Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

CLARIFICATION ANNOUNCEMENT IN RELATION TO INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017

Reference is made to the announcement of China ITS (Holdings) Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") dated 28 August 2017 relating to interim results for the six months ended 30 June 2017 (the "**Announcement**"). Unless otherwise stated, terms defined in the Announcement shall have the same meanings when used in this announcement.

The Board would like to clarify the breakdown of its revenue, gross profit, gross profit margin by business sector, namely, SS and VAOS for the six months ended 30 June 2017 and the six months ended 30 June 2016 are as follows:

For the six months ended 30 June 2017:

	SS	**VAOS**
Revenue (unaudited)	RMB495,354,000	RMB28,208,000
Gross profit (unaudited)	RMB121,139,000	RMB7,281,000
Gross profit margin (unaudited)	24.5%	25.8%

For the six months ended 30 June 2016:

	SS	**VAOS**
Revenue (unaudited)	RMB735,745,000	RMB14,213,000
Gross profit (unaudited)	RMB132,094,000	RMB7,559,000
Gross profit margin (unaudited)	18.0%	53.2%

In this regard, the following paragraphs on pages 14 to 15 should be read as follows:

- The third paragraph of the section headed "Business and Financial Review — Business Review — Consolidate main operations and fully tap customer demand" on page 14:

  "The SS business is the Group's core business (accounting for 86.1% of the Group's revenue for the 12 months ended December 31, 2016 and 94.6% of the Group's revenue for the six months ended June 30, 2017), which has formed a strong portfolio of communication products supplemented by network and energy products and other products."

- The table under the first paragraph of the section headed "Financial Review — Revenue" on page 15:

	Six months ended June 30	
	2017	**2016**
	RMB'000	*RMB'000*
Revenue by business sectors		
SS	495,354	735,745
VAOS	28,208	14,213
Total	523,562	749,958

- The first sentence of the first paragraph of the section headed "Financial Review — Revenue — (i) SS" on page 15:

  "For the six months ended June 30, 2017, revenue of RMB495.4 million was recognised from the SS business, representing a decrease of RMB240.3 million from RMB735.7 million for the six months ended June 30, 2016."

- The first sentence of the first paragraph of the section headed "Financial Review — Revenue — (ii) VAOS" on page 16:

  "Revenue recognised from the VAOS business for the six months ended June 30, 2017 was RMB28.2 million, representing an increase of RMB14.0 million from RMB14.2 million for the six months ended June 30, 2016."

- The table under the first paragraph of the section headed "Financial Review — GROSS PROFIT" on page 17:

	Six months ended June 30	
	2017	**2016**
	RMB'000	*RMB'000*
Gross profit by business sectors		
SS	121,139	132,094
Margin %	24.5%	18.0%
VAOS	7,281	7,559
Margin %	25.8%	53.2%
Total	128,420	139,653
Margin %	24.5%	18.6%

- The first paragraph of the section headed "Financial Review — Gross Profit — (i) SS" on page 17:

  "Gross profit recognised from SS for the six months ended June 30, 2017 was RMB121.1 million, representing a decrease of RMB11.0 million from RMB132.1 million for the six months ended June 30, 2016. Gross profit margin of SS for the six months ended June 30, 2017 was 24.5%, increasing by 6.5% from 18.0% for the six months ended June 30, 2016."

- The first paragraph of the section headed "Financial Review — Gross Profit — (ii) VAOS" on page 17:

  "Gross profit recognised from VAOS for the six months ended June 30, 2017 was RMB7.3 million, representing a decrease of RMB0.3 million from RMB7.6 million for the six months ended June 30, 2016. Gross profit margin of VAOS for the six months ended June 30, 2017 was 25.8%, decreasing by 27.4% from 53.2% for the six months ended June 30, 2016."

Save as disclosed above, all other information in the Announcement shall remain unchanged.

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

Hong Kong, September 14, 2017

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