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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)

China ITS (Holdings) Co., Ltd.

CNY210,000,000

10.0% Guaranteed Bonds due 2015

(Stock Code: 85908)

PURCHASE AND CANCELLATION OF BONDS

This announcement is made by China ITS (Holdings) Co., Ltd. (the “**Company**”) on a voluntary basis. Reference is made to the announcement of the Company dated 1 November 2012 regarding the issue of the 10.0% guaranteed bonds due 2015 in the principal amount of RMB210,000,000 (the “**Bonds**”) by the Company.

The Company announces that it has purchased part of the Bonds in the principal amount of RMB20,000,000 representing approximately 9.5238% of the outstanding principal amount of RMB210,000,000 as at 23 May 2013 (the “**Purchased Bonds**”). As the Company maintains a healthy level of working capital and cash flows, the board (the “**Board**”) of directors (“**Directors**”) of the Company considers that the purchase of the Purchased Bonds will optimize the performance of the Group and enhance the shareholders’ interest in terms of the earnings per share of the Company by reducing future financial expenses and financial gearing level of the Company, without affecting the Group’s day-to-day operations or restricting the Group’s ability to grow. Hence the Board considers that the purchase is in the interest of the Company and its shareholders as a whole.

All the Purchased Bonds were cancelled on 29 May 2013 by the removal of the relevant bondholder’s name from the relevant register and the cancellation of the corresponding certificates.

As a result of the event described above, the outstanding principal amount of the Bonds as at the date of this announcement is RMB190,000,000.

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

Hong Kong, 30 May 2013

As at the date of this announcement, the executive directors of the Company are Mr. Liao Jie, Mr. Jiang Hailin, Mr. Wang Jing, Mr. Lu Xiao, Mr. Pan Jianguo, Mr. Lv Xilin, and the independent non-executive directors of the Company are Mr. Zhou Chunsheng, Mr. Choi Onward and Mr. Sun Lu.