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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)

DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF PRIVATE EQUITY FUND

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The Board announces that, on 14 December 2022, Tibet Intelligent Aviation, a subsidiary indirectly and wholly owned by the Company, subscribed for the Private Equity Fund in a principal amount of RMB20,000,000 managed by Guangzhou Zhuoyi.

LISTING RULE IMPLICATIONS

As the highest applicable percentage in respect of the subscription of the Private Equity Fund is more than 5% but less than 25%, the subscription of the Private Equity Fund constitutes a discloseable transaction of the Company and is therefore subject to the reporting and announcement requirements but exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

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On 14 December 2022, Tibet Intelligent Aviation entered into a subscription agreement with Guangzhou Zhuoyi and HTSC in relation to the subscription of Private Equity Fund in an amount of RMB20,000,000. The principal terms of the subscription agreement are as follows:

Date of subscription	:	14 December 2022
Product name		Zhuoyi Liaoyuan No. 3 Private Securities Investment Fund (拙一燎原3號私募證券投資基金)
Parties		1) Tibet Intelligent Aviation, as subscriber; 2) Guangzhou Zhuoyi, as fund manager; and 3) HTSC, as custodian
Principal under subscription		RMB20,000,000. The Board believes that the consideration of such subscription was determined on the basis of arm's length commercial terms.
Subscription price		The subscription price shall be determined by the net value per unit of the Private Equity Fund on the date of settlement. The net value per unit of the Private Equity Fund was approximately RMB1.21 per unit as at the Latest Practicable Date. The ultimate subscription price is subject to update to the net value per unit of the Private Equity Fund on the date of payment for the subscription consideration.
Fees		Certain fees in relation to the Private Equity Fund are payable to Guangzhou Zhuoyi and HTSC, including: 1) performance-based compensation fee payable to fund manager: a. if the annual rate of return of the Subscription Shares is below 5%, there shall be no performance-based compensation fee; and b. if the annual rate of return of the Subscription Shares is 5% or above, the performance-based compensation fee shall be calculated as follows:

performance-based compensation fee = number of subscription shares which accrue performance-based compensation fee × net value of shares of the fund held by third-party fund subscribers on the date of last accrual of the performance-based compensation fee × (annual rate of return – 5%) × 20% × the number of natural days from the last accrual date of the performance-based compensation fee to the current accrual date of this performance-based compensation fee/365

- 2) fund custodian fee payable to custodian of 0.025% per annum,
- 3) fund service fee payable to fund service institution, which is HTSC, of 0.025% per annum, and
- 4) other transaction fees, taxes and levies as required by the relevant laws and regulations.

There is no fund management fee payable to fund manager by the Subscriber.

With reference to market practices, including the performance fee, the custodian fee and service fee for private equity funds, the Directors considered that the fees as mentioned above are fair and reasonable.

Term of investment

A maximum of 15 years from the date of establishment of the Private Equity Fund, subject to early redemption by the Subscriber on any Trading Day after the end of the Lock-Up Period.

Product type and risk level

A non principal-guaranteed product with variable return.

Guangzhou Zhuoyi and HTSC do not guarantee the principal or any return on the Private Equity Fund. In the event that the value of the underlying asset in the relevant investment portfolio of Guangzhou Zhuoyi falls below the principal amount of the Private Equity Fund purchased by the Group at the time of the redemption of the Private Equity Fund, the Group may lose the entire amount of principal invested in the Private Equity Fund.

**Investment objective
and policy of the
Private Equity Fund**

The investment objective of the Private Equity Fund is to focus and invest in growth companies and to seek long-term and stable capital appreciation from outstanding investment portfolio.

The actual return on the Private Equity Fund will be determined based on the underlying investment portfolio in which Guangzhou Zhuoyi invests with the Private Equity Fund and the terms of dividend or capital gain distributions in the subscription agreement dated 14 December 2022.

Early termination

Subscription Shares may be redeemed at the option of their holders after the end of the Lock-Up Period. However, Subscription Shares may not be redeemed before the expiry of the Lock-Up Period unless otherwise agreed upon by the Subscriber and Guangzhou Zhuoyi.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION OF PRIVATE EQUITY FUND

The Directors are of the view that: (i) comparing with long-term fixed commercial bank deposits, the subscription of Private Equity Fund provides the Group with a flexibility in redeeming Private Equity Funds when it foresees there is a cash need; (ii) the subscription of Private Equity Fund is funded by the Group's surplus cash reserves and will not affect the Group's working capital position or operations; and (iii) appropriate wealth management is beneficial for enhancing capital utilization and increasing income with idle funds. The subscription of the Private Equity Fund enables the Group to participate in the PRC and Hong Kong securities market while reducing the direct investment risks by leveraging the professional management of the Private Equity Fund, the custodian and fund manager of which have the expertise and resources to identify appropriate investment targets.

Accordingly, the Directors consider that the subscription of the Private Equity Fund is on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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INFORMATION ON THE GROUP AND TIBET INTELLIGENT AVIATION

The Group is a provider which mainly offers products, specialised solutions and services related to infrastructure technology in the PRC and overseas.

Tibet Intelligent Aviation is a subsidiary indirectly and wholly owned by the Company.

INFORMATION ON GUANGZHOU ZHUOYI AND HTSC

Guangzhou Zhuoyi is an institution established under the laws of the PRC providing private equity investment fund management services and is qualified to conduct its business as stipulated in its operator's license for financial institutions in the PRC with sufficient power, authorization and legal rights to own its assets and operate its business. According to publicly available information, Guangzhou Zhuoyi is owned as to 46.7% by Bi Lihui (畢麗輝), 33.3% by Zhang Shumin (張淑敏) and 20% by Ding Lin (丁林).

HTSC is a joint stock company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of Stock Exchange (stock code: 6886); the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 601688); and the global depository receipts of which are listed on the London Stock Exchange plc (symbol: HTSC). HTSC is a leading technology-driven securities group in the PRC, the principal businesses of which comprise wealth management business, institutional services business, investment management business and international business.

To the best of knowledge, information and belief of the Directors after making all reasonable enquiries and based on the public information available to the Company, HTSC and Guangzhou Zhuoyi and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	China ITS (Holdings) Co., Ltd. (中国智能交通系统 (控股) 有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Main Board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guangzhou Zhuoyi”	Guangzhou Zhuoyi Asset Management Co., Ltd. (廣州拙一資產管理有限公司)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HTSC”	Huatai Securities Co., Ltd. (華泰證券股份有限公司), a joint stock company incorporated in the PRC with limited liability
“Latest Practicable Date”	13 December 2022, being the latest practicable date to determine certain information as set forth herein prior to the publication of this announcement

“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-Up Period”	a period of 270 days from the confirmation of Subscription Shares
“PRC”	the People’s Republic of China
“Private Equity Fund”	Zhuoyi Liaoyuan No. 3 Private Securities Investment Fund (拙一療原3號私募證券投資基金) managed by Guangzhuo Zhuoyi and for which HTSC serves as custodian, the details of which are set out in this announcement
“RMB”	Renminbi, the lawful currency of PRC
“Shareholders”	our shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Tibet Intelligent Aviation”	Tibet Intelligent Aviation Transportation Technology Co., Ltd. (西藏智航交通科技有限公司), a company established under the laws of the PRC, and a subsidiary indirectly and wholly owned by the Company
“Subscription Share(s)”	a participating redeemable share in the capital of Private Equity Fund being offered for subscription under the terms of subscription agreement dated 14 December 2022
“subsidiary (ies)”	has the meaning ascribed to it under the Listing Rules
“Trading Day”	any day on which the Shenzhen Stock Exchange, the Shanghai Stock Exchange and the Beijing Stock Exchange are open for normal securities trading
“%”	per cent

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

Beijing, 14 December 2022

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.