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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 TRANSACTIONS ACQUISITIONS OF EQUITY INTERESTS IN CERTAIN TARGET COMPANIES**

#### **THE ACQUISITIONS**

The Board is pleased to announce that on 30 December 2022, Sany Heavy Equipment (a wholly-owned subsidiary of the Company) and Sany Group entered into the Agreements, pursuant to which Sany Heavy Equipment has conditionally agreed to purchase and Sany Group has conditionally agreed to sell the Sale Interests for an aggregate cash consideration of RMB0.95.

#### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Mr. Liang Wengen is the controlling shareholder of the Company who is entitled to exercise or control the exercise of approximately 66.69% voting rights in the ordinary share capital of the Company and indirectly held 479,781,034 convertible preference shares of the Company which represent approximately 13.17% issued share capital of the Company (as enlarged) upon full conversion. As Sany Group is held as to 56.74% by Mr. Liang Wengen, Sany Group is a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisitions, on an aggregate basis, is more than 0.1% but all of which are less than 5%, the Acquisitions constitute connected transactions of the Company and are subject to the reporting and announcement and are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## THE ACQUISITIONS

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### A. THE SANY TECHNOLOGY EQUIPMENT AGREEMENT

The principal terms of the Sany Technology Equipment Agreement are summarised as follows:

- Date:** 30 December 2022
- Parties:** (a) Sany Heavy Equipment (as purchaser); and  
(b) Sany Group (as vendor).
- Subject matter:** Pursuant to the Sany Technology Equipment Agreement, Sany Heavy Equipment has conditionally agreed to purchase and Sany Group has conditionally agreed to sell 70% equity interest in Sany Technology Equipment at a consideration of RMB0.70.

### B. THE CHANGSHA LAITE AGREEMENT

The principal terms of the Changsha Laite Agreement are summarised as follows:

- Date:** 30 December 2022
- Parties:** (a) Sany Heavy Equipment (as purchaser); and  
(b) Sany Group (as vendor).
- Subject matter:** Pursuant to the Changsha Laite Agreement, Sany Heavy Equipment has agreed to purchase and Sany Group has agreed to sell 99.90% partnership interests in Changsha Laite at a consideration of RMB0.15.

## C. THE CHANGSHA FEILING AGREEMENT

The principal terms of the Changsha Feiling Agreement are summarised as follows:

- Date:** 30 December 2022
- Parties:** (a) Sany Heavy Equipment (as purchaser); and  
(b) Sany Group (as vendor).
- Subject matter:** Pursuant to the Changsha Feiling Acquisition Agreement, Sany Heavy Equipment has agreed to purchase and Sany Group has agreed to sell approximately 66.7533% partnership interests in Changsha Feiling at a consideration of RMB0.1.

## OTHER MAJOR TERMS OF THE ACQUISITIONS

### Consideration and its basis of determination

The aggregate consideration for the Sale Interests is RMB0.95, which was arrived at after arm's length negotiations between Sany Heavy Equipment and Sany Group with reference to, among other things, (i) the net liabilities of RMB35,090,200 of Sany Technology Equipment as at 30 November 2022 as valued by an independent valuer using the asset-based approach; and (ii) the reasons and benefits of the Acquisitions as set out in the paragraph headed "Reasons for and Benefits of the Acquisitions" below.

The consideration under the Sany Technology Equipment Agreement shall be payable upon completion of the transactions contemplated thereunder.

Subject to the completion of the transactions contemplated under the Sany Technology Equipment Agreement, the respective considerations under the Changsha Laite Agreement and the Changsha Feiling Agreement shall be payable within 30 days from their respective agreement dates.

### Conditions precedent

Pursuant to the Sany Technology Equipment Agreement, completion is subject to the fulfillment (or waiver) of the following conditions:

- (i) Sany Technology Equipment having obtained approvals by its shareholders in respect of the Sany Technology Equipment Agreement and the transactions contemplated thereunder;

- (ii) Sany Group having executed all necessary documents to facilitate the performance of the Sany Technology Equipment Agreement and the transactions contemplated thereunder; and
- (iii) there having been no material adverse change in the business, financial position and assets of Sany Technology Equipment since the date of the Sany Technology Equipment Agreement up to its completion.

Sany Heavy Equipment may waive any of the conditions above.

### **Completion**

Completion of the Sany Technology Equipment Agreement shall take place upon fulfillment (or waiver) of all the conditions precedent stipulated thereunder and within 30 days from the date of the Sany Technology Equipment Agreement.

Completion of the Changsha Laite Agreement and the Changsha Feiling Agreement is respectively subject to the completion of the Sany Technology Equipment Agreement and shall take place within 30 days from their respective agreement dates.

In the event that completion of the Sany Technology Equipment Agreement does not take place or the Sany Technology Equipment Agreement is terminated, each of the Changsha Laite Agreement and the Changsha Feiling Agreement shall automatically be terminated.

Upon completion of the Acquisitions, Sany Technology Equipment will be owned as to 70.00% by Sany Heavy Equipment, 15.00% by Changsha Laite and 15.00% by Changsha Feiling, Changsha Laite will be owned as to 99.90% by Sany Heavy Equipment, and Changsha Feiling will be owned as to 66.7533% by Sany Heavy Equipment. Furthermore, each of Sany Technology Equipment, Changsha Laite and Changsha Feiling will become a non-wholly-owned subsidiary of the Company, and accordingly the financial results of Sany Technology Equipment, Changsha Laite and Changsha Feiling will be consolidated into the financial statements of the Group.

### **REASONS FOR AND BENEFITS OF THE ACQUISITIONS**

Sany Technology Equipment is primarily engaged in the research and development, manufacturing and sales of new energy battery equipment. In particular, Sany Technology Equipment has currently completed the first production line for 3GwH lithium battery (“**3GwH Battery**”). Sany Technology Equipment is well-equipped with, and mastered, the core technology to manufacture 3GwH Battery. All 34 types of equipment of the production line are independently developed and manufactured. It is also capable of providing overall solutions for lithium battery production lines.

As at the date of this announcement, Sany Technology Equipment has applied for 359 patents in relation to new energy battery equipment, of which more than 180 patents have been authorised. Moreover, Sany Technology Equipment has a research and development team of over 300 members (the “**R&D Team**”), approximately 38% of whom possess a master’s or higher degree in relevant fields and 40% of whom have extensive experience in the lithium battery industry. The core personnel of the R&D Team have been in charge of the research and development activities since the commencement of operation of Sany Technology Equipment and have been leading the design, research and development of production lines for 3GWh Battery and other types of battery.

As Sany Technology Equipment was newly established in late 2021, Sany Technology Equipment had continuously expanded the R&D Team and incurred considerable expenditure on research and development at its early development stage. Nevertheless, for the eleven months ended 30 November 2022, Sany Technology Equipment has recorded revenue of approximately RMB5.5 million for the sales of lithium battery module pack lines. In the recent years, the global demand for power batteries increased greatly, and power batteries will continue to be in short supply for the next three years. The expansion in production capacity for batteries will continue to promote the lithium battery equipment industry. Thus, the Board considers that Sany Technology Equipment will have a broader market space on the basis of being widely recognised by the market.

More importantly, the Group has extensive experience in terms of electric products and the Group has been continuously conducting research and development to carry out electrification upgrade on its products such as developing battery-replaceable widebodied vehicles and a complete series of electric logistic equipment products. Focusing on the core requirements of efficiency and reliability, the Group has developed multiple key technologies relating to energy saving, battery charging and replacing. Therefore, the Board considers that the business of Sany Technology Equipment has a high level of consistency and compatibility to the existing business of the Group, which helps the Group to speed up the implementation of its electrification strategy and develop the new energy equipment business.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Acquisitions are fair and reasonable, are not entered in the ordinary and usual course of business of the Group but are on normal commercial terms or better and in the interests of the Company and its shareholders as a whole.

## **INFORMATION OF THE RELEVANT PARTIES**

### **The Group**

The Group is principally engaged in the design, manufacturing and sales of mining equipment, logistics equipment, robotic and smart mined products and spare parts and the provision of related services. Sany Heavy Equipment is a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Company.

## Sany Group

Sany Group is a company established with limited liability under the laws of the PRC and is principally engaged in the manufacture and distribution of engineering machineries for construction purposes, machinery leasing, manufacture of automobile and educational businesses. Sany Group is held by Mr. Liang Wengen as to approximately 56.74%, Mr. Tang Xiuguo (唐修國) (a non-executive Director) as to 8.75%, Mr. Mao Zhongwu (毛中吾) as to 8.0%, Mr. Xiang Wenbo (向文波) (a non-executive Director) as to 8.0% and Mr. Liang Linhe (梁林河) (nephew of Mr. Liang Wengen) as to 0.5%. The remaining equity interests of Sany Group were held by 10 Independent Third Parties, and each of them held less than 5% of the equity interest in Sany Group.

## Sany Technology Equipment

Sany Technology Equipment was established in the PRC with limited liability on 7 September 2021 by Sany Group with a registered but unpaid capital of RMB100 million. It is principally engaged in research and development, manufacturing and sales of new energy battery equipment. As at the date of this announcement, Sany Technology Equipment was owned as to 70% by Sany Group, 15% by Changsha Laite and 15% by Changsha Feiling, and its registered capital was remained unpaid. Upon completion of the Sany Technology Equipment Agreement, the registered capital of Sany Technology Equipment of RMB70 million shall be borne by the Group.

Set out below is the financial information of Sany Technology Equipment for the period from 7 September 2021 (being the date of its establishment) to 31 December 2021 and for the eleven months ended 30 November 2022 respectively:

	<b>For the period from 7 September 2021 to 31 December 2021 <i>(unaudited)</i> RMB <i>approximately</i></b>	<b>For the eleven months ended 30 November 2022 <i>(unaudited)</i> RMB <i>Approximately</i></b>
Revenue	0	5,448,912
Net profit/(loss) before tax	(14,793,992)	(26,825,394)
Net profit/(loss) after tax	(14,793,992)	(26,825,394)

The unaudited net liabilities of Sany Technology Equipment were approximately RMB41,619,386 as at 30 November 2022, which included an unsecured and non interest-bearing shareholder's loan advanced by Sany Group in the amount of approximately RMB206.79 million.

## **Changsha Laite**

Changsha Laite was a limited partnership established under the laws of the PRC on 17 May 2022 by Sany Group and Mr. Xu Xin (徐鑫) with a registered but unpaid capital of RMB15 million. Upon completion of the Changsha Laite Agreement, the registered capital of Changsha Laite of approximately RMB14.985 million shall be borne by the Group. It is principally engaged in corporate management, corporate management consulting and information consulting services (excluding licensed information consulting services). As at the date of this announcement, the general partner of Changsha Laite was Sany Group and Changsha Laite was owned as to 99.90% by Sany Group and 0.10% by Mr. Xu Xin, and its registered capital was remained unpaid. To the best knowledge, information and belief of the Directors, Mr. Xu Xin is an Independent Third Party.

Since the date of the establishment of Changsha Laite on 17 May 2022, Changsha Laite has not recorded any revenue and profit or loss in its financial statements.

The unaudited net assets of the Changsha Laite were nil as at 30 November 2022.

## **Changsha Feiling**

Changsha Feiling was a limited partnership established under the laws of the PRC on 21 March 2021 by Sany Group, Mr. Xu Xin, Mr. Chen Wei (陳偉) and 26 Independent Third Parties with a registered but unpaid capital of RMB30 million. Upon completion of the Changsha Feiling Agreement, the registered capital of Changsha Feiling of approximately RMB20.0260 million shall be borne by the Group. It is principally engaged in corporate management, corporate management consulting and information consulting services (excluding licensed information consulting services). As at the date of this announcement, the general partner of Changsha Feiling was Sany Group and Changsha Feiling was owned as to approximately 66.7533% by Sany Group, 20% by Mr. Xu Xin, approximately 6.6667% by Mr. Chen Wei and 6.58% by 26 Independent Third Parties (each of whom held less than 1%), and its registered capital was remained unpaid. To the best knowledge, information and belief of the Directors, Mr. Chen Wei is an Independent Third Party.

Since the date of the establishment of Changsha Feiling on 21 March 2022, Changsha Feiling has not recorded any revenue and profit or loss in its financial statements.

The unaudited net assets of the Changsha Laite were nil as at 30 November 2022.

## **BOARD APPROVAL**

At the Board meeting held to approve the Agreements, Mr. Liang Zaizhong, who is the son of Mr. Liang Wengen, Mr. Tang Xiuguo and Mr. Xiang Wenbo, both of whom hold equity interests in Sany Group, have abstained from voting on the relevant board resolutions of the Company. Save as disclosed above, none of the other Directors has or is deemed to have a material interest in the Agreements and is required to abstain from voting on the relevant Board resolutions approving the Agreements.

As at the date of this announcement, Mr. Liang Wengen is the controlling shareholder of the Company who is entitled to exercise or control the exercise of approximately 66.69% voting rights in the ordinary share capital of the Company and indirectly held 479,781,034 convertible preference shares of the Company which represent approximately 13.17% issued share capital of the Company (as enlarged) upon full conversion. As Sany Group is held as to 56.74% by Mr. Liang Wengen, Sany Group is a connected person of the Company.

As one or more of the applicable percentage ratios in respect of the Acquisitions, on an aggregate basis, is more than 0.1% but all of which are less than 5%, the Acquisitions constitute connected transactions of the Company and are subject to the reporting and announcement and are exempted from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **DEFINITIONS**

“3GwH Battery”	as defined in the paragraph headed “REASONS FOR AND BENEFITS OF THE ACQUISITIONS” of this announcement
“Acquisitions”	the acquisitions of the Sale Interests by Sany Heavy Equipment from Sany Group on the terms and subject to the conditions set forth in the Agreements
“Agreements”	collectively, the Changsha Feiling Agreement, the Changsha Laite Agreement and the Sany Technology Equipment Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Changsha Feiling”	Changsha Feiling Enterprise Management Partnership (Limited Partnership)* (長沙飛凌企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC



“Changsha Feiling Agreement”	the sale and purchase agreement dated 30 December 2022 entered into between Sany Heavy Equipment and Sany Group in relation to the acquisition of 66.7533% partnership interests in Changsha Feiling
“Changsha Laite”	Changsha Laite Enterprise Management Partnership (Limited Partnership)* (長沙萊特企業管理合夥企業(有限合夥)), a limited partnership established under the laws of the PRC
“Changsha Laite Agreement”	the sale and purchase agreement dated 30 December 2022 entered into between Sany Heavy Equipment and Sany Group in relation to the acquisition of 99.90% partnership interests in Changsha Laite
“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, the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 631)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) independent of the Company and its connected persons
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“percentage ratio(s)”	has the meaning ascribed to it under the Listing Rules
“PRC”	the People’s Republic of China
“R&D Team”	as defined in the paragraph headed “REASONS FOR AND BENEFITS OF THE ACQUISITIONS” of this announcement

“RMB”	Renminbi, the lawful currency of the PRC
“Sale Interests”	the 70% equity interests in Sany Technology Equipment, the 15% partnership interests in Changsha Laite and the 15% partnership interests in Changsha Feiling, all of which are held by Sany Group
“Sany Group”	Sany Group Co., Ltd.* (三一集團有限公司), a company established 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
“Sany Technology Equipment”	Sany Technology Equipment Co., Ltd.* (三一技術裝備有限公司), a company established under the laws of the PRC
“Sany Technology Equipment Agreement”	the sale and purchase agreement dated 30 December 2022 entered into between Sany Heavy Equipment and Sany Group in relation to the acquisition of 70% equity interests in Sany Technology Equipment
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

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

Hong Kong, 30 December 2022

*As at the date of this announcement, the executive Directors are Mr. Liang Zaizhong, Mr. Qi Jian and Mr. Fu Weizhong, 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.*

*\* For identification purpose only*