

The 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.



Zoomlion Heavy Industry Science and Technology Co., Ltd.*

中联重科股份有限公司

(a joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1157)

ANNOUNCEMENT

(1) Connected Transaction

(2) Proposed Adoption of the Share Option Scheme and the Restricted A Share Incentive Scheme and the respective grants thereunder

The Company announces that the Board proposed to adopt the Share Option Scheme and the Restricted A Share Incentive Scheme and the respective grants thereunder, and has approved the draft of the Schemes and the draft proposal in respect of the grant thereunder. The Schemes shall become effective upon consideration and approval of a general meeting of the Company and the Class Meetings. Before a general meeting is held for approval of the Schemes, the Company may make certain amendments to the draft of the Schemes and the draft proposal in respect of the grant thereunder upon requests of the regulatory authorities of the PRC and/or Hong Kong.

I. PROPOSED ADOPTION OF THE SHARE OPTION SCHEME

1. Purpose of the Share Option Scheme

The Share Option Scheme is to further refine the corporate structure of the Company, to align the interests of the Shareholders with that of the management, and to enhance the loyalty and sense of responsibilities of the management and the core personnel of the Company for, and to retain talent for, sound and sustainable development of the Company.

2. Basis for determining the Participants and the scope of Participants of the Share Option Scheme

(1) Basis for determining the Participants

Participants of the Share Option Scheme are determined in accordance with the Company Law, the Securities Law, the Incentive Measures, the relevant laws, regulations and

regulatory documents and the relevant provisions of the Articles of Association, taking into account the actual conditions of the Company.

(2) Scope of Participants

Proposed Participants of the Share Option Scheme include the Directors, senior management, key technical and managerial personnel of the Company and such other employees as the Board considers necessary to provide incentives.

In respect of the abovementioned Participants, any such Director and senior management must have been elected at a shareholders' general meeting or engaged by the Board. Other Participants must hold office in, and have entered into a service contract with, the Company or any of its controlling subsidiaries during the Validity Period.

The Participants do not cover any person who is prohibited from becoming a Participant under the Incentive Measures, such as the independent Directors, the supervisors, any Shareholder or actual controller holding, whether jointly or individually, more than 5% of the Shares, or their respective spouse, parents, sons and daughters.

In addition, any person proposed above cannot become a Participant under the Share Option Scheme if:

- (i) he has been publicly censured or declared as an unsuitable candidate by the Shenzhen Stock Exchange or the Hong Kong Stock Exchange in the last 12 months;
- (ii) he has been held to be an unsuitable candidate by the CSRC or any of its dispatched agencies in the last 12 months;
- (iii) he has been imposed with administrative penalties or measures which prohibit him from entering into the market by the CSRC or any of its dispatched agencies in the last 12 months due to material non-compliance with laws and regulations;
- (iv) he is prohibited from acting as a Director or a member of the senior management of the Company under the Company Law;
- (v) he is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; or
- (vi) there is any other circumstance as determined by the CSRC.

If, in the course of implementation of the Share Option Scheme, a Participant falls within any of the above circumstance under which he is not allowed to participate in the Share Option Scheme, the Company will terminate his right to participate in the Share Option Scheme, revoke his eligibility to be granted any options under the Share Option Scheme, and cancel his outstanding Options.

3. Source and number of Shares under the Share Option Scheme

(1) Source of the underlying Shares of the Share Option Scheme

The source of the underlying Shares of the Share Option Scheme shall be such ordinary A Shares specifically issued to the Participants by the Company.

(2) Number of the underlying Shares

The total number of the underlying A Shares subject to the Options that may be granted under the Share Option Scheme shall be 190,632,179 A Shares, representing approximately 2.50% of the existing total issued share capital of the Company. Amongst the Options, 171,568,961 Options are under the First Grant of Options, representing approximately 2.25% of the existing total issued share capital of the Company, and 19,063,218 Options are reserved Options, representing 10% of the total number of Options under the Share Option Scheme and 0.25% of the existing total issued share capital of the Company. Upon satisfaction of the terms and conditions of the exercise of the Options, each Option shall provide its holder a right to purchase one A Share at an exercise price during the Validity Period.

The aggregate number of A Shares to be issued to a Participant upon exercise of his Options under the Share Option Scheme and Restricted A Shares that may be granted to a Participant under the Restricted A Share Incentive Scheme must not exceed 1% of Company's total share capital.

4. Validity Period, date of grant, vesting period, exercise date and the relevant lock-up requirements

(1) Validity Period

The validity period of the Share Option Scheme commences from the date of grant of the Options, and ends on the date on which all the Options have been exercised or cancelled, provided that such period must not exceed 48 months.

(2) Date of grant

Please see the section headed "Proposed Grant Under the Share Option Scheme — Date of grant" below for further information on the date of grant of the Share Option Scheme.

(3) Vesting period

Options to be granted to the Participants will have different vesting periods. The Options under the First Grant of Options will have vesting periods of 12 months, 24 months and 36 months and the reserved Options will have vesting periods of 12 months and 24 months, in each case commencing from the date of grant respectively.

Options to be granted to the Participants under the Share Option Scheme are not allowed to be transferred, or used to guarantee, pledge or repay debts.

(4) Exercise period and exercise date

Options under the First Grant of Options are exercisable in three batches upon expiry of 12 months from the date of grant of such Options. Details are as follows:

Exercising arrangement	Exercise period	Proportion
First exercise period	Commencing from the first trading day after expiry of the 12-month period from the date of grant, and ending on the last trading day of the 24-month period from the date of grant	40%
Second exercise period	Commencing from the first trading day after expiry of the 24-month period from the date of grant, and ending on the last trading day of the 36-month period from the date of grant	30%
Third exercise period	Commencing from the first trading day after expiry of the 36-month period from the date of grant, and ending on the last trading day of the 48-month period from the date of grant	30%

Reserved Options are exercisable in two batches upon expiry of 12 months from the date of grant of such reserved Options. Details are as follows:

Exercise arrangement	Exercise period	Proportion
First exercise period	Commencing from the first trading day after expiry of the 12-month period from the date of grant, and ending on the last trading day of the 24-month period from the date of grant	50%
Second exercise period	Commencing from the first trading day after expiry of the 24-month period from the date of grant, and ending on the last trading day of the 36-month period from the date of grant	50%

(5) *Relevant lock-up restrictions*

The lock-up provisions of the Share Option Scheme shall be implemented in accordance with the Company Law, the Securities Law, the Shenzhen Listing Rules, the other relevant laws, regulations and regulatory documents, and the Articles of Association. Details are as follows:

- (i) if a Participant is a Director or a member of senior management of the Company, the number of A Shares that may be transferred each year during his term of office must not exceed 25% of the total number of A Shares held by him. No A Share held by him can be transferred within half year after his termination of office.
- (ii) if a Participant is a Director or a member of senior management of the Company and he disposes any A Shares issued upon exercise of the Options within six months after the acquisition, or buys back within six months after disposition, all gains arising therefrom shall be vested with the Board for the benefit of the Company.
- (iii) if, during the Validity Period, there is any change to the requirements regarding the transfer of A Shares by a director and senior management under the Company Law, the Securities Law, the other relevant laws, regulations and regulatory documents and the Articles of Association, a Participant shall comply with the amended Company Law, the Securities Law, the other relevant laws, regulations and regulatory documents, and the Articles of Association, upon transfer of his A Shares held by him.

5. Exercise price and basis of determination

Please see the section headed “Proposed Grant Under the Share Option Scheme — Exercise price and basis of determination” below for further information on the exercise price of the Options and its basis of determination.

6. Conditions of grant and exercise of the Options

(1) *Conditions of grant of Options*

There is no occurrence of any of the following on the part of the Company:

- (i) issue of an auditors’ report with qualified opinion or which indicates an inability to give opinion by a certified public account with respect to the financial report of the Company for its most recent accounting year;
- (ii) issue of an auditors’ report with qualified opinion or which indicates an inability to give opinion by a certified public account with respect to the financial reporting and internal control of the Company for its most recent accounting year;
- (iii) there is profit allocation contravening laws and regulations, the Articles of Association or any undertaking publicly made in the 36 months after listing;

- (iv) no share incentive scheme is allowed under laws and regulations; and
- (v) any other circumstances as determined by the CSRC.

There is no occurrence of any of the following on the part of a Participant:

- (i) he has been held to be an unsuitable candidate by a stock exchange in the last 12 months;
- (ii) he has been held to be an unsuitable candidate by the CSRC or any of its dispatched agencies in the last 12 months;
- (iii) he has been imposed with administrative penalties or measures which prohibit him from entering into the market by the CSRC or any of its dispatched agencies in the last 12 months due to material non-compliance with laws and regulations;
- (iv) he is prohibited from acting as a Director or a member of the senior management of the Company under the Company Law;
- (v) he is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; and
- (vi) there is any such circumstance as determined by the CSRC.

(2) *Conditions of exercise of Options*

Subject to the satisfaction of the above conditions, the Options can only be exercisable upon satisfaction of the following conditions:

(i) Performance target of the Company

The Options under the First Grant of Options are subject to three assessment years from 2017 accounting year to 2019 accounting year. Assessment is made once a year. Participants can only exercise their Options under the First Grant of Options if the Company achieves the following performance targets:

Exercise period	Performance target
First exercise period	Net profit of the Company for the year 2017 shall be a positive figure, and no less than the mean of net profits of comparable companies in the same industry for the year 2017
Second exercise period	Net profit of the Company for the year 2018 shall be a positive figure, and increase by 10% or more compared with that for the year 2017

Third exercise period	Net profit of the Company for the year 2019 shall be a positive figure, and increase by 10% or more compared with that for the year 2018
-----------------------	--

The exercise of the reserved Options under the Share Option Scheme is subject to the same conditions as applicable to the First Grant of Options. The assessment years are two years from 2018 accounting year to 2019 accounting year. Details are as follows:

Exercise period

Conditions of exercise

First exercise period	Net profit of the Company for the year 2018 shall be a positive figure, and increase by 10% or more compared with that for the year 2017
-----------------------	--

Second exercise period	Net profit of the Company for the year 2019 shall be a positive figure, and increase by 10% or more compared with that for the year 2018
------------------------	--

where “net profit” refers to the net profit attributable to the owners of the parent company as publicly disclosed in an annual report of a listed company. “Same industry” refers to the construction machinery industry in which the Company operates. “Mean of net profits of comparable companies” refers to the simple arithmetic mean of the net profits of the top five listed construction machinery companies (excluding the Company) in terms of net profits attributable to the owners of their respective parent company as publicly disclosed in their respective annual report for the year 2017.

If, in assessing the performance of the Company, there is any material change in the net profits of the sample companies in the same industry or the variance exceeds the extreme values, the Board will eliminate or remove such sample.

Costs relating to the Options under the Share Option Scheme shall be charged to the administration cost.

If any condition of exercise cannot be satisfied in any exercise period within the Validity Period, such portion of the Options exercisable in such current period cannot be deferred to the next year and will be cancelled by the Company.

(ii) *Performance target of the Participants*

According to the *Assessment Method applicable to the Share Option Scheme and Restricted Share Incentive Scheme of Zoomlion Heavy Industry Science and Technology Co., Ltd.*, the assessment results of a Participant will form the basis of exercise of his Options granted. Details are as follows:

Assessment Grade	Definition	Parameter
Excellent	Annual assessment marks ≥ 90	100%
Good	$80 \leq$ Annual assessment marks < 90	100%
Fair	$70 \leq$ Annual assessment marks < 80	70%
Needs improvement	Annual assessment marks < 70	0%

If the Company meets its performance target in the respective year, the actual number of the Options exercisable by a Participant in that year would be: a parameter x all the Options exercisable by such Participant in that exercise period.

If a Participant fails to meet his performance target, no corresponding Options shall be exercisable or deferred to the next year to exercise. All such Options will be cancelled by the Company.

7. Method and procedures for adjustment for the Share Option Scheme

If, during the period from the date on which the Share Option Scheme is announced to the date on which a Participant exercises all his Options, there is any capitalisation issue, bonus issue or rights issue of the Company prior to any exercise of the Options, the number of the Options and the exercise price shall be adjusted in the following manner accordingly:

(1) Adjustment method for the Share Option Scheme

(i) *Capitalisation issue and bonus issue*

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the Options prior to adjustment;

n represents the rate of increase per A Share resulting from capitalisation issue and bonus issue of A Share capital (i.e. the increase in the number of Shares per A Share upon capitalisation issue and bonus issue of the A Share capital); and

Q represents the number of the Options after adjustment.

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the exercise price prior to adjustment;

n represents the rate of increase per A Share resulting from capitalisation issue and bonus issue of A Share capital; and

P represents the exercise price after adjustment.

(ii) Rights issue

$$Q = Q_0 \times [P_1 \times (1 + n) / (P_1 + P_2 \times n)]$$

Where: Q_0 represents the number of the Options prior to adjustment;

P_1 represents the closing price of A Shares on the record date;

P_2 represents the subscription price of the rights issue;

n represents the basis of the rights issue (i.e. the number of A Shares to be issued under the rights issue to the total A Share capital of the Company prior to the rights issue); and

Q represents the number of Options after adjustment.

$$P = P_0 \times [(P_1 + P_2 \times n) / P_1 \times (1+n)]$$

Where: P_0 represents the exercise price prior to adjustment;

P_1 represents the closing price of A Shares on the record date;

P_2 represents the subscription price of the rights issue;

n represents the basis of the rights issue (i.e. the number of A Shares to be issued under the rights issue to the total A Share capital of the Company prior to the rights issue); and

P represents the exercise price after adjustment.

(iii) New issue of A Shares

In the event of new issue of A Shares, no adjustment shall be made to the number of the Options and the exercise price.

(iv) Declaration of dividend

$$P = P_0 - V$$

Where: P_0 represents the exercise price prior to adjustment;

V represents the amount of dividend per A Share; and

P represents the exercise price after adjustment.

(If, after calculation, P is less than the nominal value of RMB1 per A Share, $P = \text{RMB1}$)

(2) Adjustment procedures for the Share Option Scheme

The Board will be authorised by the Shareholders at a general meeting of the Company to adjust the exercise price and the number of Options under the Share Option Scheme upon occurrence of any of the abovementioned circumstances. The Company shall engage a legal adviser to advise the Board whether such adjustment, if any, is in compliance with the Incentive Measures, the Articles of Association and the Share Option Scheme.

8. Amendments to the Share Option Scheme

If the Company proposes amendments to the Share Option Scheme prior to the approval of the Shareholders at the general meeting and the Class Meetings, the Company shall, after the Board has passed a resolution in respect of such proposed amendments, make a timely disclosure on such resolution, reasons for amendments, and opinions from the independent Directors, the supervisory board and legal advisers to the Company.

If the Company proposes amendments to the Share Option Scheme after the approval of the Shareholders at the general meeting and the Class Meetings, the Company shall make a timely announcement and table the same at another shareholders' general meeting and Class Meetings for consideration, provided that such amendments must not:

- (1) result in acceleration of exercise of the Options or early release of lock-up restriction; or
- (2) reduce the price of exercise or the price of grant.

The independent Directors and the supervisory board shall provide their opinions on whether the proposed amendments to the Share Option Scheme would benefit the sustainable development of the Company and whether they would prejudice the interest of the Company and the Shareholders as a whole. The Company will engage legal advisers to provide a professional opinion on whether the proposed amendments to the Share Option Scheme are compliant with the Incentive Measures and the relevant laws and regulations and whether they would prejudice the interest of the Company and the Shareholders as a whole.

9. Supplementary provisions

- (1) The Share Option Scheme is formulated by the remuneration and appraisal committee of the Company and approved by the Board. It shall become effective from the date on which it is approved at a shareholders' general meeting and the Class Meetings.
- (2) The Board is authorised by the shareholders' meeting to administer the Share Option Scheme and has the right of final interpretation of the Share Option Scheme.

II. PROPOSED GRANT UNDER THE SHARE OPTION SCHEME

Major terms of the proposed grant of the Options are set out in details in this paragraph. Relevant contents of the proposed grant of the Options shall also comply with the restrictive provisions under the Share Option Scheme. Other contents not provided in the proposed grant of Options shall be determined in accordance with the relevant terms under the Share Option Scheme.

1. Number of the underlying Shares subject to the Options under the grant

The total number of the underlying A Shares subject to the Options that may be granted under the Share Option Scheme shall be 190,632,179 A Shares, representing approximately 2.50% of the Company's existing total issued share capital. The First Grant of Options will involve 171,568,961 Options, representing approximately 2.25% of the Company's existing total issued share capital. 19,063,218 Options will be reserved, representing 10% of the aggregate number of the Options under the Share Option Scheme and 0.25% of the Company's existing total issued share capital.

2. Allocation of the Options under the Share Option Scheme

The total number of proposed Participants under the First Grant of Options is 1,231, representing 8.66% of the total number of employees of the Company as at 30 June 2017, which includes the Directors, senior management and key technical and managerial personnel of the Company. Details of the allocation of the First Grant of Options are as follows:

Position of the Participants	Total number of the Options to be granted to the Participants	Percentage of the number of the Options to be granted to the Participants to the total number of the Options to be granted under the Share Option Scheme	Percentage of the underlying A Shares to the total number of existing Share capital of the Company
Zhan Chunxin (Executive Director, Chairman and Chief Executive Officer) ^{*#}	2,888,520	1.52%	0.04%
Su Yongjun (Vice President) ^{*#}	2,635,775	1.38%	0.03%
Xiong Yanming (Vice President) ^{*#}	2,599,668	1.36%	0.03%
Huang Qun (Vice President) ^{*#}	2,383,029	1.25%	0.03%
Liu Jie (Vice President) ^{*#}	2,310,816	1.21%	0.03%
Du Yigang (Vice President) ^{*#}	2,310,816	1.21%	0.03%
Wang Jinfu (Vice President) ^{*#}	2,274,710	1.19%	0.03%
Shen Ke (Company Secretary) ^{*#}	2,238,603	1.17%	0.03%
Guo Xuehong (Vice President) ^{*#}	2,202,497	1.16%	0.03%
Fu Ling (Chief Engineer) [#]	2,130,284	1.12%	0.03%
Sun Changjun (Chief Legal Officer) ^{*#}	2,021,964	1.06%	0.03%
He Jianming (Chief Taxation Assets Officer) ^{*#}	2,021,964	1.06%	0.03%
Li Jiangtao (Vice President) ^{*#}	1,672,935	0.88%	0.02%
Fang Minghua (Vice President) ^{*#}	1,492,402	0.78%	0.02%
Yang Zhengfu (Vice President) ^{*#}	1,179,479	0.62%	0.02%
Xiao Zhulan (Subsidiary Supervisor) [*]	618,150	0.32%	0.008%
Peng Yunzhi (Subsidiary Supervisor) [*]	188,850	0.10%	0.002%
Hu Min (Subsidiary Supervisor) [*]	188,850	0.10%	0.002%
Chang Shu (Subsidiary Director) [*]	142,050	0.08%	0.002%
Li Da (Subsidiary Supervisor) [*]	213,850	0.11%	0.003%
Wang Yongxiang (Subsidiary Supervisor) [*]	718,150	0.38%	0.009%
Hou Jie (Subsidiary Supervisor) [*]	313,850	0.17%	0.004%
Zou Jianrong (Subsidiary Supervisor) [*]	163,850	0.09%	0.002%
Zhang Chi (Subsidiary Supervisor) [*]	618,150	0.32%	0.008%
Yang Yihua (Subsidiary Director) [*]	167,050	0.09%	0.002%
Chen Liyi (Subsidiary Supervisor) [*]	167,050	0.09%	0.002%

Position of the Participants	Total number of the Options to be granted to the Participants	Percentage of the number of the Options to be granted to the Participants to the total number of the Options to be granted under the Share Option Scheme	Percentage of the underlying A Shares to the total number of existing Share capital of the Company
Zhou Yulin (Subsidiary Director)*	618,150	0.32%	0.008%
Luo Kai (Subsidiary Director)*	768,150	0.40%	0.01%
Ouyang Wenzhi (Subsidiary Director)*	518,150	0.27%	0.007%
Yu Lekang (Subsidiary Supervisor)*	618,150	0.32%	0.008%
Guo Long (Subsidiary Director)*	518,150	0.27%	0.007%
Jiang Ming (Subsidiary Director)*	163,850	0.09%	0.002%
Zhao Qianrong (Subsidiary Director)*	350,000	0.18%	0.005%
He Xuejun (Subsidiary Director)*	350,000	0.18%	0.005%
Wang Xien (Subsidiary Director)*	350,000	0.18%	0.005%
Teng Zhaobin (Subsidiary Director)*	350,000	0.18%	0.005%
Liu Hongyan (Subsidiary Director)*	350,000	0.18%	0.005%
Shi Yang (Subsidiary Director)*	117,050	0.06%	0.002%
Ji Qian (Subsidiary Director)*	117,050	0.06%	0.002%
Liu Cuiping (Subsidiary Supervisor)*	263,850	0.14%	0.003%
Chen Peimin (Subsidiary Supervisor)*	117,050	0.06%	0.002%
Zhang Cheng (Subsidiary Director)*	70,200	0.04%	0.001%
Li Jin (Subsidiary Director)*	142,050	0.08%	0.002%
Wu Zhonghui (Subsidiary Director)*	167,050	0.09%	0.002%
Pi Gang (Subsidiary Director)*	117,050	0.06%	0.002%
Qiu Yihua (Subsidiary Director)*	70,200	0.04%	0.001%
Xiong Chuanyu (Subsidiary Director)*	70,200	0.04%	0.001%
Peng Shudong (Subsidiary Director)*	368,150	0.19%	0.005%
Mao Wei (Subsidiary Director)*	117,050	0.06%	0.002%
Jiang Ya (Subsidiary Director)*	117,050	0.06%	0.002%
Li Mingjun (Subsidiary Director)*	95,200	0.05%	0.001%
Li Xujiang (Subsidiary Director)*	518,150	0.27%	0.007%
Yang Hui (Subsidiary Director)*	117,050	0.06%	0.002%
Zhang Chunxiang (Subsidiary Director)*	117,050	0.06%	0.002%
Key technical and managerial personnel (1,177 Participants in total)	128,417,381	67.36%	1.68%
Reserved Options	19,063,218	10%	0.25%
Total (1,231 Participants in total)	190,632,179	100%	2.50%

* Directors, and director and supervisor of the subsidiaries of the Company

senior management of the Company

The above allocation in relation to the key technical and managerial personnel of the Company and its subsidiaries is proposed by the remuneration and appraisal committee of the Company, determined by the Board and reviewed by the Supervisory Board. The grant of Options to Dr. Zhan Chunxin, executive Director, has been approved by the independent non-executive Directors in accordance with Rule 17.04(1) of the Listing Rules.

The number of the remaining Options under the Share Option Scheme after the First Grant of Options is 19,063,218, representing approximately 0.25% of the Company's existing total issued share capital and approximately 0.31% of the number of total A Shares currently in issue.

3. Date of the grant

Upon the approval of the Share Option Scheme at a general meeting and the Class Meetings, the Board shall determine the date of the First Grant of Options. The date of the First Grant of Options must fall on a date within 60 days (excluding the period during which no grant of option is allowed pursuant to the requirements under the laws and regulations) after the approval of the Share Option Scheme at a general meeting and the Class Meetings, and the Company shall convene a Board meeting to grant the Options to the Participants on the date thereof, and complete the relevant registration and announcement procedures. In the event of the Company's failure to complete the above procedures within such 60 days, the Share Option Scheme should be terminated and the Options yet to be granted should lapse. The date of the grant of the reserved Options shall be the date on which the announcement of resolutions passed at a Board meeting in respect of granting the reserved Options is published.

The date of the First Grant of Options and any subsequent grant must be a trading day and must not fall within any of the following periods:

- (1) the period commencing from 30 days prior to the publication of periodic reports of the Company or in the event of delay in publishing the reports for special reasons, 30 days prior to the original date of publication, and ending on one date preceding the date of publication;
- (2) 10 trading days prior to the publication of the announcement of estimated results and preliminary results of the Company;
- (3) the period commencing from the date of occurrence of a material event which may have a substantial impact on the trading prices of the Shares and their derivatives or the date on which the relevant decision-making procedures start, and ending on the second trading day following the disclosure in accordance with laws;
- (4) other periods stipulated by the CSRC and the Shenzhen Stock Exchange during which no dealings in the Shares by a Director or senior management of the Company is allowed; and
- (5) if a Participant is a Director, the period commencing from 60 days immediately preceding the publication date of the annual results to the publication date of the annual results; and the period commencing from 30 days immediately preceding the publication date of the quarterly results and the half-yearly results to the publication date of the quarterly results and the half-yearly results.

4. Exercise price and basis of determination

(1) Exercise price of the First Grant of Options

The exercise price of the Options proposed to be granted pursuant to the First Grant of Options shall be RMB4.57 per A Share. The exercise price shall not be less than the nominal value of the Shares or the higher of:

- (i) the average of the trading prices of the A Shares (being the total daily trading turnover on the last trading day immediately preceding the date of this announcement divided by the total daily trading volume on the last trading day immediately preceding the date of this announcement) quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of this announcement (i.e. 28 September 2017), which was RMB4.48 per A Share; and
- (ii) the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange for the last 20 trading days immediately preceding the date of this announcement, which was RMB4.57 per A Share.

(2) Basis of determination of exercise price of the reserved Options

The exercise price of the reserved Options shall not be less than the nominal value of the Shares or the higher of:

- (i) the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of the announcement in respect of such subsequent grant as mentioned above; and
- (ii) one of the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange for the last 20, 60 or 120 trading days immediately preceding the date of the announcement in respect of such subsequent grant as mentioned above.

5. Conditions of grant and exercise of the Options

The grant of the Options and its effectiveness are also subject to the satisfaction of the conditions stipulated under the Share Option Scheme (the major terms of which have been set out above).

III. PROPOSED ADOPTION OF THE RESTRICTED A SHARE INCENTIVE SCHEME

1. Purpose of the Restricted A Share Incentive Scheme

The Restricted A Share Incentive Scheme is to further refine the corporate structure of the Company, to align the interests of the Shareholders with that of the management, and to enhance the loyalty and sense of responsibilities of the management and the core personnel of the Company for, and to retain talent for, sound and sustainable development of the Company.

2. Basis for determining the Participants and the scope of Participants of the Restricted A Share Incentive Scheme

(1) Basis for determining the Participants

Participants of the Restricted A Share Incentive Scheme are determined in accordance with the Company Law, the Securities Law, the Incentive Measures, the relevant laws, regulations and regulatory documents and the relevant provisions of the Articles of Association, taking into account the actual conditions of the Company.

(2) Scope of Participants

Proposed Participants of the Restricted A Share Incentive Scheme include the Directors, senior management, key technical and managerial personnel of the Company and such other persons as the Board considers necessary to provide incentives.

In respect of the abovementioned Participants, any such Director and senior management must have been elected at a shareholders' general meeting or engaged by the Board. Other Participants must hold office in, and have entered into a service contract with, the Company or any of its controlling subsidiaries during the Validity Period.

The Participants do not cover any person who is prohibited to become a Participant under the Incentive Measures, such as the independent Directors, the supervisors, any Shareholder or actual controller holding, whether jointly or individually, more than 5% of the Shares of the Company, or their respective spouse, parents, sons and daughters.

In addition, any person proposed above cannot become a Participant under the Restricted A Share Incentive Scheme if:

- (i) he has been publicly censured or declared as an unsuitable candidate by the Shenzhen Stock Exchange or the Hong Kong Stock Exchange in the last 12 months;
- (ii) he has been held to be an unsuitable candidate by the CSRC or any of its dispatched agencies in the last 12 months;

- (iii) he has been imposed with administrative penalties or measures which prohibit him from entering into the market by the CSRC or any of its dispatched agencies in the last 12 months due to material non-compliance with laws and regulations;
- (iv) he is prohibited from acting as a Director or a member of the senior management of the Company under the Company Law;
- (v) he is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; or
- (vi) there is any other circumstance as determined by the CSRC.

If, in the course of implementation of the Restricted A Share Incentive Scheme, a Participant falls within any of the above circumstances under which he is not allowed to participate in the Restricted A Share Incentive Scheme, the Company will terminate his right to participate in the Restricted A Share Incentive Scheme, revoke his eligibility to be granted any Restricted A Shares under the Restricted A Share Incentive Scheme and repurchase and cancel his Restricted A Shares which remain subject to the lock-up restriction.

3. Source and number of Shares under the Restricted A Share Incentive Scheme

(1) Source of the underlying Shares of the Restricted A Share Incentive Scheme

The source of the underlying Shares of the Restricted A Share Incentive Scheme shall be such ordinary A Shares specifically issued to the Participants by the Company.

(2) Number of the underlying Shares

The total number of the Restricted A Shares that may be granted under the Restricted A Share Incentive Scheme shall be 190,632,179 A Shares, representing approximately 2.50% of the existing total issued share capital of the Company. Amongst the Restricted A Shares, 171,568,961 A Shares are under the First Grant of Restricted A Shares, representing approximately 2.25% of the existing total issued share capital of the Company, and 19,063,218 A Shares are reserved Restricted A Shares, representing 10% of the total number of Restricted A Shares under the Restricted A Share Incentive Scheme and 0.25% of the existing total issued share capital of the Company.

If there is any ex-right or ex-dividend issues of the Company such as equity distribution, capitalisation issue or rights issue during the period between the date on which the Restricted A Share Incentive Scheme is initially announced and the completion of the registration of the holding of the Restricted A Shares by the Participants, the price and the number of the corresponding Restricted A Shares to be granted shall be adjusted accordingly.

4. Validity period, date of grant, lock-up period, unlock period and the relevant lock-up restrictions

(1) Validity period

The validity period of the Restricted A Share Incentive Scheme commences from the date of grant of the Restricted A Shares, and ends on the date on which all the Restricted A Shares have been unlocked or cancelled, provided that such period must not exceed 48 months.

(2) Date of grant

Upon approval of the Restricted A Share Incentive Scheme at a general meeting and the Class Meetings, the Board shall determine the date of grant. The date of the First Grant of Restricted A Shares must fall on a date within 60 days (excluding the period during which no grant of restricted shares is allowed pursuant to the requirements under laws and regulations) after the approval of the Restricted A Share Incentive Scheme at a general meeting and the Class Meetings, and the Company shall convene a Board meeting to grant the Restricted A Shares to the Participants on the date thereof, and complete the relevant registration and announcement procedures. In the event of the Company's failure to complete the above procedures within such 60 days, the Restricted A Share Incentive Scheme should be terminated and the Restricted A Shares yet to be granted should lapse. The date of grant of the reserved Restricted A Shares shall be the date on which the announcement of resolutions passed at a Board meeting in respect of granting the reserved Restricted A Shares is published.

The date of grant must be a trading day and must not fall within any of the following periods:

- (i) the period commencing from 30 days prior to the publication of periodic reports of the Company or in the event of delay in publishing the reports for special reasons, 30 days prior to the original date of publication, and ending on one date preceding the date of publication;
- (ii) 10 trading days prior to the publication of the announcement of estimated results and preliminary results of the Company;
- (iii) the period commencing from the date of occurrence of a material event which may have a substantial impact on the trading prices of the Shares and their derivatives or the date on which the relevant decision-making procedures start, and ending on the second trading day following the disclosure in accordance with laws;
- (iv) other periods stipulated by the CSRC and the Shenzhen Stock Exchange during which no dealings in the Shares by a Director or senior management of the Company is allowed; and

(vi) if a Participant is a Director, the period commencing from 60 days immediately preceding the publication date of the annual results to the publication date of the annual results; and the period commencing from 30 days immediately preceding the publication date of the quarterly results and the half-yearly results to the publication date of the quarterly results and the half-yearly results.

(3) Lock-up period

The Restricted A Shares to be granted to the Participants will have different lock-up periods. The Restricted A Shares under the First Grant of Restricted A Shares will have lock-up periods of 12 months, 24 months and 36 months and the reserved Restricted A Shares will have lock-up periods of 12 months and 24 months, in each case commencing from the date of grant.

During the lock-up period of the Restricted A Shares, the cash dividends to be obtained by the Participants in respect of the Restricted A Shares granted shall be withheld by the Company as dividends to be distributed to the Participants when the Restricted A Shares are unlocked. In the event that the lock-up restriction on the Restricted A Shares cannot be lifted in accordance with the Restricted A Share Incentive Scheme, the corresponding dividends for the portion of the Restricted A Shares which remain subject to the lock-up restriction shall be withdrawn by the Company. Any Shares to be granted to the Participants in respect of the Restricted A Shares due to equity distribution, capitalisation issue or rights issue will also be subject to the lock-up restriction from selling on the secondary market or other types of transfers, and the lock-up period of those Shares will be the same as that of the Restricted A Shares. In the event that the lock-up restriction on the Restricted A Shares cannot be lifted in accordance with the Restricted A Share Incentive Scheme, those Shares shall be repurchased and cancelled by the Company.

During the lock-up period, no Restricted A Share granted to the Participants but not yet unlocked under the Restricted A Share Incentive Scheme is allowed to be transferred or used to guarantee, pledge or repay debts.

(4) *Unlock period*

The Restricted A Shares under the First Grant of Restricted A Shares will be unlocked in three batches upon expiry of 12 months from the date of grant of such Restricted A Shares. Details are as follows:

Unlock arrangement	Unlock period	Percentage of the number of Shares to be unlocked to the total number of the Restricted A Shares granted
First unlock period	Commencing from the first trading day after expiry of the 12-month period from the date of grant, and ending on the last trading day of the 24-month period from the date of grant	40%
Second unlock period	Commencing from the first trading day after expiry of the 24-month period from the date of grant, and ending on the last trading day of the 36-month period from the date of grant	30%
Third unlock period	Commencing from the first trading day after expiry of the 36-month period from the date of grant, and ending on the last trading day of the 48-month period from the date of grant	30%

Reserved Restricted A Shares will be unlocked in two batches upon expiry of 12 months from the date of grant of such reserved Restricted A Shares. Details are as follows:

Unlock arrangement	Unlock period	Percentage of the number of Shares to be unlocked to the total number of the Restricted A Shares granted
First unlock period	Commencing from the first trading day after expiry of the 12-month period from the date of grant, and ending on the last trading day of the 24-month period from the date of grant	50%
Second unlock period	Commencing from the first trading day after expiry of the 24-month period from the date of grant, and ending on the last trading day of the 36-month period from the date of grant	50%

Before the date of unlocking, the Company has to confirm whether the Participants have satisfied the conditions for unlocking the Restricted A Shares. For Participants who have satisfied those conditions, the Company shall complete the unlocking procedures and issue the Notice for Unlocking of the Restricted A Shares to those Participants. For Participants who failed to satisfy those conditions, the Company shall repurchase and cancel the corresponding Restricted A Shares held by them.

(5) Relevant lock-up restrictions

The lock-up provisions of the Restricted A Share Incentive Scheme shall be implemented in accordance with the Company Law, the Securities Law, the Shenzhen Listing Rules, the other relevant laws, regulations and regulatory documents, and the Articles of Association. Details are as follows:

- (i) if a Participant is a Director or a member of senior management of the Company, the number of A Shares that may be transferred each year during his term of office must not exceed 25% of the total number of A Shares held by him. No A Share held by him can be transferred within half year after his termination of office.

- (ii) if a Participant is a Director or a member of senior management of the Company and he disposes any A Shares within six months after the acquisition, or buys back within six months after disposition, all gains arising therefrom shall be vested with the Board for the benefit of the Company.
- (iii) if, during the Validity Period, there is any change to the requirements regarding the transfer of A Shares by a director and senior management under the Company Law, the Securities Law, the other relevant laws, regulations and regulatory documents and the Articles of Association, a Participant shall comply with the amended Company Law, the Securities Law, the other relevant laws, regulations and regulatory documents and the Articles of Association, upon transfer of his A Shares held by him.

5. Grant price and basis of determination

(1) Grant price of the First Grant of Restricted A Shares

The grant price of the Restricted A Shares proposed to be granted pursuant to the First Grant of Restricted A Shares shall be RMB2.29 per A Share. The grant price shall not be less than the nominal value of the Shares or the higher of:

- (i) 50% of the average trading price of the A Shares quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of this announcement (i.e. 28 September 2017), which was RMB2.24 per A Share; and
- (ii) 50% of the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange for the last 20 trading days immediately preceding the date of this announcement, which was RMB2.29 per A Share.

(2) Basis of determination of grant price of the reserved Restricted A Shares

The grant price of the reserved Restricted A Shares shall not be less than the nominal value of the Shares or the higher of:

- (i) 50% of the average trading price of the A Shares quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of the announcement in respect of such subsequent grant as mentioned above; and
- (ii) 50% of one of the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange for the last 20, 60 or 120 trading days immediately preceding the date of the announcement in respect of such subsequent grant as mentioned above.

6. Conditions of grant and unlocking of the Restricted A Shares

(1) Conditions of grant of the Restricted A Shares

There is no occurrence of any of the following on the part of the Company:

- (i) issue of an auditors' report with qualified opinion or which indicates an inability to give opinion by a certified public account with respect to the financial report of the Company for its most recent accounting year;
- (ii) issue of an auditors' report with qualified opinion or which indicates an inability to give opinion by a certified public account with respect to the financial reporting and internal control of the Company for its most recent accounting year;
- (iii) there is profit allocation contravening laws and regulations, the Articles of Association or any undertaking publicly made in the 36 months after listing;
- (iv) no share incentive scheme is allowed under laws and regulations; and
- (v) any other circumstances as determined by the CSRC.

There is no occurrence of any of the following on the part of a Participant:

- (i) he has been held to be an unsuitable candidate by a stock exchange in the last 12 months;
- (ii) he has been held to be an unsuitable candidate by the CSRC or any of its dispatched agencies in the last 12 months;
- (iii) he has been imposed with administrative penalties or measures which prohibit him from entering into the market by the CSRC or any of its dispatched agencies in the last 12 months due to material non-compliance with laws and regulations;
- (iv) he is prohibited from acting as a Director or a member of the senior management of the Company under the Company Law;
- (v) he is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; and
- (vi) there is any other circumstance as determined by the CSRC.

(2) Conditions of unlocking of the Restricted A Shares

Subject to the satisfaction of the above conditions, the Restricted A Shares can only be unlocked upon satisfaction of the following conditions:

(i) Performance target of the Company

The Restricted A Shares under the First Grant of Restricted A Shares are subject to three assessment years from 2017 accounting year to 2019 accounting year. Assessment is made once a year. The Restricted A Shares obtained by the Participants under the First Grant of Restricted A Shares can be unlocked only if the Company achieves the following performance targets:

Unlock period	Performance target
First unlock period	Net profit of the Company for the year 2017 shall be a positive figure, and no less than the mean of net profits of comparable companies in the same industry for the year 2017
Second unlock period	Net profit of the Company for the year 2018 shall be a positive figure, and increase by 10% or more compared with that for the year 2017
Third unlock period	Net profit of the Company for the year 2019 shall be a positive figure, and increase by 10% or more compared with that for the year 2018

The reserved Restricted A Shares under the Restricted A Shares Incentive Scheme are subject to the same conditions for unlocking as applicable to the First Grant of Restricted A Shares. The assessment years are two years from 2018 accounting year to 2019 accounting year. Details are as follows:

Unlock period	Conditions for unlocking
First unlock period	Net profit of the Company for the year 2018 shall be a positive figure, and increase by 10% or more compared with that for the year 2017
Second unlock period	Net profit of the Company for the year 2019 shall be a positive figure, and increase by 10% or more compared with that for the year 2018

where “net profit” refers to the net profit attributable to the owners of the parent company as publicly disclosed in an annual report of a listed company. “Same industry” refers to the construction machinery industry in which the Company operates. “Mean of net profits of comparable companies” refers to the simple arithmetic mean of the net profits of the top five listed construction machinery companies (excluding the

Company) in terms of net profits attributable to the owners of their respective parent company as publicly disclosed in their respective annual report for the year 2017.

If, in assessing the performance of the Company, there is any material change in the net profits of the sample companies in the same industry or the variance exceeds the extreme values, the Board will eliminate or remove such sample.

Costs relating to the Restricted A Shares under the Restricted A Share Incentive Scheme shall be charged to the administration cost.

If any condition of exercise cannot be satisfied in any exercise period within the Validity Period of the Restricted A Shares Incentive Scheme, such portion of the Restricted A Shares subject to any unlocking application in such current period cannot be deferred to the next year and will be cancelled by the Company.

(ii) Performance target of the Participants

According to the *Assessment Method applicable to the Share Option Scheme and Restricted Share Incentive Scheme of Zoomlion Heavy Industry Science and Technology Co., Ltd.*, the assessment results of a Participant will form the basis of unlocking of his Restricted A Shares granted. Details are as follows:

Assessment Grade	Definition	Parameter
Excellent	Annual assessment marks ≥ 90	100%
Good	$80 \leq$ Annual assessment marks < 90	100%
Fair	$70 \leq$ Annual assessment marks < 80	100%
Needs improvement	Annual assessment marks < 70	0%

If the Company meets its performance target in the respective year, the actual number of the Restricted A Shares of a Participant which can be unlocked in that year would be: a parameter \times all Restricted A Shares of such Participant which can be unlocked in that unlock period.

If a Participant fails to meet his performance target, no corresponding Restricted A Shares can be unlocked or deferred to the next year for unlocking. All such Restricted A Shares will be cancelled by the Company.

7. Repurchase of the Restricted A Shares by the Company

(1) Repurchase price of the Restricted A Shares

In the event that the Company repurchases and cancels the Restricted A Shares in accordance with the requirements of the Restricted A Share Incentive Scheme, save and except any adjustment required to be made to the number of the Restricted A Shares to be repurchased and the repurchase price herein below, the number of the Restricted A Shares to be repurchased shall be the number of the Restricted A Shares granted but not yet

unlocked and the repurchase price shall be the sum of the grant price and the interest for bank loans during the same period. However, if any Participant assumes personal liabilities under section 1 of Article 18 of the Incentive Measures, or any Participant falls within section 2 of Article 18 of the Incentive Measures, the repurchase price shall be the grant price.

(2) *Method and procedures for adjustment to the number of Restricted A Shares to be repurchased*

If there is any capitalisation issue, bonus issue or rights issue of the Company after the grant of the Restricted A Shares, the number of the Restricted A Shares not yet unlocked but to be repurchased shall be adjusted accordingly. The Company will repurchase such number of Restricted A Shares granted to, and other Shares so obtained therefrom by, the Participants based on such adjustment.

(1) *Adjustment method for the Restricted A Share Incentive Scheme*

(i) Capitalisation issue and bonus issue

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the Restricted A Shares prior to adjustment;

n represents the rate of increase per A Share resulting from capitalisation issue and bonus issue of A Share capital (i.e. the increase in the number of Shares per A Share upon capitalisation issue and bonus issue of the A Share capital); and

Q represents the number of Restricted A Shares after adjustment.

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the grant price prior to adjustment;

n represents the rate of increase per A Share resulting from capitalisation issue and bonus issue of A Share capital; and

P represents the repurchase price after adjustment.

(ii) Rights issue

$$Q = Q_0 \times [P_1 \times (1 + n) / (P_1 + P_2 \times n)]$$

Where: Q_0 represents the number of Restricted A Shares prior to adjustment;

P_1 represents the closing price of A Shares on the record date;

P_2 represents the subscription price of the rights issue;

n represents the basis of the rights issue (i.e. the number of A Shares to be issued under the rights issue to the total A Share capital of the Company prior to the rights issue); and

Q represents the number of Restricted A Shares after adjustment.

$$P = P_0 \times [(P_1 + P_2 \times n) / P_1 \times (1 + n)]$$

Where: P_0 represents the grant price prior to adjustment;

P_1 represents the closing price of A Shares on the record date;

P_2 represents the subscription price of the rights issue;

n represents the basis of the rights issue (i.e. the number of A Shares to be issued under the rights issue to the total A Share capital of the Company prior to the rights issue); and

P represents the repurchase price after adjustment.

(iii) New issue of A Shares

In the event of new issue of A Shares, no adjustment shall be made to the number and the price of the Restricted A Shares.

(iv) Declaration of dividend

$$P = P_0 - V$$

Where: P_0 represents the grant price prior to adjustment;

V represents the amount of dividend per A Share; and

P represents the repurchase price after adjustment.

(If, after calculation, P is less than the nominal value of RMB1 per A Share, $P = \text{RMB1}$)

8. Adjustments

(1) Adjustment method for the Restricted A Share Incentive Scheme

(i) Capitalisation issue and bonus issue

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of Restricted A Shares prior to adjustment;

n represents the rate of increase per A Share resulting from capitalisation issue and bonus issue of A Share capital (i.e. the increase in the number of Shares per A Share upon capitalisation issue and bonus issue of the A Share capital); and

Q represents the number of Restricted A Shares after adjustment.

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the grant price prior to adjustment;

n represents the rate of increase per A Share resulting from capitalisation issue and bonus issue of A Share capital; and

P represents the grant price after adjustment.

(ii) Rights issue

$$Q = Q_0 \times [P_1 \times (1 + n) / (P_1 + P_2 \times n)]$$

Where: Q_0 represents the number of Restricted A Shares prior to adjustment;

P_1 represents the closing price of A Shares on the record date;

P_2 represents the subscription price of the rights issue;

n represents the basis of the rights issue (i.e. the number of Shares to be issued under the rights issue to the total A share capital of the Company prior to the rights issue); and

Q represents the number of Restricted A Shares after adjustment.

$$P = P_0 \times [(P_1 + P_2 \times n) / P_1 \times (1 + n)]$$

Where: P_0 represents the grant price prior to adjustment;

P_1 represents the closing price of A Shares on the record date;

P_2 represents the subscription price of the rights issue;

n represents the basis of the rights issue (i.e. the number of A Shares to be issued under the rights issue to the total A share capital of the Company prior to the rights issue); and

P represents the grant price after adjustment.

(iii) New issue of A Shares

In the event of new issue of A Shares, no adjustment shall be made to the number and the price of the Restricted A Shares.

(iv) Declaration of dividend

$$P = P_0 - V$$

Where: P_0 represents the grant price prior to adjustment;

V represents the amount of dividend per A Share; and

P represents the grant price after adjustment.

(If, after calculation, is less than the nominal value of RMB1 per A Share, $P = \text{RMB1}$)

IV. THE PROPOSED GRANT UNDER THE RESTRICTED A SHARE INCENTIVE SCHEME

1. Number of the Proposed Grant under the Restricted A Share Incentive Scheme

The total number of the Restricted A Shares that may be granted under the Restricted A Share Incentive Scheme shall be 190,632,179 A Shares, representing approximately 2.50% of the Company's existing total issued share capital. The First Grant of Restricted A Shares will involve 171,568,961 A Shares, representing approximately 2.25% of the Company's existing total issued share capital. 19,063,218 A Shares will be reserved, representing 10% of the aggregate number of the A Shares under the Restricted A Share Incentive Scheme and 0.25% of the Company's existing total issued share capital. Subject to compliance with the relevant PRC laws and regulations and in order to proceed with the First Grant of Restricted A Shares, such number of the Restricted A Shares will be issued directly by the Company to the Participants who subscribe for the Restricted A Shares with their own funds under the First Grant of Restricted A Shares.

2. Maximum grant to a Participant

The number of the Restricted A Shares to be granted to a Participant under the proposed grant will be subject to the criteria and conditions specified in the Restricted A Share Incentive Scheme. The aggregate number of A Shares to be issued to a Participant upon exercise of the Options under the Share Option Scheme and Restricted A Shares that may be granted to a Participant under the Restricted A Share Incentive Scheme must not exceed 1% of the total share capital of the Company.

3. Grant price of the proposed grant

(1) Grant price of the First Grant of Restricted A Shares

The grant price of the Restricted A Shares proposed to be granted pursuant to the First Grant of Restricted A Shares shall be RMB2.29 per A Share. The grant price shall not be less than the nominal value of the Shares or the higher of:

- (i) 50% of the average trading price of the A Shares quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of this announcement (i.e. 28 September 2017), which was RMB2.24 per A Shares; and
- (ii) 50% of the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange for the last 20 trading days immediately preceding the date of this announcement, which was RMB2.29 per A Share.

The Participants should subscribe for the Restricted A Shares with their own funds.

(2) Basis of determination of grant price of the reserved Restricted A Shares

The grant price of the reserved Restricted A Shares shall not be less than the nominal value of the Shares or the higher of:

- (iii) 50% of the average trading price of the A Shares quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of the announcement in respect of such subsequent grant as mentioned above; and
- (iv) 50% of one of the average of the trading prices of the A Shares quoted on the Shenzhen Stock Exchange for the last 20, 60 or 120 trading days immediately preceding the date of the announcement in respect of such subsequent grant as mentioned above.

4. Proposed grant of the Restricted A Shares under the First Grant of Restricted A Shares

Details of the First Grant of Restricted A Shares are as follows:

Position of the Participants	Total number of the Restricted A Shares to be granted to the Participants	Percentage of the number of the Restricted A Shares to be granted to the Participants to the total number of the Restricted A Shares to be granted under the Restricted A Share Incentive Scheme	Percentage of the relevant Restricted A Shares to the total number of existing share capital of the Company
Zhan Chunxin (Executive Director, Chairman and Chief Executive Officer) ^{*#}	2,888,520	1.52%	0.04%
Su Yongjun (Vice President) ^{*#}	2,635,775	1.38%	0.03%
Xiong Yanming (Vice President) ^{*#}	2,599,668	1.36%	0.03%
Huang Qun (Vice President) ^{*#}	2,383,029	1.25%	0.03%
Liu Jie (Vice President) ^{*#}	2,310,816	1.21%	0.03%
Du Yigang (Vice President) ^{*#}	2,310,816	1.21%	0.03%
Wang Jinfu (Vice President) ^{*#}	2,274,710	1.19%	0.03%
Shen Ke (Company Secretary) ^{*#}	2,238,603	1.17%	0.03%
Guo Xuehong (Vice President) ^{*#}	2,202,497	1.16%	0.03%
Fu Ling (Chief Engineer) [#]	2,130,284	1.12%	0.03%
Sun Changjun (Chief Legal Officer) ^{*#}	2,021,964	1.06%	0.03%
He Jianming (Chief Taxation Assets Officer) ^{*#}	2,021,964	1.06%	0.03%
Li Jiangtao (Vice President) ^{*#}	1,672,935	0.88%	0.02%
Fang Minghua (Vice President) ^{*#}	1,492,402	0.78%	0.02%
Yang Zhengfu (Vice President) ^{*#}	1,179,479	0.62%	0.02%
Xiao Zhulan (Subsidiary Supervisor) [*]	618,150	0.32%	0.008%
Peng Yunzhi (Subsidiary Supervisor) [*]	188,850	0.10%	0.002%
Hu Min (Subsidiary Supervisor) [*]	188,850	0.10%	0.002%
Chang Shu (Subsidiary Director) [*]	142,050	0.08%	0.002%
Li Da (Subsidiary Supervisor) [*]	213,850	0.11%	0.003%
Wang Yongxiang (Subsidiary Supervisor) [*]	718,150	0.38%	0.009%
Hou Jie (Subsidiary Supervisor) [*]	313,850	0.17%	0.004%
Zou Jianrong (Subsidiary Supervisor) [*]	163,850	0.09%	0.002%
Zhang Chi (Subsidiary Supervisor) [*]	618,150	0.32%	0.008%
Yang Yihua (Subsidiary Director) [*]	167,050	0.09%	0.002%
Chen Liyi (Subsidiary Supervisor) [*]	167,050	0.09%	0.002%

Position of the Participants	Total number of the Restricted A Shares to be granted to the Participants	Percentage of the number of the Restricted A Shares to be granted to the Participants to the total number of the Restricted A Shares to be granted under the Restricted A Share Incentive Scheme	Percentage of the relevant Restricted A Shares to the total number of existing share capital of the Company
Zhou Yulin (Subsidiary Director)*	618,150	0.32%	0.008%
Luo Kai (Subsidiary Director)*	768,150	0.40%	0.01%
Ouyang Wenzhi (Subsidiary Director)*	518,150	0.27%	0.007%
Yu Lekang (Subsidiary Supervisor)*	618,150	0.32%	0.008%
Guo Long (Subsidiary Director)*	518,150	0.27%	0.007%
Jiang Ming (Subsidiary Director)*	163,850	0.09%	0.002%
Zhao Qianrong (Subsidiary Director)*	350,000	0.18%	0.005%
He Xuejun (Subsidiary Director)*	350,000	0.18%	0.005%
Wang Xien (Subsidiary Director)*	350,000	0.18%	0.005%
Teng Zhaobin (Subsidiary Director)*	350,000	0.18%	0.005%
Liu Hongyan (Subsidiary Director)*	350,000	0.18%	0.005%
Shi Yang (Subsidiary Director)*	117,050	0.06%	0.002%
Ji Qian (Subsidiary Director)*	117,050	0.06%	0.002%
Liu Cuiping (Subsidiary Supervisor)*	263,850	0.14%	0.003%
Chen Peimin (Subsidiary Supervisor)*	117,050	0.06%	0.002%
Zhang Cheng (Subsidiary Director)*	70,200	0.04%	0.001%
Li Jin (Subsidiary Director)*	142,050	0.08%	0.002%
Wu Zhonghui (Subsidiary Director)*	167,050	0.09%	0.002%
Pi Gang (Subsidiary Director)*	117,050	0.06%	0.002%
Qiu Yihua (Subsidiary Director)*	70,200	0.04%	0.001%
Xiong Chuanyu (Subsidiary Director)*	70,200	0.04%	0.001%
Peng Shudong (Subsidiary Director)*	368,150	0.19%	0.005%
Mao Wei (Subsidiary Director)*	117,050	0.06%	0.002%
Jiang Ya (Subsidiary Director)*	117,050	0.06%	0.002%
Li Mingjun (Subsidiary Director)*	95,200	0.05%	0.001%
Li Xujiong (Subsidiary Director)*	518,150	0.27%	0.007%
Yang Hui (Subsidiary Director)*	117,050	0.06%	0.002%
Zhang Chunxiang (Subsidiary Director)*	117,050	0.06%	0.002%
Key technical and managerial personnel (1,177 Participants in total)	128,417,381	67.36%	1.68%
Reserved Restricted A Shares	19,063,218	10%	0.25%
Total (1,231 Participants in total)	190,632,179	100%	2.50%

* connected person grantees: Directors, or director or supervisor of the subsidiaries of the Company

senior management of the Company

The above allocation in relation to the key technical and managerial personnel of the Company and its subsidiaries is proposed by the remuneration and appraisal committee of the Company, determined by the Board and reviewed by the Supervisory Board. To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the connected person grantees disclosed above, all other Participants under the First Grant of Restricted A Shares are third parties independent of the Company and its connected persons.

The number of the remaining Restricted A Shares under the Restricted A Share Incentive Scheme after the First Grant of Restricted A Shares is 19,063,218, representing approximately 0.25% of the Company's existing total issued share capital and approximately 0.31% of the number of total A Shares currently in issue.

V. CHANGES AND TERMINATION OF THE SCHEMES

(1) Change of position or vacation of office of the Participant

A. Change of position

If there is any change of position of a Participant within the Company on a normal course, all Options and Restricted A Shares already granted to him shall remain unchanged and be dealt with entirely in accordance with the relevant requirements of the Schemes.

If there is any change of position of a Participant for reason of conduct which prejudices the interest or reputation of the Company, such as violation of work ethics, divulgence of confidential information of the Company, or breach or dereliction of duty, the Board will terminate all Options granted to the Participant and exercisable but not yet exercised under the Schemes as of the date of occurrence of such circumstance. All his Options not yet exercisable shall lapse. All Restricted A Shares granted but not yet unlocked shall not be unlocked and shall be repurchased and cancelled by the Company at the purchase price paid by the Participant.

B. Vacation of office

If a Participant vacates his office due to retirement, all his Options and Restricted A Shares granted shall be exercisable or unlocked in accordance with the requirements of the Schemes without satisfying any performance target applicable to the Participant in his annual assessment.

If a Participant vacates his office due to dismissal or termination of employment by the Company, he can continue to hold such Options granted but not yet exercised and such Restricted A Shares granted but unlocked, as he has satisfied the performance target in his annual assessment. All Options which are not exercisable shall not be exercised. All Restricted A Share which remain unlocked shall not be unlocked and shall be repurchased and cancelled by the Company.

If a Participant vacates his office due to resignation, the Board may decide that all Options granted but not yet exercised by the Participant shall not be exercised, and shall be

cancelled by the Company; and all Restricted A Shares granted but not yet unlocked shall not be unlocked and shall be repurchased and cancelled by the Company, and in each case as at the date of vacation of office.

If a Participant vacates his office for reason of conduct which prejudices the interest or reputation of the Company, such as violation of laws or work ethics, divulgence of confidential information of the Company, or breach or dereliction of duty, all Options granted but not yet exercised by the Participant shall not be exercised and shall be cancelled by the Company; and all Restricted A Shares granted but not yet unlocked shall not be unlocked and be repurchased and cancelled by the Company, in each case as at the date of vacation of office.

(2) Incapability

If a Participant is incapable due to an injury arising out of and in the course of his employment, all Options and Restricted A Shares granted shall be exercisable or unlocked, as the case may be, in accordance with the requirements of the Schemes without satisfying any performance target applicable to the Participant in his annual assessment.

If a Participant is incapable for reason other than any injury arising out of and in the course of his employment, all Options granted but not yet exercised shall not be exercised, and shall be cancelled by the Company, and all Restricted A Shares granted but not yet unlocked shall not be unlocked and shall be repurchased and cancelled by the Company, in each case as at the date of occurrence of incapability.

(3) Death

If a Participant deceases for a reason arising out of and in the course of his employment, all Options and Restricted A Shares granted shall be exercisable or unlocked, as the case may be, in accordance with the requirements of the Schemes without satisfying any performance target applicable to the Participant in his annual assessment. Such rights shall be exercised by such successor of estate or lawful successor as designated by the Participant.

If a Participant deceases not for a reason arising out of and in the course of her employment, all Options granted but not yet exercised shall not be exercised, and shall be cancelled by the Company, and all Restricted A Shares granted but not yet unlocked shall not be unlocked and shall be repurchased and cancelled by the Company, in each case as the date of his death. Such repurchase price shall be payable by the Company to the successor of estate or lawful successor as designated by the Participant

(4) Changes in the Company

The Schemes shall be terminated upon occurrence of any of the following during the Validity Period:

- (i) a Participant has been determined as an unsuitable candidate by a stock exchange in the last 12 months;
- (ii) he has been determined to be an unsuitable candidate by the CSRC or any of its dispatched agencies in the last 12 months;
- (iii) he has been imposed with administrative penalties or measures which prohibit him from entering into the market by the CSRC or its dispatched agencies in the last 12 months due to material non-compliance with laws and regulations;
- (iv) he is prohibited from acting as a Director or a member of the senior management of the Company under the Company Law;
- (v) he is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; and
- (vi) there is any other circumstance as determined by the CSRC.

In such event, all Options exercisable and not yet exercised shall be terminated and all Options not yet exercisable shall lapse. All Restricted A Shares which are granted but remain unlocked shall not be unlocked and shall be repurchased and cancelled by the Company at the purchase price paid by the Participant.

(5) Other

Other circumstances not provided for shall be determined by the remuneration and appraisal committee of the Company and dealt with in such manner as the committee determines.

VI. LISTING RULES IMPLICATION

The Share Option Scheme constitutes a share option scheme pursuant to Chapter 17 of the Listing Rules. According to Note (1) to Rule 17.03(9) of the Listing Rules, the exercise price of the relevant options must be at least the higher of (i) the closing price of the securities as stated in the Stock Exchange's daily quotations sheet on the date of grant; and (ii) the average closing price of the securities as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant. The Company has therefore obtained a waiver from strict compliance with Note (1) to Rule 17.03(9) of the Listing Rules in respect of the exercise price of the Options that may be granted under the Share Option Scheme on the following grounds:

- (a) as the shares to be issued under the Share Option Scheme are all A Shares, it would be inappropriate for the Company to follow the relevant Listing Rules requirement to use the closing prices of the Company's H shares as stated in the Stock Exchange's daily quotation sheets as references to determine the exercise price of the options to be granted under the Share Option Scheme;
- (b) the proposed fixing mechanism of the exercise price of the options under the Share Option Scheme is strictly in compliance with the Incentive Measures as prescribed by the CSRC;
- (c) the exercise price of the options under the Share Option Scheme will reflect the prevailing market price of the Company's A Shares at the time the terms of the grant are fixed, such principle is in line with the rationale behind Note (1) to Rule 17.03(9) of the Listing Rules; and
- (d) the Share Option Scheme is subject to approval by the shareholders at the Company's general meeting and class meetings to the effect that the shareholders will have the opportunity to consider and assess the principal terms of the Share Option Scheme which include the proposed exercise price of the options to be granted under the Share Option Scheme.

The Restricted A Share Incentive Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is a discretionary scheme of the Company.

Any grant of Options under the Scheme Option Scheme to any Participant who is a connected person of the Company will be exempted from all the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31(3)(b) of the Listing Rules.

Any grant of Restricted A Shares under the Restricted A Share Incentive Scheme to a connected person of the Company will constitute a non-exempt connected transaction of the Company which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will establish an independent Board committee to advise the independent Shareholders of the Company in respect of the First Grant of Restricted A Shares to Participants who are connected persons of

the Company. Gram Capital has been appointed by the Company as the independent financial adviser to advise the independent Board committee and the independent Shareholders of the Company in respect of the First Grant of Restricted A Shares to Participants who are connected persons of the Company.

VII. INFORMATION ON THE GROUP AND REASONS FOR AND BENEFITS OF THE ADOPTION OF THE SCHEMES AND THE FIRST GRANTS

The Company and its subsidiaries are principally engaged in the research, development, manufacturing and sale of construction machinery, environmental sanitation equipment and agricultural machinery, as well as the provision of environmental solutions and finance leasing service.

The Schemes are to further refine the corporate structure of the Company, to align the interests of the Shareholders with that of the management, and to enhance the loyalty and sense of responsibilities of the management and the core personnel of the Company for, and to retain talent for, sound and sustainable development of the Company. The Board is of the view that the adoption of the Schemes will assist the Company in achieving the aforesaid goals, and that the terms and conditions of the Schemes are on normal commercial terms, fair and reasonable and in the interests of the Company and its Shareholders as a whole.

Having considered the abovementioned reasons, the Directors (excluding the independent non-executive Directors, the opinion of whom after taking into account the advice from Gram Capital will be included in the circular) are also of the view that the First Grant of Restricted Shares to Participants who are connected persons of the Company, are transactions entered into on normal commercial terms, which are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

VIII. GENERAL MEETING AND CIRCULAR

Class meetings will be held to approve the Schemes. A circular containing, among other things, (i) terms of the Share Option Scheme and Restricted A Share Incentive Scheme; (ii) details of the First Grants; (iii) a letter from Gram Capital to the independent Board committee and the independent Shareholders of the Company containing its advice on the approval of the First Grant of Restricted A Shares to Participants who are connected persons of the Company; (iv) the recommendation of the independent Board committee regarding the approval of the First Grant of Restricted A Shares to Participants who are connected persons of the Company; (v) a notice of the class meetings of the Company, will be dispatched to the Shareholders on or before 12 October 2017.

DEFINITION

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

“A Share”	A shares of the Company which are listed on Shenzhen Stock Exchange and traded and denominated in RMB
“Article of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“Class Meetings”	the A Shares Class Meeting and H Shares Class Meeting of the Company to approve the Schemes
“Company”	Zoomlion Heavy Industry Science and Technology Co., Ltd.* (中聯重科股份有限公司), a joint stock limited company incorporated in the PRC and the H shares and A shares of which are listed on The Stock Exchange of Hong Kong Limited (stock code: 1157) and the Shenzhen Stock Exchange (stock code: 000157), respectively
“Company Law”	the Company Law of the PRC
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director”	director of the Company
“Exercise Date”	the date on which the Participants is entitled to exercise the Options, which must be a trading day
“First Grants”	the First Grant of Options and the First Grant of Restricted A Shares
“First Grant of Options”	the proposed grant of 171,568,961 Options to the Participants pursuant to the Share Option Scheme
“First Grant of Restricted A Shares”	the proposed grant of 171,568,961 Restricted A Shares to the Participants pursuant to the Restricted A Share Incentive Scheme
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Incentive Measures”	the Administrative Measures on Share Incentives of Listed Companies (上市公司股權激勵管理辦法)
“Independent Financial Adviser” or “Gram Capital”	Gram Capital limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and being the independent financial adviser to the independent board committee and the independent shareholders in respect of the First Grant of Restricted A Shares to Participants who are connected persons of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Hong Kong Stock Exchange (as amended from time to time)
“Option”	the right to be granted to a Participant to acquire certain amount of A Shares of the Company at a pre-determined price in a particular period of time and subject to certain conditions under the Share Option Scheme
“Participant”	the person to be granted Option under the Share Option Scheme and/or Restricted A Share under the Restricted A Share Incentive Scheme as the context requires
“PRC”	The People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Restricted A Shares”	the A Shares to be granted to a Participant by the Company under the Restricted A Share Incentive Scheme
“Restricted A Share Incentive Scheme”	the proposed restricted A share incentive scheme of the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Schemes”	the Share Option Scheme and the Restricted A Share Incentive Scheme, collectively
“Securities Law”	the Securities Law of the PRC
“Share Option Scheme”	the proposed share option scheme of the Company
“Shareholders”	the holders of Shares
“Shares”	A Share(s) and H Share(s), or the context requires, either of them

“Shenzhen Listing Rules”	Rules Governing the Listing of Securities on the Shenzhen Stock Exchange
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange
“Validity Period”	the period during which the Share Option Scheme or the Restricted A Share Incentive Scheme, as the case may be, remains effective

In case of any discrepancy between the English and Chinese version of this announcement, the Chinese version shall prevail.

By the order of the Board
Zoomlion Heavy Industry Science and Technology Co., Ltd.*
ZHAN Chunxin
Chairman

Changsha, the PRC, 29 September 2017

As at the date of this announcement, the executive director of the Company is Dr. Zhan Chunxin; the non-executive directors are Mr. Hu Xinbao and Mr. Zhao John Huan; and the independent non-executive directors are Mr. Zhao Songzheng, Mr. Lai Kin Keung, Ms. Liu Guiliang and Mr. Yang Changbo

* *for identification purpose only*