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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)

**TERMINATION OF
THE SHARE PURCHASE AND SUBSCRIPTION AGREEMENT
IN RELATION TO ACQUISITION OF 58% INTEREST IN
CEECGLOBAL LIMITED**

Reference is made to the announcement of China ITS (Holdings) Co., Ltd. (the “**Company**”) dated 14 November 2017 (the “**Announcement**”) in relation to the acquisition of 58% interest in CEECGLOBAL LIMITED involving the issue of consideration shares under general mandate. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as defined in the Announcement.

The Board announces that on 21 December 2017, the Company, the Vendor, the Guarantors and the Target Company entered into a termination agreement (the “**Termination Agreement**”) to terminate the Share Purchase and Subscription Agreement. Pursuant to the Termination Agreement, each party to the Share Purchase and Subscription Agreement is released from all of their respective obligations and liabilities, and is no longer entitled to their respective rights, under the Share Purchase and Subscription Agreement. None of the transactions contemplated under the Share Purchase and Subscription Agreement has consummated prior to the termination of the Share Purchase and Subscription Agreement.

The parties mutually agreed to terminate the Share Purchase and Subscription Agreement due to the following commercial considerations. At the time when the parties entered into the Share Purchase and Subscription Agreement, based on the status of negotiation between the Target Company and its potential client(s), the parties expected that the Target Company would enter into certain project contracts with significant contract values. However, in early December 2017, it has come to the attention of the Company that the execution and performance of such project contracts have been delayed. Due to such development, the parties are of the view that it is reasonable to reassess the terms and conditions of the transactions contemplated under the Share Purchase and Subscription Agreement after the actual financial and operational performance of the Target Company for a further period after 30 September 2017, which was the end of the period of the latest management accounts of the Target Company at the time of the Share Purchase and Subscription Agreement,

become available. Accordingly, the parties have agreed to enter into the Termination Agreement to terminate the Share Purchase and Subscription Agreement. The Board is of the view that the termination of the Share Purchase and Subscription Agreement will help to control investment risks to the Group, and that the terms of the Termination Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

The Group will continue to evaluate the Target Company's business development. In the event that the Group enters into any agreement with the Target Company and/or the Vendor in relation to the subject matter of the Share Purchase and Subscription Agreement in the future, the Company will make further announcement(s) as necessary and appropriate in accordance with the requirements under the Listing Rules.

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

Beijing, 21 December 2017

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.