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China ITS (Holdings) Co., Ltd.

中国智能交通系统(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1900)

ADOPTION OF THE 2021 SHARE AWARD SCHEME

THE 2021 SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the 2021 Share Award Scheme (the “**Scheme**”) on 16 September 2021. The purposes of the Scheme are to recognize the contributions of certain Directors, senior management and employees of the Company and its subsidiaries, or other Eligible Participant(s) and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

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 and is a discretionary scheme of the Company. No shareholders’ approval is required for the adoption of the Scheme.

APPOINTMENT OF TRUSTEE

Upon the adoption of the Scheme, the Company will enter into the Trust Deed with Futu Trustee Limited and appoint Futu Trustee Limited as the Trustee to assist with the administration of the Scheme and vesting of Awards to be granted pursuant to the Scheme.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee is an independent third party and not connected with the Company or any of its connected persons. The Trustee will administer the Scheme in accordance with the terms of the Scheme and the Trust Deed.

THE 2021 SHARE AWARD SCHEME

The Board is pleased to announce that it has approved the adoption of the Scheme on 16 September 2021. A summary of the principal terms of the Scheme is set out in this announcement.

Purposes and Objectives

The purposes and objectives of the Scheme are to recognise the contributions of certain Directors, senior management and employees of the Company and its subsidiaries, or other Eligible Participant(s) and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

Administration

The Scheme shall be subject to the administration of the Board and the Trustee in accordance with the provisions in the Scheme. The Board shall have the right to, (i) appoint any additional or replace any trustee(s) in relation to the administration, exercise and vesting of Awards granted under the Scheme; (ii) by resolution, appoint Authorised Representative(s) delegated with the power and authority by the Board to, on behalf of the board, give instructions or notices to the Trustee on all matters in connection with the Awards and other matters in the routine administration of the Trust; and (iii) make such other decisions or determination as it shall deem appropriate provided that the same are not inconsistent with the provisions of the Scheme, the Listing Rules and applicable laws. Any decision of the Board made in accordance with the provisions of the Scheme shall be final and binding on all parties, provided that such decision is made in accordance with the Articles and any applicable law.

Eligibility

Under the rules of the Scheme, the individuals eligible to be granted Award(s) thereunder include any Director (whether executive or non-executive), senior management and employee of the Company and its subsidiaries and any other person whom the Board believes to have contribution or will contribute to the Group and has a direct or significant impact on the long-term development of the Group, but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his employment, office or directorship as the case may be; and (iii) any other person that the Board may determine from time to time.

Operation of the Scheme

The Board may from time to time at its absolute discretion select any Eligible Participant(s) for participation in the Scheme as Selected Participant(s).

The Board by a board resolution may, subject always to the Scheme, from time to time determine the number of Awarded Share(s) to be granted pursuant to any Award(s) and at its absolute discretion select any Eligible Participant to be a Selected Participant under the Scheme. The Board by a board resolution shall notify the Trustee about the results of its determination of Award(s), Awarded Share(s) and Selected Participant(s).

In determining the number of Awarded Shares under any Award to any Selected Participant, the Board may take into consideration matters including (without limitation) the present contribution and expected contribution of the Selected Participant to the profits of the Group, the general financial condition of the Group, the Group's overall business objectives and future development plan, and any other matter which the Board considers relevant.

The Board is entitled to impose any condition as it deems appropriate with respect to the entitlement of the Selected Participant to the Awarded Shares, provided that such condition is communicated to such Selected Participant at the same time as he is notified of his Award.

Awards may be granted to Eligible Participants who are connected persons (as defined in the Listing Rules) of the Group, subject to compliance with the relevant requirements of the Listing Rules (including but not limited to the announcement, circular and shareholders' approval requirements, as applicable, under Chapter 14A of the Listing Rules). In addition, (i) the grant of an Award under the Scheme to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates shall also be subject to the prior approval of the Board including the independent non-executive Directors (but excluding any independent non-executive Director to whom the grant of an Award is proposed to be made); and (ii) any Awards granted to any connected persons shall only be satisfied by allotment and issuance of new Shares pursuant to specific mandate granted by independent shareholders of the Company in general meeting in accordance with the Listing Rules.

Upon approval of any grant of Award(s) by the Board to any Selected Participant, the Board or the Authorised Representative(s) shall notify a Selected Participant of the terms and conditions of any Award, including but not limited to any vesting schedule and vesting conditions relating to the performance of the Selected Participant or the Group, by a letter of grant (the "**Grant Letter**"), and such Award shall be deemed to be accepted by the Selected Participant when the Company receives a duplicate of the Grant Letter signed by the Selected Participant, subject to any additional conditions as prescribed under the relevant Grant Letter. Any Award shall be subject to acceptance of the relevant Selected Participants.

Any Awards made under the Scheme shall be personal to the Selected Participant to whom it is made and shall not be assignable and no Selected Participant shall in any way sell, transfer, charge, mortgage, encumber or create any interest in favor of any other person over any Awarded Shares or the amount of cash which has been set aside and is referable to him or her pursuant to such Award.

Subscription or purchase of Shares by Trustee

The Board may from time to time pay or cause to be paid funds to the Trust by way of settlement or otherwise contributed by the Company or any subsidiary as directed by the Board which shall constitute part of the funds and properties held under the Trust and managed by the Trustee for the benefit of the Selected Participants, for the purchase or subscription (as the case may be) of Shares and other purposes set out in the Scheme and the Trust Deed.

Awarded Shares may be acquired by the Trustee (holding such Awarded Shares for the benefit of Selected Participants until vesting of the relevant Award(s)) by way of (i) allotment and issue of new Shares by the Company pursuant to the relevant general mandate or specific mandate granted to the Board by the shareholders of the Company in general meetings of the Company from time to time; or (ii) purchase of Shares in the open market by the Trustee. In addition, the Board may instruct the Trustee to allocate any Returned Shares as Awarded Shares to satisfy any Awards (other than those granted to connected persons of the Company).

In the event that any Awarded Shares are awarded to any Selected Participant pursuant to any Award, the Company shall provide sufficient funds (in such manners as the Board may determine) to the Trustee prior to the vesting of the relevant Award to enable the Trustee to (a) purchase sufficient Shares on the market to satisfy the Awarded Shares under the Award which vest; and (b) pay, settle and discharge all transaction levy, brokerage, stamp duty, tax or expenses levied on and payable on the part of the Trustee in respect of any vesting or transfer of Shares pursuant to the Scheme. After receiving the said funds from the Company, the Trustee shall apply such funds towards purchase of Shares on the Stock Exchange in accordance with the Trust Deed prior to vesting of the relevant Award(s) and shall hold any Shares so purchased for the benefit of the Selected Participants in accordance with the terms of the Scheme and the Trust Deed.

The Trustee shall not exercise any voting rights in respect of any Shares held under the Trust (including but not limited to Awarded Shares, Returned Shares, any bonus Shares and scrip Shares).

Vesting

Any Awarded Shares shall vest in the relevant Selected Participant(s) in accordance with the vesting schedule determined by the Board at its sole discretion, subject to (a) satisfaction of any vesting conditions specified in the Grant Letter; (b) the Selected Participant remaining an Eligible Participant at the time when the relevant Awarded Shares are scheduled to vest according to the relevant vesting schedule; and (c) the Selected Participant not having been summarily dismissed by the Group, not having been bankrupt or failed to pay his debts, not having been convicted for any criminal offence and not having been charged, convicted or held liable for any offence under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other similar applicable laws or regulations in force from time to time.

The Board or the Authorised Representative(s) shall send to the relevant Selected Participant a vesting notice five (5) business days prior to the intended vesting date of the relevant Awarded Shares to be vested in accordance with the rules of the Scheme.

Provided that the vesting notice has been issued by the Company to the relevant Selected Participant, subject to any restriction on dealings in the Shares as provided by applicable law, the Listing Rules or any rule of the Company governing dealings in Shares and any circumstances beyond the reasonable control of the Company, the Company shall procure the Trustee to transfer the relevant vested Awarded Shares to the relevant Selected Participant or their respective nominee(s) on the relevant vesting date at nil consideration or otherwise in accordance with the terms of the relevant Grant Letter.

Rights of Selected Participant(s) before Vesting

A Selected Participant(s) shall have no rights in respect of any Shares subject to an Award (including any income, dividends, other distributions or voting rights) until the Shares are vested in him pursuant to the Scheme on the relevant vesting date.

Black-out period

No Award shall be made to any Eligible Participant under the Scheme where any member of the Board is in possession of unpublished inside information (as defined in the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)) in relation to the Company or where dealings by directors are prohibited under the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix 10 to the Listing Rules or any applicable laws and regulations or any internal code of conduct in securities dealings adopted by the Company from time to time.

Lapse of Awards

Any Award made to Selected Participant(s) shall lapse forthwith on the occurrence of any of the following:

- (a) any Award not accepted by the Selected Participants within the time as stipulated in the Scheme shall lapse forthwith and any Awarded Share(s) allotted and issued to, or acquired by the Trustee, if any, shall become Returned Shares;
- (b) in the event that the Company, the subsidiary or the business division by which a Selected Participant is employed ceases to be a subsidiary or business division of the Group (or of a member of the Group, in the case of a business division);
- (c) in the event that an order for the winding-up of the Company is made or a resolution is passed for the voluntary winding-up of the Company (otherwise than for the purposes of, and followed by, an amalgamation or reconstruction in such circumstances that substantially the whole of the undertaking, assets and liabilities of the Company pass to a successor company); and

- (d) in the event of the death of a Selected Participant or retirement at his normal retirement date or earlier by agreement with the Company or a subsidiary (as the case may be) at any time prior to a vesting date, unless otherwise determined by the Board in its sole and absolute discretion, all the unvested Awarded Shares in respect of such unvested Awarded Shares of such Selected Participant (or rights thereto) shall lapse upon the death of such Selected Participant or his retirement date (as the case may be). Notwithstanding other provisions of the Scheme, the Board has the power to (i) deem any unvested Awarded Shares of a deceased Selected Participant to be vested on the day immediately prior to the death of such deceased Selected Participant; or (ii) deem any unvested Awarded Shares of a Selected Participant to be vested on the day immediately prior to the retirement of such Selected Participant.

Size of the Scheme

The Board shall not make any further Award which will result in the number of Shares administered under the Scheme to exceed in total 10% of the Company's issued share capital as at the Adoption Date.

Unless approved by the shareholders of the Company in a general meeting, the maximum number of Awarded Shares which may be subject to an Award or Awards made to a single Selected Participant in any 12-month period shall not in aggregate exceed 1.0% of the issued share capital of the Company as at the Adoption Date.

Duration and termination of the Scheme

The Scheme shall be valid and effective for a term of ten (10) years commencing on the Adoption Date, after which period no further Awards shall be offered or granted but the provisions of the Scheme shall remain in full force and effect in all other respects.

The Scheme shall terminate on the earlier of (i) the tenth (10th) anniversary date of the Adoption Date; and (ii) such date of early termination as determined by the Board of the Company, provided that such termination shall not affect any subsisting rights of any Selected Participant(s).

Appointment of Trustee

Upon the adoption of the Scheme, the Company will enter into the Trust Deed with Futu Trustee Limited and appoint Futu Trustee Limited as the Trustee to assist with the administration of the Scheme and vesting of Awards to be granted pursuant to the Scheme.

To the best knowledge, information and belief of the Board after making all reasonable enquiries, the Trustee is an independent third party and not connected with the Company or any of its connected persons. The Trustee will administer the Scheme in accordance with the terms of the Scheme and the Trust Deed.

Other Information

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 and is a discretionary scheme of the Company. No shareholders' approval is required for the adoption of the Scheme.

DEFINITIONS

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

“Adoption Date”	16 September 2021 (the date on which the Scheme is adopted by the Company)
“Articles”	the articles of association of the Company from time to time
“Authorised Representative(s)”	any one or more of the Directors or senior management of the Company delegated with the power and authority by the Board to administer the Scheme pursuant to the Scheme
“Award(s)”	award of Shares by the Company pursuant to the Scheme to any Selected Participant(s)
“Awarded Share(s)”	in respect of any Selected Participant(s), such number of Shares subject to Award(s) as determined by the Board
“Board”	the board of directors of the Company
“Business Day”	a day (other than Saturday, Sunday or public holiday) on which the Stock Exchange is open for trading and on which banks are open for business in Hong Kong
“Company”	China ITS (Holdings) Co., Ltd. (中国智能交通系统(控股)有限公司), a limited liability company incorporated in the Cayman Islands, the Shares of which are listed on the Stock Exchange
“Director(s)”	the directors (whether executive or non-executive) of the Company and “Director” means any one of them

“Eligible Participant(s)”	any Director (whether executive or non-executive), senior management and employee of the Company and its subsidiaries and any other person whom the Board believes to have contribution or will contribute to the Group and has a direct or significant impact on the long-term development of the Group, but excluding the following persons: (i) any seconded employee, part-time employee or non-full time employee of the Group; (ii) any employee of the Group who at the relevant time has given or been given notice terminating his employment, office or directorship as the case may be; and (iii) any other person that the Board may determine from time to time
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Returned Shares”	such Awarded Shares which are not vested and/or forfeited in accordance with the terms of the Share Award Scheme, or such Shares being deemed to be Returned Shares in accordance with the terms of the Scheme
“Scheme”	the share award scheme of the Company as set out in its present form or as amended from time to time in accordance with the provisions hereof
“Selected Participant(s)”	those Eligible Participants selected by the Board for participation in the Scheme
“Share(s)”	ordinary shares of HK\$0.0002 each in the capital of the Company (or of such other nominal amount as shall result from a sub-division, consolidation, reclassification or reconstruction of the share capital of the Company from time to time)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs published by the Hong Kong Securities and Futures Commission for the time being in force
“Trust”	the China ITS Share Award Scheme Trust from which Awarded Shares may be granted to Selected Participants pursuant to the Scheme

“Trust Deed” the trust deed constituting the Trust, as restated, supplemented and amended from time to time

“Trustee” Futu Trustee Limited or any additional or replacement trustee in relation to the Scheme

By order of the Board
China ITS (Holdings) Co., Ltd.
Liao Jie
Chairman

Beijing, 16 September 2021

As at the date of this announcement, the executive directors of the Company are Mr. Liao Jie and Mr. Jiang Hailin, and the independent non-executive directors of the Company are Mr. Ye Zhou, Mr. Wang Dong and Mr. Zhou Jianmin.