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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 24 March 2023, 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 Shanghai Jiuming.

LISTING RULE IMPLICATIONS

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the transaction contemplated under the Subscription Agreement is required to be aggregated with the transaction contemplated under the Previous Subscription Agreement which did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

As the highest applicable percentage ratio in respect of the subscriptions under the Subscription Agreement and the Previous Subscription Agreement is, on an aggregated basis, 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 under Chapter 14 of the Listing Rules.

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SUBSCRIPTION OF PRIVATE EQUITY FUND

On 24 March 2023, Tibet Intelligent Aviation entered into the Subscription Agreement with Shanghai Jiuming and CMSC 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:** 24 March 2023
- Product name:** Jiuming Zhuanxiang No.10 Private Securities Investment Fund* (久銘專享10號私募證券投資基金)
- Parties:**
- 1) Tibet Intelligent Aviation, as subscriber;
 - 2) Shanghai Jiuming, as fund manager; and
 - 3) CMSC, 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 Fund Opening Day which is corresponding to the date when the subscribe application is submitted. The net value per unit of the Private Equity Fund was approximately RMB1.202 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 27 March 2023.
- Fees:** Certain fees in relation to the Private Equity Fund are payable to Shanghai Jiuming and CMSC, including:
- 1) fund management fee payable to fund manager. The daily management fee shall be the higher of the below:
 - a. RMB273.97;
 - b. net asset value of the Private Equity Fund on the previous day \times 1.5% \div the actual number of days in the year
 - 2) fund custodian fee payable to custodian per annum which accounts for 0.025% of the net asset value of the Private Equity Fund on the previous day;
 - 3) fund service fee payable to fund service institution, which is CMSC, per annum accounts for 0.025% of the net asset value of the Private Equity Fund on the previous day;

- 4) performance-based compensation fee payable to fund manager of 10% of the return of the Subscription Shares; and
- 5) other transaction fees, taxes and levies as required by the relevant laws and regulations.

With reference to market practices, including the management fee, 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:

A non principal-guaranteed product with variable return.

Shanghai Jiuming and CMSC 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 the Private Equity Fund 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.

Risk level:

R5 (high risk)

Investment objective and policy of the Private Equity Fund:

The objective of the Private Equity Fund is to pursue for value appreciation for the assets of the Private Equity Fund under the premise of pursuing stable returns and controlling risks.

The actual return on the Private Equity Fund will be determined based on the underlying investment portfolio in which Shanghai Jiuming invests with the Private Equity Fund and the terms of dividend or capital gain distributions in the Subscription Agreement.

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 Shanghai Jiuming.

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 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.

LISTING RULE IMPLICATIONS

On 2 November 2022, Tibet Intelligent Aviation entered into the Previous Subscription Agreement with Shanghai Jiuming and CMSC to subscribe for shares in a private equity fund with a principal amount of RMB9,800,000. As all of the applicable percentage ratios in respect of the Previous Subscription Agreement were less than 5%, the transaction contemplated thereunder did not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Pursuant to Rules 14.22 and 14.23 of the Listing Rules, the transaction contemplated under the Subscription Agreement are required to be aggregated with the transaction contemplated under the Previous Subscription Agreement. As the highest applicable percentage ratio in respect of the subscriptions under the Subscription Agreement and the Previous Subscription Agreement is, on an aggregated basis, 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 under Chapter 14 of the Listing Rules.

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 SHANGHAI JIUMING AND CMSC

Shanghai Jiuming 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, Shanghai Jiuming is owned as to 52% by Wang Hua (王華), 45% by Wang Ping (王萍) and 3% by Wang Wei (王偉).

CMSC 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: 6099); and the A Shares of which are listed on the Shanghai Stock Exchange (stock code: 600999). CMSC is a leading securities group in the PRC, the principal businesses of which comprise wealth management and institutional business, investment banking, investment management as well as investment and trading.

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, CMSC and Shanghai Jiuming and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITION

“Board”	the board of Directors
“CMSC”	China Merchants Securities Co., Ltd. (招商證券股份有限公司), a joint stock company incorporated in the PRC with limited liability
“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
“Fund Opening Day”	each Monday, Tuesday, Wednesday, Thursday of every week which is also a Trading Day
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	22 March 2023, 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 720 days from the confirmation of Subscription Shares
“PRC”	the People’s Republic of China
“Previous Subscription Agreement”	the subscription agreement entered into between Tibet Intelligent Aviation, Shanghai Jiuming and CMS on 2 November 2022 in relation to the subscription of a private equity fund in a principal amount of RMB9,800,000
“Private Equity Fund”	Jiuming Zhuanxiang No. 10 Private Securities Investment Fund* (久銘專享10號私募證券投資基金) managed by Shanghai Jiuming and for which CMSC serves as custodian, the details of which are set out in this announcement
“RMB”	Renminbi, the lawful currency of PRC
“Shanghai Jiuming”	Shanghai Jiuming Investment Management Co., Ltd.* (上海久銘投資管理有限公司), a limited liability company incorporated in the PRC
“Shareholders”	the shareholders of the Company
“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 Agreement”	the subscription agreement entered into between Tibet Intelligent Aviation, Shanghai Jiuming and CMS on 24 March 2023 in relation to the subscription of the Private Equity Fund by Tibet Intelligent Aviation
“Subscription Share(s)”	a participating redeemable share in the capital of Private Equity Fund being offered for subscription under the terms of the Subscription Agreement
“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, 24 March 2023

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.

** For identification purposes only*