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**SANY HEAVY EQUIPMENT INTERNATIONAL
HOLDINGS COMPANY LIMITED**

三一重裝國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 631)

**CONNECTED TRANSACTION
2020 LOAN AGREEMENT**

2020 LOAN AGREEMENT

Reference is made to the announcements of the Company dated 27 February 2019 and 12 July 2019 in relation to the First Loan Agreement and the Second Loan Agreement, pursuant to which Sany Heavy Equipment, a wholly-owned subsidiary of the Company, entered into two loan agreements with Hunan Zhonghong. As at the date of this announcement, the First Loan Agreement had expired and the Group received the principal together with the interest thereunder. The Second Loan Agreement is still outstanding and pursuant to which Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of 5.5% per annum for a term of 192 days commencing from the date of the Second Loan Agreement.

On 17 January 2020, Sany Heavy Equipment entered into the 2020 Loan Agreement with Hunan Zhonghong, pursuant to which Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of up to 4.6% per annum for a term of 730 days commencing from the date of the 2020 Loan Agreement. Sany Group agreed to provide a guarantee in favour of Sany Heavy Equipment in respect of the obligations of Hunan Zhonghong under the 2020 Loan Agreement.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Mr. Liang Wengen is a controlling shareholder of the Company by virtue of 10,870,000 ordinary Shares directly held by him and his indirect 56.38% interests in Sany Hong Kong, which in turn holds 2,098,447,688 ordinary Shares and 479,781,034 convertible preference shares of the Company, representing 83.53% of the issued share capital of the Company in aggregate.

Hunan Zhonghong is 91.57% held by Sany Group and Sany Group is in turn 56.74% held by Mr. Liang Wengen. As such, Hunan Zhonghong is an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

The transaction under the 2020 Loan Agreement constitutes financial assistance under Chapter 14A of the Listing Rules. Reference is made to the announcements of the Company dated 27 February 2019 and 12 July 2019 in relation to the First Loan Agreement and the Second Loan Agreement. As at the date of this announcement, the First Loan Agreement had expired and the Group received the principal together with the interest thereunder. The Second Loan Agreement is still outstanding and pursuant to which Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of 5.5% per annum for a term of 192 days commencing from the date of the Second Loan Agreement. Since (1) the 2020 Loan Agreement was entered into on 17 January 2020, which was within 12 months after the signing date of the Second Loan Agreement, (2) the First Loan Agreement has expired with principal being fully repaid and no outstanding interest, the Group has no further financial exposure in that respect, and (3) both transactions under the 2020 Loan Agreement and the Second Loan Agreement were entered into between the Group and Hunan Zhonghong, therefore, the transactions under the 2020 Loan Agreement and the Second Loan Agreement shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. As each of the applicable percentage ratios in respect of the 2020 Loan Agreement and the Second Loan Agreement, as aggregated, is more than 0.1% but less than 5%, the transaction under the 2020 Loan Agreement constitutes a connected transaction of the Company subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

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Parties

- (1) Sany Heavy Equipment, as the lender; and
- (2) Hunan Zhonghong, as the borrower

Agreement Date	17 January 2020
Subject	Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of up to 4.6% per annum for a term of 730 days commencing from the date of the 2020 Loan Agreement.
Loan Amount	RMB200 million
Term	730 days commencing from the date of the 2020 Loan Agreement, i.e., 17 January 2020
Interest Rate	up to 4.6% per annum (in any event, higher than the then bank interest rate for the corresponding period)
Maximum Interest	RMB18,400,000 (RMB200 million X 4.6% X 730/365), assuming no early repayment
Purpose of the Loan	The loan shall be applied and used by Hunan Zhonghong for its daily operation activities. Any change in the purpose of the loan is subject to the written consent of Sany Heavy Equipment.
Repayment	Hunan Zhonghong shall repay any outstanding principal under the 2020 Loan Agreement together with all interest accrued thereon due and payable to Sany Heavy Equipment at the expiry of the 2020 Loan Agreement. Early repayment is subject to the consent of Sany Heavy Equipment.
Guarantee	Sany Group agreed to provide a guarantee in favour of Sany Heavy Equipment in respect of the obligations of Hunan Zhonghong under the 2020 Loan Agreement.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The terms and conditions of the 2020 Loan Agreement (including the interest rate) are negotiated on an arm's length basis. The Directors (including the independent non-executive Directors) considered that the 2020 Loan Agreement is on normal commercial terms and was entered into based on the Group's credit assessment towards Hunan Zhonghong. Taking into account that (i) the assets backing and credit assessment results of the Hunan Zhonghong are satisfactory to the Group, (ii) the loan would be funded from the Group's temporarily idle funds, which would not affect the working capital or daily operation of the Group; (iii) the expected return to be generated from the loan would increase the Group's earnings, and (iv) Sany Group agreed to provide guarantee to Hunan Zhonghong in favour of Sany Heavy Equipment, which further minimizes the risks, the Directors (including the independent non-executive Directors) believe the transaction under the 2020 Loan Agreement is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Since Hunan Zhonghong, being a party to the 2020 Loan Agreement, is an associate of Mr. Liang Wengen, Mr. Liang Zaizhong, being the son of Mr. Liang Wengen, has abstained from voting on the Board resolution approving the 2020 Loan Agreement due to potential conflict of interests. Other than Mr. Liang Zaizhong, no Director has a material interest in the 2020 Loan Agreement or has abstained from voting on the relevant board resolution approving the 2020 Loan Agreement.

IMPLICATION UNDER THE LISTING RULES

As at the date of this announcement, Mr. Liang Wengen is a controlling shareholder of the Company by virtue of 10,870,000 ordinary Shares directly held by him and his indirect 56.38% interests in Sany Hong Kong, which in turn holds 2,098,447,688 ordinary Shares and 479,781,034 convertible preference shares of the Company, representing 83.53% of the issued share capital of the Company in aggregate.

Hunan Zhonghong is 91.57% held by Sany Group and Sany Group is 56.74% held by Mr. Liang Wengen. As such, Hunan Zhonghong is an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules.

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INFORMATION ON THE GROUP AND SANY HEAVY EQUIPMENT

The Company is an investment holding company and its subsidiaries are principally engaged in the design, manufacturing and sales of roadheader, combined coal mining unit, mining transportation vehicles, port machinery and marine heavy equipment products. Sany Heavy Equipment is a wholly-owned subsidiary of the Company.

INFORMATION ON HUNAN ZHONGHONG

Hunan Zhonghong is principally engaged in financial leasing business.

DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“2020 Loan Agreement”	the loan agreement dated 17 January 2020 entered into by and between Sany Heavy Equipment and Hunan Zhonghong, pursuant to which Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of up to 4.6% per annum for a term of 730 days commencing from the date of the 2020 Loan Agreement
“associate”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Sany Heavy Equipment International Holdings Company Limited (三一重裝國際控股有限公司), a company incorporated with limited liability on 23 July 2009 under the laws of the Cayman Islands and the Shares of which are listed on the Stock Exchange (stock code: 631)
“connected person”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“First Loan Agreement”	the loan agreement dated 27 February 2019 entered into by and between Sany Heavy Equipment and Hunan Zhonghong, pursuant to which Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of 6.0% per annum for a term of 287 days commencing from the date of the First Loan Agreement
“Group”	the Company and its subsidiaries as at the date of this announcement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Hunan Zhonghong”	Hunan Zhonghong Financial Leasing Co., Ltd.* (湖南中宏融資租賃有限公司), a company established under the laws of the PRC and a connected person of the Company
“Independent Shareholders”	the Shareholders who are not interested in or involved in the 2020 Loan Agreement and the transaction contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this announcement only, excluding Hong Kong, the Macao Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sany Group”	三一集團有限公司 (Sany Group Limited*), a company with limited liability established on 18 October 2000 under the laws of the PRC
“Sany Heavy Equipment”	Sany Heavy Equipment Co., Ltd.* (三一重型裝備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of the Company
“Sany Hong Kong”	means Sany Hongkong Group Limited, a company with limited liability incorporated on 14 October 2005 under the laws of Hong Kong and a controlling shareholder of the Company;
“Second Loan Agreement”	the loan agreement dated 12 July 2019 entered into by and between Sany Heavy Equipment and Hunan Zhonghong, pursuant to which Sany Heavy Equipment agreed to provide a loan to Hunan Zhonghong in the principal amount of RMB200 million with an interest rate of 5.5% per annum for a term of 192 days commencing from the date of the Second Loan Agreement
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“%”

per cent

* *for identification purpose only*

By the order of the Board of Directors
Sany Heavy Equipment International Holdings Company Limited
Liang Zaizhong
Chairman

Hong Kong, 17 January 2020

As at the date of this announcement, the executive Directors are Mr. Liang Zaizhong, Mr. Qi Jian, Mr. Fu Weizhong and Mr. Zhang Zhihong, the non-executive Directors are Mr. Tang Xiuguo and Mr. Xiang Wenbo, and the independent non-executive Directors are Mr. Ng Yuk Keung, Mr. Poon Chiu Kwok and Mr. Hu Jiquan.