

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.

CIMC ENRIC

CIMC Enric Holdings Limited

中集安瑞科控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 3899)

**ADOPTION OF EQUITY INCENTIVE SCHEME
OF A SUBSIDIARY
AND
CONNECTED TRANSACTION
IN RELATION TO THE CAPITAL INCREASE OF A SUBSIDIARY**

THE SCHEME

The Board announces that it has resolved to adopt the Scheme on 27 November 2020 to recognize the past and present contributions and to incentivize the future contributions by the Participants to the Chemical and Environmental Business Unit.

Pursuant to the Scheme, Equity Interest in CIMC Safe Tech will be granted to the Participants through the Partnership Platforms by way of subscribing for new share capital in CIMC Safe Tech.

The total capital contribution by the Participants (through the Partnership Platforms) will be approximately RMB140 million, representing 10% of the enlarged share capital of CIMC Safe Tech upon completion of the Capital Increase pursuant to the Scheme.

IMPLICATIONS UNDER THE LISTING RULES

Adoption of the Scheme

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The Capital Increase

As (i) the General Partners (which are connected persons of the Company) have full control over the business operations and affairs of the Partnership Platforms; and (ii) certain Limited Partners are connected persons of the Company who hold in aggregate more than 30% of the equity in the respective Partnership Platforms, according to the Listing Rules, the Partnership Platforms are connected persons of the Company by virtue of being associates of such Limited Partners. Accordingly, the subscription by the Partnership Platforms for the new share capital of CIMC Safe Tech pursuant to the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase are more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Upon completion of the Capital Increase, the Company's interest in CIMC Safe Tech would decrease from 100% to 90%. Therefore, the Capital Increase would constitute a deemed disposal of the Company under the Listing Rules. Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase are less than 5%, the deemed disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INTRODUCTION

The Board announces that it has resolved to adopt the Scheme on 27 November 2020 to recognize the past and current contributions and to incentivize the future contributions by the Participants to the Chemical and Environmental Business Unit.

Pursuant to the Scheme, Equity Interest in CIMC Safe Tech will be granted to the Participants through the Partnership Platforms by way of subscribing for new share capital in CIMC Safe Tech.

To implement the Scheme, the Partnership Agreements were entered into on 27 November 2020.

On the same date, the Partnership Platforms entered into the Capital Increase Agreement to subscribe for the Equity Interest. The total additional capital contribution to CIMC Safe Tech will be approximately RMB140 million, which shall be funded by the Limited Partners through cash contribution to the Partnership Platforms. After completion of the Capital Increase, the Partnership Platforms will hold 10% of the enlarged share capital of CIMC Safe Tech.

THE SCHEME

The principal terms of the Scheme are summarized as follows:

PURPOSES

The purposes of the Scheme are to establish an incentive mechanism for the Chemical and Environmental Business Unit, with a view to mobilizing the employees of the Group, promoting a corporate culture with a focus on the interests of the shareholders and the long-term development of the Chemical and Environmental Business Unit and integrating the Group's management systems such as the remuneration system and the performance appraisal system.

PARTICIPANTS

Basis for selecting the Participants

The Participants are selected in accordance with the Company Law and the requirements of other relevant laws, rules and regulations, as well as the articles of association of the companies of the Chemical and Environmental Business Unit.

The Participants shall be the employees of the Chemical and Environmental Business Unit or the Group who have made significant contributions to the Chemical and Environmental Business Unit, having been employed for five months or more as at the Grant Date and will continue to serve the Chemical and Environmental Business Unit or the Group for a long period from the Grant Date.

The Scheme shall involve 63 Participants. The specific list of Participants and the amount of capital contribution to be made by each of them shall be assessed and determined by the Board and the board of directors of CIMC Safe Tech in accordance with the Scheme Rules.

EQUITY INTEREST TO BE GRANTED UNDER THE SCHEME

Form of Equity Interest to be granted under the Scheme

The Partnership Platforms will hold the Equity Interest for and on behalf of the Participants. The Participants shall contribute capital to become a Limited Partner pursuant to the terms and conditions of the Partnership Agreements. The Participants will not directly hold Equity Interest in CIMC Safe Tech.

Basis for determination of the subscription price for the Equity Interest

The subscription price for the Equity Interest shall be determined by the net asset value of CIMC Safe Tech as shown in its financial statements as at 31 August 2020.

Amount of Equity Interest to be granted under the Scheme and its percentage of the share capital of CIMC Safe Tech

The Equity Interest proposed to be granted to the Participants pursuant to the Scheme represents 10% of the enlarged share capital of CIMC Safe Tech after completion of the Capital Increase. ESOP Platform 1 will inject approximately RMB72 million and ESOP Platform 2 will inject approximately RMB68 million, representing approximately 5.13% and 4.87% of the enlarged share capital of CIMC Safe Tech after completion of the Capital Increase respectively.

LOCK-UP PERIOD

The Equity Interest shall be subject to a Lock-up Period. During the Lock-up Period, save for certain specified circumstances, Participants are not permitted to transfer, donate or entrust the management of their Equity Interest nor charge or pledge or use such Equity Interest for debt repayment, and the Partnership Platforms shall not dispose any part of their Equity Interest.

THE CAPITAL INCREASE AGREEMENT

The principal terms of the Capital Increase Agreement are summarized as follows:

Date	:	27 November 2020
Parties	:	(1) ESOP Platform 1; (2) ESOP Platform 2; and (3) CIMC Safe Tech
Capital Increase	:	As at 31 August 2020, the aggregate shareholders' equity of CIMC Safe Tech was approximately RMB1,257 million, represented by a share capital of RMB459 million and capital reserves of RMB798 million.

ESOP Platform 1 will inject approximately RMB72 million and ESOP Platform 2 will inject approximately RMB68 million, to subscribe for 5.13% and 4.87% of the enlarged share capital of CIMC Safe Tech respectively, which will be funded by the Participants.

Upon completion of the Capital Increase, the share capital and shareholders' equity of CIMC Safe Tech will increase to approximately RMB1,397 million. The capital contribution in CIMC Safe Tech made by Win Score, ESOP Platform 1 and ESOP Platform 2 will be 90%, 5.13% and 4.87% respectively.

Payment of the capital contribution and the date of completion : To be fully paid before completion of change in registration with authority for industry and commerce. The date of completion shall be the registration with authority for industry and commerce of such transaction being completed.

EQUITY-HOLDING STRUCTURE OF CIMC SAFE TECH

The table below sets forth the equity-holding structure of CIMC Safe Tech before and immediately following the Capital Increase for illustrative purpose only (assuming that there is no other change in the equity-holding structure of CIMC Safe Tech between the date of this announcement and the Grant Date).

Equity holder	Equity-holding structure before the Capital Increase		Equity-holding structure immediately following the Capital Increase	
	Capital contribution <i>RMB'000</i>	Percentage of the share capital of CIMC Safe Tech	Capital contribution <i>RMB'000</i>	Approximate percentage of the share capital of CIMC Safe Tech
Win Score	1,257,467	100.00%	1,257,467	90.00%
ESOP Platform 1	-	-	71,657	5.13%
- connected Participants	-	-	42,103	3.01%
- non-connected Participants	-	-	29,554	2.12%
ESOP Platform 2	-	-	68,062	4.87%
- connected Participants	-	-	43,406	3.10%
- non-connected Participants	-	-	24,656	1.77%
Total	1,257,467	100.00%	1,397,186	100.00%

The connected Participants of ESOP Platform 1 are 2 connected persons of the Company, namely Mr. Ji Guo Xiang and Mr. Zhang Yi, who have subscribed for 2% and 1.01% of the enlarged share capital of CIMC Safe Tech respectively. The connected Participants of ESOP Platform 2 are 7 connected persons of the Company, namely Mr. Gao Xiang, Mr. Yang Xiaohu, Mr. Yu Yuqun, Mr. Zeng Han, Mr. Yu Yuqun, Mr. Lai Zeqiao and Ms. Ding Li, who have subscribed for 0.33%, 2.19%, 0.13%, 0.13%, 0.13%, 0.12% and 0.07% of the enlarged share capital of CIMC Safe Tech respectively.

REASONS FOR AND BENEFITS OF THE ADOPTION OF THE SCHEME

The Participants are employees who are important to and have made significant contributions to the Chemical and Environmental Business Unit. The Company considers employees to be the most valuable assets to the Group and the granting of the Equity Interest will provide an additional incentive for the Participants (a) to achieve performance goals to enhance the value of the Group; and (b) to stay at the Group aligning the interests of the Participants and the Group.

The proceeds from the Capital Increase are intended to be applied for the general working capital of CIMC Safe Tech.

The Directors (including the independent non-executive Directors) consider that the terms and conditions of the Scheme are fair and reasonable and are in the best interests of the Company and the Shareholders as a whole. The entering into of the Capital Increase Agreement would constitute a connected transaction of the Company, despite the relevant transaction was not entered into in the ordinary and usual course of business of the Group, it was entered into upon normal commercial terms and the terms of the connected transaction are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As Mr. Gao Xiang is the Chairman of the Company, Mr. Yang Xiaohu is a Director and the General Manager of the Company and the Chairman of CIMC Safe Tech, and Mr. Yu Yuqun, Mr. Zeng Han and Mr. Wang Yu are Directors of the Company, in view of their interests in the relevant Partnership Platforms as disclosed above, they are deemed or may be perceived to have a material interest in the transactions contemplated under the Scheme. Accordingly, they have abstained from voting on the relevant Board resolutions approving the Scheme and the Capital Increase Agreement. Save as disclosed in this announcement, no other Directors have or may be perceived to have a material interest in the transactions contemplated under the Scheme or are required to abstain from voting on the relevant Board resolutions under the requirements of the Listing Rules.

INFORMATION ABOUT THE PARTIES

CIMC Safe Tech and the Group

CIMC Safe Tech is principally engaged in the manufacture and sales of standard tank containers, special tank containers and a wide range of equipment, for the storage and multi-modal transportation of bulk cargos, predominantly chemicals, in the forms of liquid, gas and powder. As at the date of this announcement, the ultimate controlling party of CIMC Safe Tech is the Company.

The following table sets out certain financial information of CIMC Safe Tech for the two financial years ended 31 December 2018 and 31 December 2019:

	For the financial year ended 31 December	
	2018	2019
	<i>(RMB'000)</i>	<i>(RMB'000)</i>
Net profit before tax	503,620	489,127
Net profit after tax	430,113	424,416

The unaudited net asset value of CIMC Safe Tech as at 31 October 2020 was approximately RMB1,277 million.

The Group is principally engaged in the design, research & development, manufacturing, engineering, sales and operation of, and the provision of technical maintenance services for, a wide spectrum of transportation, storage and processing equipment that is widely used in the clean energy, chemical and environmental and liquid food industries.

The Partnership Platforms

ESOP Platform 1 is established to carry out investment activities with its own funds. The General Partner of ESOP Platform 1 is Shenzhen City Zilang Investment Development Co., Ltd.*. ESOP Platform 1 has no more than 44 Limited Partners, of which 2 are connected persons of the Company, namely Mr. Ji Guoxiang (a director and the general manager of CIMC Safe Tech) and Mr. Zhang Yi (a director of CIMC Safe Tech), and the remaining are employees of the Group (including the Chemical and Environmental Business Unit).

ESOP Platform 2 is established to carry out investment activities with its own funds. The General Partner of ESOP Platform 2 is Shenzhen City Pengrui Senmao Investment Development Co., Ltd.*. ESOP Platform 2 has no more than 19 Limited Partners, of which 7 are connected persons of the Company, namely Mr. Gao Xiang (the Chairman of the Company), Mr. Yang Xiaohu (a Director and the General Manager of the Company and the Chairman of CIMC Safe Tech), Mr. Yu Yuqun (a Director), Mr. Zeng Han (a Director), Mr. Wang Yu (a Director), Mr. Lai Zeqiao (a director of CIMC Safe Tech) and Ms. Ding Li (a director of CIMC Safe Tech), and the remaining are employees of the Group.

To the best of the Company's knowledge, information and belief and having made all reasonable enquiries, each of the connected Participants is not connected with any other connected Participants.

The General Partners

Shenzhen City Zilang Investment Development Co., Ltd.* is a limited liability company established in the PRC principally engaged in the investment management of ESOP Platform 1, held as to 80% of the equity by Mr. Ji Guoxiang, 15% of the equity by Mr. Zhang Yi, and the remaining 5% of the equity by an employee of the Group who is not a connected person of the Company.

Shenzhen City Pengrui Senmao Investment Development Co., Ltd.* is a limited liability company established in the PRC principally engaged in the investment management of ESOP Platform 2, held as to 95% of the equity by Mr. Yang Xiaohu and the remaining 5% of the equity by an employee of the Group who is not a connected person of the Company.

IMPLICATIONS UNDER THE LISTING RULES

Adoption of the Scheme

The Scheme does not constitute a share option scheme or an arrangement analogous to a share option scheme for the purpose of Chapter 17 of the Listing Rules.

The Capital Increase

As (i) the General Partners (which are connected persons of the Company) have full control over the business operations and affairs of the Partnership Platforms; and (ii) certain Limited Partners are connected persons of the Company who hold in aggregate more than 30% of the equity in the respective Partnership Platforms, according to the Listing Rules, the Partnership Platforms are connected persons of the Company by virtue of being associates of such Limited Partners. Accordingly, the subscription by the Partnership Platforms for the new share capital of CIMC Safe Tech pursuant to the Capital Increase Agreement constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase are more than 0.1% but less than 5%, the entering into of the Capital Increase Agreement is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Upon completion of the Capital Increase, the Company's interest in CIMC Safe Tech would decrease from 100% to 90%. Therefore, the Capital Increase would constitute a deemed disposal of the Company under the Listing Rules. CIMC Safe Tech will remain as a subsidiary of the Company upon completion of the Capital Increase. Given that all of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Capital Increase are less than 5%, the deemed disposal does not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

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

“Board”	the board of Directors
“Capital Increase”	the capital increase made by the Partnership Platforms to CIMC Safe Tech to subscribe for Equity Interest in CIMC Safe Tech pursuant to the Capital Increase Agreement

“Capital Increase Agreement”	the agreement in relation to the Capital Increase dated 27 November 2020 entered into among ESOP Platform 1, ESOP Platform 2 and CIMC Safe Tech
“Chemical and Environmental Business Unit”	CIMC Safe Tech and its direct or indirect subsidiaries
“CIMC Safe Tech”	CIMC Safeway Technology Co., Ltd* 中集安瑞環科技股份有限公司 (formerly known as 南通中集罐式儲運設備製造有限公司), a wholly-owned subsidiary of the Company, and will become a 90% owned subsidiary of the Company upon completion of the Capital Increase
“Company”	CIMC Enric Holdings Limited, an exempted company incorporated in the Cayman Islands on 28 September 2004 with limited liability under the Companies Law (Revised) of the Cayman Islands, the shares of which are listed on the Main Board of the Stock Exchange
“Company Law”	the Company Law of the People’s Republic of China
“connected person(s)”	shall have the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Equity Interest”	the equity interest in CIMC Safe Tech granted under the Scheme for subscription by the Participants through the Partnership Platforms
“ESOP Platform 1”	Zhuhai Zilang Enterprise Administration Centre (Limited Partnership)* (珠海紫琅企業管理中心(有限合伙)), a limited liability partnership established on 27 August 2020 in the PRC in accordance with the relevant Partnership Agreements as an equity-holding platform for certain employees of the Group
“ESOP Platform 2”	Zhuhai Pengrui Senmao Enterprise Administration Centre (Limited Partnership)* (珠海鵬瑞森茂企業管理合夥企業(有限合伙)), a limited liability partnership established on 28 August 2020 in the PRC in accordance with the relevant Partnership Agreements as an equity-holding platform for certain employees of the Group

“General Partner(s)”	Shenzhen City Zilang Investment Development Co., Ltd.* (深圳市紫琅投資發展有限公司) and Shenzhen City Pengrui Senmao Investment Development Co., Ltd.* (深圳市鵬瑞森茂投資發展有限公司), being both the general partner of ESOP Platform 1 and ESOP Platform 2 respectively, and the connected persons of the Company, and each a “General Partner”
“Grant Date”	the date on which the Equity Interest is granted to the Participants through the Partnership Platforms in accordance with the Scheme
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Limited Partners”	limited partners of the Partnership Platforms, being the Participants who have become holders of equity interests in ESOP Platform 1 or ESOP Platform 2 (as the case may be) in accordance with the Scheme Rules, and each a “Limited Partner”
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Lock-up Period”	the respective stipulated period for ESOP Platform 1 or ESOP Platform 2 commencing from the Grant Date to a date as stipulated by the Company, during which the Limited Partners may not dispose of any portion or the whole of the equity interests in ESOP Platform 1 or ESOP Platform 2 and the Equity Interest save for certain specified circumstances under the Scheme
“Participants”	certain senior management and employees of the Chemical and Environmental Business Unit or the Group (as the case may be) who are eligible to participate in the Scheme in accordance with the Scheme Rules, and each a “Participant”
“Partnership Agreements”	the agreements dated 27 November 2020 entered into between the respective General Partners and each of the Limited Partners, together with any supplemental and/or ancillary agreement, in relation to the establishment and management of the respective Partnership Platforms, and each a “Partnership Agreement”

“Partnership Platforms”	ESOP Platform 1 and ESOP Platform 2 collectively
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Scheme”	Chemical and Environmental Business Unit Equity Incentive Scheme as constituted by the Scheme Rules in its present or any amended form
“Scheme Rules”	the rules relating to the Scheme adopted by the Board of the Company and the board of directors of CIMC Safe Tech on 27 November 2020 in its present or any amended form
“Shareholder(s)”	shareholder(s) of the ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Win Score”	Win Score Investments Limited, a wholly-owned subsidiary of the Company
“%”	per cent.

By order of the Board
CIMC Enric Holdings Limited
GAO Xiang
Chairman

Hong Kong, 27 November 2020

As at the date of this announcement, the Board consists of Mr. Gao Xiang (Chairman) and Mr. Yang Xiaohu (General Manager) as executive Directors; Mr. Yu Yuqun, Mr. Wang Yu and Mr. Zeng Han as non-executive Directors; and Ms. Yien Yu Yu, Catherine, Mr. Tsui Kei Pang, Mr. Zhang Xueqian and Mr. Wang Caiyong as independent non-executive Directors.

* *For identification purpose only*