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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
DEPOSIT AGREEMENT**

DEPOSIT AGREEMENT

Reference is made to the announcements of the Company dated 9 May 2019, 16 August 2019 and 27 September 2019, pursuant to which the Group entered into two structured deposit agreements and two deposit agreements with Sanxiang Bank. As at the date of this announcement, all of the deposits under such agreements had been redeemed and the Group had received the principal together with the interests thereunder.

On 17 April 2020, Sany Heavy Equipment and Sanxiang Bank entered into the Deposit Agreement, pursuant to which Sany Heavy Equipment agreed to deposit a principal amount of RMB230 million with Sanxiang Bank.

The Deposit Agreement is principal-guaranteed and interest-guaranteed upon maturity or redemption.

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, which, in aggregate, represents 83.50% of the issued share capital of the Company.

Sanxiang Bank is held by Sany Group as to 18% and Hunan Sany Intelligent as to 12%. Sany Group is held by Mr. Liang Wengen as to 56.74% and Hunan Sany Intelligent is a wholly-owned subsidiary of Sany Heavy Industry, which is in turn a non-wholly owned subsidiary of Sany Group. As such Sanxiang Bank, being a 30%-controlled company of Mr. Liang Wengen, is therefore an associate of Mr. Liang Wengen under Rule 14A.12(1)(c) and hence a connected person of the Company under the Listing Rules. Accordingly, the Deposit Agreement constitutes a connected transaction under the Listing Rules.

As certain applicable percentage ratios stipulated under Chapter 14 of the Listing Rules in respect of the Deposit Agreement, are more than 0.1% but less than 5%, the transaction under the Deposit Agreement constitutes a connected transaction subject to the reporting and announcement requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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The major terms of the Deposit Agreement are set out as follows:

Parties	(1) Sany Heavy Equipment; and (2) Sanxiang Bank
Agreement Date	17 April 2020
Subject	Sany Heavy Equipment agreed to deposit a principal amount of RMB230 million with Sanxiang Bank
Investment term	730 days from 17 April 2020, as the commencement date, to 17 April 2022, as the expected maturity date
Early redemption right and expected annual interest rate	The Company has the right to redeem the investment earlier during the investment term and the interest rate is 3.85% per annum.

Expected interest to be received by the Company

The actual interest to be obtained by the Company is subject to the actual investment term upon maturity or redemption. The formula of the expected interest is set out as follows:

$$\text{RMB230 million} * 3.85\% * 730/360$$

Based on the above, the expected maximum interest to be obtained under the Deposit Agreement is RMB17,955,972.22.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The transaction contemplated under the Deposit Agreement is principal-guaranteed and interest-guaranteed upon maturity or redemption. The Directors are of the view that (i) the transaction contemplated under the Deposit Agreement provides the Group with a better return than demand deposits generally offered by other PRC commercial banks; (ii) the transaction contemplated under the Deposit Agreement is funded from the Group's temporarily idle funds, which would not affect the working capital or the operation of the Group; and (iii) the investment return in connection with the transaction contemplated under the Deposit Agreement increases the Group's earnings.

The Group entered into the Deposit Agreement with Sanxiang Bank because (i) the major terms and expected annual interest rate provided by Sanxiang Bank are no less favorable than similar deposits provided by other PRC commercial banks and (ii) taking into account the relationship of the Company with Sanxiang Bank, the Company can get a well understanding and update of the operation status of Sanxiang Bank on a timely manner, which will make the potential risks arising from such deposits more controllable to the Company than those provided by independent financial institutions.

Accordingly, the Directors (including the independent non-executive Directors) believe that the transaction contemplated under the Deposit Agreement is fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Since Sanxiang Bank, being a party to the Deposit 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 Deposit Agreement due to potential conflict of interests.

Other than Mr. Liang Zaizhong, none of the Directors has a material interest in the transaction contemplated under the Deposit Agreement or are required to abstain from voting on the Board resolutions for considering and approving the same.

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INFORMATION ON THE COMPANY 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 SANXIANG BANK

Sanxiang Bank is a commercial bank principally engaged in banking services.

DEFINITIONS

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

“30%-controlled company”	has the meaning ascribed to it under the Listing Rules
“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
“Deposit Agreement”	the deposit agreement on 17 April 2020 by and between Sany Heavy Equipment and Sanxiang Bank
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hunan Sany Intelligent”	Hunan Sany Intelligent Controls Equipment Co., Ltd.* (湖南三一智能控制設備有限公司), a company established under the laws of the PRC and a wholly-owned subsidiary of Sany Heavy Industry
“Independent Shareholders”	the Shareholders who are not interested in or involved in the Deposit 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

“Sanxiang Bank”	Hunan Sanxiang Bank Co., Ltd.* (湖南三湘銀行股份有限公司), a regulated financial institution established under the laws of the PRC
“Sany Group”	Sany Group Limited* (三一集團有限公司), 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 Heavy Industry”	Sany Heavy Industry Co., Limited* (三一重工股份有限公司), a company with limited liability established on 22 November 1994 under the laws of the PRC, listed on the Shanghai Stock Exchange (stock code: 600031) and a subsidiary of Sany Group
“Sany Hong Kong”	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
“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
Sany Heavy Equipment International Holdings Company Limited
Liang Zaizhong
Chairman

Hong Kong, 17 April 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.