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If you are in any doubt as to any aspect of this circular, you should consult a licensed securities dealer or other bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares of **China ITS (Holdings) Co., Ltd.**, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES
RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

This circular is despatched together with the annual report of China ITS (Holdings) Co., Ltd. which comprises, among the other things, the directors' report, the auditors' report and the financial statements of China ITS (Holdings) Co., Ltd. for the year ended 31 December 2011.

A notice convening the annual general meeting of China ITS (Holdings) Co., Ltd. to be held at 2 p.m. on Tuesday, 29 May 2012 at 17th Floor, West Tower, World Financial Center, Beijing, PRC is set out on pages 16 to 20 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of such meeting or any adjournment thereof.

Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjourned meeting should you so wish.

20 April 2012

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

“Annual General Meeting”	the annual general meeting of the Company to be held at 2 p.m. on Tuesday, 29 May 2012 at 17th Floor, West Tower, World Financial Center, Beijing, PRC
“Annual Report”	the annual report of the Company which comprises among the other things the directors’ report, the auditors’ report and the financial statements of the Company for the year ended 31 December 2011
“Articles”	the articles of association of the Company
“Bailian Zhida”	Beijing Bailian Zhida Technology Development Co., Ltd.
“Best Partners”	Best Partners Development Limited, one of the Controlling Shareholders
“Board”	the board of Directors
“Company”	China ITS (Holdings) Co., Ltd., a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1900)
“controlling shareholder”	any person who has the power, directly or indirectly, to secure: (i) by means of the holding of shares entitling him to exercise or control the exercise of 30% (or such lower amount as may from time to time be specified in the Takeovers Code, as amended from time to time, being the level for triggering a mandatory offer) or more of the voting power at general meetings of the company; or (ii) by means of controlling the composition of a majority of the board; or (iii) by virtue of any powers conferred by the constitutional document of the company or any other corporation, that the affairs of the company are conducted in accordance with the wishes of such person
“Controlling Shareholders”	Mr. Liao Daoxun, Ms. Wu Yurui, Mr. Jiang Hailin, Mr. Liang Shiping, Ms. Wu Chunhong, Mr. Yuan Chuang, Mr. Wang Jing, Mr. Zheng Hui, Mr. Zhang Qian, Mr. Guan Xiong, Ms. Wang Li, Mr. Zhao Lisen, Mr. Lv Xilin, Mr. Dang Kulun, Mr. Pan Jianguo, Mr. Jing Yang, Mr. Lu Xiao, Fino Investments Limited, Tesco Investments Limited, Binks Investments Limited, Ampio International Limited, Best Partners, Joy Bright, Gouver, Holdco, Rockyjing, Huaxin, Speedy Fast, Sea Best, Kang Yang, Key Trade, Pride Spirit.
“Director(s)”	directors of the Company

DEFINITIONS

“Group”	the Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before the Company became the holding company of the present subsidiaries, the present subsidiaries of the Company or the businesses operated by the present subsidiaries or (as the case may be) its predecessor
“Gouver”	Gouver Investments Limited, one of the Controlling Shareholders
“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Holdco”	China ITS Co., Ltd., one of the Controlling Shareholders
“Huaxin”	Huaxin Investments Limited, one of the Controlling Shareholders
“ITS”	intelligent transportation systems
“Joy Bright”	Joy Bright Success Limited, one of the Controlling Shareholders
“Kang Yang”	Kang Yang Holdings Limited, one of the Controlling Shareholders
“Key Trade”	Key Trade Holdings Limited, one of the Controlling Shareholders
“Latest Practicable Date”	10 April 2012, being the latest practicable date for the purpose of ascertaining certain information referred to in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Post-IPO Share Option Scheme”	the post-IPO share option scheme, adopted by the Company on 18 June 2010
“Pre-IPO Share Incentive Scheme”	the pre-IPO share incentive scheme, adopted by the Company on 28 December 2008
“Pride Spirit”	Pride Spirit Company Limited, one of the Controlling Shareholders
“Prospectus”	prospectus of the Company dated 30 June 2010
“Repurchase Mandate”	a general mandate proposed to be granted to the Directors which would empower the Directors to exercise the power of the Company to purchase Shares with a nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting
“Rockyjing”	Rockyjing Investment Limited, one of the Controlling Shareholders
“Sea Best”	Sea Best Investments Limited, one of the Controlling Shareholders

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SFO”	Securities and Futures Ordinance (Chapter 571 of Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“RHY Technology”	Beijing RHY Technology Development Co., Ltd.
“Share(s)”	share(s) of a nominal value of HK\$0.0002 each in the issued share capital of the Company
“Shareholders”	holders of Shares
“Share Issue Mandate”	a general mandate proposed to be granted to the Directors to allot, issue and deal with additional Shares with a nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting and to extend the general mandate to allot and issue further Shares (if any) which may have been purchased under the Repurchase Mandate
“Speedy Fast”	Speedy Fast Investments Limited, one of the Controlling Shareholders
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Repurchases
“Wuhan Chenguang”	Wuhan Chenguang Transportation Technology Development Co., Ltd.
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent



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)

Executive Directors

Mr. Jiang Hailin (*Chairman*)

Mr. Liao Jie (*Chief Executive Officer*)

Mr. Wang Jing

Mr. Lu Xiao

Mr. Pan Jianguo

Mr. Lv Xilin

Independent non-Executive Directors

Mr. Zhou Chunsheng

Mr. Choi Onward

Mr. Sun Lu

Registered Office

Cricket Square Hutchins Drive P.O.

Box 2681

Grand Cayman KY1-1111

Cayman Islands

Head Office in the PRC

Unit 1801A, 18/F West Tower

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Chaoyang District

Beijing 100020, China

Principal place of business

in Hong Kong

Unit 2209, 22/F

Wu Chung House

213 Queen's Road East

Wanchai, Hong Kong

20 April 2012

To the Shareholders,

Dear Sirs,

**GENERAL MANDATES TO REPURCHASE
AND ISSUE SHARES RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information relating to the following proposals which, together with other ordinary business, will be proposed at the Annual General Meeting for consideration and, where appropriate, approval by the Shareholders:

- (i) granting of the Repurchase Mandate and the Share Issue Mandate; and

LETTER FROM THE BOARD

(ii) the re-election of Directors.

The notice of the Annual General Meeting is set out on pages 16 to 20 of this circular.

PROPOSED GENERAL MANDATES TO REPURCHASE AND ISSUE SHARES

At the Annual General Meeting, ordinary resolutions will be proposed to seek the approval of the Shareholders to grant to the Directors:

- (i) the Repurchase Mandate, which is the general mandate to purchase Shares with a nominal amount not exceeding 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting;
- (ii) the Share Issue Mandate, which is the general mandate to
 - (a) allot, issue and deal with additional Shares with a nominal amount not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Annual General Meeting (the “Issue Mandate”); and
 - (b) extend the Issue Mandate with a nominal amount up to the aggregate nominal amount of the share capital repurchased by the Company pursuant to the Repurchase Mandate.

Such general mandates will continue in force until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws of the Cayman Islands to be held; or
- (iii) the revocation or variation of this resolution by an ordinary resolution of the Shareholders in general meeting.

On the basis of 1,612,817,760 Shares in issue as at the Latest Practicable Date and assuming that (i) the resolutions approving the Issue Mandate and the Repurchase Mandate are passed at the Annual General Meeting; and (ii) no further Shares are issued or repurchased between the Latest Practicable Date and the date of the Annual General Meeting, the Company would be allowed to allot and issue a maximum of 322,563,552 Shares under the Issue Mandate and repurchase a maximum of 161,281,776 Shares under the Repurchase Mandate.

An explanatory statement as required by the Listing Rules to be sent to the Shareholders in connection with the Repurchase Mandate is set out in Appendix to this circular.

RE-ELECTION OF DIRECTORS

In accordance with Article 84 of the Articles, Mr. Liao Jie and Mr. Lv Xilin, who were appointed as Directors on 24 August 2011, will hold office until the Annual General Meeting and being eligible, offer themselves for re-election. Further, Mr. Wang Jing, Mr. Zhou Chunsheng and Mr. Sun Lu will retire from office as director by rotation at the Annual General Meeting and being eligible, offer themselves for re-election.

LETTER FROM THE BOARD

Pursuant to the Listing Rules, details of the aforesaid Directors who are retiring at the Annual General Meeting and who have offered themselves for re-election are set out below:

Mr. Liao Jie

Mr. Liao Jie (廖杰), 45, is an executive Director and the chief executive officer of the Company. Mr. Liao is responsible for the overall business operations of the Company. Mr. Liao was appointed as a Director on 24 August 2011. He also serves as a managing director of Holdco and Best Partners, and is responsible for corporate finance and fund raising activities. Mr. Liao became a director of RHY Technology in May 2002, responsible for strategic planning and operational management of the expressway sector. He subsequently joined the board of directors of two other group companies in the PRC, namely Wuhan Chenguang in April 2005 and Bailian Zhida in April 2007 respectively. He retired from the three directorships when he started serving as a senior advisor of the Board on business strategy and operational direction of the Group in January 2008.

Prior to joining the Company, Mr. Liao served as a senior engineer of Nortel Canada in 1995 after graduation from the University of Toronto. From 1996, he spent a total of four years in North America running an international IT supply chain business before returning to the PRC in 1999. In 1999, Mr. Liao and his family founded Beijing Bailian Youli Information Technology Co., Ltd. (the former investment holding company prior to the establishment of Bailian Youli (Beijing) Investment Co., Ltd.), which invested and co-founded Visual China Holding Limited, CSDN Group Limited and the Group.

Mr. Liao holds a Master of Applied Science degree from the University of Toronto, and a Bachelor of Industrial Automation degree from the Huazhong University of Science and Technology. Mr. Liao has a long established understanding of the businesses of the Group and with deep industry expertise in helping the Group in reshaping its business model, achieving operational excellence and diversifying our business mix across different transportation sectors.

Mr. Liao is the son of Mr. Liao Daoxun and Ms. Wu Yurui, who are two of our Controlling Shareholders and two of the beneficiaries of the Fino Trust, an irrevocable discretionary trust established under the laws and regulations of Singapore. The trustee for the beneficiaries of the Fino Investments Limited, which is owned as to 50% by Serangoon Limited and as to 50% by Seletar Limited. Fino Investments Limited is holding 83% of the total share capital of Best Partners. Best Partners is holding 86.7457% of the total issued share capital of Holdco, and the entire share capital of Sea Best, Key Trade, Kang Yang and Pride Spirit. Holdco, Sea Best, Key Trade, Kang Yang and Pride Spirit are holding 33.4871%, 1.1596%, 1.3776%, 0.9730% and 0.8195% of the total issued share capital of the Company respectively. By virtue of the voting arrangement, Mr. Liao Daoxun and Ms. Wu Yurui are acting in concert together with various shareholders such as Gouver, Joy Bright, Rockyjing, Huaxin and Speedy Fast. As such, as at the Latest Practicable Date, they are deemed to be holding 54.9842% of the shareholding of the Company.

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Mr. Liao does not and has not in the last three years held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas. As at the Latest Practicable Date, Mr. Liao's further interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance is as follows:

Number of shares under the options granted under the Post-IPO Share Option Scheme	40,735,874
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Save as disclosed above, as at the Latest Practicable Date, Mr. Liao does not have any interests in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed above, he is independent from and does not related to any director, senior management, substantial or controlling shareholders of the Company, and there are no other matters concerning Mr. Liao's appointment that need to be brought to the attention of the shareholders and the Stock Exchange and there are no other matters which need to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Liao had entered into a service contract with the Company as an executive Director for the period between 24 August 2011 until the Annual General Meeting. Upon his election as the Director, the Company will enter into a new service contract with him for 3 years commencing from the conclusion of the Annual General Meeting. Mr. Liao is subject to retirement, rotation and re-election at the annual general meeting of the Company according to its article of association. Mr. Liao received remuneration from the Company of RMB150,000 from 24 August 2011 to 31 December 2011, but he did not receive any director's fee for the said period. The remuneration had been determined with reference to his duties, responsibilities with the Company and the market rate for his position.

Mr. Lv Xilin

Mr. Lv Xilin (吕西林), 39, is an executive Director, vice president of the Company and president of our Turnkey Solutions and Value-Added Operation and Services business units focusing on the expressway sector. Mr. Lv is responsible for the overall management of our expressway Turnkey Solutions and Value-Added Operation and Services businesses. Mr. Lv was appointed as a Director from October 2006 to June 2009 and was reappointed as a Director on 24 August 2011. Mr. Lv is also one of our Controlling Shareholders, a director of Holdco and Best Partners, and the sole director of Key Trade. Since he joined our Group in July 2003, Mr. Lv has held various positions within our Group. From August 2006 to March 2009, he served as Group president of Turnkey Solutions responsible for the overall management of the Turnkey Solutions business. He has served as a director of RHY Technology since June 2004, and chairman of its board of directors of RHY Technology since August 2010, and a director and chairman of its board of directors of Xinjiang RHY Technology Co., Ltd. since October 2005. Mr. Lv has served as a director of Wuhan Chenguang since February 2007, Beijing Haotian Jiajie Technology Co., Ltd. since August 2007, Shandong Yigou Software Technology Co., Ltd. since December 2011, Guangdong Yabang Xincheng Communication Technology Co., Ltd. since September 2011 and as the executive director of Jiangsu Yijie Technology Co., Ltd. since March 2010. Mr. Lv has also served as a director and chairman of its board of directors of Xinjiang Delida Information Technology Co., Ltd. since May 2011.

Prior to joining our Group, Mr. Lv served as a senior project manager in China Harbor Engineering Company (Group), the predecessor of China Communications Construction Company Ltd., a company listed on the Stock Exchange of Hong Kong Limited (SEHK: 1800), and was responsible for the management of large scale ITS projects. Mr. Lv received a bachelor's degree in industrial trade from Harbin University of Science and Technology in July 1994. He received

LETTER FROM THE BOARD

a master's degree in project management from the University of Sydney in November 2004 and an EMBA degree from Tsinghua University in January 2011. He was recognized as a Project Management Professional by the Project Management Institute in the United States in January 2003. Mr. Lv received the National Communications Industry Young Expert Award in June 2003 from the Ministry of Transport in recognition of his contribution to the transportation industry. Mr. Lv possesses a total of approximately 18 years of experience in ITS project management.

Mr. Lv is one of the beneficiaries of the Fino Trust, an irrevocable discretionary trust established under the laws and regulations of Singapore. The trustee for the beneficiaries of the Fino Investments Limited, which is owned as to 50% by Serangoon Limited and as to 50% by Seletar Limited. Fino Investments Limited is holding 83% of the total share capital of Best Partners. Best Partners is holding 86.7457% of the total issued share capital of Holdco, total share capital of Sea Best, Key Trade, Kang Yang and Pride Spirit. Holdco, Sea Best, Key Trade, Kang Yang and Pride Spirit are holding 33.4871%, 1.1596%, 1.3776%, 0.9730% and 0.8195% of the total issued share capital of the Company respectively. By virtue of the voting arrangement, Mr. Lv is acting in concert with various shareholders such as Gouver, Joy Bright, Rockyjing, Huaxin and Speedy Fast. As such, as at the Latest Practicable Date, they are deemed to be holding 54.9842% of the shareholding of the Company.

Mr. Lv does not and has not held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. Lv's further interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance is as follows:

Number of shares under the options granted under the Pre-IPO Share Incentive Scheme	1,773,000
Number of shares under the options granted under the Post-IPO Share Option Scheme	6,402,677

Save as disclosed above, as at the Latest Practicable Date, Mr. Lv is interested in 886,794,551 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed above, he is independent from and does not related to any director, senior management, substantial or controlling shareholders of the Company. There are no other matters concerning Mr. Lv's appointment that need to be brought to the attention of the shareholders and the Stock Exchange and there are no other matters which shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Lv had entered into a service contract with the Company as an executive Director for the period between 24 August 2011 until the Annual General Meeting. Upon his election as the Director, the Company will enter into a new service contract with him for 3 years commencing from the conclusion of the Annual General Meeting. Mr. Liao is subject to retirement, rotation and re-election at the annual general meeting of the Company according to its article of association. Mr. Lv received remuneration from the Company of RMB194,000 from 24 August 2011 to 31 December 2011, but he did not receive any director's fee for the said period. The remuneration had been determined with reference to his duties, responsibilities with the Company and the market rate for his position.

Mr. Wang Jing

Mr. Wang Jing (王靖), 53, is an executive Director and vice president of the Company. Mr. Wang is responsible for business development of the Company. Mr. Wang was appointed as Director of the Company on 21 February 2008. Mr. Wang is also one of our Controlling Shareholders, and a director of Holdco and Best Partners. Since he founded RHY Technology in January 2001, Mr. Wang has held various positions within our Group. In addition, he served as chairman of the board

LETTER FROM THE BOARD

of directors of RHY Technology from January 2001 to May 2002 at which point he stepped down as chairman, but remained on its board of directors as vice chairman to the present. Mr. Wang has also served as a director and chairman of its board of directors of RAY Holdings Ltd. since January 2000.

Prior to joining our Group, Mr. Wang served as president of Huaneng Basic Industries Investment Company Limited, a Hong Kong incorporated company engaged in infrastructure investment, and acted as the president of Huasheng International Transportation Services Co., Ltd, a PRC incorporated company engaged in the logistics business, from June 1993 to October 1996. Mr. Wang received a bachelor's degree in military medicine from the First Military Medical University (now known as Southern Medical University) in July 1984. Mr. Wang possesses a total of approximately 11 years of experiences in the China ITS sector.

Mr. Wang is a cousin of Mr. Zheng Hui, one of our Controlling Shareholders. Mr. Wang and Mr. Zheng Hui are two of the beneficiaries of the Tesco Trust, an irrevocable discretionary trust established under the laws and regulations of Singapore. The trustee for the beneficiaries of the Tesco Investments Limited, which is owned as to 50% by Serangoon Limited and as to 50% by Seletar Limited. Tesco Investments Limited is holding 17% of the total share capital of Best Partners. Best Partners is holding 86.7457% of the total issued share capital of Holdco, total share capital of Sea Best, Key Trade, Kang Yang and Pride Spirit. Holdco, Sea Best, Key Trade, Kang Yang and Pride Spirit are holding 33.4871%, 1.1596%, 1.3776%, 0.9730% and 0.8195% of the total issued share capital of the Company respectively. By virtue of voting arrangement, Mr. Wang and Mr. Zheng Hui are acting in concert together with various shareholders such as Gouver Joy Bright, Rockyjng, Huaxin and Speedy Fast. As such, as at the Latest Practicable Date, they are deemed to be holding 54.9842% of the shareholding of the Company.

Save as disclosed above, Mr. Wang does not and has not held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. Wang's further interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance is as follows:

Number of shares under the options granted under the Pre-IPO Share Incentive Scheme	7,350,000
Number of shares under the options granted under the Post-IPO Share Option Scheme	1,855,848

Save as disclosed above, as at the Latest Practicable Date, Mr. Wang is interested in 886,794,551 shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Save as disclosed above, he is independent from and does not related to any director, senior management, substantial or controlling shareholders of the Company, and there are no other matters concerning Mr. Wang's appointment that need to be brought to the attention of the shareholders and the Stock Exchange and there are no other matters which need to disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Wang has entered into a service contract with the Company as an executive Director for 3 years on 18 June 2010, and is subject to retirement, rotation and re-election at the annual general meeting of the Company according to its article of association. Mr. Wang received remuneration from the Company of RMB998,000 for the year ended 31 December 2011, but he did not receive any director's fee for the said year. The remuneration had been determined with reference to his duties, responsibilities with the Company and the market rate for his position.

LETTER FROM THE BOARD

Mr. Zhou Chunsheng

Mr. Zhou Chunsheng (周春生), 45, is an independent non-executive Director, chairman of the nomination committee and a member of the audit committee and remuneration committee. Mr. Zhou was appointed as a Director on 4 September 2008. He is currently a professor of Cheung Kong Graduate School of Business. He has also served as a director of Guanghai Tiancheng Investments Co., Ltd., an independent non-executive director of Centennial Brilliance Science & Technology Co., Ltd., a PRC incorporated company listed on the Shenzhen Stock Exchange (stock code: 000703), an independent non-executive director of China Southern Fund Management Co., Ltd., an independent non-executive director of Hua Chuang Securities Brokerage Co., Ltd., an independent non-executive director of China Information Technology Development Limited, a company listed on the Stock Exchange of Hong Kong Limited (SEHK: 8178), an independent non-executive director of Lentuo International Inc., a company listed on the New York Stock Exchange (stock symbol: LAS), and an independent non-executive director of Industrial Securities Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 601377). Mr. Zhou had ever served as an independent non-executive director of Daqin Railway Co., Ltd., a PRC incorporated company listed on the Shanghai Stock Exchange (stock code: 601006), and then didn't renew his term of service after the expiry in May 2011. Mr. Zhou had also served as an independent non-executive director of Zhuguang Holdings Group Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (SEHK:1176), and then resigned in October 2011.

Previously, Mr. Zhou acted as a commissioner of the Development and Strategy Committee of the China Securities Regulatory Commission, an economist of the U.S. Federal Reserve Board, where he was responsible for the analysis, control and management of financial risks, an assistant professor at the University of California (Riverside), an associate professor of the Business School of the University of Hong Kong and a finance professor of the Guanghai School of Management at Peking University. Mr. Zhou received a master's degree in applied mathematics from Peking University in July 1988 and a doctoral degree in economics from Princeton University in June 1995. Mr. Zhou was awarded the National Excellent Young Researcher Grant in January 2004 by the National Natural Science Foundation of China for his research in financial investments. Mr. Zhou's professional Expertise and his wide experience of serving as directors in other listed companies will be a significant asset to our Board.

Save as disclosed above, Mr. Zhou does not and has not held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. Zhou's further interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance is as follows:

Number of shares under the options granted under the Post-IPO Share Option Scheme	98,824
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Save as disclosed above, as at the Latest Practicable Date, Mr. Zhou does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, he is independent from and does not related to any director, senior management, substantial or controlling shareholders of the Company, and there are no other matters concerning Mr. Zhou's appointment that need to be brought to the attention of the shareholders and the Stock Exchange and there are no other matters which need to disclosed pursuant to Rule 13.51(2) of the Listing Rules.

LETTER FROM THE BOARD

Mr. Zhou has entered into a service contract with the Company as an independent non-executive Director for 3 years on 18 June 2010 and is subject to retirement and rotation and re-election at the annual general meeting of the Company according to its article of association. Mr. Zhou received remuneration from the Company of RMB10,000 from the year ended 31 December 2011 which had been determined with reference to his duties, responsibilities with the Company and the market rate for his position.

Mr. Sun Lu

Mr. Sun Lu (孫璐), 38, is an independent non-executive Director of the Company, chairman of the remuneration committee and a member of the audit committee and nomination committee. Mr. Sun was appointed as Director of the Company on 18 June 2010. He is also the general manager and a director of CITIC Guoan Information Industry Co., Ltd. (“CITIC Guoan”), a PRC incorporated company listed on the Shenzhen Stock Exchange (stock code: 000839).

Mr. Sun served as the assistant to the general manager of CITIC Guoan. Mr. Sun was the manager of the investment department of Huaxia Securities Co., Ltd. and an auditor at the China Securities Regulatory Commission and at Hujiang Deloitte Accountant Co.. Mr. Sun received a bachelor’s degree major in accounting from Capital University of Economics and Business in July 1996, and an EMBA degree from Tsinghua University in July 2006. He possesses rich experiences in corporate management.

Save as disclosed above, Mr. Sun does not and has not held any directorships in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years. As at the Latest Practicable Date, Mr. Sun’s further interest in the shares or underlying shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance is as follows:

Number of shares under the options granted under the Post-IPO Share Option Scheme	98,824
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Save as disclosed above, as at the Latest Practicable Date, Mr. Sun does not have any interests in the shares of the Company within the meaning of Part XV of the SFO. Save as disclosed above, he is independent from and does not related to any director, senior management, substantial or controlling shareholders of the Company, and there are no other matters concerning Mr. Sun’s appointment that need to be brought to the attention of the shareholders and the Stock Exchange and there are no other matters which shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Mr. Sun has entered into a service contract with the Company as an independent non-executive Director for 3 years on 18 June 2010, and is subject to retirement and rotation and re-election at the annual general meeting of the Company according to its article of association. Mr. Sun received remuneration from the Company of RMB10,000 from the year ended 31 December 2011 which had been determined with reference to his duties, responsibilities with the Company and the market rate for his position.

ANNUAL GENERAL MEETING

The notice convening the Annual General Meeting to be held on 29 May 2012 at 17th Floor, West Tower, World Financial Center, Beijing, PRC is set out on pages 16 to 20 of this circular. Whether or not you intend to attend the meeting, you are requested to complete the accompanying proxy form in

LETTER FROM THE BOARD

accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for the holding of the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting at the Annual General Meeting or any adjourned meeting should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, a resolution put to the vote of a general meeting shall be decided by poll.

RECOMMENDATION

The Directors believe that the proposals described in this circular in relation to the granting of Share Issue Mandate and Repurchase Mandate and the re-election of Directors are in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the Annual General Meeting.

RESPONSIBILITY STATEMENT

The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

GENERAL

Your attention is drawn to the additional information set out in the Appendices to this circular.

Yours faithfully,
For and on behalf of the Board
CHINA ITS (HOLDINGS) CO., LTD.
JIANG HAILIN
Chairman

This appendix serves as an explanatory statement as required by the Listing Rules to provide the requisite information to you for your consideration of the proposal to permit the granting to the Directors of the Repurchase Mandate at the Annual General Meeting.

1. THE LISTING RULES

The Listing Rules contain provisions regulating the repurchase by companies whose primary listings are on the Stock Exchange of their securities on the Stock Exchange, the following is a summary of certain provisions of the Listing Rules relating to repurchase of securities:

(a) Shareholders' Approval

The Listing Rules provide that all proposed repurchases of securities by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(b) Source of Funds

Repurchases must be funded out of funds legally available for such purpose in accordance with the Company's memorandum and articles of association and the Companies Law of the Cayman Islands. A company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Any repurchase by the Company may be made out of the capital paid up on the purchased Shares or out of the funds of the Company which would otherwise be available for dividend or distribution or out of the proceeds of a fresh issue of Shares made for the purpose. Any premium payable on a purchase over the par value of the Shares to be purchased must be provided for out of funds of the Company which would otherwise be available for dividend or distribution or out of the Company's share premium account.

2. SHARE CAPITAL

As at the Latest Practicable Date, the issued share capital of the Company was HK\$322,563.552 comprising 1,612,817,760 Shares.

Subject to the passing of the relevant ordinary resolutions at the Annual General Meeting and assuming that no further Shares are issued and repurchased by the Company, the Directors will be authorised to purchase up to 161,281,776 Shares pursuant to the Repurchase Mandate and allot and issue up to 322,563,552 Shares pursuant to the Issue Mandate.

3. REASONS FOR REPURCHASES

The Directors believe that it is in the best interests of the Company and its Shareholders to have a general authority from the Shareholders to enable the Directors to purchase the shares of the Company in the market. Such purchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets or its earnings per share of the Company or both and will only be made when the Directors believe that such purchases will benefit the Company and the Shareholders as a whole.

4. FUNDING OF REPURCHASES

In repurchasing the shares of the Company, the Company may only apply funds legally available for such purpose in accordance with its memorandum of association and articles of association and all applicable laws. It is envisaged that the funds required for any repurchase would be derived from the distributable profits of the Company.

The Repurchase Mandate, if exercised in full, may have a material adverse effect on the working capital or gearing position of the Company as compared with the position disclosed in the Company's most recent published audited accounts. The Directors, however, do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse effect on the working capital or the gearing level of the Company which in the opinion of the Directors is from time to time appropriate for the Company.

5. DIRECTORS, THEIR ASSOCIATES AND CONNECTED PERSONS

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates currently intends to sell the shares of the Company to the Company under the general mandate to repurchase the shares of the Company in the event that it is granted by the Shareholders at the Annual General Meeting.

No connected person, as defined in the Listing Rules, has notified the Company that he has a present intention to sell any shares of the Company to the Company, or that he has undertaken not to sell any shares of the Company held by him to the Company, in the event that the Repurchase Mandate is granted by the Shareholders at the Annual General Meeting.

6. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the Repurchase Mandate in accordance with the Listing Rules, the applicable laws of the Cayman Islands and the Articles so far as the same may be applicable.

7. EFFECT OF THE TAKEOVERS CODE

If, on the exercise of the power to repurchase the shares of the Company pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition for the purpose of Rule 32 of the Takeovers Code. As a result, a Shareholder or a group of Shareholders acting in concert (as defined in the Takeovers Code), depending on the level of such increase, could obtain or consolidate control of the Company and may become obliged to make a mandatory offer in accordance with Rules 26 and 32 of the Takeovers Code.

The Board is not aware of any consequences which could arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate. As at the Latest Practicable Date, the Controlling Shareholders, beneficially owned 886,794,551 Shares, representing approximately 54.9842% of the issued share capital of the Company. In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the Repurchase Mandate and assuming that no further Share are issued or repurchased prior to the date of the Annual General Meeting, the shareholding interest of the Controlling Shareholders in the Company would be increased to approximately 61.0935% of the issued share capital of the Company. Such an increase would not give rise to an obligation of the Controlling Shareholders to make a mandatory offer under Rule 26 of the Takeovers Code.

Currently, the Directors have no intention to exercise the powers of the Company to make any repurchases of the Shares of the Company. In any event, the Directors do not intend to exercise the Repurchase Mandate to an extent which will trigger off the mandatory offer requirement pursuant to the rules of the Takeovers Code or which will reduce the aggregate amount of the share capital of the Company in public hands to below 25%.

8. SHARE PRICES

The Shares of the Company were first listed on the main board of the Stock Exchange on 15 July 2010 at the offer price of HK\$3.49. The highest and lowest prices at which the Shares have been traded on the Stock Exchange as quoted in the Stock Exchange's daily quotations sheets in each of the previous twelve months prior to the Latest Practicable Date are as follows:

	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2011		
April	4.45	3.76
May	3.88	3.12
June	3.43	2.75
July	3.40	2.46
August	2.55	1.44
September	1.69	0.71
October	1.90	0.61
November	1.64	1.02
December	1.25	0.89
2012		
January	1.24	0.95
February	1.64	1.13
March	1.66	1.13
April (up to and including the Latest Practicable Date)	1.28	1.15

9. SECURITIES PURCHASES MADE BY THE COMPANY

The Company has not repurchased any of its Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

NOTICE OF ANNUAL GENERAL MEETING



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)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the “**Annual General Meeting**”) of the shareholders of China ITS (Holdings) Co., Ltd. (the “**Company**”) will be held at 17th Floor, West Tower, World Financial Center, Beijing, PRC at 2 p.m. on Tuesday, 29 May 2012 for the following purposes:

AS ORDINARY BUSINESS

1. To receive, consider and approve the audited financial statements and the reports of directors and auditors of the Company and its subsidiaries for the year ended 31 December 2011.
2. To re-elect the following directors and authorize the board of directors of the Company to fix remuneration:
 - (a) Mr. Liao Jie;
 - (b) Mr. Lv Xilin;
 - (c) Mr. Wang Jing;
 - (d) Mr. Zhou Chunsheng; and
 - (e) Mr. Sun Lu.
3. To re-appoint Ernst & Young as the auditors and to authorise the board of directors of the Company to fix their remuneration.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

As special business, to consider and, if thought fit, to pass with or without amendments or modifications, the following ordinary resolutions:

ORDINARY RESOLUTIONS

4. A. **“THAT:**

- (a) subject to paragraph (b) below, the exercise by the directors of the Company (the **“Directors”**) during the Relevant Period (as defined below) of all the powers of the Company to repurchase shares of HK\$0.0002 each in the capital of the Company (the **“Shares”**) on The Stock Exchange of Hong Kong Limited (the **“Stock Exchange”**) or on any other stock exchange on which the securities of the Company may be listed and recognized by the Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time, be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of the Shares which may be repurchased pursuant to the approval in paragraph (a) above shall not exceed ten per cent (10%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this resolution number 4A set out in this notice of annual general meeting (**“Resolution 4A”**) and the said approval shall be limited accordingly; and
- (c) for the purpose of this Resolution 4A:

“Relevant Period” means the period from the passing of this Resolution 4A until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company; or
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or by any applicable law(s) to be held; or
- (iii) the revocation or variation of the authority given to the Directors under this Resolution 4A by the passing of an ordinary resolution by the shareholders in general meeting.”

4. B. **“THAT:**

- (a) subject to paragraph (c) below, the exercise by the Directors during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to allot, issue and deal with additional Shares and to make or grant offers, agreements, options and warrants which might require the exercise of such power be and is hereby generally and unconditionally approved;

NOTICE OF ANNUAL GENERAL MEETING

- (b) the approval in paragraph (a) of this resolution set out in this notice of annual general meeting (“**Resolution 4B**”) shall authorize the Directors during the Relevant Period to make or grant offers, agreements, options and warrants which might require the exercise of such power after the end of the Relevant Period;
- (c) The aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval in paragraph (a) of this Resolution 4B, otherwise than pursuant to, (i) a Rights Issue (as hereinafter defined), (ii) any option scheme or similar arrangement for the time being adopted for grant or issue to officers and/or employees of the Company and/or any of its subsidiaries of the Shares or rights to acquire the Shares, or (iii) any scrip dividend or similar arrangement providing for the allotment of the Shares in lieu of the whole or part of a dividend on Shares in accordance with the articles of association of the Company, shall not exceed of 20 per cent (20%) of the aggregate nominal amount of the share capital of the Company in issue at the date of passing this Resolution 4B, and the said approval shall be limited accordingly;
- (d) for the purpose of this Resolution 4B:

“**Relevant Period**” means the period from the passing of this Resolution 4B until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by its articles of association or by any applicable law(s) to be held; or
- (iii) the revocation or variation of the authority given to the Directors under this Resolution 4B by the passing of an ordinary resolution by the shareholders in general meeting.

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to the holders of the Shares or any class thereof on the register on a fixed record date in proportion to their then holdings of such Shares or class thereof (subject to such exclusion or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems having regard to any restrictions or obligations under the laws of, or the requirements of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong applicable to the Company).”

NOTICE OF ANNUAL GENERAL MEETING

4. C. “**THAT** subject to the passing of Resolutions 4A and 4B, the general mandate referred to in Resolution 4B above be and is hereby extended by the addition to the aggregate nominal amount of the share capital of the Company which may be allotted or agreed to be allotted by the Directors of the Company pursuant to such general mandate an amount representing the aggregate nominal amount of Shares repurchased by the Company pursuant to the general mandate referred to in Resolution 4A above provided that such amount shall not exceed ten per cent (10%) of the existing issued share capital of the Company at the date of passing this Resolution 4C.”;
5. To transact any other business.

By Order of the Board
China ITS (Holdings) Co., Ltd.
LEUNG MING SHU
Company Secretary

Beijing, 20 April 2012

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-111
Cayman Islands

Principal place of business in Hong Kong:

Unit 2209, 22nd Floor,
Wu Chung House, 213 Queen's Road East
Wan Chai
Hong Kong

Notes:

- (1) Any member entitled to attend and vote at the Annual General Meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company. All proxies, together with powers of attorney or other authorities, if any, under which they are signed or notarially certified copies thereof, must be deposited with the Company's branch share registrar in Hong Kong, Union Registrars Limited at 18th Floor, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for the Annual General Meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude a member from attending and voting in person at the Annual General Meeting or any adjournment thereof should she/he so wishes.
- (2) Where there are joint registered holders of any Share, any one of such persons may vote at any meeting, either personally or by proxy, in respect of such Share as if he were solely entitled thereto; but if more than one of such joint holders are present at any meeting personally or by proxy, that one of the said persons so present being the most or, as the case may be, the more senior shall alone be entitled to vote in respect of the relevant joint holding and, for this purpose, seniority shall be determined by reference to the other in which the names of the joint holders stand on the register of the relevant joint holding.

NOTICE OF ANNUAL GENERAL MEETING

- (3) With reference to Resolution 2 above, Mr. Liao Jie, Mr. Lv Xilin, Mr. Wang Jing, Mr. Zhou Chunsheng and Mr. Sun Lu will, being eligible, offer themselves for re-election at the Annual General Meeting. Details of the above Directors are set out in the circular of the Company dated 20 April 2012.
- (4) With reference to Resolutions 4A, 4B and 4C above, the Directors wish to state that they have no immediate plans to repurchase any existing Shares or to issue any new Shares or warrants pursuant to the relevant mandate.
- (5) A circular containing further information regarding, inter alia, the proposed resolutions in respect of the general mandates to repurchase Shares and to issue new Shares and the re-election of the retiring Directors, will be delivered to the shareholders of the Company together with the Company's annual report for the year ended 31 December 2011.

As at the date of this notice, our Executive Directors are Mr. Jiang Hailin, Mr. Liao Jie, Mr. Wang Jing, Mr. Lu Xiao and Mr. Pan Jianguo, Mr. Lv Xilin and our Independent non-Executive Directors are Mr. Zhou Chunsheng, Mr. Choi Onward and Mr. Sun Lu.