



中国智能交通系统(控股)有限公司
China ITS (Holdings) Co., Ltd.

(incorporated in the Cayman Islands with limited liability)
Stock Code: 1900



2025
Interim Report

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Liao Jie (*chairman of the Board*)

Mr. Jiang Hailin (*chief executive officer*)

Independent Non-executive Directors

Mr. Zhou Jianmin

Ms. Huang Jianling

Mr. Lai Hongyi (*CICPA*)

COMPANY SECRETARY

Mr. Leung Ming Shu (*FCCA, FCPA*)

AUTHORIZED REPRESENTATIVES

Mr. Jiang Hailin

Suite 102, 1st Unit, 8th building

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China

Mr. Leung Ming Shu (*FCCA, FCPA*)

Flat 1, 3/F, Block A

Ventris Place

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Happy Valley

Hong Kong

AUDIT COMMITTEE

Mr. Lai Hongyi (*CICPA*) (*committee chairman*)

Mr. Zhou Jianmin

Ms. Huang Jianling

REMUNERATION COMMITTEE

Ms. Huang Jianling (*committee chairman*)

Mr. Lai Hongyi (*CICPA*)

Mr. Zhou Jianmin

NOMINATION COMMITTEE

Mr. Zhou Jianmin (*committee chairman*)

Ms. Huang Jianling

Mr. Lai Hongyi (*CICPA*)

REGISTERED OFFICE

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Cayman Islands

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Hong Kong

COMPANY WEBSITE

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Grand Cayman, KY1-1100

Cayman Islands

CORPORATE INFORMATION

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Suites 3301–04, 33/F
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AUDITOR

Forvis Mazars CPA Limited
Certified Public Accountants
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Wanchai
Hong Kong

LEGAL ADVISOR

Morgan, Lewis & Bockius
19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central
Hong Kong

LISTING EXCHANGE INFORMATION

Place of listing: Main Board of The Stock
Exchange of Hong Kong Limited
Stock code: 1900
Board lot: 1000 shares

PRINCIPAL BANKERS

Bank of Beijing Co., Ltd. Beijing Branch Cuiweilu sub-branch
China Guangfa Bank Co., Ltd. Beijing Branch
Yuetan sub-branch
China Minsheng Banking Corp., Ltd. Beijing Branch
Sales Department
China Construction Bank Hong Kong Branch
Shanghai Pudong Development Bank Co., Ltd. Beijing
Xuanwu sub-branch

CORPORATE INFORMATION

KEY SUBSIDIARIES

"Ahlone Power Plant"	Myanmar Ahlone Power Plant Company Limited
"Aproud Technology"	Beijing Aproud Technology Co., Ltd. (北京亞邦偉業技術有限公司)
"Beijing Jiujian"	Beijing Jiujian Technology Co., Ltd. (北京九建科技有限公司)
"CEEC"	CEECGLOBAL LIMITED (世波工程有限公司)
"CIC Information"	CIC Information Technology Company Limited
"CIC Infrastructure Industry"	CIC Infrastructure Industry Investment Limited (中智基礎產業投資有限公司)
"CIC Malaysia"	CIC Transportation Systems Technology Malaysia AND BHD
"Chengdu Zhongzhi Runbang"	Chengdu Zhongzhi Runbang Transportation Technology Co., Ltd. (成都中智潤邦交通技術有限公司)
"FOSS"	Forever Opensource Software Inc. (恒拓開源信息科技股份有限公司)
"Haotian Jiajie"	Beijing Haotian Jiajie New Energy Co., Ltd. (北京昊天佳捷新能源有限公司)
"Hlawga Power Plant"	Myanmar Hlawga GGE Power Plant Company Limited
"Hongrui Dake"	Beijing Hongrui Dake Technology Co., Ltd. (北京宏瑞達科科技有限公司)
"Jiangsu Zhongzhi Transportation"	Jiangsu Zhongzhi Transportation Technology Co., Ltd. (江蘇中智交通科技有限公司)
"Xizang Intelligent Aviation"	Xizang Intelligent Aviation Transportation Technology Co., Ltd. (西藏智航交通科技有限公司)
"Zhixun Tiancheng"	Beijing Zhixun Tiancheng Technology Co., Ltd. (北京智訊天成技術有限公司)
"Zhongtian Runbang"	Zhongtian Runbang Information Technology Co., Ltd. (中天潤邦信息技術有限公司)

FINANCIAL HIGHLIGHTS

HIGHLIGHTS OF 2025 INTERIM RESULTS

For the six-month period ended June 30, 2025 (the **"Period"** or the **"First Half of the Year"**), highlights of the results of China ITS (Holdings) Co., Ltd. (the **"Company"**) and its subsidiaries (collectively the **"Group"**) are as follows:

- The Group recorded RMB555.5 million in the First Half of the Year from the new contracts signed⁽¹⁾ as compared to RMB460.6 million for the same period last year, increased by 20.6%.
- Revenue of RMB478.7 million was generated as compared to the revenue of RMB285.1 million for the same period last year, increased by 67.9%.
- As of June 30, 2025, the Group recorded RMB1,088.1 million from backlog as compared to RMB859.7 million as at the end of the previous year, increased by 26.6% as compared to the end of the previous year.
- The Group generated gross profit of RMB246.6 million as compared to the gross profit of RMB118.7 million for the same period last year, increased by 107.8%, and recorded gross profit margin of 51.5% as compared to the gross profit margin of 41.6% for the same period last year, representing an increase of 9.9 percentage points.
- The profit attributable to owners of the parent of the Company amounted to RMB361.6 million as compared to the loss of RMB38.4 million for the same period last year.

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE OVERALL OPERATION OF THE GROUP DURING THE FIRST HALF OF THE YEAR

In the First Half of the Year, the Group recorded RMB555.5 million from new contracts signed, representing an increase of 20.6% compared to the same period last year. The Group generated revenue of RMB478.7 million, representing an increase of 67.9% compared to the same period last year, and as of June 30, 2025, the Group recorded RMB1,088.1 million from backlog, representing an increase of 26.6% compared to the end of the previous year. The Group generated gross profit of RMB246.6 million, representing an increase of 107.8% compared to the same period last year, and recorded gross profit margin of 51.5%, which increased from 41.6% for the same period last year. The profit attributable to owners of the parent of the Company amounted to RMB361.6 million for the First Half of the Year as compared to the loss of RMB38.4 million for the same period last year.

BUSINESS AND FINANCIAL REVIEW

The Group is mainly a provider of products, specialised solutions and services related to infrastructure technology in the railway, electric power and aviation 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.
- (c) Aviation business — We principally provide software development and technical services, information system integration services, operation and maintenance services to customers in aviation industry. It mainly includes: (1) for airline informatization, the Company comprehensively leverages next-generation information technologies, such as big data, cloud computing, Internet of Things (IoT) and artificial intelligence (AI), to provide integrated solutions for production operation management, marketing management and aircraft maintenance management; (2) for smart airport, the integration of technology, data and operation enables efficient, shared and intelligent airport operations. The smart airport offerings mainly include comprehensive solutions in areas such as command and dispatch, security monitoring and aviation fuel management required for integrated airport support.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

1. Steady recovery in domestic railway sector and substantial order secured from overseas market

For the railway business, with a customer-centric approach, the Group secured new contracts with a contract sum of RMB210 million in the domestic market through continuous technological innovation and service optimization during the First Half of the Year. The Group continues to maintain a high market share in products and solutions for the railway communications segment, providing a solid revenue foundation for its domestic operations.

In the First Half of the Year, the Group successfully secured the contract for the Kano-Maradi Railway Project in Nigeria (communication system equipment and technology subcontract procurement project for the Kano-Maradi Project in Nigeria), with a contract sum of RMB169 million, marking a solid step for the Group forward to the expansion to broader regions in overseas railway market under the “Belt and Road” initiative, which further broadens the geographical scope of the Group’s overseas operations and achieves breakthrough in overseas business development.

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, significant increase in revenue from power plant projects was recorded due to the increase in unit settlement price by Myanmar customers in the First Half of 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.

During the first half of 2025, “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)” completed grid connection and acceptance, and commenced operation. Additionally, in the First Half of the Year, the Group successfully secured contracts for “Shunping 11 Pairs of Service Area Distributed Photovoltaic Power Generation Project (順平11對服務區分佈式光伏發電項目)”, laying a solid foundation for the sustainable development and market expansion of the Group’s new energy business.

MANAGEMENT DISCUSSION AND ANALYSIS

3. Civil aviation business laying the foundation for the Group's diversified development

On January 1, 2025, the Group obtained the control over Forever Opensource Software Inc. ("**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.

Last year, the Company implemented a development strategy of "anchoring in civil aviation operation, fully embracing artificial intelligence and expanding into the low-altitude economy". For civil aviation sector, steady growth momentum is maintained; for artificial intelligence sector, products based on large-model technology are launched, driving business development through technological innovation; for low-altitude economy sector, product research and development and market expansion proceed simultaneously, with business operations progressing in an orderly manner.

FOSS is a company listed on the Beijing Stock Exchange (stock code: 834415).

BUSINESS OUTLOOK

1. Railway business

Focusing on cutting-edge developments in railway communication technology and digital transformation

Innovative technologies such as 5G-R, intelligent operations and maintenance and IPv6+ are increasingly becoming the core drivers propelling the digital and intelligent transformation of the railway sector. From a macro perspective, with the rapid development of the railway sector in China, the shift towards digitalization, cloud-based operations and intelligent development will accelerate. The Group will strengthen its internal capabilities and progressively increase investment in railway digital infrastructure development. 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.

Continuous business development in overseas railway market

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), which are in the progress for delivery. In the First Half of the Year, the Group successfully secured the contract for the Kano-Maradi Railway Project in Nigeria (communication system equipment and technology subcontract procurement project for the Kano-Maradi Project in Nigeria) with a contract sum of RMB169 million. As the railway sector in China continues to expand its openness and the "Belt and Road" initiative further enhances its global influence, demand for cross-border and cross-regional railway infrastructure cooperation will continue to emerge, providing ample policy support for the Group's overseas operations. Based on existing project experience and market foundations, the Group will continue to increase capital, technical expertise and talent investment in overseas railway markets, and proactively explore international cooperation opportunities to achieve large-scale and high-quality development of overseas railway business.

MANAGEMENT DISCUSSION AND ANALYSIS

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. In August 2025, the Group renewed the contract with the Ministry of Electric Power in Myanmar, with the second-phase contract expiring in January 2031. 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 implementation of “Belt and Road” initiative, the Group is actively expanding its business of overseas power plant project.

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 photovoltaic power generation business, the “Shunping 11 Pairs of Service Area Distributed Photovoltaic Power Generation Project (順平11對服務區分佈式光伏發電項目)” was successfully signed in the First Half of 2025 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

The Group will continue to 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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

Revenue

By Industry Sectors

For the First Half of the Year, the Group generated revenue as follows:

	For the six-month period ended June 30,	
	2025	2024
	RMB'000	RMB'000
Revenue by industry sectors		
Railway	164,080	143,771
Energy	248,689	141,318
Aviation	65,898	–
Total	478,667	285,089

(i) *Railway*

For the First Half of the Year, revenue of RMB164.1 million was recognised from the railway sector, representing an increase of RMB20.3 million compared to the same period last year, and increased by 14.1%.

The sector recorded RMB224.3 million from the new contracts signed, representing a decrease of RMB74.7 million as compared to the same period last year. As of the end of the Period, backlog amounted to RMB786.4 million, representing an increase of RMB57.6 million as compared to the end of the previous year.

(ii) *Energy*

For the First Half of the Year, revenue of RMB248.7 million was recognised from the energy sector, representing an increase of RMB107.4 million compared to the same period last year, and increased by 76.0%. The increase in revenue was primarily due to the increase in unit settlement price by Myanmar customer, resulting in significant increase in revenue from power plant projects in the First Half of the Year compared to the same period last year.

The sector recorded RMB242.8 million from the new contracts signed, representing an increase of RMB81.2 million compared to the same period last year, mainly due to a higher revenue growth from power plant projects in the First Half of the Year compared to the same period last year.

(iii) *Aviation*

In the First Half of the Year, revenue of RMB65.9 million was recognised from the aviation sector. In the First Half of the Year, the Group obtained the control over FOSS, contributing to the Group's diversified development.

MANAGEMENT DISCUSSION AND ANALYSIS

By Business Model

For the First Half of the Year, the Group generated revenue as follows:

	For the six-month period ended June 30,	
	2025 RMB'000	2024 RMB'000
Revenue by business model		
Products and specialised solutions	171,258	129,239
Value-added operation and services	307,409	155,850
Total	478,667	285,089

(i) *Products and specialised solutions*

In the First Half of the Year, revenue of RMB171.3 million was recognised from the products and specialised solutions business, representing an increase of RMB42.1 million or 32.6% compared to the same period last year. The increase in revenue was mainly attributable to the Group's control over FOSS during the First Half of the Year, resulting in a significant contribution from the aviation business to revenue recognised during the Period.

The sector recorded RMB234.7 million from the new contracts signed, representing a decrease of RMB60.1 million compared to the same period last year. As of the end of the Period, backlog amounted to RMB802.6 million, representing an increase of RMB107.9 million compared to the end of the previous year. The increase was mainly due to the Group's control over FOSS during the First Half of the Year, with significant contribution from backlog of the aviation business as at the end of the Period.

(ii) *Value-added operation and services*

In the First Half of the Year, value-added operations and services recognised revenue of RMB307.4 million, representing an increase of RMB151.5 million or 97.2% compared to the same period last year. The increase in revenue was mainly due to the increase in unit settlement prices by Myanmar customers, resulting in higher revenue growth from power plant projects during the First Half of the Year compared to the same period last year, as well as the Group's control over FOSS during the First Half of the Year, which resulted in significant revenue contribution from the aviation business during the Period.

In the First Half of the Year, new contracts signed for value-added operations and services amounted to RMB320.7 million, representing an increase of RMB154.9 million compared to the same period last year, mainly due to the higher revenue growth from power plant projects in the First Half of the Year compared to the same period last year, as well as the Group's control over FOSS in the First Half of the Year, with significant contribution from the new contracts signed from the aviation business during the Period. As of the end of the Period, backlog amounted to RMB285.5 million, representing an increase of RMB120.5 million compared to the end of the previous year, primarily attributable to the Group's control over FOSS in the First Half of the Year, with significant contribution from backlog of the aviation business as at the end of the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross Profit and the Gross Profit Margin

The Group generated gross profit of RMB246.6 million in the First Half of the Year, increased by RMB127.9 million compared to the same period last year. Gross profit margin increased from 41.6% for the same period last year to 51.5% for the First Half of the Year.

By Industry Sectors

	For the six-month period ended June 30,	
	2025 RMB'000	2024 RMB'000
Gross profit and the gross profit margin by industry sectors		
Railway	47,772	35,367
Gross profit margin %	29.1%	24.6%
Energy	166,635	83,321
Gross profit margin %	67.0%	59.0%
Aviation	32,152	–
Gross profit margin %	48.8%	–
Total	246,559	118,688
Gross profit margin	51.5%	41.6%

(i) Railway

For the First Half of the Year, gross profit of RMB47.8 million was recognised from the railway sector, representing an increase of RMB12.4 million compared to the same period last year. The gross profit margin was 29.1%, representing an increase of 4.5 percentage points compared to the same period last year. The increase in gross profit was mainly due to the significant increase in revenue from the sector for the First Half of the Year.

(ii) Energy

For the First Half of the Year, gross profit of RMB166.6 million was recognised from the energy sector, representing an increase of RMB83.3 million compared to the same period last year. The gross profit margin was 67.0%, representing an increase of 8 percentage points compared to the same period last year. The significant increase in gross profit and gross profit margin was mainly due to the increase in unit settlement prices by Myanmar customers, which resulted in a significant increase in the revenue from power plant projects as compared to the same period last year.

(iii) Aviation

For the First Half of the Year, gross profit of RMB32.2 million was recognised from the aviation sector, with a gross profit margin of 48.8%.

MANAGEMENT DISCUSSION AND ANALYSIS

By Business Model

	For the six-month period ended June 30,	
	2025 RMB'000	2024 RMB'000
Gross profit and the gross profit margin by business model		
Products and specialised solutions	55,752	31,156
Gross profit margin %	32.6%	24.1%
Value-added operation and services	190,807	87,532
Gross profit margin %	62.1%	56.2%
Total	246,559	118,688
Gross profit margin	51.5%	41.6%

(i) *Products and specialised solutions*

For the First Half of the Year, gross profit of RMB55.8 million was recognised from the products and specialised solutions business, representing an increase of RMB24.6 million compared to the same period last year. The gross profit margin was 32.6%, representing an increase of 8.5 percentage points compared to the same period last year. The increase in gross profit was primarily attributable to the Group's control over FOSS in the First Half of the Year, resulting in a significant contribution from aviation business during the Period.

(ii) *Value-added operation and services*

Gross profit recognised from the value-added operation and services business for the First Half of the Year was RMB190.8 million, representing an increase of RMB103.3 million compared to the same period last year. The gross profit margin was 62.1%, representing an increase of 5.9 percentage points compared to the same period last year. The significant increase in gross profit and gross profit margin was primarily due to the increase in unit settlement prices by Myanmar customers, resulting in a significant increase in revenue from power plant projects compared to the same period last year.

Other Income and Gains

For the First Half of the Year, other income and gains⁽¹⁾ were RMB370.2 million, representing an increase of RMB350.8 million compared to the same period last year. For the First Half of the Year, other income and gains mainly include: (i) the Group's control over FOSS since January 1, 2025, resulting in gain on re-measurement of fair value of FOSS as at the acquisition date amounting to approximately RMB350.2 million; (ii) rental income of approximately RMB7.8 million; (iii) interest income of approximately RMB4.8 million; (iv) gains from the sale of wealth management products of approximately RMB4.2 million; and (v) other income of approximately RMB3.2 million.

Selling, Distribution and Administrative Expenses

For the First Half of the Year, selling, distribution and administrative expenses were approximately RMB88.0 million, representing an increase of RMB32.2 million as compared to the same period last year, mainly due to the Group's control over FOSS in the First Half of the Year, the sales, distribution and administrative expenses of which amounted to approximately RMB30.9 million in the First Half of the Year.

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

MANAGEMENT DISCUSSION AND ANALYSIS

Net Impairment Losses on Financial and Contract Assets

For the First Half of the Year, net impairment losses on financial and contract assets were approximately RMB17.7 million, as compared to the net impairment losses of approximately RMB9.1 million for the same period last year.

Other Expenses

For the First Half of the Year, other expenses⁽²⁾ were RMB141.7 million, representing an increase of RMB89.5 million compared to the same period last year, mainly due to higher foreign exchange losses from electric power business in Myanmar.

Share of Gains of a Joint Venture/an Associate

For the First Half of the Year, share of gain of an associate was RMB0.3 million, as compared to loss of RMB0.7 million for the same period last year.

Profit or Loss through Fair Value Changes of Equity Investments

For the First Half of the Year, the Group's equity investments in Shenzhen Hopeland, Helios Energy Limited (stock code: HE8.AX), Xinyizu and Suzhou Huagai generated a loss of RMB0.3 million through fair value changes, as compared to the loss of RMB38.8 million for the same period last year, which included a loss of RMB28.7 million from fair value changes of FOSS. As the Group obtained control over FOSS during the First Half of the Year, the impact of FOSS is not included in the accounting for the Period. Excluding the impact of FOSS, the loss amounted to RMB10.1 million for the same period last year. The loss for the First Half of the Year decreased by RMB9.8 million as compared to the same period last year.

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 June 30, 2025, 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 RMB13.4 million, representing 0.36% 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 RMB2.69 million, representing 0.07% 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 0.14% 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 0.34% of our total assets. The gain/(loss) (including unrealized gain/(loss)) from the Group's investment in the shares of Shenzhen Hopeland, Helios Energy Limited, Xinyizu and Suzhou Huagai for the First Half of the Year were RMB(1.4) million, RMB1.1 million, Nil and Nil, respectively. During the First Half of the Year, we received dividends of Nil, Nil, Nil and Nil from 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.

⁽²⁾ Other expenses excluded gains or losses from changes in fair value of equity investments.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance Cost

Finance cost mainly comprised of interest expenses for interest-bearing bank loan. For the First Half of the Year, the finance cost was RMB6.3 million, compared to approximately RMB5.5 million in the same period last year.

Income Tax (Credit) Expenses

For the First Half of the Year, the total income tax credit were RMB4.0 million, compared to income tax expenses of RMB3.9 million for the same period last year. The significant change in income tax expenses as compared to the same period last year was primarily attributable to the recognition and reversal of temporary differences in deferred income tax assets of approximately RMB10.9 million during the First Half of the Year.

Profit for the Period

For the First Half of the Year, the net profit of the Group amounted to RMB367.0 million, compared to a net loss of RMB27.9 million in the same period last year, representing an increase in net profit of RMB394.9 million as compared to the same period last year, mainly due to the facts that: (i) the Group obtained control over FOSS on January 1, 2025, resulting in gain on re-measurement of fair value of FOSS at the acquisition date amounting to approximately RMB350.2 million; (ii) the loss from fair value changes of financial assets amounted to RMB2.5 million for the First Half of the Year, as compared to the loss from fair value changes of financial assets of RMB52.7 million for the same period last year, representing a decrease of RMB52.2 million as compared to the same period last year; and (iii) during the First Half of the Year, net profit decreased by RMB7.5 million as compared to the same period last year, mainly due to the net impact of operating factors including gross profit, other income and gains, selling and distribution expenses, administrative expenses, net impairment losses on financial and contract assets, other expenses and finance costs.

For the First Half of the Year, the profit attributable to owners of the parent of the Company amounted to RMB361.6 million as compared to the loss attributable to owners of the parent of the Company amounted to RMB38.4 million for the same period last year.

Inventory Turnover Days

The inventories of the Group mainly comprised of products and spare parts related to the railway communication. For the First Half of the Year, the inventory turnover days were 220 days (the same period last year: 230 days).

Trade Receivables Turnover Days

For the First Half of the Year, the turnover days for trade receivables were 177 days (the same period last year: 197 days).

Trade Payables Turnover Days

For the First Half of the Year, the trade payables turnover days were 166 days (the same period last year: 219 days).

MANAGEMENT DISCUSSION AND ANALYSIS

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 June 30, 2025, the Group's current interest-bearing bank borrowings amounted to RMB260.2 million (as at December 31, 2024: RMB246.1 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 RMB10.7 million (as at December 31, 2024: RMB20.5 million) which are denominated in Myanmar kyat as of June 30, 2025. The Group mainly borrows and holds cash and cash equivalents in RMB, Myanmar kyat, US dollars, and Hong Kong dollars.

As of June 30, 2025, the Group's current ratio (current assets divided by current liabilities) was 2.2 (as of December 31, 2024: 2.1). The Group's financial position remains healthy. As of June 30, 2025, the Group was in a net cash position⁽³⁾ of RMB168.3 million (as at the end of the previous year: RMB161.4 million), increased by RMB6.9 million compared to the end of the previous year. As at June 30, 2025, the Group's gearing ratio⁽⁴⁾ was -7.1%, increased by 2.6 percentage points from -9.7% 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 six-month period ended June 30, 2025, the Group did not use any derivative financial instruments to hedge its risks.

EXCHANGE RATE EXPOSURE AND HEDGING

The Group operates in Mainland China, Hong Kong, and Myanmar, and for the six-month period ended June 30, 2025, its revenue, costs, and expenses are mainly denominated in RMB, Myanmar Kyat, Hong Kong dollars, and US dollars. 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 dollars. As a result, the majority of the Group's assets and liabilities are denominated in RMB, Hong Kong dollars, Myanmar Kyat, or US dollars, 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.

For the First Half of 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.

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Contingent Liabilities

As at June 30, 2025, the Group had no material contingent liabilities.

Charges On Group Assets

As at June 30, 2025, except for the pledged deposits of approximately RMB62.2 million (as at December 31, 2024: RMB77.6 million), the Group pledged a building with a net carrying amount of approximately RMB185.5 million, real estate with an appraised value of approximately RMB68.3 million, and equity in four subsidiaries, trade receivables with a carrying amount of RMB8.0 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 RMB201.9 million, and a subsidiary's (existing and future) receivables arising from right to power supply charges in the seven service areas specified in the agreement as collaterals 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 RMB187.3 million, real estate with an appraised value of approximately RMB68.3 million, and 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). Save as disclosed above, as at June 30, 2025, the Group had no other assets charged to financial institutions.

DIRECTORS' REPORT

The board of directors (individually, a “**Director**”, or collectively, the “**Board**”) of the Company presents its report together with the unaudited consolidated results of the Group for the Period.

INTERIM DIVIDEND

The Board did not recommend the payment of an interim dividend for the Period (same period last year: nil).

REVIEW BY AUDIT COMMITTEE

The audit committee of the Company has reviewed the accounting principles and practices, the internal control and financial reporting matters of the Company, and the unaudited interim results of the Group for the Period together with the management of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

Save as disclosed below, as at June 30, 2025, none of the Directors and chief executive of the Company had any interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the “**SFO**”)) which were required to be notified to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as contained in Appendix C3 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), to be notified to the Company and the Stock Exchange:

Name of Director	Nature of interest	Securities ⁽³⁾	Approximate
			percentage of shareholdings as at June 30, 2025 ⁽³⁾
Mr. Liao Jie ⁽¹⁾	Interest of controlled corporation	105,758,203 (L)	6.15% (L)
Mr. Jiang Hailin ⁽²⁾	Beneficial owner/Interest of controlled corporation	559,669,605 (L)	32.54% (L)

Notes:

- (1) Mr. Liao Jie is deemed to be interested in the 105,758,203 Shares held by Joyful Business Holdings Limited (“**Joyful Business**”), which is wholly-owned by Mr. Liao Jie.
- (2) Mr. Jiang Hailin is entitled to exercise or control the exercise of the voting rights of 559,669,605 Shares, which were held by all the parties to the Shareholders Voting Agreements (as defined below). Mr. Jiang Hailin beneficially and directly owns 18,853,876 Shares, which are part of the 559,669,605 Shares.
- (3) (L) denotes long positions. As at June 30, 2025, the number of issued ordinary shares of the Company was 1,720,185,862.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the June 30, 2025, so far as is known to any Director or chief executive of the Company, other than a Director or chief executive of the Company, the following persons had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who is, directly or indirectly, interested in ten per cent. or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name	Capacity	Long position/ Short position	Number of Shares	Percentage to Company's issued share capital ⁽⁵⁾
Holdco ⁽¹⁾	Beneficial owner	Long position	559,669,605	32.54%
Best Partners ⁽²⁾	Interest of controlled corporation	Long position	559,669,605	32.54%
Widcom Investments Limited ⁽³⁾	Beneficial owner	Long position	117,179,000	6.81%
Jiang Dan ⁽³⁾	Interest of controlled corporation	Long position	117,179,000	6.81%
Joyful Business ⁽⁴⁾	Beneficial owner	Long position	105,758,203	6.15%

Notes:

- (1) As disclosed in the prospectus of the Company dated June 30, 2010, to facilitate the management and operation of the Company, certain major shareholders of the Company have entered into voting agreements delegating their voting rights in the Company to Holdco prior to the listing of the Company, and Holdco has been a controlling shareholder (as defined under the Listing Rules) of the Company since the listing of the Company in 2010. In connection with this arrangement and as a result of previous restructuring exercises of the Group, Holdco, Kang Yang Holdings Limited, Best Partners Development Limited, Joyful Business Holdings Limited, Delta Holdings Limited, Mr. Liao Jie, Mr. Jiang Hailin, Mr. Wang Jing, Mr. Zhang Qian, Mr. Guan Xiong, Mr. Zheng Hui and Ms. Wang Li, were parties to a series of shareholders voting agreements (the **"Shareholders Voting Agreements"**), pursuant to which each of the parties (other than Holdco) to the Shareholder Voting Agreements has authorized Holdco to exercise their voting rights in the Company on their behalves.

As at June 30, 2025, Holdco is entitled to exercise or control the exercise of the voting rights of a total of 559,669,605 Shares, representing the aggregate number of Shares held by all of the parties to the Shareholder Voting Agreements.

- (2) Holdco is wholly-owned by Best Partners therefore Best Partners is deemed to be interested in such shares held by Holdco under the SFO.
- (3) Widcom Investments Limited was controlled by Ms. Jiang Dan and therefore Ms. Jiang Dan was deemed to be interested in the 117,179,000 shares of the Company beneficially owned by Widcom Investments Limited.
- (4) Joyful Business is wholly-owned by Mr. Liao Jie. Mr. Liao Jie is the sole director of Joyful Business.
- (5) As at June 30, 2025, the number of issued ordinary shares of the Company was 1,720,185,862.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Save as disclosed in the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares" above, as at June 30, 2025, no Director or proposed director is a director or employee of a company which has an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as otherwise disclosed in this interim report, at no time during the Period, was the Company or any of its subsidiaries or its holding company or any of the subsidiaries of the Company's holding company a party to any arrangement to enable the Directors or the chief executive of the Company or their respective associates to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and none of the Directors and chief executive, or their spouse and children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during such period.

SHARE SCHEMES

2021 Share Award Scheme

The Board adopted a share award scheme (the "**2021 Share Award Scheme**") on September 16, 2021 (the "**Adoption Date**"). The purposes of the 2021 Share Award Scheme are to recognize the contributions of certain Directors, senior management and employees of the Company and its subsidiaries, or other certain eligible participant(s) (the "**Eligible Participant**") and to retain and motivate them to strive for the future development and expansion of the Group by providing them with the opportunity to acquire equity interests in the Company.

The Board may from time to time at its absolute discretion select any Eligible Participant for participation in the 2021 Share Award Scheme as selected participant(s) (the "**Selected Participant**"). Subject to the limit on the size of the 2021 Share Award Scheme as set out below, the Board may determine the number of awarded shares to be granted pursuant to any award(s) under the 2021 Share Award Scheme and at its absolute discretion select any Eligible Participant to be a Selected Participant under the 2021 Share Award Scheme, or instruct the trustee to allocate any returned shares ("**Returned Shares**"), i.e. awarded shares which are not vested and/or forfeited in accordance with the terms of the 2021 Share Award Scheme, or such Shares being deemed to be Returned Shares in accordance with the terms of the 2021 Share Award Scheme, as awarded shares to any Selected Participant(s) to satisfy any awards (other than those granted to connected persons of the Company).

Awarded shares may be acquired by the trustee by way of (i) allotment and issue of new Shares by the Company pursuant to the relevant general mandate or specific mandate granted to the Board by the shareholders of the Company in general meetings of the Company from time to time; or (ii) purchase of Shares in the open market by the trustee.

Such awarded shares shall then be held by the trustee for the Selected Participants in accordance with the provisions of the 2021 Share Award Scheme prior to vesting. The trustee shall not exercise any voting rights in respect of any Shares held under the trust (including but not limited to awarded shares, Returned Shares, any bonus Shares and scrip Shares).

DIRECTORS' REPORT

SHARE SCHEMES (continued)

2021 Share Award Scheme (continued)

The Board shall not make any further award which will result in the number of Shares administered under the 2021 Share Award Scheme to exceed in total 10% of the Company's issued share capital as at the Adoption Date. Unless approved by the shareholders of the Company in a general meeting, the maximum number of awarded shares which may be awarded to a single Selected Participant in any 12-month period shall not in aggregate exceed 1.0% of the issued share capital of the Company as at the Adoption Date.

Unless it is early terminated by the board of directors, the 2021 Share Award Scheme shall be valid and effective for a term of ten years commencing on the date of adoption and ending on 15 September 2031.

Details of the 2021 Share Award Scheme are set out in the Company's announcement dated September 16, 2021.

On November 8, 2021, the Company conditionally granted a total of 66,160,994 Awarded Shares to two Connected Award Participants pursuant to the terms of the 2021 Share Award Scheme which have been approved by the Independent Shareholders at the EGM held on December 15, 2021. 21,833,128 Awarded Shares were issued on May 30, 2022 and June 2, 2023, respectively, and 22,494,738 Awarded Shares were issued on May 29, 2024. Please refer to the Company's announcements dated November 8, 2021 and December 15, 2021 and circular dated November 29, 2021 for further details.

There are no outstanding share awards which have been granted but not vested as at January 1, 2025. No share awards had been granted, vested, lapsed or cancelled under the 2021 Share Award Scheme during the Period. As at January 1, 2025 and June 30, 2025, the total number of awards available for grant under the 2021 Share Award Scheme are 99,241,492 and 99,241,492 respectively. There is no service provider sublimit under the 2021 Share Award Scheme. The total number of Shares available for issue under the 2021 Share Award Scheme is 99,241,492 Shares, representing approximately 5.77% of the total issued Shares as at the date of this interim report. The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Period divided by weighted average number of Shares in issue (excluding any treasury Shares) for the Period is nil.

EVENTS AFTER THE REPORTING PERIOD

There was no important event affecting the Group from June 30, 2025 to the date of this report.

SIGNIFICANT INVESTMENTS

Subscription of Private Equity Fund

As disclosed in the announcements on March 24, 2023 and April 4, 2023, Xizang Intelligent Aviation Transportation Technology Co., Ltd. (an indirectly wholly-owned subsidiary of the Company), Shanghai Jiuming Investment Management Co., Ltd., and China Merchants Securities Co., Ltd. entered into a subscription agreement (the "**Subscription Agreement**"). Pursuant to the Subscription Agreement, the Subsidiary agreed to subscribe for shares in the Jiuming Zhuanxiang No. 10 Private Equity Fund (the "**Fund**"), with a principal investment amount of RMB20 million.

The Fund's investment scope covers a diversified portfolio of financial instruments within the PRC securities market. The subscription amount was settled on March 24, 2023. In accordance with applicable accounting policies, the Company classified this asset as financial assets measured at fair value (non-current) in its financial statements. On April 2, 2025, the Company redeemed all Fund shares, resulting in an actual holding loss of approximately RMB3,597,807.

Other than as disclosed above, the Group held no other significant investments during the Period. As of the date of this report, the Company has no concrete plans for future material investments or capital asset acquisitions.

DIRECTORS' REPORT

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

Acquisition of 40% Equity Interests in Beijing Zhongzhi Runbang Technology Co., Ltd.

On June 20, 2025, Beijing Aproud Technology Co., Ltd. ("**Aproud Technology**"), an indirectly wholly owned subsidiary of the Company, and Mr. Pan Jianguo (the "**Vendor**") entered into a share transfer agreement (the "**Share Transfer Agreement**"). Pursuant to the Share Transfer Agreement, Aproud Technology conditionally agreed to acquire 40% of the equity interests in Beijing Zhongzhi Runbang Technology Co., Ltd. (the "**Target Company**"), and the Vendor conditionally agreed to sell such shares, for a total consideration of RMB80 million. For further details, please refer to the Company's announcement dated June 20, 2025.

As of June 30, 2025, the Target Company had not filed an application for the registration of such share transfer.

EMPLOYMENT AND EMOLUMENT POLICIES

As at June 30, 2025, the Group had 885 full-time employees. The emolument policy of the employees of the Group is set up by the Board on the basis of individual performance, the nature and responsibilities of the individual concerned and the performance of our Group and market conditions.

In addition, the Company has adopted the 2021 Share Award Scheme as incentive for Directors, senior management and employees.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

The number of treasury shares held by the Company as at June 30, 2025 is nil.

DIRECTORS' REPORT

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 the code provisions in the CG Code throughout the Period.

DIRECTORS' SECURITIES TRANSACTIONS

The Company 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, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the Period.

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 by the Company 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 the financial reporting process and internal control systems of the Company.

The audit committee comprises three independent non-executive Directors, being Mr. Lai Hongyi, Ms. Huang Jianling and Mr. Zhou Jianmin. The audit committee is chaired by Mr. Lai Hongyi.

The audit committee has reviewed the accounting principles and practices adopted by the Group and discussed with the management of the Company on financial reporting matters including a review of the unaudited interim financial information of the Group for the Period.

REMUNERATION COMMITTEE

The Company has established a remuneration committee on June 18, 2010 with effect from the listing of the Company. The current terms of reference of the remuneration committee have been adopted on December 29, 2022 in compliance with the CG Code.

The primary duties of the remuneration committee is to evaluate and make recommendations to the Board regarding the compensation of the Directors. In addition, the remuneration committee conducts reviews of the performance, and determines the compensation structure of senior management of the Group.

The remuneration committee comprises three independent non-executive Directors, being Ms. Huang Jianling, Mr. Lai Hongyi and Mr. Zhou Jianmin. The remuneration committee is chaired by Ms. Huang Jianling.

DIRECTORS' REPORT

NOMINATION COMMITTEE

The Company established a nomination committee on June 18, 2010 with effect from the listing of the Company. The current terms of reference of the nomination committee have been adopted on March 28, 2012 in compliance with the CG Code.

The primary duty of the nomination committee is to make recommendations to the Board regarding candidates to fill vacancies on the board of directors.

The nomination committee comprises three independent non-executive Directors, being Mr. Zhou Jianmin, Ms. Huang Jianling and Mr. Lai Hongyi. The nomination committee is chaired by Mr. Zhou Jianmin.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

During the Period, there were no changes to information related to Directors of the Company that is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

On behalf of the Board of Directors

China ITS (Holdings) Co., Ltd.

Liao Jie

Chairman

Beijing, August 29, 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended June 30, 2025

	Notes	For the six-month period ended June 30,	
		2025 RMB'000 Unaudited	2024 RMB'000 Unaudited
REVENUE	4	478,667	285,089
Cost of revenue		(232,108)	(166,401)
Gross profit		246,559	118,688
Other income and gains	5	370,240	19,393
Selling, distribution and administrative expenses		(87,983)	(55,794)
Impairment of financial and contract assets, net		(17,675)	(9,119)
Other expenses		(142,056)	(91,003)
Finance costs		(6,346)	(5,490)
Share of profit (loss) of associates		280	(712)
PROFIT (LOSS) BEFORE TAX	6	363,019	(24,037)
Income tax credit (expense)	7	4,001	(3,879)
PROFIT (LOSS) FOR THE PERIOD		367,020	(27,916)
Attributable to:			
Owners of the Company		361,623	(38,393)
Non-controlling interests		5,397	10,477
		367,020	(27,916)
EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		RMB Unaudited	RMB Unaudited
Basic	8	0.21	(0.02)
Diluted	8	0.21	(0.02)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended June 30, 2025

	For the six-month period ended June 30,	
	2025	2024
	RMB'000	RMB'000
	Unaudited	Unaudited
PROFIT (LOSS) FOR THE PERIOD	367,020	(27,916)
OTHER COMPREHENSIVE (LOSS) INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(1,226)	2,436
OTHER COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(1,226)	2,436
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	365,794	(25,480)
Attributable to:		
Owners of the Company	363,837	(33,092)
Non-controlling interests	1,957	7,612
	365,794	(25,480)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Notes	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
NON-CURRENT ASSETS			
Property and equipment	10	485,894	468,469
Investment properties		68,291	68,291
Goodwill		558,200	117,798
Intangible assets		156,751	118,630
Investments in associates		215,635	284,988
Financial assets at fair value through profit or loss		50,291	70,187
Prepayments, deposits and other receivables		182	–
Deferred tax assets		1,531	–
Total non-current assets		1,536,775	1,128,363
CURRENT ASSETS			
Inventories	11	317,270	265,926
Trade and bills receivables	12	545,909	369,854
Prepayments, deposits and other receivables	13	443,609	366,847
Contract assets	14	194,241	260,501
Financial assets at fair value through profit or loss		255,117	1,629
Amounts due from related parties	21	27,619	37,696
Pledged deposits	15	62,178	77,590
Cash and cash equivalents	15	366,284	329,888
Total current assets		2,212,227	1,709,931

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2025

	Notes	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
CURRENT LIABILITIES			
Trade and bills payables	16	240,070	266,302
Contract liabilities, other payables and accruals	17	407,945	212,386
Interest-bearing bank borrowings	18	251,015	246,114
Amounts due to related parties	21	2,674	5,547
Income tax payable		104,726	105,656
Total current liabilities		1,006,430	836,005
NET CURRENT ASSETS		1,205,797	873,926
TOTAL ASSETS LESS CURRENT LIABILITIES		2,742,572	2,002,289
NON-CURRENT LIABILITIES			
Deferred tax liabilities		–	1,165
Interest-bearing bank borrowings	18	9,169	–
Other non-current payables	17	4,208	–
Total non-current liabilities		13,377	1,165
Net assets		2,729,195	2,001,124
EQUITY			
Equity attributable to owners of the Company			
Share capital	19	302	302
Reserves		2,244,986	1,880,922
		2,245,288	1,881,224
Non-controlling interests		483,907	119,900
Total equity		2,729,195	2,001,124

Liao Jie
Director

Jiang Hailin
Director

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2025

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	302	1,041,270*	202,890*	563,467*	7,782*	(209,599)*	275,112*	1,881,224	119,900	2,001,124
Profit for the period	-	-	-	-	-	-	361,623	361,623	5,397	367,020
Other comprehensive loss for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	2,214	-	2,214	(3,440)	(1,226)
Total comprehensive income for the period	-	-	-	-	-	2,214	361,623	363,837	1,957	365,794
Equity-settled share-based payments	-	-	-	227	-	-	-	227	-	227
Non-controlling interests arising from business combination	-	-	-	-	-	-	-	-	382,310	382,310
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(20,260)	(20,260)
Total transactions with owners	-	-	-	227	-	-	-	227	362,050	362,277
At June 30, 2025 (unaudited)	302	1,041,270*	202,890*	563,694*	7,782*	(207,385)*	636,735*	2,245,288	483,907	2,729,195

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2025

	Attributable to owners of the Company								Non-controlling interests	Total
	Share capital	Share premium	Statutory reserve	Capital reserve	Asset revaluation reserve	Exchange fluctuation reserve	Retained earnings	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	298	1,073,167	202,890	565,297	7,782	(174,302)	253,054	1,928,186	136,573	2,064,759
Loss for the period	-	-	-	-	-	-	(38,393)	(38,393)	10,477	(27,916)
Other comprehensive income for the period:										
Exchange differences on translation of foreign operations	-	-	-	-	-	5,301	-	5,301	(2,865)	2,436
Total comprehensive loss for the period	-	-	-	-	-	5,301	(38,393)	(33,092)	7,612	(25,480)
Equity-settled share-based payments	-	-	-	441	-	-	-	441	-	441
Grant fee received pursuant to share award scheme	4	1,357	-	-	-	-	-	1,361	-	1,361
Transfer upon vesting of the share awards	-	2,051	-	(2,051)	-	-	-	-	-	-
2023 final dividend transferred to dividends payable	-	(35,526)	-	-	-	-	-	(35,526)	-	(35,526)
Total transactions with owners	4	(32,118)	-	(1,610)	-	-	-	(33,724)	-	(33,724)
At June 30, 2024 (unaudited)	302	1,041,049	202,890	563,687	7,782	(169,001)	214,661	1,861,370	144,185	2,005,555

* These reserve accounts comprise the reserves of RMB2,244,986,000 (December 31, 2024: RMB1,880,922,000) in the condensed consolidated statement of financial position as at June 30, 2025.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2025

	For the six-month period ended June 30,	
	2025	2024
	RMB'000	RMB'000
	Unaudited	Unaudited
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit (Loss) before tax	363,019	(24,037)
Adjustments for:		
Depreciation and amortisation	34,251	30,496
Write-off of property and equipment	210	–
Equity-settled share-based payments	833	441
Gain on disposal of financial assets at fair value through profit or loss	(4,219)	(77)
Impairment of financial assets included in prepayment, other receivables and other assets	1,065	558
Impairment of trade receivables	16,290	9,205
Impairment (Reversal of impairment) of contracts assets	320	(644)
Changes in fair value of financial assets at fair value through profit or loss	2,509	52,453
Changes in fair value of financial liabilities at fair value through profit or loss	–	244
Dividend income from financial assets at fair value through profit or loss	–	(2,413)
Share of results of associates	(280)	712
Gain on re-measurement of an associate to fair value at acquisition date	(350,170)	–
Finance income	(4,841)	(4,738)
Finance costs	6,346	5,490
	65,333	67,690
Changes in assets and liabilities:		
Inventories	(24,593)	23,406
Contracts assets	71,211	25,768
Trade and bills receivables	(79,769)	7,156
Prepayments, deposits and other receivables	(61,257)	(70,077)
Amounts due from related parties	10,077	(1,457)
Pledged deposits	15,412	(21,178)
Trade and bills payables	(48,719)	(81,552)
Contract liabilities, other payables and accruals	134,043	12,735
Amounts due to related parties	(2,873)	(47)
Cash generated from (used in) operations	78,865	(37,556)
Interest paid	(6,346)	(5,490)
Interest received	4,841	4,738
Income tax (paid) refunded	(6,920)	1,392
Net cash flows generated from (used in) operating activities	70,440	(36,916)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2025

		For the six-month period ended June 30,	
	Note	2025 RMB'000 Unaudited	2024 RMB'000 Unaudited
CASH FLOWS FROM INVESTING ACTIVITIES			
Prepayment for acquisition of property and equipment		–	(7,982)
Purchases of items of property and equipment		(21,948)	(1,922)
Dividend received from investments		–	2,413
Purchases of financial assets at fair value through profit or loss		(193,181)	(7,410)
Proceeds from disposal of financial assets at fair value through profit or loss		201,867	7,830
Outflow arising on acquisition of an associate		(80,000)	–
Net inflow arising on acquisition of subsidiaries		69,371	–
Additions to other intangible assets		–	(92)
Net cash flows used in investing activities		(23,891)	(7,163)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest-bearing bank borrowings		119,313	285,066
Repayment of interest-bearing bank borrowings		(112,106)	(275,768)
Dividend distributed by an associate		4,000	–
Dividend paid to non-controlling interests		(20,260)	–
Grant fee received pursuant to share award scheme		–	1,361
Net cash flows (used in) generated from financing activities		(9,053)	10,659
Net increase (decrease) in cash and cash equivalents		37,496	(33,420)
Effect of foreign exchange rate changes, net		(1,100)	1,663
Cash and cash equivalents at beginning of period		329,888	483,768
CASH AND CASH EQUIVALENTS AT END OF PERIOD	15	366,284	452,011

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

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 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 (i) a provider of products, specialised solutions and services related to infrastructure technology in the railway and electric power sectors, (ii) a provider of energy related management and services. During the period, after the acquisition of Forever Opensource, the Group commences a business for (iii) provision of software technology development and technical consulting services to large-scale customers in the aviation industry, manufacturing industry and government.

The main businesses of the Group are (i) railway business, (ii) energy business and (iii) aviation business, details please refer to note 3 to the unaudited interim condensed consolidated financial statements.

2. BASIS OF PRESENTATION AND CHANGES IN ACCOUNTING POLICIES

Basis of presentation

The unaudited interim condensed consolidated financial statements of the Group for the six-month period ended June 30, 2025 have been prepared in accordance with International Accounting Standard (“**IAS**”) 34 *Interim Financial Reporting* and the disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements of the Group do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended December 31, 2024. The unaudited interim condensed consolidated financial statements are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousands, except when otherwise indicated.

Impact of new/amended International Financial Reporting Standards (“**IFRS**”)

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2024, except for the adoption of following new/revised IFRSs that are effective for the Group’s financial year beginning on January 1, 2025.

Amendments to IAS 21

Lack of Exchangeability

The adoption of the new/revised IFRS did not result in substantial changes to the Group’s accounting policies and amounts reported for the six-month period ended June 30, 2025 and prior years.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

3. OPERATING SEGMENT INFORMATION

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; and 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.

(iii) Aviation Business

Provision of software technology development and technical consulting services to large-scale customers in the aviation industry, manufacturing industry and government.

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, changes in fair value of financial assets at fair value through profit or loss, gain on re-measurement of an associate to fair value at acquisition date as well as head office and corporate income and expenses are excluded from this measurement.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

3. OPERATING SEGMENT INFORMATION (continued)

For the six-month period ended June 30, 2025 (Unaudited)	Railway business RMB'000	Energy business RMB'000	Aviation business RMB'000	Total RMB'000
Segment revenue (note 4)				
Sales to external customers	164,080	248,689	65,898	478,667
Segment results	22,475	4,094	1,281	27,850
<i>Reconciliation:</i>				
Finance income				4,841
Finance costs				(6,346)
Changes in fair value of financial assets at fair value through profit or loss				(2,509)
Gain on re-measurement of an associate to fair value at acquisition date				350,170
Impairment of financial and contract assets, net				(17,675)
Corporate and other unallocated expenses				6,688
Profit before tax				363,019
Other segment information:				
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	4,219
Share of profit (loss) of associates	(708)	–	988	280
Depreciation and amortisation	(5,521)	(25,865)	(2,865)	(34,251)
Capital expenditure*	(901)	(19,905)	(1,142)	(21,948)

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

3. OPERATING SEGMENT INFORMATION (continued)

For the six-month period ended June 30, 2024 (Unaudited)	Railway business RMB'000	Energy business RMB'000	Total RMB'000
Segment revenue (note 4)			
Sales to external customers	143,771	141,318	285,089
Segment results	10,599	25,433	36,032
<i>Reconciliation:</i>			
Finance income			4,738
Finance costs			(5,490)
Changes in fair value of financial assets at fair value through profit or loss			(52,453)
Changes in fair value of financial liabilities at fair value through profit or loss			(244)
Gain on disposal of financial assets at fair value through profit or loss			77
Dividend income from financial assets at fair value through profit or loss			2,413
Impairment of financial and contract assets, net			(9,119)
Corporate and other unallocated expenses			9
Loss before tax			(24,037)
Other segment information:			
Share of loss of an associate	(712)	–	(712)
Depreciation and amortisation	(5,471)	(25,025)	(30,496)
Capital expenditure*	(37)	(9,959)	(9,996)

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

4. REVENUE

An analysis of revenue is as follows:

	For the six-month period ended June 30, 2025	
	RMB'000	2024 RMB'000
	Unaudited	Unaudited
Revenue from contracts with customers within IFRS 15	478,667	285,089

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

4. REVENUE (continued)

(i) Disaggregated revenue information

Segments	For the six-month period ended June 30,	
	2025 RMB'000 Unaudited	2024 RMB'000 Unaudited
Type of goods or services		
Sale of products and provision of specialised solutions	171,258	129,239
Maintenance services	39,145	19,181
Power supply	242,762	136,669
Software development and technical services	25,502	–
Total revenue from contracts with customers	478,667	285,089
Geographical markets		
Mainland China	230,711	143,442
Others	247,956	141,647
Total revenue from contracts with customers	478,667	285,089
Timing of revenue recognition		
Goods and services transferred at a point in time	56,622	55,549
Goods and services transferred over time	422,045	229,540
Total revenue from contracts with customers	478,667	285,089

5. OTHER INCOME AND GAINS

	For the six-month period ended June 30,	
	2025 RMB'000 Unaudited	2024 RMB'000 Unaudited
Dividend income from financial assets at fair value through profit or loss	–	2,413
Finance income	4,841	4,738
Gain on disposal of financial assets at fair value through profit or loss	4,219	77
Gross rental income	7,812	10,946
Gain on re-measurement of an associate to fair value at acquisition date (Note 22(a))	350,170	–
Others	3,198	1,219
	370,240	19,393

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

6. PROFIT (LOSS) BEFORE TAX

The Group's profit (loss) before tax is arrived at after charging/(crediting):

	For the six-month period ended June 30,	
	2025	2024
	RMB'000	RMB'000
	Unaudited	Unaudited
Cost of inventories	154,988	112,775
Depreciation	22,321	19,852
Amortisation of intangible assets, included in selling, distribution and administrative expenses	11,930	10,644
	34,251	30,496
Wages and salaries	65,515	21,831
Pension scheme contributions (defined contribution scheme)	1,997	2,010
Social insurance costs and staff welfare	10,478	3,438
Impairment of trade receivables	16,290	9,205
Impairment (Reversal of impairment) of contract assets	320	(644)
Impairment of financial assets included in prepayments, deposits and other receivables	1,065	558
Short-term lease payments	3,799	3,153
Changes in fair value of financial assets at fair value through profit or loss	2,509	52,453
Changes in fair value of financial liabilities at fair value through profit or loss	–	244
Write-off of property and equipment	210	–
Gain on disposal of financial assets at fair value through profit or loss	(4,219)	(77)
Rental income on investment properties	(7,812)	(10,946)
Exchange losses, net	139,174	38,164

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

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% (June 30, 2024: 9%) and subsidiaries in other areas of Mainland China are subject to PRC Enterprise Income Tax at a rate of 25% (June 30, 2024: 25%) on their respective taxable income, except for those subsidiaries which are qualified as High and New Technology Enterprises and are entitled to 15% (June 30, 2024: 15%) preferential income tax rate.

According to 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 exempted from the above-mentioned withholding tax. As at June 30, 2025, no deferred tax liabilities (June 30, 2024: 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 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 six-month period ended June 30, 2025 (June 30, 2024: nil), as the Group had no assessable profits arising in Hong Kong for the period.

Subsidiaries incorporated in Myanmar are subject to Corporate Income Tax at a rate 25% (June 30, 2024: 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% (June 30, 2024: 2.5%) on the service income earned in Myanmar.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

7. INCOME TAX (continued)

The major components of income tax (credit) expense are as follows:

	For the six-month period ended June 30,	
	2025	2024
	RMB'000	RMB'000
	Unaudited	Unaudited
Current income tax:		
PRC Enterprise Income Tax		
— Provision for the period	5,502	2,168
— Under-provision in prior years	2	2,077
Myanmar Corporate Income Tax	1,326	4,197
	6,830	8,442
Deferred income tax:		
Origination and reversal of temporary differences	(10,831)	(4,563)
Income tax (credit) expense	(4,001)	3,879

8. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings (loss) per share

The calculation of the basic earnings (loss) per share is based on the profit for the period attributable to owners of the Company of RMB361,623,000 (June 30, 2024: Loss of RMB38,393,000), and the weighted average number of 1,720,185,862 (June 30, 2024: 1,697,814,721) ordinary shares outstanding during the six-month period ended June 30, 2025.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

8. EARNINGS (LOSS) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(continued)

Diluted earnings (loss) per share

No adjustment had been made to the basic earnings per share presented for the six-month period ended June 30, 2025 as there were no potential dilutive shares in issue during the period.

No adjustment had been made in respect of the outstanding share awards to the basic loss per share presented for the six-month period ended June 30, 2024 as the outstanding share awards had an anti-dilutive effect on the amount presented.

9. DIVIDENDS

No interim dividend was declared or proposed by the Company for the six-month period ended June 30, 2025 (June 30, 2024: nil).

10. PROPERTY AND EQUIPMENT

During the six-month period ended June 30, 2025, the Group purchased equipment with a cost of RMB21,948,000 (June 30, 2024: RMB1,922,000).

11. INVENTORIES

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Materials, parts and equipment	289,429	265,926
Contract costs	27,841	–
	317,270	265,926

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

12. TRADE AND BILLS RECEIVABLES

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Trade receivables	685,559	467,981
Impairment	(155,482)	(129,494)
	530,077	338,487
Bills receivable	15,832	31,367
	545,909	369,854

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:

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Less than 6 months	166,737	48,984
6 months to 1 year	193,734	162,525
1 year to 2 years	87,851	59,109
2 years to 3 years	41,930	30,737
Over 3 years	39,825	37,132
	530,077	338,487

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

12. TRADE AND BILLS RECEIVABLES (continued)

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

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
At beginning of period/year	129,494	94,672
Exchange realignment	(2)	–
Impairment	16,290	35,148
Business combinations	10,313	–
Write-off	(613)	(326)
At end of period/year	155,482	129,494

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2024 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Prepayments to suppliers for purchases of goods (net of loss allowance of RMB2,941,000 (2024: RMB2,940,000))	248,661	216,014
Loan receivables (note a) (net of loss allowance of RMB8,000,000 (2024: RMB8,180,000))	95,105	82,326
Tender deposits	3,481	4,934
Contract deposits (net of loss allowance of RMB569,000 (2024: RMB569,000))	15,798	13,124
Advances to staff (net of loss allowance of RMB2,658,000 (2024: RMB2,658,000))	14,597	7,372
Tax refundable for export sale (of machinery)	11,789	12,019
Others (net of loss allowance of RMB82,021,000 (2024: RMB81,848,000))	54,178	31,058
	443,609	366,847

Note:

a. The balance comprises:

- (i) Loan of RMB8,000,000 (2024: RMB8,000,000) to an independent third party which is repayable on demand (2024: same), bears interest at a rate of 10% per annum and is secured by the pledge of land use right and properties;
- (ii) Loans of RMB36,030,000 (2024: RMB26,210,000) to independent third parties which bear interest at rates ranging from 5% to 18% per annum (2024: from 6% to 18% per annum) and are secured by personal guarantees; and
- (iii) Unsecured loans of RMB59,075,000 (2024: RMB56,296,000) to independent third parties which are interest-free and repayable in 2025 (2024: 2025).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The movements in the impairment of prepayments, deposits and other receivables are as follows:

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
At beginning of period/year	95,445	95,565
Impairment (Reversal of impairment)	1,065	(507)
Business combinations	1,055	–
(Write-off) Reversal of write-off	(1,376)	387
At end of period/year	96,189	95,445

14. CONTRACT ASSETS

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Contract assets	227,283	292,826
Impairment	(33,042)	(32,325)
	194,241	260,501

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

15. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Cash and bank balances	366,284	329,888
Pledged deposits		
— Current deposits	62,178	77,590
	428,462	407,478
Less: Pledged deposits with/for		
— Letter of guarantee for projects	(57,757)	(57,757)
— Restricted cash	(1,676)	(3,516)
— Letter of credit	(1,071)	(3,883)
— Others	(1,674)	(12,434)
Cash and cash equivalents	366,284	329,888

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The cash and bank balances and pledged and fixed deposits denominated in RMB held by the Group in Mainland China amounted to RMB378,909,000 as at June 30, 2025 (December 31, 2024: RMB392,635,000). In Mainland China, RMB is not freely convertible into other currencies. However, under PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

16. 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:

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Current or less than 1 year	101,994	132,952
1 to 2 years	31,918	39,695
Over 2 years	106,158	93,655
	240,070	266,302

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

17. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Accrued purchase	1,836	1,884
Business advance deposits	8,285	6,509
Contract liabilities	290,039	129,287
Staff costs and welfare accruals	28,272	20,220
Other taxes payable	39,111	20,132
Others	44,610	34,354
	412,153	212,386
Less: Others -non-current portion	(4,208)	–
	407,945	212,386

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

18. INTEREST-BEARING BANK BORROWINGS

	June 30, 2025		December 31, 2024	
	Effective Interest rate %	RMB'000 Unaudited	Effective Interest rate %	RMB'000 Audited
Current				
Short term bank loans — secured	Note (i)	199,435	Note (i)	206,184
Factoring loan	2.38–5.80	49,689	3.45	34,900
Bills receivable discounted or endorsed	0–2.35	1,891	0–2.35	5,030
		251,015		246,114
Long term bank loans — secured	3.68	9,169	–	–
		260,184		246,114

Note:

(i) The below is the analysis of interest rates of the short-term bank loans:

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Fixed rate at 10%	10,659	20,549
Fixed rate at 15%	18,766	–
Floating rate at loan prime rate (1 year) set by the People's Bank of China ("PBOC LPR")	35,500	35,500
PBOC LPR plus 30 basis point	10,010	–
PBOC LPR plus 75 basis point	–	9,785
PBOC LPR less 40 basis point	124,500	84,500
PBOC LPR less 5 basis point	–	55,850
	199,435	206,184

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

19. SHARE CAPITAL

	June 30, 2025 HK\$'000		December 31, 2024 HK\$'000	
Authorised 1,900,000,000 ordinary shares of HK\$0.0002 each		380		380
Issued and fully paid (ordinary shares of HK\$0.0002 each):	June 30, 2025		December 31, 2024	
	No. of Shares	RMB'000 Unaudited	No. of Shares	RMB'000 Audited
At 1 January	1,720,185,862	302	1,697,691,124	298
New shares issued (note (i))	–	–	22,494,738	4
At 30 June/31 December	1,720,185,862	302	1,720,185,862	302

Note:

- (i) During the year ended December 31, 2024, the Company issued 22,494,738 ordinary shares to two connected award participants pursuant to the Share Award Scheme (note 20).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

20. SHARE COMPENSATION SCHEME SHARE AWARD SCHEME

The Company adopted the share award scheme (the “Share Award Scheme”) on September 16, 2021.

On November 8, 2021, the Company conditionally granted a total of 66,160,994 awarded shares to two connected award participants pursuant to the terms of the Share Award Scheme, which was approved by independent shareholders of the Company in the extraordinary general meeting held on December 15, 2021. The 66,160,994 awarded shares will be allotted and issued to the trustee prior to each vesting of the tranches of the awarded shares, respectively, and the trustee will hold such shares on trust for the connected award participants in accordance with the Share Award Scheme until such shares are transferred to the relevant connected award participants upon vesting. The trustee will not have any voting right and the awarded shares held by the trustee on trust for the connected award participants will not be counted as shares held by the public. The awarded shares shall be vested in three tranches in accordance with the following dates of the vesting schedule:

Name of connected award participants	Vesting dates and number of awarded shares to be vested in			Grant fee
	First tranche June 30, 2022	Second tranche June 30, 2023	Third tranche June 28, 2024	
Mr. Luo Haibin	8,187,423	8,187,423	8,435,527	Nil
	8,187,423	8,187,423	8,435,527	HK\$0.13 per awarded share
	16,374,846	16,374,846	16,871,054	
Mr. Mou Yi	2,729,141	2,729,141	2,811,842	Nil
	2,729,141	2,729,141	2,811,842	HK\$0.13 per awarded share
	5,458,282	5,458,282	5,623,684	
	21,833,128	21,833,128	22,494,738	

The third tranche of the awarded shares was fully vested on June 28, 2024 and 22,494,738 awarded shares were issued during the six-month period ended June 30, 2024.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

21. RELATED PARTY TRANSACTIONS

In addition to the transactions or balances as detailed elsewhere in the unaudited interim condensed consolidated financial statements, the Group had the following major transactions with related parties during the six-month period ended June 30, 2025:

	Note	For the six-month period ended June 30,	
		2025 RMB'000 Unaudited	2024 RMB'000 Unaudited
Rental income and recharge of expenses			
Beijing United Trust Technical Services Co., Ltd*	(i)	659	674
eSOON Information Technology Co., Ltd*	(i)	561	524
King Victory and its affiliates	(i)	1,480	1,549
Vision (China) Cultural Development Co., Ltd*	(i)	3,566	3,481
Beijing Zhongzhi Runbang Technology Co., Ltd.*	(i)	23	–
		6,289	6,228

Note:

- (i) The rental income and recharge of expenses arose from the rental of the Group's office buildings and were based on prices mutually agreed by both parties.

	June 30, 2025 RMB'000 Unaudited	December 31, 2024 RMB'000 Audited
Due from related parties		
Associate	12,488	10,037
Joint operation	10,567	21,631
King Victory and its affiliates	4,564	6,028
Total	27,619	37,696
Due to related parties		
Associate	–	69
Beijing United Trust Technical Services Co., Ltd*	297	643
eSOON Information Technology Co., Ltd*	448	378
Joint Venture	–	2,033
Vision (China) Cultural Development Co., Ltd*	1,929	2,424
	2,674	5,547

The amounts due are unsecured, non-interest bearing and repayable on demand.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

21. RELATED PARTY TRANSACTIONS (continued)

Compensation of key management personnel of the Group

	For the six-month period ended June 30,	
	2025	2024
	RMB'000	RMB'000
	Unaudited	Unaudited
Fees	695	456
Salaries, bonuses, allowances and benefits in kind	1,144	1,140
Pension plan contributions	102	98
Equity-settled share-based payment expenses	227	441
Total compensation paid to key management personnel	2,168	2,135

* Translated for identification purposes

22. BUSINESS COMBINATIONS

Forever Opensource Software Inc. ("Forever Opensource")

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

Taking into consideration the terms of 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 Forever Opensource. Therefore, the Group determines that it has control over Forever Opensource, despite holding only 27.2% equity interest. As a result, Forever Opensource has become a subsidiary of the Company with effect from January 1, 2025 (the "**Acquisition**").

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

22. BUSINESS COMBINATIONS (continued)

Forever Opensource Software Inc. (“Forever Opensource”) (continued)

Since Acquisition, Forever Opensource contributed RMB65,898,000 to the Group’s revenue and RMB5,068,000 to the consolidated profit for the six-month period ended June 30, 2025. Since the combination was completed at the beginning of the period, the revenue of the Group and the profit of the Group for the six-month period would have been RMB478,667,000 and RMB367,020,000, respectively.

The Group accounted for the Acquisition on a provisional basis. The amounts recognised as of the date of the Acquisition for each class of assets acquired and liabilities assumed have not been disclosed, as the initial accounting for the Acquisition has not been completed as of the date of approval of these condensed consolidated financial statements. The Group will adjust the provisional amounts recognised during the measurement period, based on new information obtained about the facts and circumstances that existed as at the date of Acquisition, and ends on 12 months from the date of the Acquisition.

23. ACQUISITION OF AN ASSOCIATE

Beijing Zhongzhi Runbang Technology Co., Ltd (“Beijing Runbang”)

On June 20, 2025, the Group entered into an equity transfer agreement with a vendor, pursuant to which, the Group shall acquire 40% of the equity interest of Beijing Runbang at the total consideration of RMB80 million. The vendor warrants to the Group that in respect of two years ending December 31, 2026 (the “**Guarantee Period**”), (i) the Beijing Runbang’s net profit for the year ending 31 December 2025 shall be no less than RMB22.0 million; and (ii) the cumulative total net profit of Beijing Runbang for the Guarantee Period shall be no less than RMB46.2 million (the “**Performance Targets**”). If the Performance Targets during the Guarantee Period are not achieved, the Group is entitled to compensation, details of which are set out in the Company’s announcement dated June 20, 2025.

Beijing Runbang is a company established in the PRC with limited liability and its principal activities comprise railway intelligent operation and maintenance and system.

24. PLEDGE OF ASSETS

Certain bank borrowings were secured by a building, an investment property and a certain amount of trade receivables and machinery and equipment of the Group. Details of the Group’s assets pledged for the Group’s bills receivable discounted or endorsed, are included in note 15 to the condensed consolidated financial statements.

25. CAPITAL COMMITMENTS

As at June 30, 2025, the Group did not have any significant commitment (December 31, 2024, nil).

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

26. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management of the Group.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments measured at fair value as at June 30, 2025 and December 31, 2024:

As at June 30, 2025 (Unaudited)	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	2,691	268,520	34,197	305,408

As at December 31, 2024 (Audited)	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through profit or loss	1,577	35,114	35,125	71,816

Movements in level 3 fair value measurements

During the six-month period ended June 30, 2025 and the year ended December 31, 2024, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3. The movements of the Level 3 investments during the period/year represent the changes in fair value which were recognised in profit or loss for the period/year.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended June 30, 2025

26. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Quantitative information of the significant unobservable inputs used in level 3 fair value measurements

The fair values of unlisted equity investments at fair value through profit or loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and calculates an appropriate price multiple, such as enterprise value to sales (“**EV/Sales**”) multiple for each comparable company identified. The multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value.

	Fair value at		Significant unobservable input	Range of inputs		Relationship of unobservable input to fair value
	June 30, 2025	December 31, 2024		June 30, 2025	December 31, 2024	
	RMB'000 Unaudited	RMB'000 Audited		RMB'000 Unaudited	RMB'000 Audited	
Investment in unlisted companies, limited partnership measured at FVTPL	32,568	33,496	Latest new major investor's price	10% to 220%	11% to 220%	The higher the latest investor's price, the higher the fair value
			EV/Sales multiple	3.09X	3.09X	The higher the multiple, the higher the fair value
			Net asset value	–30%	–30%	The lower the net asset value, the lower the fair value
	32,568	33,496				

27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 29, 2025.