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 full year ended 31 December 2017, the Group will incur a net loss for the year ended 31 December 2018 (the "**Annual Period**"). Based on the Company's preliminary assessment, such net loss is mainly due to the following three factors: (1) a decrease in revenue and profit of major business operations due to delayed delivery of some projects despite growth in amounts in contracts newly entered into in 2018; (2) the adoption of IFRS 9 Financial Instruments by the Company from 1 January 2018 resulting in the changes in the fair value of 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) being reflected in the profit and loss of the period. As there is evidence indicating an impairment of the fair value of the relevant available-for-sale equity investment as at 31 December 2018, it is expected that an impairment to the relevant available-for-sale equity investment will be recognized for the year ended 31 December 2018; and (3) an increase in allowances for bad debts due to the adoption by the Company of the IFRS 9-Financial Instruments, as compared to the allowance recorded pursuant to the Company's former policy regarding allowance for bad debts, with effect from 1 January 2018.

The Company is still in the process of preparing the Group's results for the Annual Year. 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 Annual Year will be announced in March 2019 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, 30 January, 2019

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.