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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)

**UNAUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020**

HIGHLIGHTS OF 2020 UNAUDITED ANNUAL RESULTS

For the year ended 31 December 2020 (the “**Year**” or the “**2020**”), unaudited results of China ITS (Holdings) Co., Ltd. (the “**Company**”) and its subsidiaries (collectively the “**Group**”) are as follows:

- The Group recorded RMB982.9 million from the new contracts signed, representing a decrease of 1.8% compared to the previous year.
- Revenue of RMB930.5 million was generated, representing a decrease of 9.9% compared to the previous year.
- As of 31 December 2020, the Group recorded RMB797.0 million from backlog, representing a decrease of 5.1% compared to the end of the previous year.
- The Group generated gross profit of RMB191.5 million, which decreased by 7.3% compared to the previous year, and recorded gross profit margin of 20.6%, representing an increase of 0.6 percentage points compared to the previous year.
- The loss attributable to owners of the parent of the Company amounted to RMB185.0 million as compared to the loss of RMB51.0 million (restated) for the previous year. The increase in loss compared to the previous year was mainly due to the impact of the COVID-19 pandemic for the Year, the Group’s railway sector business having experienced a significant decline compared to the same period last year, and an impairment loss of RMB170.1 million.

ANNUAL RESULTS

The unaudited consolidated results of the Group for the year ended 31 December 2020, with comparative figures, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2020

	<i>Notes</i>	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Restated)
REVENUE	5	930,536	1,033,190
Cost of revenue		<u>(739,025)</u>	<u>(826,570)</u>
Gross profit		191,511	206,620
Other income and gains	6	49,427	76,545
Selling, distribution and administrative expenses		(148,863)	(159,721)
Impairment losses on financial and contract assets, net		(73,822)	(21,259)
Other expenses		(120,007)	(101,080)
Finance costs		(38,146)	(37,357)
Share of profits and losses of:			
Joint ventures		–	1,772
Associates		<u>(464)</u>	<u>(1,044)</u>
LOSS BEFORE TAX		(140,364)	(35,524)
Income tax expense	7	<u>(14,064)</u>	<u>(8,365)</u>
LOSS FOR THE YEAR		<u>(154,428)</u>	<u>(43,889)</u>
Attributable to:			
Owners of the Company		(184,982)	(50,977)
Non-controlling interests		<u>30,554</u>	<u>7,088</u>
		<u>(154,428)</u>	<u>(43,889)</u>
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		RMB	RMB
Basic	9	<u>(0.11)</u>	<u>(0.03)</u>
Diluted	9	<u>(0.11)</u>	<u>(0.03)</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME*Year ended 31 December 2020*

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated)
LOSS FOR THE YEAR	<u>(154,428)</u>	<u>(43,889)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	<u>10,543</u>	<u>(12,199)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>10,543</u>	<u>(12,199)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u><u>(143,885)</u></u>	<u><u>(56,088)</u></u>
Attributable to:		
Owners of the Company	<u>(174,035)</u>	<u>(63,212)</u>
Non-controlling interests	<u>30,150</u>	<u>7,124</u>
	<u><u>(143,885)</u></u>	<u><u>(56,088)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2020

	Notes	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated)
NON-CURRENT ASSETS			
Prepayment for acquisition of property and equipment		–	124,708
Property and equipment		624,502	251,158
Investment properties		73,260	83,710
Goodwill		123,759	222,622
Other intangible assets		31,273	38,717
Investments in joint ventures		–	2,067
Investments in associates		1,000	2,027
Contingent consideration		–	6,479
Financial assets at fair value through profit or loss	12	177,415	182,977
Deferred tax assets		–	–
Loan receivables		30,000	30,000
Prepayments, deposits and other receivables		1,876	–
Pledged deposits		70,000	70,000
Total non-current assets		1,133,085	1,014,465
CURRENT ASSETS			
Inventories		372,356	206,684
Contract assets	11	396,296	449,616
Trade and bills receivables	10	764,297	909,025
Prepayments, deposits and other receivables		418,589	473,419
Amounts due from related parties		44,990	386,096
Pledged deposits		114,347	249,617
Cash and cash equivalents		240,622	258,722
Total current assets		2,351,497	2,933,179
CURRENT LIABILITIES			
Trade and bills payables	13	305,484	388,251
Contract liabilities, other payables and accruals		688,033	671,954
Interest-bearing bank borrowings		556,216	701,767
Amounts due to related parties		–	4,769
Income tax payable		36,890	31,244
Total current liabilities		1,586,623	1,797,985

CONSOLIDATED STATEMENT OF FINANCIAL POSITION*December 31, 2020*

	<i>Notes</i>	2020 RMB'000 (Unaudited)	2019 RMB'000 (Restated)
NET CURRENT ASSETS		<u>764,874</u>	<u>1,135,194</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,897,959</u>	<u>2,149,659</u>
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowings		40,250	146,250
Deferred tax liabilities		<u>8,886</u>	<u>8,929</u>
Total non-current liabilities		<u>49,136</u>	<u>155,179</u>
Net assets		<u><u>1,848,823</u></u>	<u><u>1,994,480</u></u>
EQUITY			
Equity attributable to owners of the Company			
Share capital		290	290
Reserves		<u>1,726,005</u>	<u>1,966,955</u>
		1,726,295	1,967,245
Non-controlling interests		<u>122,528</u>	<u>27,235</u>
Total equity		<u><u>1,848,823</u></u>	<u><u>1,994,480</u></u>

NOTES TO FINANCIAL STATEMENTS

31 December 2020

1. CORPORATE AND GROUP INFORMATION

China ITS (Holdings) Co., Ltd. (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 20 February 2008. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company’s principal place of business in Hong Kong is at 8/F., Golden Star Building, 20–24 Lockhart Road, Wanchai. The principal executive office of the Company is located at Building 204, No. A10, Jiuxianqiao North Road, Chaoyang District, Beijing, 100015, the People’s Republic of China (the “**PRC**”).

The Company and its subsidiaries (the “**Group**”) is mainly a provider of products and specialised solutions and services related to infrastructure technology in the PRC and overseas. During the year, the main businesses of the Group are as follows:

- (a) Products and specialised solutions business — in the field of infrastructure construction such as railways and electric power. The Group mainly sells products and provides specialised solutions that meet the needs of customers, which mainly include railway communication products, energy-base products, power communication products, power transmission and transformation equipment, power generation equipment; and
- (b) Value-added operation and services business — providing value-added services such as maintenance services, network optimization and network planning and technical consultations for products related to the communication system for railway customers, as well as the planning and technical consultations for infrastructure construction such as power plant construction and power grid renovation for electric power customers.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”), which include all International Financial Reporting Standards, International Accounting Standards (“**IASs**”) and Interpretations issued and approved by the International Accounting Standards Board (the “**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, these consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”).

They have been prepared under the historical cost convention, except for investment properties and equity investments, which have been measured at fair value. These consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's consolidated financial statements.

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform — Phase 1
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	Covid-19-Related Rent Concessions

Amendments to IASs 1 and 8: Definition of Material

The amendments clarify the definition of material and align the definition used across IFRSs.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IAS 39, IFRSs 7 and 9: Interest Rate Benchmark Reform — Phase 1

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform (the market-wide reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark). In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 3: Definition of a Business

Amendments to IFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

Amendments to IFRS 16: Covid-19-Related Rent Concessions

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the Covid-19 pandemic are lease modifications and allow lessees to account for such rent concessions as if they were not lease modifications. It applies to Covid-19-related rent concessions that reduce lease payments due on or before 30 June 2021. The amendments do not affect lessors.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group is mainly a provider of products, specialised solutions and services related to infrastructure technology in the PRC and overseas.

For management purposes, the Group has re-defined the nature and composition of its operating segments, after the acquisition of CEEC, as follows:

(i) Railway business

After reviewing the nature and composition of the previous identified operating segments (which comprised (i) products and specialised solutions business; and (ii) value-added operation and services) during the year, the management considered that the railway business of the Group has been largely managed on an integrated basis. In addition, the chief operating decision maker uses the operating results of the railway business as a whole for the purpose of resource allocation and performance assessment. Accordingly, the management determined that the railway business, which is the provision of products, specialised solutions and services related to railway industry in the PRC and overseas, constitutes one operating segment only.

(ii) Electric power business

The CEEC sub-group is a provider of specialised solutions and services related to electric power industry, which is considered an operating segment because the Group's chief operating decision maker monitors the results of the CEEC subgroup for the purpose of resources allocation and performance assessment.

The segment information for the current year is presented based on the above re-defined operating segments and the corresponding information for the year ended 31 December 2019 has also been restated on the same basis.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that finance income, finance costs, dividend income from and changes in fair value of financial assets at fair value through profit or loss, changes in fair value of investment properties as well as head office and corporate income and expenses are excluded from this measurement.

Intersegment sales are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Year ended December 31, 2020 (Unaudited)	Railway business RMB'000	Electric power business RMB'000	Total RMB'000
Segment revenue (note 5)			
Sales to external customers	788,655	141,881	930,536
Intersegment sales	—	—	—
<i>Reconciliation:</i>			
Elimination of intersegment sales	—	—	—
Revenue	<u>788,655</u>	<u>141,881</u>	<u>930,536</u>
Segment results	(155,314)	31,894	(123,420)
<i>Reconciliation:</i>			
Finance income			15,398
Finance costs			(38,146)
Changes in fair value of contingent consideration			6,479
Changes in fair value of investment properties			1,038
Gain on transfer from inventories to investment properties			(600)
Changes in fair value of financial assets at fair value through profit or loss			1,038
Dividend income from financial assets at fair value through profit or loss			1,186
Corporate and other unallocated income and expenses			<u>(3,338)</u>
Loss before tax			<u><u>(140,364)</u></u>
Other segment information:			
Share of profits/(losses) of:			
Joint ventures			
Associates	(464)		(464)
Impairment losses	172,197	489	172,686
Depreciation and amortisation	18,334	12,069	30,403
Capital expenditure*	<u>11,044</u>	<u>387,757</u>	<u>398,801</u>

Year ended December 31, 2019 (Restated)	Railway business RMB'000	Electric power business RMB'000	Total RMB'000
Segment revenue (note 5)			
Sales to external customers	1,010,029	23,161	1,033,190
Intersegment sales	—	—	—
<i>Reconciliation:</i>			
Elimination of intersegment sales	—	—	—
Revenue	<u>1,010,029</u>	<u>23,161</u>	<u>1,033,190</u>
Segment results	(16,247)	21,081	4,834
<i>Reconciliation:</i>			
Finance income			29,919
Finance costs			(37,357)
Changes in fair value of contingent consideration			4,652
Changes in fair value of investment properties			310
Gain on transfer from inventories to investment properties			865
Changes in fair value of financial assets at fair value through profit or loss			10,681
Dividend income from financial assets at fair value through profit or loss			1,867
Corporate and other unallocated income and expenses			<u>(51,295)</u>
Loss before tax			<u>(35,524)</u>
Other segment information:			
Share of profits/(losses) of:			
Joint ventures	1,722		1,722
Associates	(1,044)		(1,044)
Impairment losses	118,420	(358)	118,062
Depreciation and amortisation	2,898	10	2,908
Capital expenditure*	<u>5,079</u>	<u>27</u>	<u>5,106</u>

* Capital expenditure represents the additions to property and equipment and intangible assets.

Geographical information

(a) Revenue from external customers

	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Audited)
Mainland China	770,068	967,287
Overseas	160,468	65,903
	<u>930,536</u>	<u>1,033,190</u>

(b) Non-current assets

	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Audited)
Mainland China	478,239	595,657
Overseas	375,555	124,708
	<u>853,794</u>	<u>720,365</u>

Information about major customers

No individual customer of the Group contributed 10% or more of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Audited)
Revenue from contracts with customers within IFRS 15	<u>930,536</u>	<u>1,033,190</u>

(i) **Disaggregated revenue information**

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Type of goods or services		
Sale of products and provision of specialised solutions	774,343	893,021
Power supply	77,438	–
Maintenance services	78,755	140,169
Total revenue from contracts with customers	930,536	1,033,190
Geographical markets		
Mainland China	770,068	967,287
Overseas	160,468	65,903
Total revenue from contracts with customers	930,536	1,033,190
Timing of revenue recognition		
Goods and services transferred at a point in time	300,056	176,303
Goods and services transferred over time	630,480	856,887
Total revenue from contracts with customers	930,536	1,033,190

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products and provision of specialised solutions	64,995	159,127
Maintenance services	–	2,017
	64,995	161,144
Revenue recognised from performance obligations satisfied in previous periods:		
Gross profit margin not previously recognised due to the contracts not signed	353	26,444

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2020 are as follows:

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Within one year	548,887	592,643
More than one year	248,147	247,505
	<u>797,034</u>	<u>840,148</u>

The amounts disclosed above do not include variable consideration which is constrained.

6. OTHER INCOME AND GAINS

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Changes in fair value of financial assets at fair value through profit or loss	1,038	10,681
Changes in fair value of investment properties	–	310
Dividend income from financial assets at fair value through profit or loss	2,186	1,867
Finance income	15,398	29,919
Gain on disposal of a joint venture	–	15,990
Gain on disposal of a subsidiary	6,243	–
Gain on disposal of financial assets at fair value through profit or loss	4,355	–
Gain on transfer from inventories to investment properties	–	865
Government grants*	4,036	171
Gross rental income	8,532	12,632
Income from the sale of properties, net	710	2,474
Bad debt recovered	2,563	–
Others	4,366	1,636
	<u>49,427</u>	<u>76,545</u>

* The government grants have been received by the Group as subsidies for business activities of the Group. There are no unfulfilled conditions or contingencies relating to these grants.

7. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. The determination of current and deferred income taxes was based on the enacted tax rates.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

PRC subsidiaries of the Group are subject to PRC Enterprise Income Tax at a rate 25% (2019: 25%) on their respective taxable income, except for those subsidiaries which are qualified as High and New Technology Enterprises and are entitled to 15% (2019: 15%) preferential income tax rate.

No provision for Hong Kong profits tax has been made for the year ended 31 December 2020 (2019: nil), as the Group had no assessable profits arising in Hong Kong for the year.

Subsidiary of the Group in Myanmar is subject to Corporate income tax at a rate 25% on its taxable income. In addition, the Group is also subject to withholding tax in Myanmar at the rate of 2.5% on the service income charged to the companies in Myanmar by non-Myanmar subsidiaries.

According to PRC tax regulations, from 1 January 2008 onwards, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in the PRC, are subject to withholding tax at the rate of 10% on various types of passive income such as dividends derived from entities in the PRC. Distributions of the pre-2008 earnings are exempted from the above-mentioned withholding tax. As at 31 December 2020, no deferred tax liabilities have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China (2019: nil) because in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

The major components of income tax expense are as follows:

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Audited)
Current tax:		
PRC Enterprise Income Tax		
— Provision for the year	13,742	2,294
— Under-provision in prior year	(1,467)	3,643
Others	1,832	522
	14,107	6,459
Deferred tax:		
Origination and reversal of temporary differences	(43)	1,906
Income tax expense	14,064	8,365

8. DIVIDENDS

No dividend was proposed by the Company for the years ended 31 December 2020 (unaudited) and 31 December 2019.

9. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic loss per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year.

The calculation of the diluted earnings per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the year, as used in the basic loss per share calculation, plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all the dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2020 (unaudited) and 31 December 2019 as the outstanding share options had an anti-dilutive effect on the amounts presented.

The calculations of basic and diluted loss per share are based on:

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Audited)
Loss		
Loss attributable to owners of the Company	<u>(184,982)</u>	<u>(50,977)</u>
	2020 (Unaudited)	2019 (Audited)
Shares		
Weighted average number of shares in issue	<u>1,654,204,868</u>	<u>1,654,024,868</u>

10. TRADE AND BILLS RECEIVABLES

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Audited)
Trade receivables	770,538	744,692
Impairment	<u>(87,384)</u>	<u>(77,806)</u>
	683,154	666,886
Bills receivables	<u>81,143</u>	<u>242,139</u>
	<u>764,297</u>	<u>909,025</u>

Trade receivables, which are non-interest-bearing, are recognised and carried at the original invoiced amount less any loss allowance. Trade receivables generally have credit terms ranging from 30 days to 180 days.

In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its balances of trade receivables.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Audited)
Less than 6 months	27,530	199,283
6 months to 1 year	356,214	264,444
1 year to 2 years	170,191	98,013
2 years to 3 years	67,564	62,677
Over 3 years	<u>61,655</u>	<u>42,469</u>
	<u>683,154</u>	<u>666,886</u>

Impairment

The movements in the loss allowance for impairment of trade receivables are as follows:

	2020 RMB'000 (Unaudited)	2019 <i>RMB'000</i> (Audited)
At 1 January	77,806	75,437
Impairment losses	9,800	1,815
Disposal of a subsidiary	(222)	–
Acquisition of a subsidiary	–	554
At 31 December	87,384	77,806

The breakdown of the loss allowance is as follows:

		Expected credit losses			Total <i>RMB'000</i>
		Credit-impaired <i>RMB'000</i>	Aproud Technology <i>RMB'000</i>	Entities other than Aproud Technology <i>RMB'000</i>	
At 31 December 2020 (Unaudited)					
Gross carrying amount	13,658	4,721	752,160	770,539	
Credit loss	13,658	3,006	70,720	87,384	
Average credit loss rate	100%	63.67%	9.40%	11.34%	

		Expected credit losses			Total <i>RMB'000</i>
		Credit-impaired <i>RMB'000</i>	Aproud Technology <i>RMB'000</i>	Entities other than Aproud Technology <i>RMB'000</i>	
At 31 December 2019 (Audited)					
Gross carrying amount	32,544	4,837	707,311	744,692	
Credit loss	32,544	3,051	42,211	77,806	
Average credit loss rate	100%	63.08%	5.97%	10.45%	

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past the invoice date for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than six years and are not subject to enforcement activity.

Management categorises its trade receivables based on the ageing of the balances. The lifetime expected credit losses are applied to trade receivables by assessing future cash flows for each group of trade receivables including a probability weighted amount determined by evaluating a range of possible outcomes based on historical credit loss experience by the customer segment, geographical region, tenure and type of customer. The determining factor impacting collectability is customer attributes. The impact of economic factors, both current and future, is considered in assessing the likelihood of recovery from customers. As the customer group of Aproud Technology is different with other entities in the Group, there are two different provision matrixes. Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix.

Aproud Technology

Aproud Technology was engaged in providing intelligent transportation services in the expressway sector in prior years. Since 2017, no above business for this sector has been conducted.

The information about the credit risk of Aproud Technology is as follows:

At 31 December 2020 (Unaudited)	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Past due:			
Less than 1 year	11.46%	942	108
1 to 2 years	—	—	—
2 to 3 years	27.64%	492	136
3 to 4 years	57.29%	288	165
4 to 5 years	70.67%	842	595
5 to 6 years	72.22%	558	403
Over 6 years (credit-impaired)	100.00%	1,599	1,599
		4,721	3,006
At 31 December 2019 (Audited)	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Past due:			
Less than 1 year	18.68%	520	97
1 to 2 years	36.21%	492	178
2 to 3 years	43.90%	793	348
3 to 4 years	71.89%	1,148	825
4 to 5 years	83.46%	558	465
5 to 6 years	85.82%	1,326	1,138
Over 6 years (credit-impaired)	100.00%	2,743	2,743
		7,580	5,794

Entities other than Aproud Technology

The entities in the Group other than Aproud Technology are mainly engaged in providing products of sale, specialised solution services and value-added operation and services in railway sector. Most of the customers are state-owned enterprises and railways bureau.

The information about the credit risk of entities other than Aproud Technology is as follows:

At 31 December 2020 (Unaudited)	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Past due:			
Less than 1 year	2.01%	390,766	7,856
1 to 2 years	5.63%	180,351	10,160
2 to 3 years	11.16%	75,651	8,443
3 to 4 years	21.60%	53,959	11,656
4 to 5 years	33.84%	19,796	6,699
5 to 6 years	53.31%	12,275	6,544
Over 6 years (credit-impaired)	100.00%	19,362	19,362
		752,160	70,720
At 31 December 2019 (Audited)	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Past due:			
Less than 1 year	2.02%	472,854	9,549
1 to 2 years	5.38%	103,254	5,555
2 to 3 years	11.93%	70,662	8,430
3 to 4 years	21.18%	29,603	6,269
4 to 5 years	32.41%	15,805	5,123
5 to 6 years	48.13%	15,133	7,285
Over 6 years (credit-impaired)	100.00%	22,167	22,167
		729,478	64,378

Other than the loss allowance using the provision matrix, included in the above allowance for impairment of trade receivables is a provision for individually impaired trade receivables of RMB13,658,000 (2019: RMB7,634,000) with a carrying amount before provision of RMB13,658,000 (2019: RMB7,634,000).

11. CONTRACT ASSETS

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Contract assets arising from:		
Products and specialised solutions business	418,577	450,844
Maintenance services	5,569	28,450
	424,146	479,294
Impairment	(27,850)	(29,678)
	396,296	449,616

Contract assets are initially recognised for revenue earned from the sale of products, the provision of specialised solutions and value-added services. Upon issuing of billings to the customers according to the milestones of the projects, the amounts recognised as contract assets are reclassified to trade receivables. The decrease in contract assets in 2020 was due to the decrease of ongoing projects at the end of the year.

The expected timing of recovery or settlement for contract assets is as follows:

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
Within 1 year	378,281	310,008
More than 1 year	18,015	139,608
	396,296	449,616

The movements in the impairment of contract assets are as follows:

	2020 RMB'000 (Unaudited)	2019 RMB'000 (Audited)
At 1 January	29,678	31,841
Reversal	(1,030)	(2,163)
Disposal of subsidiary	(798)	–
At 31 December	27,850	29,678

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

Impairment

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	Expected credit losses			Total RMB'000
	Credit-impaired RMB'000	Aproud Technology RMB'000	Entities other than Aproud Technology RMB'000	
At 31 December 2020 (Unaudited)				
Gross carrying amount	16,219	19,742	388,185	424,146
Credit loss	16,219	3,830	7,801	27,850
Average credit loss rate	100.00 %	19.40 %	2.01 %	6.57 %

At 31 December 2019 (Audited)	Credit- impaired <i>RMB'000</i>	Expected credit losses		Total <i>RMB'000</i>
		Aproud Technology <i>RMB'000</i>	Entities other than Aproud Technology <i>RMB'000</i>	
Gross carrying amount	16,219	24,657	438,418	479,294
Credit loss	16,219	4,605	8,854	29,678
Average credit loss rate	100.00%	18.68%	2.02%	6.19%

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Audited)
Unlisted equity investments		
— Current	—	—
— Non-current	<u>6,684</u>	<u>32,411</u>
	<u>6,684</u>	<u>32,411</u>
Listed equity investments		
— Non-current	<u>170,731</u>	<u>150,566</u>
	<u>177,415</u>	<u>182,977</u>

Included in the listed equity investments was 21.64% (2019: 30.05%) equity interest in Forever Opensource with carrying amount of RMB145,398,000 as at 31 December 2020 (2019: RMB120,669,000). The Group considers that it has no significant influence over Forever Opensource as Forever Opensource's actual controller (實際控制人) is Ma Yue (馬越) and the Group has appointed only one director of Forever Opensource.

13. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2020 <i>RMB'000</i> (Unaudited)	2019 <i>RMB'000</i> (Audited)
Current or less than 1 year	222,059	286,496
1 to 2 years	20,077	76,539
Over 2 years	<u>63,348</u>	<u>25,216</u>
	<u>305,484</u>	<u>388,251</u>

The Group's bills payable were secured by pledged deposits of the Group of RMB23,000,000 as at 31 December 2020 (2019: RMB9,994,000).

Trade payables are non-interest-bearing and generally have credit terms ranging from 1 to 360 days.

Due to the implementation of new pandemic prevention and control measures in Beijing since 19 January 2021, the “14+7+7” quarantine policy (involving quarantine at designated facilities, home quarantine and gathering restrictions) was implemented for overseas personnel entering Beijing, resulting in the failure of the Company’s overseas auditor team to enter the Company’s site in time. On the other hand, the Company’s businesses in Myanmar grew rapidly this year, but the pandemic in Myanmar was still in an outbreak period during the audit period, so auditors were unable to enter Myanmar to carry out on-site audit, and the Company’s financial personnel who arranged to return from Myanmar also needed to comply with the “14+7+7” quarantine policy, which seriously reduced the communication efficiency between auditors and the Company’s personnel in Myanmar. Accordingly, the publication of the audited financial results of the Group for the year ended 31 December 2020 will be delayed. The Company expects to announce its audited financial results for 2020 on or before 16 April 2021. The unaudited annual results in this announcement have been audited by the Audit Committee of the Company, but have not been reviewed or agreed to by the auditors in accordance with Rule 13.49 (2) of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE OVERALL OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

In 2020, the Group recorded RMB982.9 million from new contracts signed, representing a decrease of 1.8% compared to the previous year. The Group generated revenue of RMB930.5 million, representing a decrease of 9.9% compared to the previous year, and as of 31 December 2020, the Group recorded RMB797.0 million from backlog, representing a decrease of 5.1% compared to the end of the previous year. The Group generated gross profit of RMB191.5 million, which decreased by 7.3% compared to the previous year, and recorded gross profit margin of 20.6%, increased from 20.0% for the previous year. The loss attributable to owners of the parent of the Company amounted to RMB185.0 million for the Year compared to the loss of RMB51.0million (restated) for the previous year.

BUSINESS AND FINANCIAL REVIEW

The Company and its subsidiaries (the “**Group**”) is mainly a provider of products, specialised solutions and services related to infrastructure technology in the railway and electric power sectors. The main businesses of this Group are as follows:

- (a) Railway business — We sell products and specialised solutions to customers according to their needs. It mainly includes: railway communication products, energy-base products. We also provide value-added operation and services such as maintenance services, network optimization and network planning, and technical consulting for the products related to the communication system for railway customers.
- (b) Electric power business — We provide products and specialised solutions related to electric power equipment for customers in the electric power infrastructure construction area. It mainly includes power transmission and transformation equipment, and power generation equipment, etc.. According to their needs, we also provide the planning and technical consulting services of the infrastructure construction in relation to electric power such as power plant construction and power grid renovation, and value-added operation and services related to power plant investment, construction and operation, etc..

Business Review

In the first half of 2020, the COVID-19 pandemic broke out on a large scale in China and the world. Affected by this, the global economy went down, and the Group took active and effective response measures immediately. For the railway business sector, the Group leveraged its own technical and services advantages and made full use of Internet technology to provide customers with remote technical support services to ensure safe railway operation and improve customers satisfaction. At the same time, in response to the pandemic, the Railway sector timely launched a solution of electronic passenger tickets, which became a business highlight in 2020. In addition, the Group proactively expanded its overseas railway business in response to the policy of “One Belt One Road” formulated by the State. For the Year, the Group successfully signed a China-Laos railway project with a contract value of approximately RMB40 million. The energy sector overcame the impact of the pandemic and ensured that the power plant construction project was completed and started grid-connected power generation in 2020 according to the original plan. For the company management, the Group actively organized online learning for management and employees in February 2020, during which the domestic pandemic was the worst, to improve the overall quality of the Group’s personnel. The Group also actively organized the resumption of work and production as well as pandemic prevention and control, and adopted the work mode of combining remote office and on-site office, so as to ensure that the work was not affected to the maximum extent.

1. The market share of the railway business sector maintained a relatively high level

In the railway business sector, products and specialised solutions are the principal business of the Group, and the Group is one of the largest providers in this segment. Affected by the COVID-19 pandemic, the delivery of some projects in 2020 was delayed, and recognized revenues of the Group decreased significantly. Although the fixed asset investment in railways reached approximately RMB781.9 billion in 2020, being at the same level as that of the previous year, due to the impact of the railway construction cycle, the overall investment in the railway communications market has declined. Therefore, the number of new contracts signed for the Year has decreased significantly compared to the previous year. However, through our own competitive advantages, the Group still maintained a high market share in products and specialised solutions in the railway communication segment.

2. Overseas self-built power plants were put into operation for power generation, which has become a new business focus of the Group

The Group signed the AHLONE 151,000-kilowatt power plant project in Yangon, Myanmar in 2019. The power plant was put into trial operation and started grid-connected power generation in May 2020. For the Year, the production and operation of the power plant has generated revenue of approximately RMB77 million, which was a record high in the performance of the Group in its power generation business. The smooth progress of the project was a successful step taken by the Group in the field of electric power infrastructure, and it had also laid a solid foundation for the Group to further and solidly explore the infrastructure market in Southeast Asia.

FINANCIAL REVIEW

Revenue

By Industry Sectors

For the Year, the Group generated revenue as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Restated)
Revenue by industry sectors		
Railway	788,655	1,010,029
Electric power	141,881	23,161
Total	930,536	1,033,190

(i) Railway

For the Year, revenue of RMB788.6 million was recognised from the railway sector, representing a decrease of RMB221.4 million compared to the previous year, and decreased by 21.9%. The sector recorded RMB821.2 million from new contracts signed, representing a decrease of RMB151.5 million compared to the previous year; and the amount of backlog as of the end of the Year was RMB777.9 million, representing a decrease of RMB55.3 million compared to the end of the previous year.

The decrease in revenue was due to the COVID-19 pandemic for the Year, the resumption of work and production of enterprises was affected greatly, and the delivery of some railway projects was delayed, which further resulted in the decrease in revenue.

(ii) Electric power

For the Year, revenue of RMB141.9 million was recognised from the electric power sector, representing an increase of RMB118.7 million compared to the previous year, and increased by 511.6%. The sector recorded RMB161.7 million from new contracts signed, representing an increase of RMB133.4 million compared to the previous year; and the amount of backlog as of the end of the Year was RMB19.1 million, representing an increase of RMB12.1 million compared to the end of the previous year.

The increase in revenue was mainly due to the fact that the Group's self-built power plants have been put into production and operation for the Year, and the power plant projects have generated revenue of RMB77.4 million for the Year, representing a significant increase in the Group's revenue of electric power sector.

By Business Model

For the Year, the Group generated revenue as follows:

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Revenue by business model		
Products and specialised solutions	774,343	893,327
Value-added operation and services	156,193	140,169
Elimination	–	(306)
Total	<u>930,536</u>	<u>1,033,190</u>

(i) Products and specialised solutions

For the Year, revenue of RMB774.3 million was recognised from the products and specialised solutions business, representing a decrease of RMB119.0 million compared to the previous year, and decreased by 13.3%. The business recorded RMB837.4 million from new contracts signed, representing a decrease of RMB41.5 million compared to the previous year and the amount of backlog as of the end of the Year was RMB761.1 million, representing a decrease of RMB12.6 million compared to the end of the previous year.

The decrease in revenue was due to the delay in the delivery of some projects, resulting from the significant impact of the COVID-19 pandemic on the resumption of work and production for enterprises in the Year.

(ii) Value-added operation and services

Revenue recognised from the value-added operation and services business for the Year was RMB156.2 million, representing an increase of RMB16.0 million compared to the previous year, and increased by 11.3%. The business recorded RMB145.5 million from new contracts signed, representing an increase of RMB23.3 million compared to the previous year and the amount of backlog as of the end of the Year was RMB35.9 million, representing a decrease of RMB30.5 million compared to the end of the previous year.

Gross Profit and the Gross Profit Margin

The Group generated gross profit of RMB191.5 million in the Year, representing a decrease of RMB15.1 million compared to the previous year. Gross profit margin increased from 20.0% for the previous year to 20.6% for the Year.

By Industry Sectors

	Year ended December 31,	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Restated)
Gross profit by industry sectors		
Railway	121,926	183,793
Gross profit margin	15.5%	18.2%
Electric power	69,585	22,827
Gross profit margin %	49.0%	98.6%
Total	191,511	206,620
Gross profit margin	20.6%	20.0%

(i) Railway

For the Year, gross profit of RMB121.9 million was recognised from the railway sector, representing a decrease of RMB61.9 million compared to the previous year. The gross profit margin was 15.5%, representing a decrease of 2.7 percentage points compared to the previous year. Among them, the decrease in gross profit was due to the decrease in the revenue of the sector for the Year.

(ii) Electric power

For the Year, gross profit of RMB69.6 million was recognised from the electric power sector, representing an increase of RMB46.8 million compared to the previous year. The gross profit margin was 49.0%. The increase in gross profit was due to the significant increase in the revenue of the sector for the Year.

By Business Model

	Year ended December 31,	
	2020	2019
	RMB'000	RMB'000
	(Unaudited)	(Audited)

Gross profit and the Gross Profit Margin by business model

Products and specialised solutions	109,952	150,378
Gross profit margin	14.2%	16.8%
Value-added operation and services	81,559	56,242
Gross profit margin %	52.2%	40.1%
Total	191,511	206,620
Gross profit margin	20.6%	20.0%

(i) Products and specialised solutions

For the Year, gross profit of RMB110.0 million was recognized from the products and specialised solutions business, representing a decrease of RMB40.4 million compared to the previous year. The gross profit margin was 14.2%, representing a decrease of 2.6 percentage points compared to the previous year. The decrease in gross profit was due to the decrease in revenue from the business in the Year.

(ii) Value-added operation and services

Gross profit recognized from the value-added operation and services business for the Year was RMB81.5 million, representing an increase of RMB25.3 million compared to the previous year. The gross profit margin was 52.2%, representing an increase of 12.1 percentage points compared to the previous year. The increase was mainly due to the production and operation of the Myanmar power generation business, which resulted in a significant increase in the revenue of the value-added operation and services of the electric power sector, and a relatively high gross profit margin in this sector, and further resulted in a significant increase in the gross profit and gross profit margin of the value-added operation and services business compared to the previous year.

Other Income and Gains

For the Year, other income and gains were approximately RMB22.4 million, mainly including: (i) the compensation income from equity investment counterparties held by the Group for not fulfilling their committed performance was approximately RMB4.4 million; (ii) the rental income of the investment properties was approximately RMB8.5million; (iii) the government grants income was approximately RMB4.0 million; (iv) the financial assets dividend income was approximately RMB2.2 million.

Selling and Administration Expense and Impairment Losses

For the Year, selling and administration expense and impairment losses were approximately RMB327.1 million, representing an increase of RMB53.5 million as compared to the previous year.

(i) Selling and administration expense which was related to daily operational activities

For the Year, selling and administration expense which was related to daily operational activities was RMB154.4 million as compared to RMB153.9 million for the previous year, basically the same as the previous year.

(ii) Impairment losses

The impairment losses for the Year were RMB172.7million as compared to RMB119.7 million for the previous year.

Finance Revenue and Finance Cost

Finance revenue mainly comprised of interest income and finance cost mainly comprised of interest expenses for interest-bearing bank loan. The net financial expenses represented the finance cost minus finance revenue. For the Year, the net financial expense was RMB22.7 million, which represented an increase of RMB15.3 million compared to the previous year. This was mainly due to the decrease of RMB14.5 million in interest income for the Year compared to the previous year.

Share of Loss of Joint Venture/Associates

For the Year, share of loss of investment entities was approximately RMB0.5 million, as compared to the profit of RMB0.7 million for the previous year.

Proceeds from Disposal of Long-term Equity Investment and Financial Asset

For the Year, the Group disposed a subsidiary and part of equity in an equity investment and obtained a profit of RMB10.6 million.

Profit or Loss through Fair Value Changes

For the Year, influenced by the market fluctuations, the Group's equity investments in Forever Opensource (stock code: 834415), CNBM Technology (stock code: 834082), and Shenzhen Hopeland led to the profit of RMB1.0 million through fair value changes, as compared to the profit of RMB10.7 million for the previous year, representing a decrease of RMB9.7 million in profit compared to the previous year.

Income Tax Expenses

The total income tax expenses for the Year were RMB14.1 million, which were RMB8.4 million for the previous year.

Loss for the Year

For the Year, the loss attributable to owners of the parent of the Company amounted to RMB185.0 million as compared to the loss of RMB51.0 million (restated) for the previous year.

Inventory Turnover Days

The inventories of the Group mainly comprised of the products and spare parts related to railway communication. For the Year, the inventory turnover days were 100 days (the previous year: 31 days). The change was due to the delay in project delivery due to the impact of the COVID-19 pandemic in the Year.

Trade Receivables Turnover Days

For the Year, the trade receivables turnover days were 328 days (the previous year: 333 days).

Contract Assets/Contract Liabilities Turnover Days

For the Year, the contract assets/contract liabilities turnover days were 20 days (the previous year: 82 days).

Trade Payables Turnover Days

For the Year, the trade payables turnover days were 171 days (the previous year: 230 days).

Liquidity and Financial Resources

The Group's principal sources of working capital included cash flow from operating activities, bank and other borrowings. As of 31 December 2020, the Group's current ratio (current assets divided by current liabilities) was 1.5 (as of 31 December 2019: 1.6). The Group's financial position remains healthy.

As of 31 December 2020, the Group was in a net negative cash position⁽¹⁾ of RMB171.5 million (as at the end of the previous year: negative RMB269.7 million), increased by RMB98.2million compared to the end of the previous year. As at 31 December 2020, the Group's gearing ratio⁽²⁾ was 6.7%, increased by 12.3 percentage points from -5.6% as at the end of the previous year.

Contingent Liabilities

As at 31 December 2020, the Group had no material contingent liability.

Charges on Group Assets

As at 31 December 2020, except for the pledged deposits of approximately RMB186.2 million (as at 31 December 2019: RMB319.6 million), the Group pledged a building with a net carrying amount of approximately RMB204.1 million, real estate with an appraised value of approximately RMB73.3 million, trade receivables with a carrying amount of RMB240.0 million, a subsidiary's property, and equity in a subsidiary (as at the end of the previous year, the Group pledged a building with a net carrying amount of approximately RMB208.5 million and equity in a subsidiary to banks to secure banking facilities granted to the Group) to banks to secure banking facilities granted to the Group. Save as disclosed above, as at 31 December 2020, the Group had no other assets charged to financial institution.

IMPORTANT EVENTS SUBSEQUENT TO THE PERIOD

There was no important event affecting the Company nor any of its subsidiaries from 31 December 2020 to the date of this announcement.

EMPLOYMENT AND EMOLUMENT POLICIES

As at 31 December 2020, the Group had 280 full-time employees. The emolument policy of the employees of the Group is set up by the Board on the basis of individual role, responsibilities and performance of the individual concerned, and the performance of our Group and market conditions.

In addition, the Company has adopted the Pre-IPO Share Incentive Scheme and the Share Option Scheme as an incentive for Directors and eligible employees.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the year ended 31 December 2020.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the year ended 31 December 2020, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the listed securities of the Company.

CORPORATE GOVERNANCE

The Company places high value on its corporate governance practice and the Board firmly believes that a good corporate governance practice can improve accountability and transparency for the benefit of its shareholders.

The Company has adopted the code provisions contained in the Code of Corporate Governance Practices (the “**CG Code**”) as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company has complied with all the code provisions in the CG Code for the year ended 31 December 2020.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the “**Model Code**”) as the standards for the Directors’ dealings in the securities of the Company. Having made specific enquiry of all Directors, the Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2020.

AUDIT COMMITTEE

The audit committee of the Company was established on 18 June 2010 with effect from the listing of the Company. The current terms of reference of the audit committee have been adopted on 22 December 2015 in compliance with the CG Code. The primary duties of the audit committee are, among other things, to review and supervise our financial reporting process and internal control systems.

The audit committee comprises three independent non-executive Directors, being Mr. Wang Dong, Mr. Ye Zhou and Mr. Zhou Jianmin. The audit committee is chaired by Mr. Wang Dong.

The audit committee has reviewed the Group’s unaudited consolidated financial statements for the year ended 31 December 2020 contained in this announcement, including the accounting principles and practice adopted by the Group. The audit committee has reviewed the accounting principles and practices and has also reviewed auditing, internal control and financial reporting matters together with the management of the Company.

PUBLICATION OF THE 2020 ANNUAL REPORT

The 2020 Annual Report of the Company containing all the information as required under Appendix 16 of the Listing Rules will be dispatched to the shareholders and available on the Company’s website at www.its.cn and the Stock Exchange’s website at www.hkexnews.hk in due course.

ACKNOWLEDGEMENT

The chairman of the Company would like to thank the Board, management and all members of our staff for their commitment and diligence. The chairman of the Company would also like to thank our shareholders and business associates for their strong support to the Group.

The financial information contained herein in respect of the annual results of the Group for the year ended 31 December, 2020 have not been audited and have not been agreed with the auditors, and are subject to possible adjustments. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Beijing, 31 March 2021

As at the date of this announcement, the executive directors of the Company are Mr. Liao Jie and Mr. Jiang Hailin, and the independent non-executive directors of the Company are Mr. Ye Zhou, Mr. Wang Dong and Mr. Zhou Jianmin.