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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)

## **ANNOUNCEMENT IN RELATION TO DELAY IN PUBLICATION OF RESULTS ANNOUNCEMENT**

Reference is made to the announcement of China ITS (Holdings) Co., Ltd. (the “**Company**”) dated 29 March 2018 regarding the trading halt of the Company (the “**Trading Halt Announcement**”) and the announcement of the Company dated 29 March 2018 regarding the unaudited financial information of the Company for the year ended 31 December 2017 (the “**Unaudited Results Announcement**”, and together with the Trading Halt Announcement, the “**Announcements**”). Unless otherwise stated, terms defined in the Announcements shall have the same meanings when used in this announcement.

Further to the Announcements, the Company would like to provide more information about the delay in the publication of the 2017 Annual Results to shareholders and investors.

### **FURTHER INFORMATION ON THE REASON FOR THE INABILITY TO PUBLISH THE 2017 ANNUAL RESULTS**

As disclosed in the Trading Halt Announcement, the Company requires more time to address the issues raised by the auditors in connection with the variation of certain terms of a very substantial disposal announced on 17 February 2016 (the “**VSD**”).

As at 31 December 2017, approximately RMB508.5 million (the “**Outstanding Receivables**”) of the consideration for the VSD and other amounts in connection with the VSD payable by the purchaser, its owners and other associates (together the “**Purchaser Group**”) were outstanding.

The external auditors of the Company (the “**Auditor**”) informed the Company that they were unable to obtain sufficient appropriate audit evidence about the recoverability of the Outstanding Receivables. Consequently, they were unable to determine whether any provisions are required for such balances. As any provision for recoverability of the Outstanding Receivables would reduce the net assets of the Group as at 31 December 2017 and decrease the Group’s net profit for the year ended 31 December 2017, the Company

understands that the Auditor contemplated to issue their audit opinion on the financial statements of the Company qualified by the effect of the matters in relation to the Outstanding Receivables only.

However, the Board disagrees with the abovementioned view of the Auditor. The Board is of the view that the Outstanding Receivables will be recoverable and no provision for recoverability of the Outstanding Receivables is required.

## FURTHER INFORMATION ON THE 2017 ANNUAL RESULTS

Under Rule 13.49(1) of the Listing Rules, the Company is required to publish the 2017 Annual Results on a date not later than three months after the end of the financial year of the Company, i.e. on or before 31 March 2018. The Board acknowledges that the delay in publication of the 2017 Annual Results constitutes a non-compliance with Rule 13.49(1) of the Listing Rules.

The Announcements were published by the Company in accordance with Rule 13.49(3)(i) of the Listing Rules. The Unaudited Results Announcement has been reviewed by the audit committee of the Board (the “**Audit Committee**”). The Auditor has been provided with the financial statements as disclosed in the Unaudited Results Announcement. Based on the discussion between the Audit Committee and the Auditor, the Company understands that the Auditor has no disagreement with the financial statements prepared by the Company other than the matters in relation to the Outstanding Receivables.

In order to resolve the issues in relation to the Outstanding Receivables, the Company is in the process of gathering the relevant audit evidence to demonstrate the recoverability of the Outstanding Receivables, including but not limited to obtaining security to be provided by the Purchaser Group which was not provided under the existing terms of the agreements in the VSD. Based on information currently available to the Company, including but not limited to the progress of obtaining security from the Purchaser Group, the Board currently expects that the 2017 Annual Results as agreed with the Auditor will be published no later than 15 May 2018.

## FURTHER INFORMATION ON POTENTIAL VARIATION OF TERMS OF THE VERY SUBSTANTIAL DISPOSAL

As the Outstanding Receivables have not been settled by the Purchaser Group in accordance with the relevant agreements in the VSD, the Company is in the process of negotiating with the Purchaser Group to vary the payment terms of the outstanding consideration for the VSD (the “**VSD Amendments**”). The VSD Amendments will constitute a material variation of terms of the VSD for the purpose of Rule 14.36 of the Listing Rules and a connected transaction of the Company, and accordingly will be subject to approval by the independent shareholders of the Company.

As at the date of this announcement, the Company and the Purchaser Group are contemplating extending the due date of the Outstanding Receivables to 31 December 2018, subject to approval by the independent shareholders of the Company. Other potential variations in the terms of the VSD, such as the rate of interest to be charged on the Outstanding Receivables during the extended term, are still being negotiated. The Company currently targets to settle the terms for varying the payment terms of the Outstanding

Receivables with the Purchaser Group after the appropriate security has been provided by the Purchaser Group and no later than 31 May 2018 and will convene an extraordinary general meeting (the “EGM”) to obtain the approval of the independent shareholders as soon as practicable in accordance with the Listing Rules.

In the event that the VSD Amendment is voted down by the independent shareholders, it is the Company’s current plan to take other measures to demonstrate the recoverability of the Outstanding Receivables, including potentially enforcement of the relevant security to recover the Outstanding Receivables.

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

Beijing, 9 April 2018

*As at the date of this announcement, the executive directors of the Company are Mr. Liao Jie and Mr. Jiang Hailin, the non-executive director of the Company is Mr. Tim Tianwei Zhang, and the independent non-executive directors of the Company are Mr. Zhou Chunsheng, Mr. Choi Onward and Mr. Ye Zhou.*