

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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)

**(1) PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME;
AND
(2) PROPOSED AMENDMENTS TO
2019 RESTRICTED SHARE AWARD SCHEME**

INTRODUCTION

The Company adopted the Existing Share Option Scheme and the 2019 Restricted Share Award Scheme on 16 February 2013 and 3 December 2019 respectively in order to provide incentives to selected participants and reward them of their past contributions to the Group. In view of the expiry of the Existing Share Option Scheme on 15 February 2023 and the new requirements of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Board is pleased to announce that on 29 June 2023, the Company proposes to (i) adopt the 2023 Share Option Scheme; and (ii) adopt the Award Scheme Amendments to amend the 2019 Restricted Share Award Scheme to bring it in line with the Amended Rules.

PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME

The purpose of the 2023 Share Option Scheme is to motivate eligible persons to optimize their future contributions to the Group and/or reward them for their past contributions, attract and retain or otherwise maintain on-going relationships with such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The 2023 Share Option Scheme is a share scheme under Chapter 17 of the Listing Rules. Accordingly, the adoption of the 2023 Share Option Scheme will be subject to the Shareholders' approval at the EGM.

The 2023 Share Option Scheme shall take effect on the Adoption Date and is conditional upon the passing of the necessary resolution to approve and adopt the 2023 Share Option Scheme by the Shareholders at the EGM.

PROPOSED AMENDMENTS TO THE 2019 RESTRICTED SHARE AWARD SCHEME

The Board has proposed to seek approval from the Shareholders at the EGM for certain amendments to be made to the 2019 Restricted Share Award Scheme to, among other things, bring it in line with the Amended Rules.

The Award Scheme Amendments will bring the 2019 Restricted Share Award Scheme in full compliance with the existing Chapter 17 of the Listing Rules, and is subject to approval by the Shareholders at the EGM in accordance with the Listing Rules.

EGM

The EGM will be convened to consider and, if thought fit, approve the adoption of the 2023 Share Option Scheme and the 2019 Restricted Share Award Scheme together with the Award Scheme Amendments. A circular of the Company containing, among others, (i) details of the principal terms of the 2023 Share Option Scheme; (ii) details of the 2019 Restricted Share Award Scheme and the Award Scheme Amendments; and (iii) a notice convening the EGM is expected to be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

INTRODUCTION

The Company adopted the Existing Share Option Scheme and the 2019 Restricted Share Award Scheme on 16 February 2013 and 3 December 2019 respectively in order to provide incentives to selected participants and reward them of their past contributions to the Group. In view of the expiry of the Existing Share Option Scheme on 15 February 2023 and the new requirements of Chapter 17 of the Listing Rules which came into effect on 1 January 2023, the Board is pleased to announce that on 29 June 2023, the Company proposes to (i) adopt the 2023 Share Option Scheme; and (ii) adopt the Award Scheme Amendments to amend the 2019 Restricted Share Award Scheme to bring it in line with the Amended Rules.

PROPOSED ADOPTION OF 2023 SHARE OPTION SCHEME

A summary of the principal terms of the 2023 Share Option Scheme is set out below. Further details of the principal terms of the 2023 Share Option Scheme will be set out in a circular to be despatched to the Shareholders in due course.

Purpose

The purpose of the 2023 Share Option Scheme is to motivate Eligible Participants to optimize their future contributions to the Group and/or reward them for their past contributions, attract and retain or otherwise maintaining on-going relationships with such Eligible Participants who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

Eligible Participants

Eligible Participants under the 2023 Share Option Scheme include any Employee Participant, Related Entity Participant or Service Provider who the Board considers, in their sole discretion, to have contributed or will contribute to the Group.

Overall Scheme Limit, Service Provider Sub-limit and Individual Limit

The total number of Shares which may be allotted and issued in respect of all options and awards to be granted under the 2023 Share Option Scheme and any other share scheme(s) must not exceed 10% of the number of Shares in issue as at the date of approval of this limit by the Shareholders at a general meeting (the “**Overall Scheme Limit**”). Within such limit, the total number of Shares which may be allotted and issued in respect of all options and awards to be granted to the Service Providers under the 2023 Share Option Scheme and any other share scheme(s) must not exceed 1% of the number of Shares in issue as at the date of approval of this sub-limit by the Shareholders at a general meeting (the “**Service Provider Sub-limit**”). Options lapsed in accordance with the terms of the 2023 Share Option Scheme will not be regarded as utilised for the purpose of calculating the aforesaid limits.

Where any Offer of Options to a Grantee would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the 2023 Share Option Scheme and any other share scheme(s) (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such Offer representing in aggregate over 1% of the relevant class of Shares in issue (the “**1% Individual Limit**”), such Offer must be separately approved by the Shareholders in general meeting with such Grantee and his/her close associates (or associates if the Grantee is a connected person) abstaining from voting.

Offers to Connected Persons

Any Offer of Option(s) to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates must be approved by the independent non-executive Director(s) (excluding any independent non-executive Director who is the proposed Grantee of an Option).

Where any Offer of Option(s) to a substantial shareholder of the Company or an independent non-executive Director, or any of their respective associates, would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the 2023 Share Option Scheme and all other share schemes (excluding any options or awards lapsed in accordance with the terms of the respective share schemes) in the 12-month period up to and including the date of such grant, representing in aggregate over 0.1% of the Shares in issue, such Offer must be approved by the Shareholders in general meeting in the manner set out in Rule 17.04(4) of the Listing Rules. The Grantee, his/her associates and all core connected persons of the Company must abstain from voting in favour at such general meeting.

Scheme Life, Option Period and Vesting Period

The 2023 Share Option Scheme shall be valid and effective until the earlier of (i) the Termination Date; and (ii) such date of early termination as determined by resolution in general meeting of the Company, after which period no further Options may be issued or granted, but the provisions of the 2023 Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any Options granted or exercised prior to such termination or otherwise as may be required in accordance with the provisions of the 2023 Share Option Scheme.

The Option Period of an Option may not end later than ten years from the Offer Date of that Option.

The vesting period for all Options shall not be less than twelve (12) months, subject to a shorter vesting period at the discretion of the Board under the circumstances specified in the 2023 Share Option Scheme in relation to Offers to the Employee Participants.

Performance Targets and Clawback Mechanism

The Board may, in its absolute discretion, specify any condition in the Offer which must be satisfied before an Option may be exercised. Save as determined by the Board and provided in the Offer, there is no performance target which must be achieved before an Option can be exercised under the terms of the 2023 Share Option Scheme or any clawback mechanism for the Company to recover or withhold any Option granted to a Grantee.

Subscription Price

The Subscription Price in respect of any Option shall, subject to any applicable adjustments made pursuant to the terms under the 2023 Share Option Scheme, be at the discretion of the Board, provided that it must be at least the higher of:

- (a) the closing price of the Shares as shown in the Stock Exchange's daily quotation sheet on the Offer Date, which must be a Business Day;
- (b) the average of the closing prices of the Shares as shown in the Stock Exchange's daily quotations sheets for the five (5) consecutive days on which the Shares are traded on the Stock Exchange immediately preceding the Offer Date; and
- (c) the nominal value of the Share on the Offer Date.

Reorganisation of Capital Structure

In the event of any alteration in the capital structure of the Company whilst any Option remains exercisable or the 2023 Share Option Scheme remains in effect, and such event arises from a capitalisation issue, rights issue, consolidation, sub-division or reduction of the share capital of the Company (other than an issue of Shares as consideration in respect of a transaction while any Option remains exercisable), then, in any such case (other than in the case of capitalisation issue) the Company shall instruct the auditors of the Company or independent financial adviser to certify in writing:

- (a) the adjustment, if any, that ought in their opinion fairly and reasonably to be made either generally or as regards any particular Grantee;
- (b) the number or nominal amount of Shares to which the 2023 Share Option Scheme or any Options relates (insofar as it is/they are unexercised); and/or
- (c) the Subscription Prices of any unexercised Options.

Black-out Period

The Board shall not make any Offer:

- (a) after inside information (having the meaning as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong) has come to the Company's knowledge until (and including) the trading day after the Company has announced the information pursuant to the requirements under the Listing Rules; and

- (b) during the period commencing from one (1) month immediately preceding the earlier of:
 - (i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approving the Company's results for any year, half-year or quarterly or any other interim period (whether or not required under the Listing Rules); and
 - (ii) the deadline for the Company to announce its results for any year, or half-year or quarterly under the Listing Rules, or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement (and during any period of delay in publishing results announcements (if applicable)).

The Board may not make any Offer to an Eligible Participant who is a Director during the periods or times in which the Directors are prohibited from dealing in Shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company; in particular, no Options shall be granted to the Directors:

- (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (b) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

Lapse and Cancellation of Options

An Option (to the extent not already exercised) shall lapse on the earliest of the expiry of the Option Period or the occurrence of certain events as specified under the 2023 Share Option Scheme.

Subject to the terms of the 2023 Share Option Scheme, any Option granted may be cancelled with written consent of the relevant Grantee and the prior approval of the Board.

Rights Attaching to the Options

The Options held by Grantees pursuant to the 2023 Share Option Scheme are not Shares and do not confer rights related to voting, share allotment and dividends to the Grantees.

Transferability

Unless a waiver is granted by the Stock Exchange to allow a transfer to a vehicle for the benefit of an Eligible Participant and any family members of such participant that would continue to meet the purpose of the 2023 Share Option Scheme and comply with other requirements of Chapter 17 of the Listing Rules, an Option granted under the 2023 Share Option Scheme shall be personal to the Grantee and shall not be assignable and no Grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest whatsoever in favour of any third party over or in relation to any Option or enter into any agreement to do so.

Alteration

The 2023 Share Option Scheme may be altered in any respect by a resolution of the Board except for, *inter alia*, alterations of a material nature and alterations relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Eligible Participants shall be approved by the Shareholders in general meeting.

Conditions Precedent

The 2023 Share Option Scheme is a share scheme under Chapter 17 of the Listing Rules. Accordingly, the adoption of the 2023 Share Option Scheme will be subject to the Shareholders' approval at the EGM.

The 2023 Share Option Scheme shall take effect on the Adoption Date and is conditional upon the passing of the necessary resolution to approve and adopt the 2023 Share Option Scheme by the Shareholders at the EGM.

PROPOSED AMENDMENTS TO THE 2019 RESTRICTED SHARE AWARD SCHEME

The 2019 Restricted Share Award Scheme was adopted by the Company on 3 December 2019, details of which are set out in the announcement of the Company dated 3 December 2019. The purpose of the 2019 Restricted Share Award Scheme is to provide selected participants with an opportunity to acquire a proprietary interest in the Company and to encourage and retain such individuals to work with the Group, and to provide additional incentive for them to achieve performance goals.

In light of the Amended Rules, the Board has proposed to seek approval from the Shareholders at the EGM for certain amendments to be made to the 2019 Restricted Share Award Scheme to, among other things, bring it in line with the Amended Rules. Key changes to the 2019 Restricted Share Award Scheme pursuant to the Award Scheme Amendments include, without limitation, the following:

- (i) amendment of the definition of Eligible Participants to include only Employee Participants, Related Entity Participants and Service Providers;

- (ii) inclusion of the Overall Scheme Limit and the Service Provider Sub-limit applicable to the Shares which may be allotted and issued in respect of all options and award to be granted under the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments) and all other share schemes;
- (iii) requirement to seek the Independent Shareholders' approval for refreshment of the Overall Scheme Limit and the Service Provider Sub-limit within three (3) years from the date of the Shareholders' approval for such limits or for their last refreshment (as the case may be);
- (iv) requirement to seek the Shareholders' approval for any Grant which would result in exceeding the 1% Individual Limit;
- (v) requirements to seek the independent non-executive Directors' approval for any Grant to a Director, chief executive or substantial shareholder of the Company, or any of their respective associates, and to seek the Shareholders' approval for any Grant to:
 - a. a Director (other than an independent non-executive Director) or chief executive of the Company, or any of his/her associates that would result in the Shares issued and to be issued in respect of all awards granted to such person under the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments) and all other share award schemes (excluding any awards lapsed in accordance with the terms of the respective share award schemes) in any 12-month period up to and including the date of such Offer, representing in aggregate over 0.1% of the issued share capital of the Company; and
 - b. an independent non-executive Director or substantial shareholder of the Company, or any of his/her associates that would result in the Shares issued and to be issued in respect of all options and awards granted to such person under the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments) and all other share schemes (excluding any awards lapsed in accordance with the terms of the respective share schemes) in any 12-month period up to and including the date of such Offer, representing in aggregate over 0.1% of the issued share capital of the Company;
- (vi) inclusion of a minimum vesting period of twelve (12) months, subject to a shorter vesting period in relation to the Grant to Employee Participants at the discretion of the Board under specified circumstances;
- (vii) clarification that the Board or the Remuneration Committee may set performance targets and/or clawback mechanism as part of the vesting conditions of the Grant;

- (viii) provision for equitable adjustment to the awards granted under the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments) in the event of any alteration in the capital structure of the Company, such as capitalisation issue, rights issue, consolidation, sub-division and reduction of the share capital of the Company;
- (ix) requirement to seek the Shareholders' approval for any alteration of the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments):
 - a. of a material nature;
 - b. relating to the matters set out in Rule 17.03 of the Listing Rules to the advantage of the Grantees or the Eligible Participants; or
 - c. relating to the authority of the Board or relevant administrator/trustee to alter the scheme; and
- (x) house-keeping amendments to align the wording of the 2019 Restricted Share Award Scheme with that of the Listing Rules and other consequential amendments in connection with the Award Scheme Amendments.

Further details of the 2019 Restricted Share Award Scheme and the Award Scheme Amendments will be set out in a circular to be despatched to the Shareholders in due course.

The Award Scheme Amendments will bring the 2019 Restricted Share Award Scheme in full compliance with the existing Chapter 17 of the Listing Rules, and is subject to approval by the Shareholders at the EGM in accordance with the Listing Rules.

EGM

The EGM will be convened to consider and, if thought fit, approve the adoption of the 2023 Share Option Scheme and the 2019 Restricted Share Award Scheme together with the Award Scheme Amendments. A circular of the Company containing, among others, (i) details of the principal terms of the 2023 Share Option Scheme; (ii) details of the 2019 Restricted Share Award Scheme and the Award Scheme Amendments; and (iii) a notice convening the EGM is expected to be despatched to the Shareholders in accordance with the requirements of the Listing Rules in due course.

DEFINITIONS

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

“1% Individual Limit”	a limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s) to any Grantee in the 12-month period up to and including the date of relevant Offer, which must not exceed 1% of the issued Shares
“2019 Restricted Share Award Scheme”	the restricted share award scheme of the Company adopted on 3 December 2019, which is subject to the Shareholders’ approval of the Award Scheme Amendments at the EGM
“2023 Share Option Scheme”	the share option scheme of the Company proposed to be approved and adopted by the Shareholders, a summary of the principal terms of which are set out in this announcement
“Adoption Date”	the date on which the 2023 Share Option Scheme and/or the Award Scheme Amendments (as the case may be) is approved and adopted by ordinary resolutions to be passed by the Shareholders at the EGM
“Amended Rules”	the amendments to Chapter 17 of the Listing Rules, which has taken effect since 1 January 2023
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Award Scheme Amendments”	the proposed amendments to the 2019 Restricted Share Award Scheme bringing the 2019 Restricted Shares Award Scheme in line with the Amended Rules, the key changes of which are set out in this announcement
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for the business of dealing in securities listed thereon
“chief executive”	has the meaning ascribed to it under the Listing Rules
“close associate(s)”	has the meaning ascribed to it under the Listing Rules

“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 Main Board of the Stock Exchange (stock code: 631)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consultation Conclusions”	consultation conclusions on the proposed amendments to Listing Rules relating to share schemes of listed issuers and housekeeping rule amendment published by the Stock Exchange in July 2022
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“core connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to consider and, if thought fit, approve, among other things, the adoption of the 2023 Share Option Scheme and the Award Scheme Amendments
“Eligible Participant(s)”	any person(s) who is/are eligible to receive a Grant or an Option under the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments) or the 2023 Share Option Scheme (as the case may be), who could be (i) an Employee Participant; (ii) a Related Entity Participant; or (iii) a Service Provider
“Employee Participant(s)”	any director(s) or employee(s) (whether full time or part time, but excluding any former employee of the Group unless such former employee otherwise qualifies as an Eligible Participant) of the Company or any of its subsidiaries (and including persons who are granted award(s) or options(s) under the share schemes as an inducement to enter into employment contracts with these companies)
“Existing Share Option Scheme”	the share option scheme of the Company adopted on 16 February 2013

“Grant”	individually or collectively, a grant of Restricted Shares under the 2019 Restricted Share Award Scheme
“Grant Shares”	such number of new Shares as awarded pursuant to the Grant or as granted upon the exercise of an Option (as the case may be) to a Grantee, to be determined by the Board
“Grantee”	any Eligible Participant who accepts an Offer in accordance with the terms of the 2019 Restricted Share Award Scheme (as amended by the Award Scheme Amendments) or the 2023 Share Option Scheme (as the case may be)
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Shareholders”	Shareholders other than any controlling shareholders and their associates
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time
“Offer”	an offer for the grant of a Grant or an Option (as the case may be)
“Offer Date”	the date, which must be a Business Day, on which an Offer of Grant(s) or Option(s) (as the case may be) is made to an Eligible Participant
“Option”	a right granted to a Grantee pursuant to the 2023 Share Option Scheme, which right permits (but does not obligate) such Grantee to subscribe for Grant Shares, on such terms and conditions as the Board may from time to time determine
“Option Period”	the period within which an Option may be exercised by the Grantee under the 2023 Share Option Scheme
“Overall Scheme Limit”	a limit on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s), which must not exceed 10% of the issued Shares as at the date of approval of this limit by the Shareholders at a general meeting

“principal subsidiary”	has the meaning ascribed to it under the Listing Rules
“Related Entity Participant(s)”	any director(s) or employee(s) (whether full time or part time but excluding any former employee unless such former employee otherwise qualifies as an Eligible Participant) of the holding companies, fellow subsidiaries or associated companies of the Company
“Remuneration Committee”	the remuneration committee of the Board
“Restricted Shares”	Shares granted pursuant to terms of the 2019 Restricted Share Award Scheme
“Service Provider”	any person (whether a natural person, a corporate entity or otherwise) who provides services to the Group on a continuing or recurring basis in its ordinary and usual course of business which are in the interests of the long-term growth of the Group
“Service Provider Sub-limit”	a sub-limit (which is subject to the Overall Scheme Limit) on the total number of Shares which may be allotted and issued in respect of all options and awards to be granted under all share scheme(s) to the Service Providers, which must not exceed 1% of the issued Shares as at the date of approval of this sub-limit by the Shareholders at a general meeting
“Share(s)”	the ordinary share(s) with nominal value of HK\$0.1 each in the capital of the Company
“share award scheme”	has the meaning ascribed to it under the Listing Rules
“share option scheme”	has the meaning ascribed to it under the Listing Rules
“share scheme”	a share award scheme or a share option scheme involving issue of new shares by the Company or its principal subsidiary (as the case may be)
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the price per Share at which a Grantee may subscribe for the new Shares on the exercise of an Option
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Termination Date”	close of the business day on which falls on the date immediately prior to the tenth anniversary of the Adoption Date
“%”	per cent

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

Hong Kong, 29 June 2023

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.