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)

PROFIT WARNING

This announcement is made by China ITS (Holdings) Co., Ltd. (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

The board (the "**Board**") of directors (the "**Directors**") of the Company wishes to inform the shareholders of the Company (the "**Shareholders**") and potential investors that, based on the preliminary assessment of the Group's unaudited consolidated management accounts, it is expected that, as compared to the net profit for the six months ended 30 June 2017, the Group will incur a net loss for the six months ended 30 June 2018 (the "**Interim Period**"). The decline in financial results is mainly due to: (1) the delay of certain railway construction projects, resulting in a substantial decrease in the new contracts amounts, revenue and gross profit; (2) the adoption of IFRS 9 by the Company from 1 January 2018 resulting that the changes in the available-for-sale equity investment held by the Company (note: the available-for-sale equity investment represents the equity investment that has no significant impact on the investing company) measured at fair value will be included in the profit and loss of the period. As the indication of impairment of the fair value of the available-for-sale equity investment as at 30 June 2018 is evident, it is expected to result in significant impairment. The net loss of the Group is attributable to the two factors mentioned above.

The Company is still in the process of preparing the Group's results for the Interim Period. The above information is only based on the preliminary assessment on the management accounts of the Group and the information currently available to the Company, and the same has not been confirmed, reviewed or audited by the auditors of the Company. It is expected that the Group's results for the Interim Period will be announced in August 2018 in accordance with the Listing Rules.

Shareholders and potential investors are advised to exercise caution when dealing in securities of the Company.

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

Beijing, 23 July, 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. Choi Onward, Mr. Ye Zhou and Mr. Wang Dong.