fund, L.P.

The Directors are of the view that there is no operational dependency by us on The Resolute Fund, L.P.

Financial Independence

The amounts due from us to our intermediate holding company and our Controlling Shareholders and their respective associates, and the loan guarantees provided by TJCC Holdings will be fully settled and released upon closing of the Global Offering. We have sufficient capital and banking facilities to operate our business independently, and have adequate internal resources, a strong credit profile to support our daily operations and independent access to third party financing. See “Financial Information — Liquidity and Capital Resources — Working Capital”.

We have our own finance department and have established our own internal control and accounting systems, and independent treasury function for cash receipts and payments. We have an independent bank account, have made independent tax registrations and have employed a sufficient number of dedicated financial accounting personnel.

UNDERTAKINGS GIVEN BY OUR CONTROLLING SHAREHOLDERS

Pursuant to Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken with the Company and the Sole Global Coordinator (for and on behalf of the Underwriter(s)) and the Hong Kong Stock Exchange the following:

- (1) it shall not, and shall procure that the relevant registered holder(s) and that none of its associates or companies controlled by it or any nominee or trustee holding in trust for it shall

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not, sell, transfer or otherwise dispose of nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (but save pursuant to a pledge or charge as security for a bona fide commercial loan) any of the Shares or securities of the Company owned by it or the relevant company, nominee or trustee (including any interest in any shares in any company controlled by it which is, directly or indirectly, the beneficial owner of any of our Shares or securities of the Company) (the “Relevant Securities”) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders are made in the Prospectus and ending on the date which is six months from the date on which dealings in our Shares on the Main Board first commence (the “First Six-Month Period”); and

- (2) it shall not, and shall procure that the registered holder(s) and its associates or companies controlled by it or any nominee or trustee holding in trust for it shall not, within the period of a further six months immediately after the expiry of the First Six-Month Period (the “Second Six-Month Period”) sell, transfer or otherwise dispose of nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of (but save pursuant to a pledge or charge as security for a bona fide commercial loan) any of the Relevant Securities, if immediately following such sale, transfer or disposal, our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of the Company, provided always that, in the event of any such sale, transfer or disposal, all reasonable steps shall be taken to ensure that such sale, transfer or disposal shall be effected in such a manner so as not to create a disorderly or false market for our Shares after completion of such sale, transfer or disposal.

Our Controlling Shareholders have undertaken with the Company and the Sole Global Coordinator (on behalf of the Underwriter(s)) that during the First Six-Month Period and the Second Six-Month Period, it shall:

- (1) when it pledges or charges any securities or interests in the securities of the Company beneficially owned by it/him, whether directly or indirectly, immediately inform the Company in writing of such pledge or charge together with the number of securities so pledged or charged; and
- (2) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of the Company shall be sold, transferred or disposed of, immediately inform the Company in writing of such indications.

The Company has undertaken that it shall inform the Hong Kong Stock Exchange as soon as it has been informed of matters referred to in (1) and (2) above by the Controlling Shareholders and disclose such matters by way of a press announcement which is to be published in the newspapers as soon as possible.

Our Controlling Shareholders have also undertaken to the Hong Kong Stock Exchange to comply with Note 3 to Rule 10.07(2) of the Listing Rules.