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)

AUDITED ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED DECEMBER 31, 2024

HIGHLIGHTS OF 2024 ANNUAL RESULTS

For the year ended December 31, 2024 (the "**Year**" or the "**2024**"), highlights of the results of China ITS (Holdings) Co., Ltd. (the "**Company**") and its subsidiaries (collectively the "**Group**") are as follows:

- The Group recorded RMB960.7 million from the new contracts signed(1) as compared to RMB952.4 million for the previous year, which is basically flat with last year.
- Revenue of RMB819.8 million was generated as compared to the revenue of RMB857.4 million for the previous year, decreased by 4.4%.
- As of December 31, 2024, the Group recorded RMB859.7 million from backlog as compared to RMB675.1 million as at the end of the previous year, increased by 27.3%.
- The Group generated gross profit of RMB305.3 million as compared to the gross profit of RMB331.7 million for the previous year, decreased by 8.0%, and recorded gross profit margin of 37.2% as compared to the gross profit margin of 38.7% for the previous year, representing a decrease of 1.5 percentage points.
- The profit attributable to owners of the parent of the Company amounted to RMB22.1 million as compared to the profit of RMB137.2 million for the previous year.

(1) The amount of the new contracts signed for the power generation project was recognised for revenue generated from such project for the current period.

ANNUAL RESULTS

The audited consolidated results of the Group for the year ended December 31, 2024, with comparative figures, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	*5*	**819,787**	857,395
Cost of revenue		**(514,518)**	(525,710)
Gross profit		**305,269**	331,685
Other income and gains	*6*	**38,473**	117,507
Selling, distribution and administrative expenses		**(118,887)**	(129,914)
Impairment losses on financial and contract assets, net		**(36,289)**	(44,708)
Other expenses		**(109,012)**	(63,121)
Finance costs		**(10,537)**	(9,784)
Share of results of associates		**1,611**	926
PROFIT BEFORE TAX		**70,628**	202,591
Income tax expense	*7*	**(23,653)**	(15,774)
PROFIT FOR THE YEAR		**46,975**	186,817
Attributable to:			
Owners of the Company		**22,058**	137,197
Non-controlling interests		**24,917**	49,620
		46,975	186,817
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		***RMB***	*RMB*
Basic	*9*	**0.01**	0.08
Diluted	*9*	**0.01**	0.08

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**46,975**	186,817
OTHER COMPREHENSIVE (LOSS) INCOME		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of Company's financial statements	**20,180**	23,583
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	**(77,271)**	(20,004)
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**(57,091)**	3,579
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	**(10,116)**	190,396
Attributable to:		
Owners of the Company	**(13,239)**	151,495
Non-controlling interests	**3,123**	38,901
	(10,116)	190,396

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment		**468,469**	493,294
Investment properties		**68,291**	68,060
Goodwill		**117,798**	117,798
Intangible assets		**118,630**	115,949
Investments in associates	*12*	**284,988**	55,960
Financial assets at fair value through profit or loss	*12*	**70,187**	287,593
Total non-current assets		**1,128,363**	1,138,654
CURRENT ASSETS			
Inventories		**265,926**	404,218
Contract assets	*11*	**260,501**	141,907
Trade and bills receivables	*10*	**369,854**	450,244
Financial assets at fair value through profit or loss	*12*	**1,629**	789
Prepayments, deposits and other receivables		**366,847**	419,985
Amounts due from related parties		**37,696**	18,468
Pledged deposits		**77,590**	39,818
Cash and cash equivalents		**329,888**	483,768
Total current assets		**1,709,931**	1,959,197
CURRENT LIABILITIES			
Trade and bills payables	*13*	**266,302**	434,725
Contract liabilities, other payables and accruals		**212,386**	243,453
Interest-bearing bank borrowings		**246,114**	275,020
Amounts due to related parties		**5,547**	4,301
Income tax payable		**105,656**	71,092
Total current liabilities		**836,005**	1,028,591
NET CURRENT ASSETS		**873,926**	930,606
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,002,289**	2,069,260

	Notes	**2024**	2023
		RMB'000	*RMB'000*
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,002,289**	2,069,260
NON-CURRENT LIABILITIES			
Deferred tax liabilities		**1,165**	4,501
Total non-current liabilities		**1,165**	4,501
Net assets		**2,001,124**	2,064,759
EQUITY			
Equity attributable to owners of the Company			
Share capital		**302**	298
Reserves		**1,880,922**	1,927,888
		1,881,224	1,928,186
Non-controlling interests		**119,900**	136,573
Total equity		**2,001,124**	2,064,759

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024

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 February 20, 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 located 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, specialised solutions and services related to infrastructure technology in the railway and electric power sectors and a provider of energy related management and services. The main businesses of the Group are as follows:

(a) Railway business — provision of products and specialised solutions to customers according to their needs, which mainly includes railway communication products and energy-base products; and provision of value-added operation and services such as maintenance services, network optimisation and network planning, and technical consulting for the products related to the communication system for railway customers.

(b) Energy business — provision of products and specialised solutions related to electric power equipment for customers in the electric power infrastructure construction area, which mainly includes power transmission and transformation equipment and power generation equipment, etc.; power generation; provision of 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.; and provision of energy conservation services.

2. BASIS OF PRESENTATION

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards, which include all IFRS Accounting Standards, IAS Standards and IFRIC 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**").

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2023 consolidated financial statements.

These consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, 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 where otherwise indicated.

3. CHANGES IN ACCOUNTING POLICIES

The Group has adopted the following new and revised IFRS Accounting Standards for the first time for the current year's consolidated financial statements:

Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

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

Amendments to IAS 1: Non-current Liabilities with Covenants

The amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require a company to disclose information about these covenants in the notes to the consolidated financial statements.

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

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

The amendments introduce new disclosure requirements to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk.

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

Amendments to IFRS 16: Lease Liability in a Sale and Leaseback

The amendments require a seller-lessee to subsequently determine lease payments arising from a sale and leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

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 and a provider of energy conservation services.

For management purposes, the Group has the following operating segments based on its business units:

(i) Railway business

Provision of products and specialised solutions to customers according to their needs, which mainly includes railway communication products and energy-base products; and provision of value-added operation and services such as maintenance services, network optimisation and network planning, and technical consulting for the products related to the communication system for railway customers.

(ii) Energy business

Provision of products and specialised solutions related to electric power equipment for customers in the electric power infrastructure construction area, which mainly includes power transmission and transformation equipment and power generation equipment, etc.; power generation; provision of 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.; and provision of energy conservation services.

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/loss, 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, impairment of financial and contract assets, net, 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.

Year ended December 31, 2024	Railway business *RMB'000*	Energy Business *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*			
Sales to external customers	**483,533**	**336,254**	**819,787**
Segment results	**42,331**	**95,008**	**137,339**
Reconciliation:			
Finance income			**8,870**
Finance costs			**(10,537)**
Changes in fair value of investment properties			**231**
Changes in fair value of financial assets at fair value through profit or loss, included in other income and gains			**5,501**
Changes in fair value of financial assets at fair value through profit or loss, included in other expenses			**(38,452)**
Dividend income from financial assets at fair value through profit or loss			**2,413**
Impairment of financial and contract assets, net			**(36,712)**
Corporate and other unallocated income and expenses			**1,975**
Profit before tax			**70,628**
Other segment information:			
Gain on disposal of financial assets at fair value through profit or loss	**–**	**–**	**440**
Share of results of associates	**–**	**–**	**1,611**
Depreciation and amortisation	**(10,467)**	**(50,311)**	**(60,778)**
Capital expenditure*	**868**	**29,381**	**30,249**

Year ended December 31, 2023	Railway business *RMB'000*	Energy Business *RMB'000*	Total *RMB'000*
Segment revenue *(note 5)*			
Sales to external customers	566,683	290,712	857,395
Segment results	123,986	58,818	182,804
Reconciliation:			
Finance income			11,701
Finance costs			(9,784)
Changes in fair value of investment properties			(3,090)
Changes in fair value of financial assets at fair value through profit or loss, included in other income and gains			80,351
Changes in fair value of financial assets at fair value through profit or loss, included in other expenses			(11,496)
Dividend income from financial assets at fair value through profit or loss			1,871
Impairment of financial and contract assets, net			(44,708)
Corporate and other unallocated income and expenses			(5,058)
Profit before tax			202,591
Other segment information:			
Gain on disposal of financial assets at fair value through profit or loss	–	–	3,135
Share of results of an associate	–	–	926
Depreciation and amortisation	(20,006)	(36,770)	(56,776)
Capital expenditure*	854	9,219	10,073

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

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**363,355**	571,223
Overseas, mainly Myanmar and Malaysia	**456,432**	286,172
	819,787	857,395

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**375,640**	391,056
Overseas, mainly Myanmar	**397,548**	404,045
	773,188	795,101

The locations of non-current assets other than investments in associates, financial assets at fair value through profit or loss and deferred tax assets are based on the physical location of the assets.

Information about major customers

A customer under the energy business segment contributed 29.7% (2023: 32.2%) of the Group's revenue for the year. Other than that, no individual customer of the Group contributed 10% or more of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within IFRS 15	**819,787**	857,395

(i) Disaggregated revenue information

	2024	2023
	RMB'000	*RMB'000*
Type of goods or services		
Sale of products and provision of specialised solutions	**451,491**	536,570
Maintenance services	**45,027**	44,847
Rehabilitation services under a service concession arrangement	**22,419**	2,649
Power supply	**300,850**	273,329
Total revenue from contracts with customers	**819,787**	857,395
Geographical markets		
Mainland China	**363,355**	571,223
Overseas	**456,432**	286,172
Total revenue from contracts with customers	**819,787**	857,395
Timing of revenue recognition		
Goods and services transferred at a point in time	**17,296**	93,471
Goods and services transferred over time	**802,491**	763,924
Total revenue from contracts with customers	**819,787**	857,395

6. OTHER INCOME AND GAINS

	2024	2023
	RMB'000	*RMB'000*
Changes in fair value of investment properties	**231**	–
Changes in fair value of financial assets at fair value through profit or loss	**5,501**	80,351
Dividend income from financial assets at fair value through profit or loss	**2,413**	1,871
Finance income	**8,870**	11,701
Government grants*	**912**	16
Gain on disposal of financial assets at fair value through profit or loss	**440**	3,135
Gross rental income	**19,597**	20,320
Others	**509**	113
	38,473	117,507

* 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.

A subsidiary of the Group in Xizang, China is subject to PRC Enterprise Income Tax at a rate of 9% (2023: 9%), and subsidiaries in other areas of Mainland China of the Group are subject to PRC Enterprise Income Tax at a rate of 25% (2023: 25%) on their respective taxable income, except for those subsidiaries which are qualified as High and New Technology Enterprises and are entitled to 15% (2023: 15%) preferential income tax rate.

According to the PRC tax regulations, from January 1, 2008 onwards, non-resident enterprises without an establishment or place of business in Mainland China 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 Mainland China are subject to withholding tax at the rate of 10% on various types of passive income such as dividends derived from entities in Mainland China. Distributions of the pre-2008 earnings are exempt from such withholding tax. As at December 31, 2024, no deferred tax liabilities (2023: nil) 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 (the "Unremitted earnings") because in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

No provision for Hong Kong profits tax has been made for the year ended December 31, 2024 (2023: nil), as the Group had no assessable profits arising in Hong Kong during the year.

Subsidiaries incorporated in Myanmar are subject to Corporate Income Tax at a rate of 25% (2023: 25%) on their taxable income. In addition, non-Myanmar incorporated subsidiaries are also subject to withholding tax in Myanmar at the rate of 2.5% (2023: 2.5%) on the service income earned in Myanmar.

The subsidiary incorporated in Malaysia is subject to Corporate Income Tax at a rate of 24% on its taxable income.

The major components of income tax expense are as follows:

	2024	2023
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax		
— Provision for the year	**972**	1,976
— Under-provision in prior years	**159**	140
Myanmar Corporate Income Tax	**22,052**	10,698
Myanmar withholding tax	**133**	826
Malaysia Corporate Income Tax	**3,673**	–
	26,989	13,640
Deferred tax:		
Origination and reversal of temporary differences	**(3,336)**	2,134
Income tax expense	**23,653**	15,774

8. DIVIDENDS

On March 28, 2024, the directors of the Company proposed a final dividend in respect of the year ended December 31, 2023 of HK$0.0227 (RMB0.0206) per ordinary share, to be paid out of the Company's share premium account. Upon the approval by the shareholders of the Company on May 27, 2024, the appropriation of the said dividend in the total amount of RMB35,526,000 was transferred to dividends payable.

No dividend was proposed by the Company in respect of the year ended December 31, 2024.

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB22,058,000 (2023: RMB137,197,000), and the weighted average number of 1,709,061,415 (2023: 1,686,924,102) ordinary shares outstanding during the year.

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of RMB22,058,000 (2023: RMB137,197,000), and the weighted average number of ordinary shares in issue during the year, as used in the basic earnings 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, calculated as follows:

	2024	2023
Shares		
Weighted average number of shares in issue	**1,709,061,415**	1,686,924,102
Effect of deemed issue of shares under the Company's share award scheme for nil consideration	**5,124,649**	3,858,068
Weighted average number of shares in issue	**1,714,186,064**	1,690,782,170

10. TRADE AND BILLS RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**467,981**	454,139
Impairment	**(129,494)**	(94,672)
	338,487	359,467
Bills receivables	**31,367**	90,777
	369,854	450,244

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.

Bills receivables generally mature from 180 days to 270 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:

	2024	2023
	RMB'000	*RMB'000*
Less than 6 months	**48,984**	4,051
6 months to 1 year	**162,525**	200,581
1 year to 2 years	**59,109**	52,288
2 years to 3 years	**30,737**	20,354
Over 3 years	**37,132**	82,193
	338,487	359,467

Impairment

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

	2024	2023
	RMB'000	*RMB'000*
At January 1	**94,672**	73,968
Impairment	**35,148**	27,269
Business combination	**–**	1,439
Written off	**(326)**	(8,004)
At December 31	**129,494**	94,672

The breakdown of the loss allowance is as follows:

		Expected credit losses		
At December 31, 2024	**Credit-Impaired** *RMB'000*	**Aproud Technology** *RMB'000*	**Entities other than Aproud Technology** *RMB'000*	**Total** *RMB'000*
Gross carrying amount	**54,214**	**2,861**	**410,906**	**467,981**
Credit loss	**54,214**	**1,747**	**73,533**	**129,494**
Average credit loss rate	**100.00%**	**61.06%**	**17.90%**	**27.67%**

		Expected credit losses		
At December 31, 2023	Credit-Impaired *RMB'000*	Aproud Technology *RMB'000*	Entities other than Aproud Technology *RMB'000*	Total *RMB'000*
Gross carrying amount	33,358	3,293	417,488	454,139
Credit loss	33,358	1,753	59,561	94,672
Average credit loss rate	100.00%	53.23%	14.27%	20.85%

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 due 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 from other entities in the Group, there are two different sets of provision matrix. Set out below is the information about the credit risk exposure on the Group's trade receivables using provision matrixes.

Aproud Technology

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

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

At December 31, 2024	**Expected credit loss rate**	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*
Past due:			
Less than 1 year	**–**	**–**	**–**
1 to 2 years	**–**	**–**	**–**
2 to 3 years	**55.85%**	**1,993**	**1,113**
3 to 4 years	**69.07%**	**540**	**373**
4 to 5 years	**79.57%**	**328**	**261**
5 to 6 years	**0.00%**	**–**	**–**
Over 6 years (credit-impaired)	**100.00%**	**3,191**	**3,191**
		6,052	**4,938**

At December 31, 2023	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Past due:			
Less than 1 year	–	–	–
1 to 2 years	45.39%	1,994	905
2 to 3 years	51.85%	540	280
3 to 4 years	65.85%	328	216
4 to 5 years	–	–	–
5 to 6 years	81.67%	431	352
Over 6 years (credit-impaired)	100.00%	2,761	2,761
		6,054	4,514

Entities other than Aproud Technology

The entities in the Group other than Aproud Technology are mainly engaged in providing products, specialised solutions and services related to railway industry and electric power industry. 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 December 31, 2024	**Expected credit loss rate**	**Gross carrying amount** *RMB'000*	**Expected credit losses** *RMB'000*
Past due:			
Less than 1 year and not yet due	**2.32%**	**216,524**	**5,014**
1 to 2 years	**7.69%**	**64,029**	**4,921**
2 to 3 years	**17.28%**	**36,093**	**6,237**
3 to 4 years	**29.14%**	**7,925**	**2,309**
4 to 5 years	**40.30%**	**51,634**	**20,809**
5 to 6 years	**98.68%**	**34,700**	**34,243**
Over 6 years (credit-impaired)	**100.00%**	**42,475**	**42,475**
		453,380	**116,008**

At December 31, 2023	Expected credit loss rate	Gross carrying amount *RMB'000*	Expected credit losses *RMB'000*
Past due:			
Less than 1 year and not yet due	2.05%	208,905	4,274
1 to 2 years	8.16%	55,748	4,549
2 to 3 years	14.69%	23,553	3,459
3 to 4 years	24.44%	58,338	14,256
4 to 5 years	34.37%	42,562	14,627
5 to 6 years	64.82%	28,382	18,396
Over 6 years (credit-impaired)	100.00%	21,232	21,232
		438,720	80,793

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 RMB8,548,000 (2023: RMB9,365,000) with a carrying amount before provision of RMB8,548,000 (2023: RMB9,365,000).

11. CONTRACT ASSETS

	2024	2023
	RMB'000	*RMB'000*
Contract assets	**292,826**	172,584
Impairment	**(32,325)**	(30,677)
	260,501	141,907

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

The expected timing of converting contract assets to trade receivables is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**260,501**	141,907
More than 1 year	**–**	–
	260,501	141,907

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

	2024	2023
	RMB'000	*RMB'000*
At January 1	**30,677**	29,016
Impairment	**1,648**	1,661
At December 31	**32,325**	30,677

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

The information about the credit risk of the Group's contract assets is as follows:

		Expected credit losses		
	Credit-impaired	**Aproud Technology**	**Entities other than Aproud Technology**	**Total**
At December 31, 2024	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***
Gross carrying amount	**23,011**	**2,482**	**267,333**	**292,826**
Credit loss	**23,011**	**2,448**	**6,866**	**32,325**
Average credit loss rate	**100.00%**	**98.63%**	**2.57%**	**11.04%**

		Expected credit losses		
	Credit-impaired	Aproud Technology	Entities other than Aproud Technology	Total
At December 31, 2023	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Gross carrying amount	23,011	2,482	147,091	172,584
Credit loss	23,011	2,448	5,218	30,677
Average credit loss rate	100.00%	98.63%	3.55%	17.78%

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2024	2023
	RMB'000	*RMB'000*
Current		
Unlisted mutual funds	**–**	379
Contingent consideration	**1,629**	410
	1,629	789
Non-current		
— Unlisted mutual funds	**35,114**	41,922
— Unlisted equity investments	**33,496**	34,855
— Listed equity investments *(Note)*	**1,577**	210,816
	70,187	287,593

Note:

As at December 31, 2023, the listed equity investments under financial assets at fair value through profit or loss include a 22.19% equity interest in Forever Opensource Software Inc. ("Forever Opensource"), with a carrying amount of RMB198,647,000. The Group considered that it had no significant influence over Forever Opensource because Forever Opensource was predominantly controlled by Ma Yue, who had signed an "acting in concert" agreement with several major shareholders and the directors nominated by those shareholders.

On August 19, 2024, the Group entered into a share transfer agreement with Ma Yue, pursuant to which Ma Yue disposed of 7,050,000 shares of Forever Opensource, representing 5.02% of the total issued shares, to the Group for a cash consideration of RMB56,259,000 (the "Share Transfer Transaction"). At the same time, Ma Yue cancelled the "acting in concert" agreement and declared that he would not seek any control or join control over the operations of Forever Opensource in future.

As a result, the Group considers that it has obtained significant influence over Forever Opensource and has recognised the investment as an associate with effect from August 19, 2024. The Share Transfer Transaction was completed on November 1, 2024, increasing the Group's equity interest in Forever Opensource from 22.19% to 27.2%.

On November 4, 2024, the Group voluntarily imposed a lock-up on its 22.19% and 5.02% holdings of shares of Forever Opensource, effective until April 30, 2025 and November 3, 2026, respectively.

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:

	2024	2023
	RMB'000	*RMB'000*
Current or less than 1 year	**132,952**	278,649
1 to 2 years	**39,695**	96,613
Over 2 years	**93,655**	59,463
At December 31	**266,302**	434,725

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE OVERALL OPERATION OF THE GROUP DURING THE YEAR

In 2024, the Group recorded RMB960.7 million from new contracts signed, which is basically flat with the previous year. The Group generated revenue of RMB819.8 million, representing a decrease of 4.4% compared to the previous year, and as of December 31, 2024, the Group recorded RMB859.7 million from backlog, representing an increase of 27.3% compared to the end of the previous year. The Group generated gross profit of RMB305.3 million, representing a decrease of 8.0% compared to the previous year, and recorded a decrease in gross profit margin to 37.2% as compared with 38.7% in the previous year. The profit attributable to owners of the parent of the Company amounted to RMB22.1 million for the Year as compared to the profit attributable to owners of the parent of the Company of RMB137.2 million for the previous year.

BUSINESS AND FINANCIAL REVIEW

The Group is mainly a provider of products, specialised solutions and services related to infrastructure technology in the railway and electric power sectors, and of contract energy management to customers. The main businesses of the 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 and energy-base products. We also provide railway customers with value-added operation and services such as maintenance services, network optimisation and network planning, and technical consulting for products related to the communication system.

(b) Energy 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 customers' needs, we also provide planning and technical consulting services of the infrastructure construction in relation to electric power such as power plant construction and power grid renovation, value-added operation and services related to power plant investment, construction and operation etc., and contract energy management to customers.

Business Review

1. *Multi-directional development of the railway business*

   For the railway business, the Group, leveraging its own corporate advantages, vigorously explored overseas markets by closely following the national strategic direction of the "Belt and Road" Initiative and actively responding to national policies. As at the end of 2023, the Group successfully entered into a contract for the Hungarian section of the Hungary-Serbia Railway, a landmark project jointly built by China and Central and Eastern European countries under the "Belt and Road" Initiative, with a contract sum of approximately RMB120.0 million. In the Year, the Group also successfully entered into contracts for the Malaysia East Coast Rail Link (MECRL) Project, a key project jointly built by China and Malaysia under the "Belt and Road" Initiative, with a contract sum of RMB204.0 million, for the MTR Maintenance Phase III project (Maintenance Services for GSM-R System of Hong Kong Railway Project Phase III) , with a contract sum of RMB42 million, and for the Kuching ART project (Kuching Urban Transportation System (KUTS) Sarawak Metro Project, Malaysia) project, with a contract sum of RMB88 million. The new contracts signed of overseas projects amounted to RMB334 million for the Year, accounting for approximately 56% of the value of newly signed railway contracts for the Year, marking a solid step of the Group forward to the overseas railway market.

2. *Steady growth of the energy business*

   As regards the electric power business, owing to the AHLONE 151,000-kilowatt power plant project, which was invested, constructed and operated by the Group in Yangon, Myanmar, and the Hlawga 123,000-kilowatt power plant restoration project in Myanmar, stable revenue from power plant projects was recorded for the Year.

   As regards the new energy business, the Group actively responded to the government's call for energy conservation and emission reduction and was committed to moving towards the goal of carbon peaking and carbon neutrality, and has made significant progress. The "2023 Contract Energy Management Project through Energy Saving and Upgrading by LED Lighting Fixtures for the Communal Area of Beijing Metro Line 6 (East Extension) and Metro Line 7 Station (2023年北京地鐵6號線東延與地鐵7號線車站公共區照明燈具LED節能提級治理合同能源管理項目)", the bid of which was won by the Group, has entered into the operation stage, marking a solid step of the Group in promoting green and low-carbon development. In the Year, the Group also successfully won the bidding for the projects such as the "Renqiu East and Other 12 Pairs of Service Area Distributed Photovoltaic Power Generation Project (任丘東等12對服務區分佈式光伏發電項目)", the "Contract Energy Management Project on Ventilation and Air Conditioning System of Zhengzhou Rail Transit Existing Line Stations (Contract Package 02) (鄭

州市軌道交通既有線車站通風空調系統合同能源管理項目02合同包)", and the "Energy Saving and Renovation Project on Ventilation and Air Conditioning of Tianjin Metro Line 1 (East Extension) (天津地鐵一號線東延線通風空調節能改造項目)", laying a solid foundation for the sustainable development and market expansion of the Group's new energy business and further demonstrating the Group's determination and strength in promoting green and low-carbon transformation.

BUSINESS OUTLOOK

1. Railway business

Embracing the digital transformation of the domestic railway market

From a macro perspective, in terms of railway construction, the State also attaches great importance to the digital construction (cloud, AI, intelligence) of railway in addition to the investment in traditional railway lines, and gradually increases the investment in digital construction of railway. While striving to maintain its existing leading position in the field of railway communication, the Group also actively explores the information market to maintain its industry-leading position in intelligent railway construction and 5G-R construction.

Focusing on the development of the overseas railway business

The Group has successfully entered into contracts for various overseas high-speed railway projects, including the Hungarian section of the Hungary-Serbia Railway, and the Malaysia East Coast Rail Link (MECRL) Project, as well as the Kuching ART (Kuching Urban Transportation System (KUTS) Sarawak Metro Project, Malaysia). In the Year, these projects are in the progress for delivery. As a key project of the "Belt and Road" Initiative jointly built by China and Central and Eastern European countries, the Hungary-Serbia Railway has played a great role in promoting China's railway and technology to go global. In the future, with the continuous outward expansion of China's railway and the influence of the "Belt and Road" policy, the Group will continue to increase its investment in overseas railway markets to expand its business in overseas railway markets.

2. Energy business

Maintaining the stable development of the electric power business

As regards power plant projects in our electric power business, the AHLONE 151,000-kilowatt power plant project, which was invested, constructed and operated by the Group in Yangon, Myanmar, officially commenced operations in January 2021. The first-phase contract with the Ministry of Electric Power in Myanmar is set to expire in January 2026. The Group is currently in further negotiations with the Ministry of Electric Power in Myanmar for contract extension. Furthermore, the Hlawga 123,000-kilowatt power plant restoration project in Myanmar also achieved combined cycle power generation in December 2022 and has a ten-year operating period. At present, both power plants are in a stable development phase and have made positive contributions to the electricity supply in Myanmar. Meanwhile, with the promotion of the "Belt and Road" Initiative, the Group is also actively expanding its business in overseas power plant projects.

Active expansion into the new energy business

Building upon the steady development of our power plant projects, the Group is actively expanding into the new energy business, including photovoltaic power generation, charging piles, energy storage, contract energy management, etc.

- In terms of the contract energy management (EMC) business, the number of new contracts signed in the Year increased steadily, and the business area also expanded rapidly from Beijing to other provinces. The Group's self-developed integrated energy management platform will further enhance the energy efficiency of projects.

- In terms of the photovoltaic power generation business, the "Renqiu East and Other 12 Pairs of Service Area Distributed Photovoltaic Power Generation Project (任丘東等12對服務區分佈式光伏發電項目)" was successfully signed in the Year and is scheduled to be completed and realize grid-connected power generation in 2025. The Group will continue to explore quality distributed photovoltaic power generation projects.

- Meanwhile, the Group is also actively expanding charging piles, energy storage and other multi-energy complementary projects, and is committed to promoting the overall development of the new energy business.

3. Aviation business

On January 1, 2025, the Group obtained the control over FOSS. FOSS is principally engaged in providing software development and technical services, information system integration services, operation and maintenance services to customers in aviation industry.

In 2025, the Group will support FOSS to refine its existing business in the aviation field and continuously introduce solutions based on big models, artificial intelligence etc..

Meanwhile, the Group will consider the low altitude economy business as a new business growth point for FOSS in 2025.

FINANCIAL REVIEW

Revenue

By Industry Sectors

For the Year, the Group generated revenue as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue by industry sectors		
Railway	**483,533**	566,683
Energy	**336,254**	290,712
Total	**819,787**	857,395

(i) Railway

For the Year, revenue of RMB483.5 million was recognised from the railway sector, representing a decrease of RMB83.2 million compared to the previous year, and decreased by 14.7%. The sector recorded RMB597.5 million from new contracts signed, representing a decrease of RMB29.7 million compared to the previous year; and the amount of backlog as of the end of the Year was RMB728.8 million, representing an increase of RMB130.1 million compared to the end of the previous year. It was primarily attributable to the backlog for major overseas high-speed rail projects (including the Hungarian section of the Hungary-Serbia Railway, the Malaysia East Coast Rail Link (MECRL) Project and the Kuching Intelligent Railway Project) amounting to RMB269.2 million. The decrease in revenue was primarily attributable to the delays in the delivery of certain projects in the sector.

(ii) Energy

For the Year, revenue of RMB336.3 million was recognised from the energy sector, representing an increase of RMB45.5 million compared to the previous year, or 15.7%. The increase in revenue was mainly due to a higher increase in revenue for the Year from the AHLONE Power Plant compared to the previous year and the increased revenue from construction services under concession arrangements of the contract energy management business for the Year. The sector recorded RMB363.1 million from new contracts signed, representing an increase of RMB38 million compared to the previous year, which was primarily attributable to the substantial growth in the revenue of the AHLONE Power Plant project for the Year compared to the previous year.

By Business Model

For the Year, the Group generated revenue as follows:

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Revenue by business model		
Products and specialised solutions	**451,491**	536,570
Value-added operation and services	**368,296**	320,825
Total	**819,787**	857,395

(i) Products and specialised solutions

For the Year, revenue of RMB451.5 million was recognised from the products and specialised solutions business, representing a decrease of RMB85.1 million compared to the previous year, or 15.9%. The business recorded RMB535.2 million from new contracts signed, representing a decrease of RMB79.5 million compared to the previous year and the amount of backlog as of the end of the Year was RMB694.7 million, representing an increase of RMB106.7 million compared to the end of the previous year. The decrease in revenue was primarily attributable to the delays in the delivery of certain projects in the railway sector.

(ii) Value-added operation and services

Revenue recognised from the value-added operation and services business for the Year was RMB368.3 million, representing an increase of RMB47.5 million compared to the previous year, or 14.8%. The increase in revenue was mainly due to a higher increase in revenue for the Year from the AHLONE Power Plant compared to the previous year and the increased revenue from construction services under concession arrangements of the contract energy management business for the Year. The business recorded RMB425.5 million from new contracts signed, representing an increase of RMB87.7 million compared to the previous year, which was mainly due to the fact that the MTR maintenance project (Phase III), an overseas railway project, was successfully renewed with a contract amount of RMB42 million and a higher increase in revenue for the Year from the AHLONE Power Plant compared to the previous year. The amount of backlog as of the end of the Year was RMB165 million, representing an increase of RMB78 million compared to the end of the previous year, which was mainly attributable to the higher contribution from the Group's overseas MTR maintenance project (Phase III) and the contract energy management business for the Year.

Gross Profit and the Gross Profit Margin

The Group generated gross profit of RMB305.3 million in the Year, representing a decrease of RMB26.4 million compared to the previous year. Gross profit margin decreased from 38.7% for the previous year to 37.2% for the Year.

By Industry Sectors

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gross profit and the gross profit margin by industry sectors		
Railway	**101,466**	127,588
Gross profit margin%	**21.0%**	22.5%
Energy	**203,803**	204,097
Gross profit margin%	**60.6%**	70.2%
Total	**305,269**	331,685
Gross profit margin	**37.2%**	38.7%

(i) Railway

For the Year, gross profit of RMB101.5 million was recognised from the railway sector, representing a decrease of RMB26.1 million as compared to the previous year. The gross profit margin was 21.0%, representing a decrease of 1.5 percentage points as compared to the previous year. The decrease in gross profit was mainly due to the significant decrease in revenue from the sector for the Year.

(ii) Energy

For the Year, gross profit of RMB203.8 million was recognised from the energy sector, representing a decrease of RMB0.3 million as compared to the previous year. The gross profit margin was 60.6%, representing a decrease of 9.6 percentage points compared to the previous year.

By Business Model

	Year ended December 31,	
	2024	2023
	RMB'000	*RMB'000*
Gross profit and the Gross Profit Margin by business model		
Products and specialised solutions	**91,877**	117,178
Gross profit margin%	**20.3%**	21.8%
Value-added operation and services	**213,392**	214,507
Gross profit margin%	**57.9%**	66.9%
Total	**305,269**	331,685
Gross profit margin	**37.2%**	38.7%

(i) Products and specialised solutions

For the Year, gross profit of RMB91.9 million was recognised from the products and specialised solutions business, representing a decrease of RMB25.3 million as compared to the previous year. The gross profit margin was 20.3%, representing a decrease of 1.5 percentage points as compared to the previous year. The decrease in gross profit was mainly due to the significant decrease in revenue from the business model for the Year.

(ii) Value-added operation and services

Gross profit recognised from the value-added operation and services business for the Year was RMB213.4 million, representing a decrease of RMB1.1 million as compared to the previous year. The gross profit margin was 57.9%, representing a decrease of 9 percentage points as compared to the previous year.

Other Income and Gains

For the Year, other income and gains[(1)] were RMB35.7 million, representing a decrease of RMB1.5 million as compared to the previous year. For the Year, other income and gains mainly include: (i) rental income of approximately RMB19.6 million; (ii) interest income of approximately RMB8.9 million; (iii) dividend income from financial assets at fair value through profit or loss of approximately RMB2.4 million; and (iv) gains through fair value changes of financial products of approximately RMB1.5 million.

Selling, Distribution and Administrative Expenses

For the Year, selling, distribution and administrative expenses were approximately RMB118.9 million, representing a decrease of RMB11.0 million as compared to the previous year, mainly due to strengthening of cost control and reduction of expenditure by the Group.

Net Impairment Losses on Financial and Contract Assets

For the Year, net impairment losses on financial and contract assets were approximately RMB36.3 million, as compared to net impairment losses of approximately RMB44.7 million for the previous year.

Other Expenses

For the Year, other expenses[(2)] were RMB71.5 million, representing an increase of RMB8.3 million as compared to the previous year, mainly due to higher foreign exchange losses from electric power business in Myanmar.

Share of Profits of a Joint Venture/Associates

For the Year, share of profits of associates was RMB1.6 million, representing an increase of RMB0.7 million as compared to the previous year.

(1) Other income and gains excluded profit or loss through fair value changes of equity investments.

(2) Other expenses excluded profit or loss through fair value changes of equity investments.

Profit or Loss through Fair Value Changes of Equity Investments

For the Year, the Group's equity investments in Forever Opensource (stock code: 834415), CNBM Technology (stock code: 834082), Shenzhen Hopeland, Helios Energy Limited (stock code: HE8.AX), Xinyizu and Suzhou Huagai generated a loss of RMB34.7 million through fair value changes, as compared to the profit of RMB80.4 million for the previous year. Forever Opensource is primarily engaged in providing open source software technology services for enterprise customers and community, cloud platform, recruitment and crowd sourcing services, etc. for software developers. CNBM Technology is primarily engaged in value-added distribution of Huawei and other ICT products, sales of imported network products and sales of medical products. Shenzhen Hopeland is primarily engaged in RFID hardware and solution integrator business in the Internet of Things industry. Helios Energy Limited is primarily engaged in oil and gas exploration with operation in Texas, USA. Xinyizu is primarily engaged in online community operations and offline club establishment based on 'FBLIFE' and related IP and community resources, as well as the derivative co-branded off-road vehicle manufacturing business and other businesses developed by the off-road vehicle manufacturer. Suzhou Huagai is a company mainly engaged in capital market services. As of December 31, 2024, the Group held (i) 16.0% of equity interest in Shenzhen Hopeland with investment costs of RMB23.4 million, the fair value of such investment amounted to RMB14.9 million, representing 0.53% of our total assets, (ii) 1.34% of equity interest (24,989,900 shares) in Helios Energy Limited with investment costs of RMB2.3 million, the fair value of such investment amounted to RMB1.6 million, representing 0.06% of our total assets; (iii) 5.71% of equity interest in Xinyizu with investment costs of RMB7.5 million, the fair value of such investment amounted to RMB5.3 million, representing 0.19% of our total assets; and (iv) 19.61% of equity interest in Suzhou Huagai with investment costs of RMB10 million, the fair value of such investment amounted to RMB12.8 million, representing 0.45% of our total assets. The gain/(loss) (including unrealized gain/(loss)) from the Group's investment in the shares of Forever Opensource, CNBM Technology, Shenzhen Hopeland, Helios Energy Limited, Xinyizu and Suzhou Huagai for the Year were RMB(27.4) million, RMB(1.3) million, RMB(1.9) million, RMB(5.9) million, RMB(2.6) million and RMB2.8 million, respectively. During the Year, we received dividends of RMB2.2 million, RMB0.2 million, RMB0, RMB0, RMB0 and RMB0 from Forever Opensource, CNBM Technology, Shenzhen Hopeland, Helios Energy Limited, Xinyizu and Suzhou Huagai, respectively. The Company makes strategic investments in technology companies in related industries from time to time and would seek further cooperation opportunities as and when appropriate.

Finance Cost

Finance cost mainly comprised of interest expenses for interest-bearing bank loan. For the Year, the finance cost was approximately RMB10.5 million compared to approximately RMB9.8 million for the previous year.

Income Tax Expenses

The total income tax expenses for the Year were RMB23.7 million, which were RMB15.8 million for the previous year. The increase in income tax expense was mainly due to the increase in revenue of AHLONE Power Plant for the Year.

Profit for the Year

For the Year, the net profit of the Group amounted to RMB47 million as compared to RMB186.8 million for the previous year, representing a decrease of RMB139.8 million as compared to the net profit for the previous year, which was mainly due to (i) the decrease in revenue of RMB37.6 million and gross profit of RMB26.4 million for the Year as compared to the previous year; and (ii) the loss on changes in the fair value of financial assets of RMB34.7 million, while gain from changes in fair value of financial assets for the previous year was RMB80.4 million, representing a decrease in profit of RMB115.1 million as compared with that of the previous year.

For the Year, the profit attributable to owners of the parent of the Company amounted to RMB22.1 million as compared to that of RMB137.2 million for the previous year.

Inventory Turnover Days

The inventories of the Group mainly comprised of products and spare parts related to the railway communication. For the Year, the inventory turnover days were 320 days (the previous year: 282 days).

Trade Receivables Turnover Days

For the Year, the trade receivables turnover days were 183 days (the previous year: 197 days).

Trade Payables Turnover Days

For the Year, the trade payables turnover days were 335 days (the previous year: 309 days).

Liquidity, Financial Resources and Capital Structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other loans. As at December 31, 2024, the Group's current interest-bearing bank borrowings amounted to RMB246.1 million (as at December 31, 2023: RMB275 million), which bore interest at fixed rates, at the People's Bank of China loan prime rate, and at the People's Bank of China loan prime rate minus certain basis points, respectively.

All interest-bearing bank borrowings of the Group are denominated in RMB except for interest-bearing bank borrowings of RMB20.5 million (as at December 31, 2023: RMB38.9 million) which are denominated in Myanmar kyat as of December 31, 2024. The Group mainly borrows and holds cash and cash equivalents in RMB, Myanmar kyat, US dollars, and Hong Kong dollars.

As of December 31, 2024, the Group's current ratio (current assets divided by current liabilities) was 2.1 (as of December 31, 2023: 1.9). The Group's financial position remains healthy. As of December 31, 2024, the Group was in a net cash position(3) of RMB161.4 million (as at the end of the previous year: RMB248.6 million), decreased by RMB87.2 million compared to the end of the previous year. As at December 31, 2024, the Group's gearing ratio(4) was -9.7%, increased by 3 percentage points from -12.7% as at the end of the previous year.

Financial Policy

The Group pursues a prudent financial policy with strict control over cash and risk management. Surplus cash reserves are used to generate income by investing in financial products without affecting the Group's business operations or capital expenditure. For the year ended December 31, 2024, the Group did not use any derivative financial instruments to hedge its risks.

(3) Net cash included cash and cash equivalents, interest-bearing bank borrowings and pledged deposits.

(4) Gearing ratio refers to adjusted cash (interest-bearing bank borrowings plus due to related parties minus pledged deposits and cash and bank balances) divided by total equity.

Exchange Rate Exposure and Hedging

The Group operates in Mainland China, Hong Kong, and Myanmar, and for the year ended December 31, 2024, its revenue, costs, and expenses are mainly denominated in RMB, Myanmar Kyat, HK$, and US$. Therefore, the Group is exposed to potential foreign exchange risks due to fluctuations in exchange rates between them. In addition, the Group's principal operating assets are located in Mainland China, Hong Kong, and Myanmar and are denominated in local currencies or in US$. As a result, the majority of the Group's assets and liabilities are denominated in RMB, HK$, Myanmar Kyat, or US$, and the Group's reporting currency is RMB. This situation also exposes the Group to potential foreign exchange risk when translating these assets and liabilities at each reporting date.

During the Year, the Group did not enter into agreements or purchase instruments to hedge the Group's exposure to exchange rate risk, but will continue to monitor the Group's foreign exchange risk and consider prudent measures where appropriate.

Contingent Liabilities

As at December 31, 2024, the Group had no material contingent liability.

Charges on Group Assets

As at December 31, 2024, except for the pledged deposits of approximately RMB77.6 million (as at December 31, 2023: RMB39.8 million), the Group pledged a building with a net carrying amount of approximately RMB187.3 million, real estate with an appraised value of approximately RMB72.8 million, equity in two subsidiaries, trade receivables with a carrying amount of RMB48.1 million, a subsidiary's right to receive payment and any other receivables under the Power Purchase Agreement, and the Group's machinery and equipment with a carrying amount of RMB246.7 million to banks to secure banking facilities granted to the Group (as at the end of the previous year, the Group pledged a building with a net carrying amount of approximately RMB192.9 million, real estate with an appraised value of approximately RMB68.1 million, equity in two subsidiaries, a subsidiary's right to receive payment and any other receivables under the Power Purchase Agreement, and the Group's machinery and equipment with a carrying amount of RMB259.1 million to banks to secure banking facilities granted to the Group). Save as disclosed above, as at December 31, 2024, the Group had no other assets charged to financial institutions.

SIGNIFICANT INVESTMENTS

Subscription of Private Equity Fund

On March 24, 2023, Xizang Intelligent Aviation Transportation Technology Co., Ltd., an indirectly wholly-owned subsidiary of the Company, entered into a Subscription Agreement with Shanghai Jiuming Investment Management Co., Ltd. and China Merchants Securities Co., Ltd. Pursuant to the Agreement, the Subscriber agreed to subscribe for the Jiuming Zhuanxiang No. 10 Private Securities Investment Fund (the "**Private Equity Fund**") in the principal amount of RMB20 million. The Private Equity Fund's investment scope includes a wide variety of financial products in the PRC securities market. The subscription amount was settled on March 24, 2023. Please refer to the announcements of the Company dated March 24, 2023 and April 4, 2023 for further details.

The application for redemption of the subscription shares has been submitted on March 31, 2025. The actual return from the investment in the Private Equity Fund will be further determined upon completion of the redemption.

Save as disclosed in this announcement, the Group did not hold any other significant investment during the Year, nor does the Company have detailed future plans for material investments or capital assets as at December 31, 2024.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Acquisition of 5.02% Equity Interests in Forever Opensource Software Inc.

On August 19, 2024, Tibet Intelligent Aviation Transportation Technology Co., Ltd. ("**Tibet Aviation**"), a wholly owned subsidiary of the Company, and Mr. Ma Yue (the "**Vendor**") entered into a share transfer agreement (the "**FOSS Share Transfer Agreement**"), pursuant to which Tibet Aviation conditionally agreed to acquire, and the Vendor conditionally agreed to sell 7,050,000 shares of the Forever Opensource Software Inc.("**FOSS**"), representing 5.02% of the issued shares of FOSS, at the consideration of RMB56.259 million. FOSS has become an associate of the Group since August 19, 2024 and the acquisition was completed on November 1, 2024. Please refer to the announcement of the Company dated August 19, 2024 for further details.

As announced by FOSS on the Beijing Stock Exchange on January 2, 2025, the second-largest shareholder has provided a written commitment (i) not to seek control over FOSS now or in the future; (ii) to adhere to the arrangements for the nomination of directors in FOSS as agreed by the Vendor pursuant to the FOSS Share Transfer Agreement ("**Director Nomination Arrangements**"); and (iii) not to support any other director nominations proposed by other shareholders of FOSS, with effect from January 1, 2025.

Taking into consideration the terms of the FOSS Share Transfer Agreement, the Director Nomination Arrangements, the Group's relative interest and dispersion of holdings of other shareholders and the voting patterns at previous shareholders' meetings, the Directors consider that the Group has control over the nominations of the board of directors of FOSS. Therefore, the Group determines that it has control over FOSS, despite holding only 27.2% equity interest. As a result, FOSS has become a subsidiary of the Company with effect from January 1, 2025.

Performance of Profit Guarantee

On April 28, 2023, Beijing Haotian Jiajie New Energy Co., Ltd. ("**Haotian Jiajie**"), a subsidiary indirectly and wholly owned by the Company, Mr. Jiang Chunqing ("**Vendor**") and Beijing Jiujian Technology Co., Ltd. ("**Beijing Jiujian**") entered into a share transfer agreement (the "**Jiujian Share Transfer Agreement**"), pursuant to which, Haotian Jiajie conditionally agreed to acquire, and the Vendor conditionally agreed to sell 55% of the equity interest of Beijing Jiujian at the total consideration of RMB16.50 million. The completion of the acquisition took place on July 19, 2023.

In particular, the Vendor undertook under the Jiujian Share Transfer Agreement that the aggregate revenue in respect of the contract energy management business of Beijing Jiujian for the two years ended 31 December 2024 (the "**Guarantee Period**") shall be no less than RMB180 million, and the average gross margin under such business segment for each year of the Guarantee Period shall be no less than 35% (the "**Profit Guarantee**").

As calculated in accordance with the relevant terms of the Share Transfer Agreement, the aggregate revenue in respect of the contract energy management business of Beijing Jiujian for the Guarantee Period amounts to approximately RMB114 million, which represents a shortfall of approximately RMB66 million. As a result, Beijing Jiujian failed to fulfill the Profit Guarantee set out in the Jiujian Share Transfer Agreement. If according to the terms of the Jiujian Share Transfer Agreement, as the actual amount of relevant revenue in the Guarantee Period is less than RMB140 million, Haotian Jiajie may choose to sell the 55% equity interest purchased pursuant to the Jiujian Share Transfer Agreement back to the Vendor or Beijing Jiujian (by way of capital reduction) by January 31, 2025.

On March 18, 2025, the Company has agreed to amend the arrangements under the Jiujian Share Transfer Agreement in relation to the failure to meet the Profit Guarantee and accordingly entered into the supplemental agreement to the Jiujian Share Transfer Agreement (the "**Jiujian Supplemental Agreement**") with the Vendor and Beijing Jiujian. Under the Jiujian Supplemental Agreement, the parties agreed to extend the time limit for Haotian Jiajie to exercise its such right from one month to two years after the Guarantee Period.

Please refer to the announcements of the Company dated April 28, 2023 and March 18, 2025 for further details.

Save as disclosed in this announcement, there was no material acquisition or disposal of subsidiaries, associates or joint ventures of the Company during the Year.

EMPLOYMENT AND EMOLUMENT POLICIES

As at December 31, 2024, the Group had 350 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.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Year (same period last year: HKD0.0227 per ordinary share).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Year, neither the Company nor any of its subsidiaries has purchased, sold or redeemed the listed securities of the Company (including sale of treasury shares).

The number of treasury shares held by the Company as at December 31, 2024 is nil.

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 C1 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 during the Year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 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 of the Company, the directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the Year.

AUDIT COMMITTEE

The audit committee of the Company was established on June 18, 2010 with effect from the listing of the Company. The current terms of reference of the audit committee have been adopted on December 22, 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. Lai Hongyi, Mr. Zhou Jianmin and Ms. Huang Jianling. The audit committee is chaired by Mr. Lai Hongyi.

The audit committee has reviewed the accounting principles and practices and has also reviewed auditing, internal control and financial reporting matters, including the review of the audited final results of the Group for the Year together with the management of the Company and external auditor, Forvis Mazars CPA Limited ("**Forvis Mazars**"). In addition, the Company's external auditor, Forvis Mazars, has performed an independent audit of the Group's consolidated financial statements for the Year in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants.

ANNUAL GENERAL MEETING

The forthcoming AGM of the Company is scheduled to be held on Wednesday, May 28, 2025. A notice convening the AGM will be issued and disseminated to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, May 23, 2025 to Wednesday, May 28, 2025 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the AGM. The record date for entitlement to attend and vote at the AGM is Wednesday, May 28, 2025. In order to qualify for attending and voting at the AGM, all transfers of Share accompanied by the relevant share certificate must be lodged with the Company's branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, May 22, 2025.

SCOPE OF WORK OF FORVIS MAZARS

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this announcement have been agreed by the Company's external auditor, Forvis Mazars, to the amounts set out in the Group's draft consolidated financial statements for the Year. The work performed by Forvis Mazars in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Forvis Mazars on this announcement.

PUBLICATION OF THE 2024 ANNUAL REPORT

The 2024 annual report of the Company containing all the information as required under Appendix D2 to the Listing Rules will be dispatched to the shareholders (if requested) 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.

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

Beijing, March 31, 2025

As at the date of this announcement, the executive Directors are Mr. Liao Jie and Mr. Jiang Hailin, and the independent non-executive Directors are Mr. Zhou Jianmin, Ms. Huang Jianling and Mr. Lai Hongyi.