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# ZOOMLION 中 聯 重 科

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

**中聯重科股份有限公司**

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

**(Stock Code: 1157)**

## **(1) First Grant of Options to the Participants** **(2) First Grant of Restricted A Shares to the Participants**

The Company announces that, on 7 November 2017, the Board considered and approved the First Grant of Options and the First Grant of Restricted A Shares and confirmed that the date of the First Grants shall be 7 November 2017.

Reference is made to the Announcement, the Postponement Announcement and the supplemental circular dated 17 October 2017 (the “**Supplemental Circular**”) issued by Zoomlion Heavy Industry Science and Technology Co., Ltd.\* (the “**Company**”) in relation to, amongst others, the proposed adoption of the Schemes and the authorisation of the First Grants. Unless otherwise defined, capitalised terms shall have the same meanings as set out in the Supplemental Circular.

### **PURPOSE OF THE SCHEMES**

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

### **FIRST GRANT OF OPTIONS TO THE PARTICIPANTS**

On 1 November 2017, the Share Option Scheme and the First Grant of Options were approved by way of special resolutions at the Extraordinary General Meeting, the H Shares Class Meeting and the A Shares Class Meeting.

On 7 November 2017, during the seventh extraordinary meeting of the fifth session of the Board for 2017 (the “**Meeting**”), the Board considered and approved the First Grant of Options to the Participants and confirmed that the date of the First Grant of Options shall be 7 November 2017, pursuant to which 171,568,961 Options were granted to 1,231 Participants. Breakdown of the allocation is as follows:

<b>Position of the Participants</b>	<b>Total number of the Options to be granted to the Participants</b>	<b>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</b>	<b>Percentage of the underlying A Shares to the total number of existing Share capital of the Company</b>
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)	195,950	0.10%	0.002%
Hu Min (Subsidiary Supervisor)	195,950	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)	1,400,000	0.73%	0.02%
Hou Jie (Subsidiary Supervisor)	489,800	0.27%	0.006%
Zou Jianrong (Subsidiary Supervisor)	195,950	0.10%	0.002%
Zhang Chi (Subsidiary Supervisor)	618,150	0.32%	0.008%
Yang Aihua (Subsidiary Director)	195,950	0.10%	0.002%
Chen Liyi (Subsidiary Supervisor)	167,050	0.09%	0.002%
Zhou Yulin (Subsidiary Director)	618,150	0.32%	0.008%
Luo Kai (Subsidiary Director)	1,400,000	0.73%	0.02%
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)	293,900	0.15%	0.004%
Zhao Qianrong (Subsidiary Director)	350,000	0.18%	0.005%
Hu Xuejun (Subsidiary Director)	489,800	0.26%	0.006%
Wang Xien (Subsidiary Director)	350,000	0.18%	0.005%

<b>Position of the Participants</b>	<b>Total number of the Options to be granted to the Participants</b>	<b>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</b>	<b>Percentage of the underlying A Shares to the total number of existing Share capital of the Company</b>
Teng Zhaobin (Subsidiary Director)	350,000	0.18%	0.005%
Liu Hongyan (Subsidiary Director)	489,800	0.26%	0.006%
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)	195,950	0.10%	0.002%
Wu Zhonghui (Subsidiary Director)	195,950	0.10%	0.002%
Pi Gang (Subsidiary Director)	117,050	0.06%	0.002%
Qiu Yihua (Subsidiary Director)	97,950	0.05%	0.001%
Xiong Chuanyu (Subsidiary Director)	97,950	0.05%	0.001%
Peng Shudong (Subsidiary Director)	489,800	0.26%	0.006%
Mao Wei (Subsidiary Director)	117,050	0.06%	0.002%
Jiang Ya (Subsidiary Director)	117,050	0.06%	0.002%
Li Mingjun (Subsidiary Director)	97,950	0.05%	0.001%
Li Xujiong (Subsidiary Director)	518,150	0.27%	0.007%
Yang Hui (Subsidiary Director)	195,950	0.10%	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%
<b>Total (1,231 Participants in total)</b>	<b>171,568,961</b>	<b>90%</b>	<b>2.25%</b>

The exercise price of the Options granted under the First Grant of Options shall be RMB4.57 per A Share, which represents the highest 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 the Announcement divided by the total daily trading volume on the last trading day immediately preceding the date of the Announcement) quoted on the Shenzhen Stock Exchange on the last trading day immediately preceding the date of the Announcement (i.e. 28 September 2017), which was RMB4.48 per A Share; (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 the Announcement, which was RMB4.57 per A Share; and (iii) the nominal value of the Shares.

The closing price of the Shares on the date of the First Grant of Options was RMB4.55 per Share.

The Options under the First Grant of Options have vesting periods of 12 months, 24 months and 36 months, commencing from the date of grant.

The Validity Period 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. Pursuant to the relevant provisions of the Share Option Scheme, the exercise of the Options is subject to a minimum 12-month period during which Participants are not allowed to exercise any Option granted. After the expiration of the 12-month period, Participants may exercise the Options in three batches within a period of no more than 12 months commencing from the beginning of the 2nd, 3rd and 4th year after the date of the grant, respectively. Participants may only exercise up to approximately 40%, 30% and 30% respectively of the total Options granted to them in the respective batch. The details of such arrangement are set out in Appendix I to the Supplemental Circular.

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.

## **FIRST GRANT OF RESTRICTED A SHARES TO THE PARTICIPANTS**

On 1 November 2017, the Restricted A Share Incentive Scheme and the First Grant of Restricted A Shares were approved by way of special resolutions at the Extraordinary General Meeting, the H Shares Class Meeting and the A Shares Class Meeting.

On 7 November 2017, during the Meeting the Board considered and approved the First Grant of Restricted A Shares to the Participants and confirmed that the date of the First Grant of Restricted A Shares shall be 7 November 2017, pursuant to which 171,568,961 Restricted A Shares were granted to 1,231 Participants. Breakdown of the allocation is as follows:

<b>Position of the Participants</b>	<b>Total number of the Restricted A Shares to be granted to the Participants</b>	<b>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</b>	<b>Percentage of the relevant Restricted A Shares to the total number of the existing share capital of the Company</b>
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%

<b>Position of the Participants</b>	<b>Total number of the Restricted A Shares to be granted to the Participants</b>	<b>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</b>	<b>Percentage of the relevant Restricted A Shares to the total number of the existing share capital of the Company</b>
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)*	195,950	0.10%	0.002%
Hu Min (Subsidiary Supervisor)*	195,950	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)*	1,400,000	0.73%	0.02%
Hou Jie (Subsidiary Supervisor)*	489,800	0.27%	0.006%
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Zhang Chi (Subsidiary Supervisor)*	618,150	0.32%	0.008%
Yang Aihua (Subsidiary Director)*	195,950	0.10%	0.002%
Chen Liyi (Subsidiary Supervisor)*	167,050	0.09%	0.002%
Zhou Yulin (Subsidiary Director)*	618,150	0.32%	0.008%
Luo Kai (Subsidiary Director)*	1,400,000	0.73%	0.02%
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)*	293,900	0.15%	0.004%
Zhao Qianrong (Subsidiary Director)*	350,000	0.18%	0.005%
Hu Xuejun (Subsidiary Director)*	489,800	0.26%	0.006%
Wang Xien (Subsidiary Director)*	350,000	0.18%	0.005%
Teng Zhaobin (Subsidiary Director)*	350,000	0.18%	0.005%
Liu Hongyan (Subsidiary Director)*	489,800	0.26%	0.006%

<b>Position of the Participants</b>	<b>Total number of the Restricted A Shares to be granted to the Participants</b>	<b>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</b>	<b>Percentage of the relevant Restricted A Shares to the total number of the existing share capital of the Company</b>
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)*	195,950	0.10%	0.002%
Wu Zhonghui (Subsidiary Director)*	195,950	0.10%	0.002%
Pi Gang (Subsidiary Director)*	117,050	0.06%	0.002%
Qiu Yihua (Subsidiary Director)*	97,950	0.05%	0.001%
Xiong Chuanyu (Subsidiary Director)*	97,950	0.05%	0.001%
Peng Shudong (Subsidiary Director)*	489,800	0.26%	0.006%
Mao Wei (Subsidiary Director)*	117,050	0.06%	0.002%
Jiang Ya (Subsidiary Director)*	117,050	0.06%	0.002%
Li Mingjun (Subsidiary Director)*	97,950	0.05%	0.001%
Li Xujiang (Subsidiary Director)*	518,150	0.27%	0.007%
Yang Hui (Subsidiary Director)*	195,950	0.10%	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%
Total (1,231 Participants in total)	171,568,961	90%	2.25%

Note:

\* Participants who are connected persons of the Company under the Listing Rules.

# Dr. Zhan Chunxin abstained and refrained from voting at the Meeting.

The grant price of the Restricted A Shares under the First Grant of Restricted A Shares shall be RMB2.29 per A Share, which represents the highest 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 (i.e. 28 September 2017), which was RMB2.24 per A Share; (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 the Announcement, which was RMB2.29 per A Share; and (iii) the nominal value of the Shares.

The Validity Period 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. The Restricted A Shares under the First Grant of Restricted A Shares have lock-up periods of 12 months, 24 months and 36 months. 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. The details of the lock-up and unlock arrangement are set out in Appendix III to the Supplemental Circular.

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.

The implementation of the Restricted A Share Incentive Scheme will not result in any non-compliance with the shareholder distribution requirements under the Listing Rules.

## **CONDITIONS OF GRANT**

According to the Incentive Measures and the relevant requirements under the Schemes, upon review by the Board, as of the date of this announcement:

1. there is no occurrence of any of the following on the part of the Company:
  - a. issue of an auditors' report with qualified opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;
  - b. issue of an auditors' report with qualified opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial reporting and internal control of the Company for its most recent accounting year;
  - c. there is profit allocation contravening laws and regulations, the Articles of Association or any undertaking publicly made in the 36 months after listing;
  - d. no share incentive scheme is allowed under laws and regulations; and
  - e. any other circumstances as determined by the CSRC.
2. there is no occurrence of any of the following on the part of a Participant:
  - a. he has been held to be an unsuitable candidate by a stock exchange in the last 12 months;
  - b. he has been held to be an unsuitable candidate by the CSRC or any of its dispatched agencies in the last 12 months;
  - c. 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;

- d. he is prohibited from acting as a Director or a member of the senior management of the Company under the Company Law;
- e. he is not allowed to participate in any share incentive scheme of a listed company under laws and regulations; and
- f. there is any other circumstance as determined by the CSRC.

Upon review, the Board is of the opinion that there is no occurrence of any of the above events either on the part of the Company or the Participants, and the conditions for the First Grants have been satisfied. The First Grants to the Participants by the Company are in accordance with the Incentive Measures and the relevant requirements under the Schemes.

The Independent Directors have provided their independent opinion in respect of the satisfaction of the conditions of the First Grants and their agreement to the First Grants.

## **IMPACT OF THE FIRST GRANTS ON THE FINANCIAL CONDITION AND OPERATING RESULTS OF THE COMPANY FOR THE RELEVANT YEARS**

According to the requirements under the Accounting Standards for Enterprises No. 11 — Share-based Payments and the Accounting Standards for Enterprises No. 22 — Recognition and Measurement of Financial Instruments, the Company is required to select an appropriate valuation model to measure the fair value of the Options and the Restricted A Shares. The Company has selected the Black-Scholes model and accordingly adopted the appropriate parameters to measure the fair value of the Options and the Restricted A Shares.

The Board has confirmed that the date of the First Grants shall be 7 November 2017. Assuming all the Options and the Restricted A Shares granted under the First Grants are fully exercised or subscribed for (as the case may be) by the Participants during the Validity Period, the estimated expense to be amortized during each year of the Validity Period is as follows:

<b>Number of the Options granted under the First Grant of Options (in Shares)</b>	<b>Total expense to be amortized (in RMB millions)</b>	<b>2017 (in RMB millions)</b>	<b>2018 (in RMB millions)</b>	<b>2019 (in RMB millions)</b>	<b>2020 (in RMB millions)</b>
171,568,961	94.19	10.20	54.95	21.19	7.85

  

<b>Number of the Restricted A Shares granted under the First Grant of Restricted A Shares (in Shares)</b>	<b>Total expense to be amortized (in RMB millions)</b>	<b>2017 (in RMB millions)</b>	<b>2018 (in RMB millions)</b>	<b>2019 (in RMB millions)</b>	<b>2020 (in RMB millions)</b>
171,568,961	246.78	26.73	143.96	55.53	20.57



The impact of the First Grants on the financial condition and operating results of the Company as shown above is solely an estimation, subject to annual financial statement audit by our auditors.

According to the information currently available and without taking into account the positive effect of the Schemes on the overall results of the Company, the expenses attributable to the Schemes will affect the net profit of the Company for each year during the Validity Period, but only to a limited extent. Taking into account the positive effect of the Schemes on the development of the Company, including the increase in the motivation and productivity of the management and core personnel of the Company, the overall improvement to the Company's results would outweigh the increased expenses attributable to the Schemes.

## **LEGAL OPINION**

Upon their review, Fangda Partners (Shanghai) is of the opinion that as of the date of this announcement:

1. all necessary approvals and authorisations in respect of the First Grants have been obtained at this stage;
2. the date of the First Grants is in accordance with the Incentive Measures and the relevant requirements under the Schemes in respect of the date of grant;
3. the conditions for the First Grants have been satisfied. The First Grants to the Participants by the Company are in accordance with the Incentive Measures and the relevant requirements under the Schemes; and
4. the Company is required to meet the information disclosure obligations to which it is subject and register the First Grants in accordance with the applicable laws, amongst other procedures.

By Order of the Board  
**Zoomlion Heavy Industry Science and Technology Co., Ltd.\***  
**Zhan Chunxin**  
*Chairman*

Changsha, the PRC, 7 November 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*