CIC®

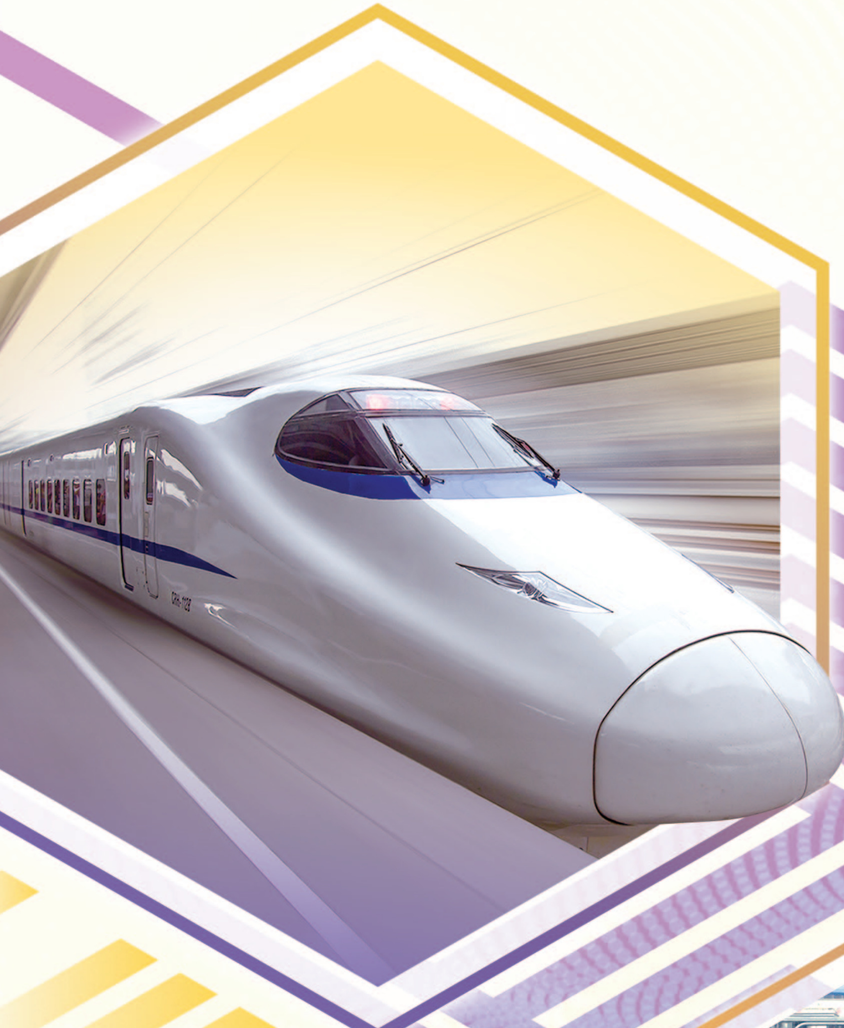
中国智能交通系统(控股)有限公司
China ITS (Holdings) Co., Ltd.

(incorporated in the Cayman Islands with limited liabilty)

Stock Code: 1900

ANNUAL REPORT

2024



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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 *(appointed on December 13, 2024)*
Mr. Lai Hongyi *(CICPA) (appointed on December 13, 2024)*
Mr. Ye Zhou *(resigned on December 13, 2024)*
Mr. Wang Dong *(resigned on December 13, 2024)*

COMPANY SECRETARY

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

AUTHORIZED REPRESENTATIVES

Mr. Jiang Hailin
Suite 102, 1st Unit, 8th building
1 Balizhuang Beili, Haidian District
Beijing
China

Mr. Leung Ming Shu *(FCCA, FCPA)*
Flat 1, 3/F, Block A
Ventris Place
19–23 Ventris Road
Happy Valley
Hong Kong

AUDIT COMMITTEE

Mr. Lai Hongyi *(CICPA) (committee chairman)*
(appointed on December 13, 2024)
Mr. Zhou Jianmin
Ms. Huang Jianling *(appointed on December 13, 2024)*
Mr. Ye Zhou *(resigned on December 13, 2024)*
Mr. Wang Dong *(resigned on December 13, 2024)*

REMUNERATION COMMITTEE

Ms. Huang Jianling *(committee chairman)*
(appointed on December 13, 2024)
Mr. Lai Hongyi *(CICPA) (appointed on December 13, 2024)*
Mr. Zhou Jianmin
Mr. Ye Zhou *(resigned on December 13, 2024)*
Mr. Wang Dong *(resigned on December 13, 2024)*

NOMINATION COMMITTEE

Mr. Zhou Jianmin *(committee chairman)*
Ms. Huang Jianling *(appointed on December 13, 2024)*
Mr. Lai Hongyi *(CICPA) (appointed on December 13, 2024)*
Mr. Ye Zhou *(resigned on December 13, 2024)*
Mr. Wang Dong *(resigned on December 13, 2024)*

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

Building 204, No. A10,
Jiuxianqiao North Road,
Chaoyang District
Beijing 100015, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

8/F., Golden Star Building
20–24 Lockhart Road
Wanchai
Hong Kong

COMPANY WEBSITE

www.its.cn

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A
Block 3, Building D
P.O. Box 1586
Gardenia Court
Camana Bay
Grand Cayman, KY1-1100
Cayman Islands

Corporate Information

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
Suites 3301–04, 33/F
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

AUDITOR

Forvis Mazars CPA Limited
(formerly known as Mazars CPA Limited)
Certified Public Accountants
42/F., Central Plaza
18 Harbour Road
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. (北京九建技術有限公司)
"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)
"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 2024 ANNUAL RESULTS

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

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

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

Financial Summary

A summary of backlog information, financial performance, financial position and financial ratios of the Group over the last five financial years is set out below:

1. BACKLOG INFORMATION

	Year ended December 31,				
RMB'000	**2024**	2023	2022	2021	2020
New contracts signed	**960,665**	952,384	623,060	759,976	982,899

	As at December 31,				
RMB'000	**2024**	2023	2022	2021	2020
Backlog	**859,734**	675,097	594,977	729,131	797,034

2. FINANCIAL PERFORMANCE

	Year ended December 31,				
RMB'000	**2024**	2023	2022	2021	2020
Revenue	**819,787**	857,395	714,424	740,293	930,536
Gross profit	**305,269**	331,685	259,263	267,323	191,511
Profit/(loss) attributable to owners of parent	**22,058**	137,197	48,490	74,519	(177,104)

3. FINANCIAL POSITION

	As at December 31,				
RMB'000	**2024**	2023	2022	2021	2020
Total assets	**2,838,294**	3,097,851	2,841,190	3,055,589	3,483,207
Net assets	**2,001,124**	2,064,759	1,895,533	1,854,446	1,837,384
Net cash position(1)	**161,364**	248,566	177,346	33,425	(183,820)

Notes:

(1) Net cash position refers to cash and cash equivalents plus pledged deposits minus interest-bearing bank borrowings.

(2) Details of the above financial information are set out in Management Discussion and Analysis section on page 12 to page 19.

4. FINANCIAL RATIOS

	For the year ended/As at December 31,				
RMB'000	**2024**	2023	2022	2021	2020
Sales cycle ratios:					
Trade receivables turnover days (days)[1]	**183**	197	325	344	328
Contract assets/contract liabilities turnover days (days)[2]	**21**	-20	-30	-3	20
Combined trade receivables and contract assets/ contract liabilities turnover days (days)	**204**	177	295	341	348
Other ratios:					
Trade payables turnover days (days)[3]	**335**	309	247	237	171
Current ratio (times)[4]	**2.1**	1.9	1.9	1.8	1.5
Gearing ratio (%)[5]	**-9.7%**	-12.7%	-10.7%	-3.3%	8.0%
Return on assets (%)[6]	**0.8%**	4.4%	1.7%	2.4%	-5.1%
Return on equity (%)[7]	**1.1%**	6.6%	2.6%	4.0%	-9.6%

Notes:

(1) Trade receivables turnover days refers to average trade receivables divided by revenue multiples 365 days.

(2) Contract assets/contract liabilities turnover days refers to average contract assets minus contract liabilities divided by revenue multiples 365 days.

(3) Trade payables turnover days refers to average trade payables divided by cost of sales multiples 365 days.

(4) Current ratio refers to current assets divided by current liabilities.

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

(6) Return on assets refers to profit attributable to owners of parent divided by total assets as at balance sheet date.

(7) Return on equity refers to profit attributable to owners of parent divided by total equity as at balance sheet date.

(8) Details of the above financial information are set out in Management Discussion and Analysis section on page 12 to page 19.

Chairman's Statement

OVERVIEW OF THE OVERALL OPERATION OF THE GROUP DURING THE YEAR

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

BUSINESS AND FINANCIAL REVIEW

The Group is mainly a provider of products, specialised solutions and services related to infrastructure technology in the railway and electric power sectors, and of contract energy management to customers. The main businesses of the Group are as follows:

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

(b) Energy business — We provide products and specialised solutions related to electric power equipment for customers in the electric power infrastructure construction area. It mainly includes power transmission and transformation equipment, and power generation equipment, etc. According to customers' needs, we also provide planning and technical consulting services of the infrastructure construction in relation to electric power such as power plant construction and power grid renovation, value-added operation and services related to power plant investment, construction and operation etc., and contract energy management to customers.

Chairman's Statement

Business Review

1. Multi-directional development of the railway business

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

2. Steady growth of the energy business

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

As regards the new energy business, the Group actively responded to the government's call for energy conservation and emission reduction and was committed to moving towards the goal of carbon peaking and carbon neutrality, and has made significant progress. The "2023 Contract Energy Management Project through Energy Saving and Upgrading by LED Lighting Fixtures for the Communal Area of Beijing Metro Line 6 (East Extension) and Metro Line 7 Station (2023年北京地鐵6號線東延與地鐵7號線車站公共區照明燈具LED節能提級治理合同能源管理項目)", the bid of which was won by the Group, has entered into the operation stage, marking a solid step of the Group in promoting green and low-carbon development. In the Year, the Group also successfully won the bidding for the projects such as the "Renqiu East and Other 12 Pairs of Service Area Distributed Photovoltaic Power Generation Project (任丘東等12對服務區分佈式光伏發電項目)", the "Contract Energy Management Project on Ventilation and Air Conditioning System of Zhengzhou Rail Transit Existing Line Stations (Contract Package 02) (鄭州市軌道交通既有線車站通風空調系統合同能源管理項目02合同包)", and the "Energy Saving and Renovation Project on Ventilation and Air Conditioning of Tianjin Metro Line 1 (East Extension) (天津地鐵一號線東延線通風空調節能改造項目)", laying a solid foundation for the sustainable development and market expansion of the Group's new energy business and further demonstrating the Group's determination and strength in promoting green and low-carbon transformation.

Chairman's Statement

BUSINESS OUTLOOK

1. Railway business

Embracing the digital transformation of the domestic railway market

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

Focusing on the development of the overseas railway business

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

2. Energy business

Maintaining the stable development of the electric power business

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

Active expansion into the new energy business

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

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

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

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

3. Aviation business

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

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

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

LIAO JIE
Chairman

Beijing, March 31, 2025

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

By Industry Sectors

For the Year, the Group generated revenue as follows:

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

(i) *Railway*

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

(ii) *Energy*

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

By Business Model

For the Year, the Group generated revenue as follows:

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

(i) Products and specialised solutions

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

(ii) Value-added operation and services

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

Management Discussion and Analysis

Gross Profit and the Gross Profit Margin

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

By Industry Sectors

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

(i) *Railway*

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

(ii) *Energy*

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

By Business Model

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

(i) *Products and specialised solutions*

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

(ii) *Value-added operation and services*

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

OTHER INCOME AND GAINS

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

SELLING, DISTRIBUTION AND ADMINISTRATIVE EXPENSES

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

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

OTHER EXPENSES

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

SHARE OF PROFITS OF A JOINT VENTURE/ASSOCIATES

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

PROFIT OR LOSS THROUGH FAIR VALUE CHANGES OF EQUITY INVESTMENTS

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

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

FINANCE COST

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

INCOME TAX EXPENSES

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

PROFIT FOR THE YEAR

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

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

INVENTORY TURNOVER DAYS

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

TRADE RECEIVABLES TURNOVER DAYS

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

TRADE PAYABLES TURNOVER DAYS

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

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 December 31, 2024, the Group's current interest-bearing bank borrowings amounted to RMB246.1 million (as at December 31, 2023: RMB275 million), which bore interest at fixed rates, at the People's Bank of China loan prime rate, and at the People's Bank of China loan prime rate minus certain basis points, respectively.

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

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

FINANCIAL POLICY

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

EXCHANGE RATE EXPOSURE AND HEDGING

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

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

[3] Net cash included cash and cash equivalents, interest-bearing bank borrowings and pledged deposits.

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

CONTINGENT LIABILITIES

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

CHARGES ON GROUP ASSETS

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

Report of the Directors

The Board presents its report together with the audited consolidated results of the Group for the year ended December 31, 2024.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is mainly a provider of products, specialised solutions and services related to infrastructure technology in the PRC and overseas. Details of the activities of the subsidiaries of the Company are set out in note 1 to the consolidated financial statements on pages 64 to 66.

RESULTS AND DIVIDEND

The consolidated results of the Group for the year ended December 31, 2024 are set out on page 56 of this annual report.

The Board recommended that no dividend for the year ended December 31, 2024 (same period last year: HKD0.0227 per ordinary share).

BUSINESS REVIEW

The business review of the Group as at December 31, 2024 is set out under the section headed "Management Discussion and Analysis" of this annual report on pages 12 to 19.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, some of which are inherent to the fashion business and some are from external sources. The Group's major risks are summarized as below:

Uncertainty in relation to public spending on transportation infrastructure

The Group's business strategy depends on the PRC government's public spending on transportation infrastructure. Our major customers include PRC public institutions, which are public services institutions set up by the government or other organizations using state-owned assets, and state-owned enterprises. The Group is therefore exposed to changes in public works budgets of the PRC government.

Risk of project delays

The Group faces risks associated with cost overrun for projects. A significant amount of the Group's contracts require it to complete a project for a fixed price within a fixed period of time which exposes the Group to the risk of cost overrun.

Financial risks

The results of the Group are subject to various kinds of financial risks. Please refer to note 41 to the financial statements of the Company for the year ended and as at December 31, 2024 on pages 150 to 155 for the discussion of such risks.

Report of the Directors

KEY RELATIONSHIPS

Employees

Talent is the core competitiveness for the sustainable development of the enterprise. Based on this, the Group will further advance the implementation of the "people-oriented" talent management concept, improve the employment and compensation system, respect and protect the rights and interests of employees, provide employees with learning opportunities, provide fair and reasonable career development channels, pay attention to the physical and mental health of employees, affirm the value of employees, and strive to create a relaxed, harmonious and free working atmosphere. During the year ended December 31, 2024, the Group had no labour disputes caused by violations of laws and regulations, child labour or forced labour, or any social insurance violations or defaults.

Customers

The nature of the Group's business requires a high level of collaboration with its customers for successful implementation of projects, therefore, it is essential for the Group to maintain a close relationship with each of its customers. The Group's customers are primarily owners and/or operators of public transportation. During the year ended December 31, 2024, the Group has maintained good relationship and did not have any material dispute with its customers.

Suppliers

Our suppliers are mainly suppliers of equipment and electronic devices and components. We maintain stable and close relationships with our suppliers, which allows us to obtain the equipment, parts and materials we need for implementation of our clients' projects in a timely and reliable manner. During the year ended December 31, 2024, the Group has maintained good relationship and did not have any material dispute with its suppliers.

ENVIRONMENTAL POLICIES

The Group always believes that it is duty-bound to promote sustainable development. We will comply fully with all applicable environmental laws and regulations, practice green concepts and build a low-carbon society. And we acknowledge the goal of synergistic development of economic and environmental benefits. While developing our business, we thoroughly implement the concept of energy conservation and environmental protection, and we take various measures to achieve clean, efficient, green and smart development.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in the mainland China and Myanmar. Our establishment and operations shall comply with relevant laws and regulations in the mainland China and Myanmar. During the year ended December 31, 2024 and up to the date of this report, we have complied with all the relevant laws and regulations in the mainland China and Myanmar.

PROPERTY AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group are set out in note 14 to the consolidated financial statements on pages 111 to 112.

SHARE CAPITAL

Details of the movement in the Company's share capital during the year ended December 31, 2024 are set out in note 30 to the consolidated financial statements on page 138.

Report of the Directors

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

RESERVES

Details of movements in the reserves of the Company and the Group for the year ended December 31, 2024 are set out in note 43 to the consolidated financial statements on pages 156 to 157 and consolidated statement of changes in equity on pages 60 to 61 respectively. As at December 31, 2024, the Group's distributable reserve is RMB1,316,382,000.

CHARITABLE DONATIONS

The Company and its subsidiaries made charitable donations of RMB183,704 during the year ended December 31, 2024.

DIRECTORS

The Directors who held office as at December 31, 2024 and the date of this annual report are:

	Last Re-election Date
Executive Directors	
Mr. Liao Jie *(Chairman)*	May 27, 2024
Mr. Jiang Hailin *(Chief Executive Officer)*	May 26, 2022
Independent Non-executive Directors	
Mr. Ye Zhou *(resigned on December 13, 2024)*	May 31, 2023
Mr. Wang Dong *(CICPA, CIMA, AAIA, CGMA) (resigned on December 13, 2024)*	May 27, 2024
Mr. Zhou Jianmin	May 31, 2023
Ms. Huang Jianling *(appointed on December 13, 2024)*	N/A
Mr. Lai Hongyi *(appointed on December 13, 2024)*	N/A

In accordance with Article 84 of the Articles of Association of the Company and the Listing Rules, Mr. Jiang Hailin and Mr. Zhou Jianmin shall retire by rotation, and being eligible, have offered themselves for re-election as Directors at the forthcoming annual general meeting. In accordance with Article 83(3) of the Articles of Association of the Company, Ms. Huang Jianling and Mr. Lai Hongyi shall hold office until the forthcoming annual general meeting. Ms. Huang Jianling and Mr. Lai Hongyi shall offer themselves for re-election as Directors at the forthcoming annual general meeting.

Biographies of Directors and senior management of the Company are set out on pages 45 to 49 of this annual report.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Save for the information disclosed in the section headed "Directors and Senior Management — Board of Directors" of this annual report, there is no other information related to Directors of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

INDEPENDENCE OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has received from each of the independent non-executive Directors an annual confirmation of his independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules, and considers that all of the independent non-executive Directors are independent.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code as set out in Appendix C3 of the Listing Rules as the standards for the Directors' dealings in the securities of the Company on June 18, 2010. Having made specific enquiry with all the Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the reporting period.

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

Save as disclosed below, as at December 31, 2024, none of the Directors and Chief Executive Officer 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 SFO) which were required to be notified to the Company and 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 of 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 December 31, 2024[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/Other	645,912,777 (L)	37.55% (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. Joyful Business and Mr. Liao Jie have authorized China ITS Co., Ltd. ("**Holdco**") to exercise the voting rights of such 105,758,203 Shares, as part of the arrangement of the Shareholders Voting Agreements (as defined below).

(2) Mr. Jiang Hailin is entitled to exercise or control the exercise of the voting rights of a total of 645,912,777 Shares held by all the parties to the Shareholders Voting Agreements (as defined below), So he is deemed to be interested in all such Shares. Mr. Jiang Hailin beneficially and directly owns 18,853,876 Shares, which are part of the 645,912,777 Shares. Mr. Jiang Hailin holds the entire issued share capital of Delta Holdings Limited and is therefore deemed to be interested in the 80,071,959 Shares directly held by Delta Holdings Limited, which are part of 645,912,777 Shares. Mr. Jiang Hailin controls 100% voting rights of Best Partners Development Limited ("**Best Partners**"), which holds the entire issued share capital of Holdco, therefore Mr. Jiang Hailin is deemed to be interested in the 354,982,693 Shares held by Holdco, which are part of 645,912,777 Shares.

(3) (L) denotes long positions. As at December 31, 2024, the number of issued ordinary shares of the Company was 1,720,185,862.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES

Save as otherwise disclosed in this annual report, at no time during the year ended December 31, 2024, 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 Officer 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 Officer, 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.

DIRECTORS' INTERESTS IN CONTRACTS

Except as disclosed in note 37 to the consolidated financial statements, no contracts of significance in relation to the business of the Group, to which the Company, its holding companies, its subsidiaries or fellow subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended December 31, 2024.

PERMITTED INDEMNITY PROVISIONS

The Articles of the Company provide that the Directors of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty. Such provisions were in force during the financial year ended December 31, 2024 and remained in force as of the date of this Annual Report. The Company has also arranged appropriate director and officer liability insurance in respect of legal action against Directors.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended December 31, 2024.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors and their respective associates (as defined in the Listing Rules) has an interest in any business which competes or may compete with the business in which the Group is engaged.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

REMUNERATION OF THE DIRECTORS AND SENIOR MANAGEMENT

The determination of the remuneration of the Directors and senior management of the Company is based on the individual performance, the nature and responsibilities of the individual concerned and the performance of our Group and market conditions. Proposals for increase in remuneration, payment of discretionary bonus or adjustment to any benefits scheme will be approved by the Remuneration Committee.

The remuneration of the senior management of the Group by band for the year ended December 31, 2024 is set out below:

Remuneration band	Number of persons
HK$1,000,001 (equivalent to RMB912,700) to HK$1,500,000 (equivalent to RMB1,369,050)	2

The Company will also periodically review and assess its human resource requirements and the prevailing market trend and make appropriate adjustments. Details of Directors' remuneration and the five highest paid employees during the year ended December 31, 2024 as disclosed are set out in notes 9 and 10 to the consolidated financial statements on pages 105 to 107.

EMPLOYMENT AND EMOLUMENT POLICIES

As at December 31, 2024, the Group had 350 full-time employees and 1 part-time employee. 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 Pre-IPO Share Incentive Scheme and the Share Option Scheme as an incentive for Directors and eligible employees. The Company has also adopted the 2021 Share Award Scheme as incentive for Directors, senior management and employees. Details of the said schemes are set out under the section headed "Pre-IPO Share Incentive Scheme, Share Option Scheme and Share Award Scheme" in this annual report.

RETIREMENT BENEFIT SCHEME

The Group does not have any employee who is required to participate in the Mandatory Provident Fund in Hong Kong. The employees of the PRC subsidiaries are members of the state-managed retirement benefits scheme operated by the PRC municipal government. The employees of the PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to this retirement benefits scheme is to make the required contributions under the scheme.

PRE-IPO SHARE INCENTIVE SCHEME, SHARE OPTION SCHEME AND SHARE AWARD SCHEME

The terms of the Pre-IPO Share Incentive Scheme and the Share Option Scheme were disclosed in the section headed "Other information — Pre-IPO Share Incentive Scheme" and "Other information — Share Option Scheme" respectively, in Appendix VI to the prospectus of the Company dated June 30, 2010 (the "**Prospectus**") and in the section headed "Report of the Directors" in the 2011 Annual Report of the Company dated March 28, 2012. The 2021 Share Award Scheme was adopted on September 16, 2021 and the terms was disclosed in the announcement of the Company dated November 8, 2021 and December 15, 2021 and circular dated November 29, 2021.

1. Pre-IPO Share Incentive Scheme

China ITS Co., Ltd. ("**Holdco**", one of the controlling shareholders of the Company) adopted the Pre-IPO Share Incentive Scheme on December 28, 2008. The purpose of the Pre-IPO Share Incentive Scheme is to recognize and reward the contribution of certain eligible participants to the growth and development of the business(es) of the Group.

Options to subscribe for an aggregate of 116,653,105 Shares have been conditionally granted by Holdco under the Pre-IPO Share Incentive Scheme.

All of the options under the Pre-IPO Share Incentive Scheme were expired by June 30, 2018.

2. Share Option Scheme

The Company conditionally adopted the Share Option Scheme on June 18, 2010 and the Share Option Scheme became effective as at the date of listing of the Company on July 15, 2010 (the "**Listing Date**"). The purpose of the Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution or potential contribution to the Group.

The Board may, at its absolute discretion, offer an option to eligible participant to subscribe for the Shares at an exercise price and subject to the other terms of the Share Option Scheme.

The total number of Shares issued and to be issued upon the exercise of the options granted to or to be granted to each eligible participant under the Share Option Scheme and any other schemes of the Company or any of its subsidiaries (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue.

The Share Option Scheme will remain in force for a period of 10 years from the Listing Date and ending on the ten anniversary of the Listing Date. Under the Share Option Scheme, each option has an exercise period not exceeding 10 years from the date of grant.

As at the Listing Date, the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Company ("**Share Option Scheme Limit**") shall not in aggregate exceed 155,029,633 Shares being 10% of the total number of Shares in issue immediately prior to the date on which dealings in the Shares commenced on the Stock Exchange.

On January 18, 2012, the Board resolved to grant share options under the Share Option Scheme to 191 grantees, which includes certain Directors, chief executive, substantial Shareholders and employees of the Company to subscribe for an aggregate of 155,000,000 Shares. For further details of the abovementioned grant of share options, please refer to the announcement of the Company on January 18, 2012.

Following the grant of share options on January 18, 2012, the remaining mandate not utilized under the above Share Option Scheme Limit is 29,633 Shares. On February 29, 2012, Shareholders approved the refreshment of the Share Option Scheme Limit for the purpose of future grants of share options to the eligible participants under the Share Option Scheme. Under the refreshed Share Option Scheme Limit, the total number of Shares which may be issued upon exercise of options which may be granted under the Share Option Scheme and any other share option scheme(s) of the Company shall not exceed 10% of the total number of Shares in issue at the date of passing the relevant resolutions on refreshment of the Share Option Scheme Limit, i.e. 161,281,776 Shares. Options previously granted under the Share Option Scheme (including those outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or exercised options and those options granted on January 18, 2012) will not be counted for the purpose of calculating the 10% refreshed Share Option Scheme Limit.

All of the share options under the Share Option Scheme were expired on January 18, 2022.

3. 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).

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. 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.

Movement of the share awards granted under the 2021 Share Award Scheme during the Year is as follow:

Grantee	Grant date	Vesting start date	Expiry date	Unvested as at January 1, 2024	Vested during the year ended December 31, 2024	Lapsed or cancelled during the year ended December 31, 2024	Unvested as at December 31, 2024	Grant Fee (HK$ per awarded share)
Mr. Luo Haibin[1]	08/11/2021	30/06/2022	Note (3)	–	–	–	–	Nil
	08/11/2021	30/06/2022	Note (3)	–	–	–	–	0.13
	08/11/2021	30/06/2023	Note (3)	–	–	–	–	Nil
	08/11/2021	30/06/2023	Note (3)	–	–	–	–	0.13
	08/11/2021	28/06/2024	Note (3)	8,435,527	8,435,527[4]	–	–	Nil
	08/11/2021	28/06/2024	Note (3)	8,435,527	8,435,527[4]	–	–	0.13
Sub-total				16,871,054	16,871,054	–	–	
Mr. Mou Yi[2]	08/11/2021	30/06/2022	Note (3)	–	–	–	–	Nil
	08/11/2021	30/06/2022	Note (3)	–	–	–	–	0.13
	08/11/2021	30/06/2023	Note (3)	–	–	–	–	Nil
	08/11/2021	30/06/2023	Note (3)	–	–	–	–	0.13
	08/11/2021	28/06/2024	Note (3)	2,811,842	2,811,842[4]	–	–	Nil
	08/11/2021	28/06/2024	Note (3)	2,811,842	2,811,842[4]	–	–	0.13
Sub-total				5,623,684	5,623,684	–	–	
TOTAL:				**22,494,738**	**22,494,738**	**-**	–	

Notes:

(1) Mr. Luo Haibin is the President of the Company and the President and director of certain wholly-owned subsidiaries of the Company.

(2) Mr. Mou Yi is the Chief Financial Officer and general manager of the Financial Management Department of the Company and director of certain wholly owned subsidiaries of the Company.

(3) Expiry date of these share awards shall be the earlier of: (i) the tenth (10th) anniversary date of the Adoption Date; or (ii) such date of early termination as may be determined by the Board.

(4) The weighted average closing price of the Shares immediately before the dates on which the awarded shares were vested during the financial period was HK$0.156.

Save as disclosed above, no share awards had been granted, vested, lapsed or cancelled under the 2021 Share Award Scheme during the Year. As at January 1, 2024 and December 31, 2024, 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 (excluding any treasury Shares) as at the date of this annual report.

The number of Shares that may be issued in respect of options and awards granted under all schemes of the Company during the Year divided by weighted average number of Shares in issue (excluding any treasury Shares) for the Year is 0.33%.

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

As at the December 31, 2024, 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
Holdco[(1)]	Beneficiary owner	Long position	645,912,777	37.55%
Best Partners[(2)]	Interest of controlled corporation	Long position	645,912,777	37.55%
Widecom Investments Limited [(4)]	Beneficial owner	Long position	117,179,000	6.81%
Jiang Dan [(4)]	Interest of controlled corporation	Long position	117,179,000	6.81%
Joyful Business[(3)]	Beneficiary 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, as at the Latest Practicable Date, Holdco, Pride Spirit Company Limited, Sea Best Investments Limited, Joy Bright Success Limited, Gouver Investments Limited, Kang Yang Holdings Limited, Huaxin Investments Limited, Rockyjing Investment Limited, Key Trade Holdings Limited, Best Partners, Joyful Business, Mr. Liao Jie, Mr. Liao Daoxun, Ms. Wu Yurui, Mr. Jiang Hailin, Mr. Wang Jing, Mr. Liang Shiping, Ms. Wu Chunhong, Mr. Zhao Lisen, Mr. Zhang Qian, Mr. Guan Xiong, Mr. Zheng Hui, Mr. Lv Xilin, Ms. Wang Li, Mr. Dang Kulun, Mr. Pan Jianguo and Mr. Jing Yang, 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 December 31, 2024, Holdco is entitled to exercise or control the exercise of the voting rights of a total of 645,912,777 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. All shareholders of Best Partners have authorized Mr. Jiang Hailin to exercise their voting rights in Best Partners.

(3) Joyful Business is wholly-owned by Mr. Liao Jie. Mr. Liao Jie is the sole director of Joyful Business. Joyful Business has authorized Holdco to exercise the voting rights of its 105,758,203 Shares, as part of the arrangement of the Shareholders Voting Agreements (as defined above).

(4) Widecom 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 Widecom Investments Limited.

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, 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.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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) during the year ended December 31, 2024.

As at December 31, 2024, the Company has no treasury Shares.

Report of the Directors

EVENTS AFTER THE REPORTING PERIOD

The Company was unaware of any significant event since the end of the financial year until the date of this report of the Directors that had a significant impact on the Group.

SIGNIFICANT INVESTMENTS

Subscription of Private Equity Fund

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

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

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

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

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

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

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

Performance of Profit Guarantee

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

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

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

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended December 31, 2024, the aggregate sales to the Group's five largest customers, in aggregate represented approximately 58.5% of the Group's total revenue and sales to the Group's largest customer amounted to approximately 36.7% of the Group's total revenue.

For the year ended December 31, 2024, the aggregate purchases attributable to the Group's five largest suppliers, in aggregate represented approximately 39.8% of the Group's total purchases and purchases attributable to the Group's largest supplier amounted to approximately 21.4% of the Group's total purchases.

For the year ended December 31, 2024, none of the Directors nor any of their associates or any Shareholders who, to the knowledge of the Directors, owns more than 5% of the Company's issued share capital, had any interest in the five largest suppliers or customers.

BANKING FACILITIES AND OTHER BORROWINGS

Details of the bank facilities and other borrowings of the Group as at December 31, 2024 are set out in note 28 to the consolidated financial statements on page 136.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

According to information that is publicly available to the Company and within the knowledge of the Board, as at December 31, 2024, the Company has maintained sufficient public float as required under the Listing Rules.

CONTINUING CONNECTED TRANSACTIONS

RHY Lease

Reference is made to the announcement of the Company dated September 30, 2022. As disclosed in the announcement on September 30, 2022, Beijing Hongrui Dake Technology Co,. Ltd.* (北京宏瑞達科科技有限公司) ("**Hongrui Dake**"), a subsidiary of the Company, entered into (i) a lease agreement (the "**2022 RHY Lease**"); and (ii) a property management service agreement (the "**2022 RHY Property Management Service Agreement**"), with Beijing RHY Technology Development Co,. Ltd.* (北京瑞華贏科技發展股份有限公司) ("**Beijing RHY**"), a connected person of the Company. Pursuant to the 2022 RHY Lease, Hongrui Dake has agreed to lease the certain premises with a total floor area of 1,163.16 sq.m. ("**Hongrui Dake Properties**") to Beijing RHY for a lease term of three years commencing on 1 October 2022. Pursuant to the 2022 RHY Property Management Service Agreement, Hongrui Dake has agreed to provide property management services and other ancillary services to Beijing RHY in respect of the Hongrui Dake Properties for a term of three years commencing on 1 October 2022.

Since Beijing RHY is an associate of Mr. Jiang Hailin and Mr. Liao Jie pursuant the Listing Rules, Beijing RHY is a connected person of the Company and therefore each of the 2022 RHY Lease and the 2022 RHY Property Management Service Agreement constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

The approved annual caps for the 2022 RHY Lease and the 2022 RHY Property Management Service Agreement for the year ended December 31, 2024 were approximately RMB2,547,000 and RMB883,000, respectively. The rental income and property services fee and other fees from Beijing RHY to Hongrui Dake for the year ended December 31, 2024 were approximately RMB2,547,000 and RMB613,000, respectively.

The independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and have confirmed that during the year ended December 31, 2024, the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole. Forvis Mazars CPA Limited, the Company's auditor has confirmed that the above-mentioned continuing connected transaction has complied with the matters as set out in rule 14A.56 of the Listing Rules.

RELATED PARTIES TRANSACTIONS

The Group was involved in a number of related party transactions during the year ended December 31, 2024, which have been disclosed in note 37 to the consolidated financial statements on pages 144 to 145. Certain of such related party transactions also constituted connected transactions under the Listing Rules and the Group has complied with the requirements under Chapter 14A of the Listing Rules.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling Shareholder or any of its subsidiaries subsisted at December 31, 2024 or any time during the year ended December 31, 2024.

NON-COMPETITION DEED

As disclosed in the Prospectus, the independent non-executive Directors will review, on an annual basis, the compliance by the controlling Shareholders with the non-competition undertakings under the Non-competition Agreement (as defined in the Prospectus). The independent non-executive Directors have conducted such review for the year ended December 31, 2024 and found that the Non-competition Agreement has been fully complied with.

Report of the Directors

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 (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with the code provisions contained in the CG Code for the year ended December 31, 2024.

Detailed information on the corporate governance practice adopted by the Company is set out in the Corporate Governance Report on pages 34 to 44.

AUDIT COMMITTEE

The Group's annual report for the year ended December 31, 2024 has been reviewed by the Audit Committee. Information on the work of the Audit Committee and its composition are set out in the Corporate Governance Report on pages 34 to 44.

AUDITORS

The financial statements for the year ended December 31, 2024, were audited by Forvis Mazars CPA Limited who will retire as the auditors of the Company and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

There was no change in the auditor of the Company in the preceding three years.

On behalf of the Board of Directors
China ITS (Holdings) Co., Ltd.
Liao Jie
Chairman

Beijing, March 31, 2025

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

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

The Company had adopted the code provisions contained in the code of corporate governance practices (the "**CG Code**") set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company has complied with the code provisions contained in the CG Code for the year ended December 31, 2024.

Set out below is a detailed discussion of the corporate governance practices adopted and observed by the Company for the year ended December 31, 2024.

DIRECTORS' SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules as the standards for the Directors' dealings in the securities of the Company on June 18, 2010. Having made specific enquiry with all the Directors, the Directors have confirmed that they have complied with the required standard set out in the Model Code during the reporting period.

THE BOARD

Board Responsibilities

The Board is collectively responsible for the overall management and implementation of business plans of the Company, including establishing and monitoring the Company's strategic directions and development, financial goals, and assumes the responsibilities of corporate governance of the Company. The senior management is responsible for supervising and executing the plans of the Group and the Directors review those arrangements on a periodic basis.

The Board may from time to time delegate all or any of its powers that it may think fit to a Director or member of senior management of the Company. To maximise the effectiveness of the Board and to encourage active participation and contribution from the Directors, the Board is supported by three committees, which are the Audit Committee, the Remuneration Committee, and the Nomination Committee. The terms of reference of each of the committees are reviewed and amended (if necessary) from time to time, including the committees' structure, duties and memberships.

Board Members

The Board, as at the date of this report, consists of five Directors, including two executive Directors and three independent non-executive Directors. The composition of the Board is set out in the section headed "Report of the Directors — Directors" of this annual report.

Details of the Directors' biographical information are contained in the section headed "Director and Senior Management" of this annual report.

There is no financial, business, family or other material/relevant relationships among the Directors.

Each of Ms. Huang Jianling and Mr. Lai Hongyi has obtained the legal advice referred to in Rule 3.09D of the Listing Rules as regards the requirements under the Listing Rules that are applicable to them as Directors and the possible consequences of making a false declaration or giving false information to the Stock Exchange on December 11, 2024 before their appointments became effective, and each of them has confirmed he/she understood his/her obligations as a Director.

Independent Non-executive Directors

Three members of the Board are independent non-executive Directors, which meets the minimum requirement under the Listing Rules. Mr. Lai Hongyi, an independent non-executive Director during the year ended December 31, 2024 up to the date of this report, has appropriate financial management expertise in compliance with Rule 3.10 of the Listing Rules.

Prior to their respective appointment, each of the independent non-executive Directors has submitted a written statement to the Stock Exchange confirming their independence and has undertaken to inform the Stock Exchange as soon as practicable if there is any subsequent change of circumstances which may affect their independence. The Company has received an annual confirmation from each of the independent non-executive Directors on their respective independence as regards each of the factors referred to in Rule 3.13 of the Listing Rules and considers that each of them to be independent.

Terms

Save as disclosed in this annual report, all of the Directors were appointed for a term of three years, which may be terminated according to the articles of association of the Company (the "**Articles**") and any applicable laws. In accordance with the Articles, at each annual general meeting one-third of the Directors for the time being is required to retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

Board Meetings

During the year ended December 31, 2024, there were seven Board meetings held, at which the Directors approved, among other things, the audited consolidated results of the Group for the year ended December 31, 2023 and the unaudited consolidated results of the Group for the six months ended June 30, 2024.

Notices for regular Board meetings are given to each member of the Board at least 14 days prior to the meeting, whereby the Directors are given opportunities to include matters to be discussed in the agenda of the Board/committee meetings. The agenda and the relevant board papers are then circulated to the Directors three days before a scheduled Board meeting and apart from ensuring that the directors have received adequate, complete and reliable information in a timely manner to enable them to make informed decisions during the Board meeting, the chairman will also properly brief the directors present at the Board meeting on issues arising during the Board meeting.

Where the agenda of the Board meetings is in relation to a material matter in which a substantial Shareholder or a Director is deemed to have a conflict of interest, independent non-executive Directors who, and whose associates have no material interest in the transaction, would be invited to attend such Board meetings. Where Board meetings relate to financial and other information, the senior management would provide such explanation and information to the Board to enable the Board to make an informed assessment of the financial and other information put before the Board for approval.

After the meetings have been held, drafts of the Board minutes and Board committee meeting minutes are circulated to the Directors and the relevant Board committee members respectively for their review before finalization, and the final version of these minutes are kept by the company secretary of the Company (the "**Company Secretary**") and are available for inspection by the Board and auditor of the Company.

Every Director is entitled to have access to Board papers and relevant materials and have unrestricted access to advice and services of the Company Secretary, and is able to seek independent professional advice as and when required at the Company's expense.

Corporate Governance Report

Attendance Record

Code Provision C.5.1 of the Corporate Governance Code stipulates that the Board should meet regularly and meetings should be held at least four times a year at approximately quarterly intervals. During the year ended December 31, 2024, the Board convened a total of seven Board meetings and there were two meetings for the Audit Committee, two meetings for the Remuneration Committee and two meetings for the Nomination Committee based on the need of the operation and business development of the Company. Details of attendance are as follows:

	Board meetings	Audit Committee meetings	Remuneration Committee meetings	Nomination Committee meetings	General meetings
Executive Directors					
Mr. Liao Jie *(Chairman)*	7/7	N/A	N/A	N/A	1/1
Mr. Jiang Hailin *(Chief Executive Officer)*	7/7	N/A	N/A	N/A	1/1
Independent Non-executive Directors					
Mr. Ye Zhou *(resigned on December 13, 2024)*	7/7	2/2	2/2	2/2	1/1
Mr. Wang Dong *(CICPA, CIMA, AAIA, CGMA)* *(resigned on December 13, 2024)*	7/7	2/2	2/2	2/2	1/1
Mr. Zhou Jianmin	7/7	2/2	2/2	2/2	1/1
Ms. Huang Jianling *(appointed on December 13, 2024)*	N/A	N/A	N/A	N/A	N/A
Mr. Lai Hongyi *(CICPA)* *(appointed on December 13, 2024)*	N/A	N/A	N/A	N/A	N/A

The Chairman and the Chief Executive Officer

The Code Provision C.2.1 provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

Throughout the year ended December 31, 2024, Mr. Liao Jie has been the Chairman and Mr. Jiang Hailin has been the Chief Executive Officer. Accordingly, the Company complied with Code Provision C.2.1 at all times during the year ended December 31, 2024.

BOARD COMMITTEES

Audit Committee

As at December 31, 2024 and the date of this report, the Audit Committee comprised three independent non-executive Directors, being Mr. Lai Hongyi, Mr. Zhou Jianmin and Ms. Huang Jianling, with Mr. Lai Hongyi being the chairman of the Audit Committee. The members of the Audit Committee confirm that they are not a former partner or affiliated to the Company's existing auditing firm nor do they have any financial interest in the Company's existing auditing firm.

The primary functions of the Audit Committee are to:

(a) be primarily responsible for making recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;

(b) review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards and regulations. The audit committee should discuss with the auditor, the nature and scope of the audit and reporting obligations before the audit commences;

(c) develop and implement policy on the engagement of an external auditor to supply non-audit services. For this purpose, external auditor shall include any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying any matters in respect of which it considers that action or improvement is needed and making recommendations as to the steps to be taken;

(d) monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In this regard, in reviewing the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board, the committee should focus particularly, on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, the ongoing concern assumptions and any qualifications, compliance with accounting standards and compliance with the Listing Rules and other legal requirements to financial reporting;

(e) to consider any significant or unusual items that are, or may need to be, reflected in such reports and accounts and must give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(f) to review the Company's financial controls, internal control and risk management systems;

(g) to discuss the risk management and internal control systems with the management and to ensure that management has discharged its duty to have an effective systems;

(h) to consider any findings of major investigations of internal control matters as delegated by the Board or on its own initiative and management's response;

(i) where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of the internal audit function;

(j) to review the Company's financial and accounting policies and practices;

(k) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response;

(l) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(m) to report to the Board on the matters set out in the Code Provisions;

(n) to consider other topics, as defined by the Board;

(o) to review arrangements employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

(p) to act as the key representative body for overseeing the issuer's relations with the external auditor.

To ensure that the Audit Committee is given the opportunity to discharge its functions effectively, the Audit Committee will be provided with sufficient resources including access to professional advice if considered necessary and members of the Audit Committee must liaise with the Board and senior management and the Audit committee must meet, at least once a year, with the Company's auditors.

During the year, the Audit Committee convened two meetings and drafts and final versions of the minutes of the Audit Committee have been sent to all members of the audit committee for their comment and records, respectively. All resolutions passed at the meetings were duly recorded and retained by a duly appointed secretary of the meeting or the Company Secretary.

A summary of the work performed by the Audit Committee during the year ended December 31, 2024 is set out as follows:

- reviewed the Company's interim report and annual report;
- reviewed accounting policies adopted by the Group and issues related to accounting practice;
- supervised internal auditing of the Group;
- assisted the Board to evaluate on the effectiveness of financial reporting procedure and internal control system;
- advised on material events and draw the attention of management on related risks;
- reviewed the external auditor's independence and approved the engagement of external auditor;
- recommended the Board on the re-appointment of external auditor; and
- noted the amendments to the standards and the development of corporate governance.

Remuneration Committee

As at December 31, 2024 and the date of this annual report, the Remuneration Committee comprised three independent non-executive Directors, namely Ms. Huang Jianling, Mr. Lai Hongyi and Mr. Zhou Jianmin, with Ms. Huang Jianling being the chairman of the Remuneration Committee.

The primary functions of the Remuneration Committee are to:

(a) evaluate and make recommendations to the Board on the policy and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such policies;

(b) make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;

(c) conduct reviews and approve performance-based remuneration by reference to corporate goals and objectives resolved by directors from time to time;

(d) review and approve the compensation payable to executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the Company;

(e) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;

(f) ensure that no director or any of his or her associates is involved in deciding his own remuneration and advise shareholders on how to vote with respect to service contracts of directors that require shareholders' approval under rule 13.68 of the Listing Rules; and

(g) review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

To ensure that the Remuneration Committee is given the opportunity to discharge its functions effectively, the Remuneration Committee will be given opportunities to consult the Chairman and/or Chief Executive Officer about its proposals relating to the remuneration of other executive Directors and be provided with sufficient resources including access to professional advice if considered necessary.

During the year, the Remuneration Committee convened two meetings and the draft and final version of the minutes of the Remuneration Committee have been sent to all members of the Remuneration Committee for their comment and records, respectively. All resolutions passed at the meetings were duly recorded and retained by a duly appointed secretary of the meeting or the Company Secretary.

A summary of the work performed by the Remuneration Committee during the year ended December 31, 2024 is set out as follows:

- reviewed the Directors' fees; and

- reviewed and made recommendations to the Board on the remuneration structure/package of executive Directors and senior management.

Nomination Committee

As at December 31, 2024 and the date of this annual report, the Nomination Committee comprised three independent non-executive Directors, namely Mr. Zhou Jianmin, Ms. Huang Jianling and Mr. Lai Hongyi, with Mr. Zhou Jianmin being the chairman of the Nomination Committee.

The primary functions of the Nomination Committee are to:

(a) review the structure, size and composition of the Board regularly and make recommendations to the Board regarding any proposed changes; and

(b) identify, select or make recommendations to the Board on the selection of individuals nominated for directorships to fill vacancies in the Board.

During the year, the Nomination Committee convened two meetings and draft and final version of the minutes of the Nomination Committee have been sent to all members of the Nomination Committee for their comment and records, respectively. All resolutions passed at the meetings were duly recorded and retained by a duly appointed secretary of the meeting or the Company Secretary.

A summary of the work performed by the Nomination Committee during the year ended December 31, 2024 is set out as follows:

- reviewed and recommended the re-appointment of the retiring Directors for Shareholders' approval;

- discussed and reviewed the Board composition of the Company as well as other related matters; and

- recommended on the selection of individuals nominated for directorships.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance functions set out in the code provision A.2.1 of the CG Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

CONTINUOUS PROFESSIONAL DEVELOPMENT

According to the CG Code C.1.4, all directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the board remains informed and relevant. The Company should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of the directors.

All Directors have participated in appropriate continuous professional development and refreshed their knowledge and skills during the year. According to the records maintained by the Company, the current Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the CG Code on continuous professional development for the year ended December 31, 2024:

Name of Director	Attend training sessions organized by professional firms	Attend training sessions required by the relevant professional bodies of which they are members	Read articles and journals on the economy, general business and regulatory matters
Executive Directors			
Mr. Liao Jie	✓	✓	✓
Mr. Jiang Hailin	✓	✓	✓
Independent Non-executive Directors			
Mr. Ye Zhou (Resigned on December 13, 2024)	✓	✓	✓
Mr. Wang Dong (Resigned on December 13, 2024)	✓	✓	✓
Mr. Zhou Jianmin	✓	✓	✓
Ms. Huang Jianling (Appointed on December 13, 2024)	✓	✓	✓
Mr. Lai Hongyi (Appointed on December 13, 2024)	✓	✓	✓

Corporate Governance Report

ACCOUNTABILITY AND AUDIT

Auditor's Remuneration

The Auditor's remuneration amounted to RMB2,030,000 was incurred for the audit of the Group's consolidated financial statements and a subsidiary's financial statements for the year.

During the year, the Group incurred the following service fees to Forvis Mazars CPA Limited and its member firm for the provision of non-audit related services to the Group:

	RMB
Interim report (agreed upon procedures)	148,000
Others (including report on continuing connected transactions, attending annual general meeting and review of preliminary result announcement)	70,000
Taxation services for a subsidiary	18,000

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements of the Company and for ensuring that the financial statements are balanced and clear and prepared in accordance with applicable statutory requirements and accounting standards.

Auditor's Statement

The statement of the Company's auditor, Forvis Mazars CPA Limited, on its reporting responsibilities in respect of the consolidated financial statements of the Group for the year ended December 31, 2024 is set out on pages 54 to 55.

Internal Control and Risk Management

The Board acknowledges that it is responsible for maintaining a sound system of internal controls to safeguard the Shareholders' interest and reviewing the effectiveness of the system of internal control of the Group.

In reviewing the effectiveness of the system of internal control of the Group, the Board will also consider the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and the training programmes and budget allocated.

The Group's internal control system has been designed to provide reasonable assurance that assets are safeguarded, operational controls are in place, business risks are suitably reduced, proper accounting records and financial information are maintained, and, where appropriate, relevant legislation, regulation and best practices are complied with.

The Board has delegated to the Audit Committee responsibility for reviewing the effectiveness of the Group's internal control system and the Audit Committee will report its findings to the Board for discussion. The Audit Committee works with the Group's internal audit department (the "**Internal Audit Department**") to carry out internal audit works based on an internal audit plan which is reviewed and approved by the Audit Committee. The Internal Audit Department, reports its findings and recommendations for any corrective action required to the Audit Committee. The Audit Committee reviews the reports submitted by the Internal Audit Department and the issues on the internal control system of the Group are then discussed and evaluated by the Board every year.

The Internal Audit Department conducted an examination on various material control aspects during the year including financial, operational and compliance controls with the aim of mitigating the overall business and operational risk of the Group. Internal control reports were submitted to the Audit Committee for review and the findings and recommendations were discussed at the committee meetings. The significant findings have been remediated by the management of the Company.

COMPANY SECRETARY

Mr. Leung Ming Shu, the Company Secretary, is an employee of the Group. During the year ended December 31, 2024, Mr. Leung has complied with Rule 3.29 of the Listing Rules in relation to taking of relevant professional training.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board adopted a board diversity policy (the "**Board Diversity Policy**") on August 27, 2013. The Company recognizes and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

The Board believes that independent non-executive directors can enhance the effectiveness and decision-making capabilities of the Board by providing the Board and the management of the Company with independent opinions, objective judgments, and constructive challenges.

The final decision is based on the candidates' capabilities and the value to be brought to the Board, among others, with due consideration given to the benefits of diversity and the requirements of the Board, rather than focusing on a single aspect.

The proportion of female Board representation is a measurable objective of the Company in assessing the implementation of the diversity policy. The Board currently has one female Director out of five Directors, achieving the gender diversity of the Board at 20.0%.

As of December 31, 2024, the Board conducted an annual review of the implementation and effectiveness of the Board Diversity Policy and is satisfied that the Board Diversity Policy has been properly implemented and is effective.

EMPLOYEE DIVERSITY

The Group had 73 female and 278 male employees, respectively, accounting for approximately 20.80% and 79.20% of the total headcount, respectively.

The Group's recruitment strategy is to hire employees suitable for positions and achieve diversity among all employees (including senior management) in terms of gender, age, cultural and educational background, professional experience, skills, and knowledge. As of December 31, 2024, the number of female employees of the Group accounted for approximately 20.80% of the total headcount, demonstrating it has achieved gender diversity among employees.

SHAREHOLDER RIGHTS

Constitutional Documents

In order to (i) update and bring the existing Articles in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from December 31, 2023; and (ii) better align the amendments of the existing Articles for housekeeping purposes with the provisions of the Listing Rules, an amended Articles of Association was approved by the Company's shareholders at its AGM on May 27, 2024. Please refer to the Company's circular dated April 29, 2024 for details of the amendments.

Corporate Governance Report

Procedures for Shareholders to Convene an Extraordinary General Meeting

Pursuant to the Article 58 of the Articles of Associations of the Company, any one or more Members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures for Proposing a Person for Election as a Director

Pursuant to the Article 85 of the Articles of Associations of the Company, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice (as defined therein) signed by a Member (as defined therein) (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such Notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such Notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Communications with Shareholders and Investors

The Board values the importance of communications with the Shareholders. The general meetings of the Company provide a forum for communication between the Board and the Shareholders and at such general meetings, the chairman will ensure that an explanation is provided of the detailed procedures for conducting a poll and ensure that resolutions are proposed separately. The Chairman as well as chairman of the Remuneration Committee, the Nomination Committee and the Audit Committee and, in their absence, other members of the respective committees will also be available to answer questions at Shareholders' meetings.

The notice of the 2024 annual general meeting of the Company (the "**AGM**") will be sent to Shareholders at least 21 clear days before the AGM.

To promote effective communication, the Company maintains a website at www.its.cn, where extensive information and updates on the Company's financial information, corporate governance practices and other information are posted and available for public access.

March 31, 2025

Director and Senior Management

BOARD OF DIRECTORS

As at the date of this report, the Board consisted of five Directors, two of whom are executive Directors, three are independent non-executive Directors.

The table below sets forth certain information regarding the Directors who held office as at the date of this annual report:

Name	Age	Title
Mr. Liao Jie	59	Chairman and executive Director
Mr. Jiang Hailin	56	Executive Director
Mr. Zhou Jianmin	58	Independent non-executive Director
Ms. Huang Jianling	61	Independent non-executive Director
Mr. Lai Hongyi	62	Independent non-executive Director

Executive Director

Mr. LIAO Jie (廖杰), 59, is the chairman of the Board (the "**Chairman**") and an executive Director, responsible for formulating strategy of the Company. He was appointed as the executive Director and the chief executive officer of the Company (the "**Chief Executive Officer**") on August 24, 2011 and was responsible for the overall business operations and mergers and acquisitions of the Company. On July 9, 2012, Mr. Liao has been elected as the Chairman and retired from his position as the Chief Executive Officer. Mr. Liao is also one of the controlling shareholders of the Company (the "**Controlling Shareholder**"), and serves as a director of China ITS Co., Ltd. ("**Holdco**", one of the Controlling Shareholders), Best Partners Development Limited ("**Best Partners**", one of the Controlling Shareholders), and Joyful Business Holdings Limited ("**Joyful Business**", one of the Controlling Shareholders). Mr. Liao has been appointed as a director of Visual China Group Co., Ltd. (formerly known as Far East Industrial Stock Co., Ltd., a company listed on the Shenzhen Stock Exchange, stock code: 000681, "**Visual China**") from May 9, 2014 and the chairman of Visual China from May 29, 2014. Mr. Liao became a director of Beijing RHY Technology Development Co., Ltd. (National Equities Exchange and Quotations of the PRC, stock code: 873761, "**Beijing RHY**") in May 2002, responsible for strategic planning and operational management in the expressway segment and retired from the directorship when he started serving as a senior advisor of the Board of the Company on business strategy and operational direction of the Group in January 2008. Mr. Liao served as the Chairman of Beijing RHY from July 2020 to December 2024, and has served as a director since then.

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

Mr. Liao holds a master's degree in applied science from the University of Toronto, and a bachelor's degree in industrial automation from Huazhong University of Science and Technology. Mr. Liao has a long established understanding of the businesses of the Group and deep industry expertise, as a result of which he can help the Group to reshape its business model, achieve operational excellence and diversify our business mix across different transport industry segments.

Director and Senior Management

Mr. JIANG Hailin (姜海林), 56, is an executive Director and the Chief Executive Officer, responsible for overall business operation of the Company. Mr. Jiang was appointed as the Director on February 20, 2008, and was then elected as the Chairman. On July 9, 2012, Mr. Jiang has been re-appointed as the Chief Executive Officer and therefore resigned from his position as the Chairman. He is also one of the Controlling Shareholders, a director of Holdco and Sea Best Investments Limited ("**Sea Best**", one of the Controlling Shareholders). Mr. Jiang has served as the director of Delta Holdings Limited since November 2023. Since he joined our Group in May 2002, Mr. Jiang has held various positions within our Group including (i) a director of Aproud Technology from August 2002 to February 2010 and again from November 2010 to October 2012, vice chairman of the board of directors of Aproud Technology from November 2012 to February 2016 and chairman of the board of directors of Aproud Technology since March 2016; (ii) chairman of the board of directors of Haotian Jiajie from March 2007 to June 2024; (iii) an executive director and general manager of Jiangsu Zhongzhi Transportation since December 2011; and (iv) an executive director of Zhixun Tiancheng since November 2014. In addition, Mr. Jiang served as a director of Beijing RHY Technology Development Co., Ltd. (National Equities Exchange and Quotations of the PRC, stock code: 873761) from May 2002 to July 2014, and has served in the same position since July 2020.

Prior to joining our Group, Mr. Jiang was employed by China Ocean Shipping Company where he was responsible for the development of ground transportation logistics network, in particular, the development of the cargo movement monitoring systems for ground transportation in the China ITS industry. He has established his business relationship and network in the transport industry since 2000.

Mr. Jiang received a bachelor's degree in computing from Nankai University in July 1990 and an EMBA degree from Tsinghua University in July 2006. Mr. Jiang possesses over 30 years of experience in general management and more than 23 years of experience in the China ITS industry.

Independent Non-Executive Director

Mr. ZHOU Jianmin (周建民), 58, is an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Zhou was appointed as Director on October 29, 2019. Mr. Zhou is currently the co-chairman of the Center for Global Merger Acquisition and Restructuring of PBC School of Finance of Tsinghua University, the executive vice president of the Shandong Chamber of Commerce in Beijing, and a member of the Mergers and Acquisitions Financing Committee of the China Association of Public Companies.

Mr. Zhou is also currently, and has been since March 1999, the chairman of the board of directors and the general manager of Jinan Jinri International Advertising Development Co., Ltd. Prior to these roles, Mr. Zhou served at Shandong Dafengche Industrial Co., Ltd., which he founded in December 1996, as a director and the general manager of this company from December 1996 to September 2018. Mr. Zhou was also the executive director and general manager at Beijing Dafengche Education Technology Development Co., Ltd. from December 2009 to September 2014.

Mr. Zhou has served as an executive director of Wudaokou Capital Company Limited from March 2014 to March 2016 and again since March 2020, and has served as an independent director of Henan Splendor Science & Technology Co., Ltd. (Shenzhen Stock Exchange, stock code: 002296) since February 2023.

In addition, Mr. Zhou served as (i) the vice chairman of Chery Holding Co., Ltd. from December 2019 to July 2021; (ii) an independent director of Tungkong Inc. (Shenzhen Stock Exchange, stock code: 002117) from September 2021 to April 2024; and (iii) an independent director of Kingland Technology Co., Ltd. (Shenzhen Stock Exchange, stock code: 000711) from January 2022 to January 2024.

Mr. Zhou graduated with a Bachelor of Arts degree in Chinese Language from Shandong University in July 1989 and obtained an EMBA degree from PBC School of Finance of Tsinghua University in August 2018. Mr. Zhou engaged in the advertising and education industries after his graduation before he founded Shandong Dafengche Industrial Co., Ltd.

Ms. HUANG Jianling (黃建玲), 61, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee and Nomination Committee. Ms. Huang was appointed as Director on December 13, 2024. Ms. Huang is currently a doctoral supervisor at Beijing University of Technology and a silver-aged teacher at the College of Transportation of Nanning University in Guangxi.

Ms. Huang served as an assistant lecturer at Guangxi Normal University from 1984 to 1987. From 1990 to 1993, Ms. Huang served as a lecturer at the Department of Electronic Engineering of Beijing University of Technology. From 1993 to 2003, she served as a professorate senior engineer of Beijing Highway Bureau. From 2003 to 2021, Ms. Huang served as the deputy director and director of Beijing Transportation Center successively, during which she also served as the director of Transportation Operations Coordination Center of Beijing (TOCC) from 2011 to 2016. From 2021 to 2023, Ms. Huang served as a professorate senior engineer of Beijing Intelligent Transportation Development Center (Beijing Motor Vehicle Control and Management Service Center) (北京市智慧交通發展中心(北京市機動車調控管理事務中心)).

In addition, Ms. Huang has been served as an independent director of Beijing Huifengrenhe Science and Technology Co.,Ltd. (stock code on National Equities Exchange and Quotations: 430249) since December 2023.

Ms. Huang graduated from Central China Normal University with a bachelor's degree in computational mathematics and later obtained a master's degree in applied mathematics from Tianjin University and a doctorate degree in highway and railway engineering from Beijing Jiaotong University.

Ms. Huang has over 30 years of experience in intelligent transportation, undertaking major research projects including the 11th, 12th, and 13th Five-Year Plans (the National Science and Technology Support Program of China), the 863 Program, the National Natural Science Foundation, and the Nuclear Takamoto (核高基). Ms. Huang has led the completion of more than 30 major construction projects, including those from TOCC, and has made a number of technological breakthroughs in real-time road conditions, ground transit, rail transit information service and other areas. She has proposed transportation data sensing, integration technology and operation monitoring and data service system, promoting the application of Internet of Things and Nuclear Takamoto technology in transportation. Ms. Huang was awarded the 2015 Beijing Advanced Worker (2015年度北京市先進工作者), and received numerous honors such as State Council Special Allowance Expert (國務院政府特殊津貼專家).

Director and Senior Management

Mr. LAI Hongyi (來宏毅), 62, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Remuneration Committee and Nomination Committee. Mr. Lai was appointed as Director on December 13, 2024. Mr. Lai is currently an executive director of Huanzhong Technology (Beijing) Limited (寰众科技(北京)有限公司).

Mr. Lai is a certified public accountant in the PRC and has extensive experience in accounting and finance. From 1984 to 1988, Mr. Lai was engaged in the governmental auditing of industrial and transportation enterprises in Beijing Municipal Audit Bureau. From 1989 to 1993, he served as the chief accountant of Beijing Heng Ping CPA Firm (北京衡平會計師事務所). From 1994 to 2014, he served as the deputy chief accountant at Beijing Zhong Hui CPA Firm (北京中惠會計師事務所), during which he went to Japan to work for Asahi Shinwa Accounting Firm (朝日新和會計社) for nearly two years. From 2014 to 2018, Mr. Lai served as a partner of Beijing Xingen Asset Management Company (北京鑫根資產管理公司).

Mr. Lai graduated from Capital University of Economics and Business with a bachelor's degree in finance and accounting.

SENIOR MANAGEMENT

The table below sets forth information regarding the senior management of the Company (including Directors who also hold executive positions):

Name	Age	Position
Mr. Jiang Hailin	56	Chief Executive Officer
Mr. Luo Haibin	48	President
Mr. Mou Yi	58	Chief Financial Officer, general manager of Financial Management Department

For information on Mr. Jiang Hailin, please see "Directors and Senior Management — Board of Directors" above.

Mr. LUO Haibin (羅海濱), 48, is the President. He is responsible for the business operation and daily management of the Company. Mr. Luo joined the Group in November 2007 and has served as the general manager of the Central South area of Zhixun Tiancheng, responsible for the marketing in the Central South area. He then served as the general manager of the Department of Sales Management, general manager of the Marketing Department, vice general manager and general manager of Zhixun Tiancheng. He has been the legal representative and president of Zhixun Tiancheng since November 2014. He is responsible for the operational management of the Company's railway business. Mr. Luo served as the vice president of the Company from February 2015 to March 2018, and has served as the president of the Company since March 2018. In addition, Mr. Luo has also held various positions within our Group, including (i) an executive director of Zhongtian Runbang since December 2014; (ii) a director and general manager of Aproud Technology since March 2016; (iii) an executive director of Beijing Zhongzhi Runbang Intelligent Railway Transportation Technology Co., Ltd. since March 2020 and its legal representative and manager since November 2020; and (iv) the legal representative, chairman of the board of directors of Beijing Zhixun Cloud Technology Co., Ltd. since October 2016 and its executive director and manager since September 2020, at which time he resigned as chairman of the board of directors.

Prior to joining our Group, Mr. Luo served as the marketing director of the Department of Military Network of Beijing Jiaxun Feihong Co., Ltd., responsible for the industrial marketing management of the military.

Mr. Luo graduated from Beijing Information Science and Technology University, majoring in computer software and received a master's degree in business administration from Tsinghua University in January 2022. Mr. Luo possesses approximately 24 years of experience in marketing and management.

Director and Senior Management

Mr. MOU Yi (牟軼), 58, is the Chief Financial Officer and general manager of the Financial Management Department. He is responsible for the overall financial management and investment of the Company. Mr. Mou was appointed as chief financial officer of the Company in March 2018, and has served as general manager of the Financial Management Department since October 2009, being responsible for internal financial management. Mr. Mou holds various positions in the Group, including: (i) the supervisor of Hongrui Dake from November 2015 to July 2019 and its legal representative, executive director, and manager since August 2019; (ii) the director and general manager of Haotian Jiajie since August 2017; (iii) a director of Beijing Jiujian Technology Co., Ltd.* (北京九建科技有限公司) since July 2023; (iv) a director of Wuxi Zhijiao New Energy Co., Ltd.* (無錫智交新能源有限公司) since December 2023; and (v) the director of Forever Opensource Software Inc., a company listed on Beijing Stock Exchange (stock code: 834415，"FOSS"), since September 2017 and its vice chairman of the board of directors since December 2021. Since December 2024, he has assumed the position of the company's chairman (FOSS has become a subsidiary of the Company with effect from January 1, 2025). In addition, Mr. Mou has served as the director of Shenzhen Anyixiao Investment Co., Ltd. (formerly known as Shenzhen Anxiao Investment Co., Ltd.) since December 2018. He also has served as the director of Shenzhen Honglu Technology Co., Ltd. since February 2019. The Group owns approximately 10% and 16% equity interest in Shenzhen Anyixiao Investment Co., Ltd. and Shenzhen Honglu Technology Co., Ltd., respectively. Mr. Mou has served as the director of Jiangsu Zhongzhi Ruixin IOT Technology Co., Ltd., an associate of the Company since October 2022.

Mr. Mou joined our Group in October 2004 and has served in many roles within the Group. He started as vice president of Beijing RHY Technology Development Co., Ltd. and was then promoted to Group vice president of our Turnkey Solution responsible for the internal and daily operations such as financial control, human resources and other administrative functions of the Turnkey Solution business unit. In addition, Mr. Mou served as a Director of the Company from October 2008 to June 2009, and served as the vice president of the Company from November 2011 to June 2014. He also served as the Director of Zhixun Tiancheng from June 2011 to November 2014.

Prior to joining our Group, Mr. Mou served as vice president of Lang Chao Mobile Communication Products Co., Ltd. which is the subsidiary of Inspur Group Co., Ltd., where he was responsible for the overall operational management of the company. Mr. Mou also served as vice president of Shanghai Zarva Software Application and Service Co., Ltd. where he was responsible for domestic sales and the management of branch offices in the PRC. Mr. Mou served as a manager of Legend Computer Group Co. (Qingdao branch) which is the predecessor of Lenovo Group Limited, a company listed on The Stock Exchange of Hong Kong Limited (stock code: 0992), where he was responsible for the sales and software development. Prior to that, he served as a manager of Jinan Tuopu Software Research Centre where he was also responsible for the sales and development of software.

Mr. Mou received a bachelor's degree in science and a bachelor's degree in economics from Tianjin Nankai University in July 1990. Mr. Mou was qualified as an accountant in December 1992, and as a senior economist in November 2008. Mr. Mou possesses extensive experience in operational management and internal financial management.

Independent Auditor's Report

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To the shareholders of China ITS (Holdings) Co., Ltd.
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China ITS (Holdings) Co., Ltd. (the "Company") and its subsidiaries (together the "Group") set out on pages 56 to 157, which comprise the consolidated statement of financial position as at December 31, 2024, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2024, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue recognition on products and specialised solutions *Refer to notes 2.4 and 5 to the consolidated financial statements*	
The Group derives a significant portion of its revenue from products and specialised solutions for which revenue is recognised over time, using the input method to measure progress towards complete satisfaction of the performance obligations. The input method involved the use of significant judgement and estimates by management, including the scope of deliveries and services required, total budgeted costs and total contract revenue, etc. As a result, we considered this as a key audit matter.	Our key procedures, on a sample basis where applicable, in relation to the revenue recognition on products and specialised solutions included: — Obtaining an understanding of and assessing the design and implementation of the key internal controls over the revenue recognition cycle of the Group; — Reviewing the content of the contracts and interviewing the responsible personnel of the Group to understand the terms of the contracts and the scope of deliveries and services required; — Performing recalculation on revenue using budgeted cost estimates provided by the Group; — Reviewing the budgeted costs by checking the details against purchase contracts, etc. and discussing with management on changes in budgeted costs during the current year; — Checking purchase contracts, invoices, goods delivery notes and acceptance reports to ascertain the actual costs incurred to date; and — Comparing the gross profit in the current year to the prior year for existing contracts.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment of goodwill *Refer to notes 2.4 and 16 to the consolidated financial statements*	
As at December 31, 2024, the carrying amount of goodwill amounted to RMB117.8 million. Management assessed the recoverable amounts of the goodwill, with the involvement of an independent professional valuer, which involved value in use calculations. As set out in note 3 to the consolidated financial statements, the value in use calculations involved exercise of significant judgements and estimations. As a result, we considered this as a key audit matter.	Our key procedures in relation to the impairment of goodwill included: — Reviewing the valuation reports from the valuer and discussing with the management and the valuer to understand the valuation basis and methodology used, and underlying assumptions applied; — Evaluating the objectivity, capabilities and competence of the valuer; — Examining the determination of the recoverable amount which is the value in use of cash-generating units to which goodwill has been allocated; — Assessing the reasonableness of the assumptions, methodologies and key inputs used in the value in use calculations; — Considering the result of sensitivity analysis on reasonably possible downside changes in key assumptions; and — Checking arithmetical accuracy of the calculations.

KEY AUDIT MATTERS (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Allowance for impairment of trade receivables and contract assets *Refer to notes 2.4, 21 and 23 to the consolidated financial statements*	
As at December 31, 2024, the Group had gross trade receivables and contract assets of approximately RMB467,981,000 and RMB292,826,000 respectively, against which expected credit loss allowances of RMB129,494,000 and RMB32,325,000 were recorded. The Group uses simplified approach to calculate the expected credit loss ("ECL") on trade receivables and contract assets. The establishment of provision matrix involves assessment of the Group's historical observed default rates and forecast economic conditions, which involved significant estimations. As a result, we considered this as a key audit matter.	Our key procedures in relation to the ECL included: — Discussing with management to understand judgement involved in estimating the ECL on trade receivables and contract assets; — Assessing the reasonableness of estimates used to determine the ECL by considering historical collection, default rate and subsequent settlement information; — Checking accuracy of ageing of trade receivables and contract assets; and — Checking arithmetical accuracy of the calculation of the ECL on trade receivables and contract assets.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's 2024 annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Report

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Forvis Mazars CPA Limited
Certified Public Accountants
Hong Kong, March 31, 2025

The engagement director on the audit resulting in this independent auditor's report is:

Yip Ngai Shing
Practising Certificate number: P05163

Consolidated Statement of Profit or Loss

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
REVENUE	5	**819,787**	857,395
Cost of revenue		**(514,518)**	(525,710)
Gross profit		**305,269**	331,685
Other income and gains	6	**38,473**	117,507
Selling, distribution and administrative expenses		**(118,887)**	(129,914)
Impairment losses on financial and contract assets, net	7	**(36,289)**	(44,708)
Other expenses		**(109,012)**	(63,121)
Finance costs	8	**(10,537)**	(9,784)
Share of results of associates	19	**1,611**	926
PROFIT BEFORE TAX	7	**70,628**	202,591
Income tax expense	11	**(23,653)**	(15,774)
PROFIT FOR THE YEAR		**46,975**	186,817
Attributable to:			
Owners of the Company		**22,058**	137,197
Non-controlling interests	18	**24,917**	49,620
		46,975	186,817
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		**RMB**	RMB
Basic	13	**0.01**	0.08
Diluted	13	**0.01**	0.08

Consolidated Statement of Comprehensive Income

Year ended December 31, 2024

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

Consolidated Statement of Financial Position

At December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
NON-CURRENT ASSETS			
Property and equipment	14	**468,469**	493,294
Investment properties	15	**68,291**	68,060
Goodwill	16	**117,798**	117,798
Intangible assets	17	**118,630**	115,949
Investments in associates	19	**284,988**	55,960
Financial assets at fair value through profit or loss	24	**70,187**	287,593
Total non-current assets		**1,128,363**	1,138,654
CURRENT ASSETS			
Inventories	20	**265,926**	404,218
Contract assets	23	**260,501**	141,907
Trade and bills receivables	21	**369,854**	450,244
Financial assets at fair value through profit or loss	24	**1,629**	789
Prepayments, deposits and other receivables	22	**366,847**	419,985
Amounts due from related parties	37(b)	**37,696**	18,468
Pledged deposits	25	**77,590**	39,818
Cash and cash equivalents	25	**329,888**	483,768
Total current assets		**1,709,931**	1,959,197
CURRENT LIABILITIES			
Trade and bills payables	26	**266,302**	434,725
Contract liabilities, other payables and accruals	27	**212,386**	243,453
Interest-bearing bank borrowings	28	**246,114**	275,020
Amounts due to related parties	37(b)	**5,547**	4,301
Income tax payable		**105,656**	71,092
Total current liabilities		**836,005**	1,028,591
NET CURRENT ASSETS		**873,926**	930,606
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,002,289**	2,069,260

Consolidated Statement of Financial Position

At December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,002,289**	2,069,260
NON-CURRENT LIABILITIES			
Deferred tax liabilities	29	**1,165**	4,501
Total non-current liabilities		**1,165**	4,501
Net assets		**2,001,124**	2,064,759
EQUITY			
Equity attributable to owners of the Company			
Share capital	30	**302**	298
Reserves		**1,880,922**	1,927,888
		1,881,224	1,928,186
Non-controlling interests	18	**119,900**	136,573
Total equity		**2,001,124**	2,064,759

These consolidated financial statements on pages 56 to 157 were approved and authorised for issue by the Board of Directors on March 31, 2025 and signed on its behalf by

Liao Jie *Director*	**Jiang Hailin** *Director*

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

		Attributable to owners of the Company									
	Note	Share capital RMB'000	Share premium (Note 31) RMB'000	Statutory reserve (Note 31) RMB'000	Capital reserve (Note 31) RMB'000	Asset revaluation reserve (Note 31) RMB'000	Exchange fluctuation reserve (Note 31) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total 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**
Profit for the year		–	–	–	–	–	–	22,058	22,058	24,917	46,975
Other comprehensive loss for the year:											
Exchange differences on translation		–	–	–	–	–	(35,297)	–	(35,297)	(21,794)	(57,091)
Total comprehensive (loss) income for the year		–	–	–	–	–	(35,297)	22,058	(13,239)	3,123	(10,116)
Grant fee received pursuant to share award scheme	30	4	1,357	–	–	–	–	–	1,361	–	1,361
Share award expenses	32	–	–	–	442	–	–	–	442	–	442
Transfer upon vesting of the share awards		–	2,272	–	(2,272)	–	–	–	–	–	–
Dividends paid to non-controlling interests	18	–	–	–	–	–	–	–	–	(19,796)	(19,796)
2023 final dividend paid	12	–	(35,526)	–	–	–	–	–	(35,526)	–	(35,526)
Total transactions with owners		4	(31,897)	–	(1,830)	–	–	–	(33,723)	(19,796)	(53,519)
At December 31, 2024		**302**	**1,041,270***	**202,890***	**563,467***	**7,782***	**(209,599)***	**275,112***	**1,881,224**	**119,900**	**2,001,124**

Consolidated Statement of Changes in Equity

Year ended December 31, 2024

		Attributable to owners of the Company									
	Note	Share capital RMB'000	Share premium (Note 31) RMB'000	Statutory reserve (Note 31) RMB'000	Capital reserve (Note 31) RMB'000	Asset revaluation reserve (Note 31) RMB'000	Exchange fluctuation reserve (Note 31) RMB'000	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At January 1, 2023		294	1,069,770	201,930	571,761	7,782	(188,600)	116,817	1,779,754	115,779	1,895,533
Profit for the year		–	–	–	–	–	–	137,197	137,197	49,620	186,817
Other comprehensive income (loss) for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	14,298	–	14,298	(10,719)	3,579
Total comprehensive income for the year		–	–	–	–	–	14,298	137,197	151,495	38,901	190,396
Changes in ownership interests in a subsidiary that do not result in a loss of control		–	–	–	(5,931)	–	–	–	(5,931)	5,931	–
Grant fee received pursuant to share award scheme	30	4	1,300	–	–	–	–	–	1,304	–	1,304
Share award expenses	32	–	–	–	1,564	–	–	–	1,564	–	1,564
Transfer upon vesting of the share awards		–	2,097	–	(2,097)	–	–	–	–	–	–
Transfer from retained earnings		–	–	960	–	–	–	(960)	–	–	–
Dividends paid to non-controlling interests	18	–	–	–	–	–	–	–	–	(34,651)	(34,651)
Business combination		–	–	–	–	–	–	–	–	10,613	10,613
Total transactions with owners		4	3,397	960	(6,464)	–	–	(960)	(3,063)	(18,107)	(21,170)
At December 31, 2023		298	1,073,167*	202,890*	565,297*	7,782*	(174,302)*	253,054*	1,928,186	136,573	2,064,759

* These reserve accounts comprise the reserves of RMB1,880,922,000 (2023: RMB1,927,888,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**70,628**	202,591
Adjustments for:			
Depreciation		**38,204**	37,958
Amortisation		**22,574**	18,818
Share award expenses		**442**	1,564
Rehabilitation income		**(22,419)**	(2,649)
Write-off of property and equipment		**1,826**	1,434
Write-off of intangible assets		**–**	130
Gain on disposal of financial assets at fair value through profit or loss		**(440)**	(3,135)
Impairment of contract assets		**1,648**	1,661
Impairment of trade receivables		**35,148**	27,269
(Reversal of impairment) Impairment of financial assets included in prepayment, other receivables and other assets		**(507)**	15,778
Impairment of goodwill		**–**	8,975
Share of results of an associate		**(1,611)**	(926)
Gain on disposal of property and equipment		**–**	(4)
Changes in fair value of investment properties		**(231)**	3,090
Changes in fair value of financial assets at fair value through profit or loss, included in other income and gains		**(5,501)**	(80,351)
Changes in fair value of financial assets at fair value through profit or loss, included in other expenses		**38,452**	11,496
Dividend income from financial assets at fair value through profit or loss		**(2,413)**	(1,871)
Finance income		**(8,870)**	(11,701)
Finance costs		**10,537**	9,784
		177,467	239,911
Changes in assets and liabilities:			
Inventories		**138,292**	(127,834)
Contracts assets		**(120,242)**	(17,863)
Trade and bills receivables		**45,167**	4,884
Prepayments, deposits and other receivables		**22,219**	21,957
Amounts due from related parties		**(19,228)**	7,366
Pledged deposits		**(37,772)**	90,365
Trade and bills payables		**(169,614)**	114,852
Amounts due to related parties		**1,246**	3,598
Contract liabilities, other payables and accruals		**(66,814)**	(96,825)
Cash (used in) generated from operations		**(29,279)**	240,411
Interest received		**8,870**	11,701
Interest paid		**(10,537)**	(9,784)
Income tax refunded (paid)		**7,007**	(13,609)
Net cash flows (used in) generated from operating activities		**(23,939)**	228,719

Consolidated Statement of Cash Flows

Year ended December 31, 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property and equipment		**(7,830)**	(7,424)
Dividend received from investments		**2,413**	1,871
Business combination		**–**	(10,393)
Proceeds from disposal of financial assets at fair value through profit or loss		**20,261**	24,875
Consideration received from the disposal of a subsidiary		**–**	37,479
Acquisition of financial assets at fair value through profit or loss		**(7,410)**	(76,520)
Acquisition of an associate	19(c)	**(56,259)**	–
Net cash flows used in investing activities		**(48,825)**	(30,112)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant fee received pursuant to share award scheme	30	**1,361**	1,304
Proceeds from interest-bearing bank borrowings	33	**235,535**	240,949
Repayment of interest-bearing bank borrowings	33	**(264,700)**	(220,152)
Dividend paid to non-controlling interests	18	**(19,796)**	(34,651)
Dividend paid	12	**(35,526)**	–
Net cash flows used in financing activities		**(83,126)**	(12,550)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		**(155,890)**	186,057
Effect of foreign exchange rate changes, net		**2,010**	2,089
Cash and cash equivalents at beginning of year		**483,768**	295,622
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	**329,888**	483,768

1. CORPORATE AND GROUP INFORMATION

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

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

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

(b) Energy business — provision of products and specialised solutions related to electric power equipment for customers in the electric power infrastructure construction area, which mainly includes power transmission and transformation equipment and power generation equipment, etc.; power generation; provision of planning and technical consulting services of the infrastructure construction in relation to electric power such as power plant construction and power grid renovation, and value-added operation and services related to power plant investment, construction and operation, etc.; and provision of energy conservation services.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place and date of incorporation/ registration	Place of operations	Kind of legal entity	Issued ordinary/ registered capital	Percentage of equity interest attributable to the Company indirectly 2024	2023	Principal activities
Zhongtian Runbang Information Technology Co., Ltd.	Mainland China December 8, 2014	Mainland China	Limited liability company	RMB50 million	**100**	100	Technology specialised services and sale of electronics
Beijing Hongrui Dake Technology Co., Ltd.	Mainland China October 17, 2014	Mainland China	Limited liability company	RMB196 million	**100**	100	Commercial properties leasing
Beijing Haotian Jiajie New Energy Co., Ltd.	Mainland China March 30, 2007	Mainland China	Limited liability company	RMB125 million	**100**	100	Communications specialised solutions and value-added operation and services

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration	Place of operations	Kind of legal entity	Issued ordinary/ registered capital	Percentage of equity interest attributable to the Company indirectly 2024	2023	Principal activities
Beijing Aproud Technology Co., Ltd. ("Aproud Technology")	Mainland China February 15, 2001	Mainland China	Limited liability company	RMB280 million	**100**	100	Communications, surveillance specialised solutions and value-added operation and services
Beijing Zhixun Tiancheng Technology Co., Ltd.	Mainland China June 25, 2007	Mainland China	Limited liability company	RMB500 million	**100**	100	Communications specialised solutions
Jiangsu Zhongzhi Transportation Technology Co., Ltd.	Mainland China December 15, 2011	Mainland China	Limited liability company	US$30 million	**100**	100	Intelligent Transportation system service
Xizang Intelligent Aviation Transportation Technology Co., Ltd.	Mainland China June 8, 2017	Mainland China	Limited liability company	RMB10 million	**100**	100	Communications specialised solutions and value-added operation and services
Chengdu Zhongzhi Runbang Transportation Technology Co., Ltd.	Mainland China November 26, 2009	Mainland China	Limited liability company	RMB30 million	**100**	100	Communications specialised solutions and value-added operation and services
CEECGlobal Limited ("CEEC")	Hong Kong October 16, 2014	Myanmar	Limited liability company	HK$10,000	**58**	58	Sales of products and provision of specialised solutions for various segments of overseas electric power industry and communication industry
CIC Infrastructure Industry Investment Limited	Hong Kong April 23, 2012	Mainland China	Limited liability company	HK$100	**58**	58	Provision of purchasing service for inter-group company

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Name	Place and date of incorporation/ registration	Place of operations	Kind of legal entity	Issued ordinary/ registered capital	Percentage of equity interest attributable to the Company indirectly 2024	2023	Principal activities
CIC Information Technology Company Limited	Myanmar May 17, 2017	Myanmar	Limited liability company	US$550,000	**58**	58	Sales of products and provision of specialised solutions for various segments of overseas electric power industry and communication industry
Myanmar Ahlone Power Plant Company Limited	Myanmar January 17, 2020	Myanmar	Limited liability company	US$500,000	**58**	58	Power generation
Myanmar Hlawga GGE Power Plant Company Limited ("Hlawga")	Myanmar July 7, 2022	Myanmar	Limited liability company	US$500,000, of which US$200,000 was paid up	**44 (note i)**	44 (note i)	Power generation
Beijing Jiujian Technology Co., Ltd. ("Beijing Jiujian")	Mainland China June 25, 2008	Mainland China	Limited liability company	RMB190,000,000	**55**	55	Provision of energy conservation services in a business model of contract energy management
CIC Transportation Systems Technology Malaysia AND BHD	Malaysia	Malaysia	Limited liability company	US$10,000	**100**	100	Communications specialised solutions and value-added operation and services

Note

(i) Although the Group has less than half of the ownership interests in Hlawga, the Group has determined that it has control over Hlawga because based on the agreements with the other shareholders of Hlawga, the Group has the right to appoint all of the directors of Hlawga and the other shareholders agree to act in concert with the Group in respect of the management and operating decisions of Hlawga.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length. No debt securities were issued by the Company's subsidiaries.

2.1 BASIS OF PRESENTATION

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

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

These consolidated financial statements have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss, which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except where otherwise indicated.

2.2 CHANGES IN ACCOUNTING POLICIES

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

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

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

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

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

Amendments to IAS 1: Non-current Liabilities with Covenants

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

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

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to IAS 7 and IFRS 7: Supplier Finance Arrangements

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

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

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

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

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

2.3 ISSUED BUT NOT EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these consolidated financial statements:

Amendments to IAS 21	Lack of Exchangeability [1]
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Annual Improvements to IFRS Accounting Standards	Volume 11[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025
[2] Effective for annual periods beginning on or after 1 January 2026
[3] Effective for annual periods beginning on or after 1 January 2027
[4] The effective date to be determined

The directors do not anticipate that the adoption of the new/revised IFRS Accounting Standards in future periods will have any material impact on the consolidated position or the performance of the Group.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES

Basis of consolidation

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long-term interest of generally not less than 20% of the voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control, is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

Goodwill arising on an acquisition of an associate or a joint venture is measured as the excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the acquired associate or joint venture. Such goodwill is included in interests in associates or joint ventures. On the other hand, any excess of the Group's share of its net fair value of identifiable assets and liabilities over the cost of investment is recognised immediately in profit or loss as an income.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income as appropriate.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at December 31. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Business combinations and goodwill (continued)

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and equity investments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1	—	based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3	—	based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for the Group's, plant and equipment, intangible assets and the Company's investment in subsidiaries are required, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel service to the Group or to the parent of the Group.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property and equipment to its residual value over its estimated useful life. The estimated useful lives used for this purpose are as follows:

Buildings	5 to 49.2 years
Power supply equipment	15 years (2nd hand)/25 years (new)
Computers and electronic equipment	3 to 5 years
Office equipment	3 to 5 years
Motor vehicles	5 years
Software	5 years
Leasehold improvements	Over the shorter of the expected life of the leasehold improvements and the lease terms

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Property and equipment and depreciation (continued)

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents a building or equipment under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under a lease for a property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under "Property and equipment and depreciation" above. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underling products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Service concession arrangement

The Group recognises an intangible asset arising from a service concession arrangement when it has right to charge for use of the concession infrastructure. The intangible asset is measured initially at cost which comprises of the fair value of the fixed payment made/payable and services and goods provided to the grantor and other directly attributable expenditure. An intangible asset received as consideration for providing construction, upgrade or rehabilitation services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided.

Subsequent expenditure on the concession infrastructure is capitalised only when it increases the future economic benefits embodied in the specific intangible asset to which it relates. All other expenditure is recognised in profit or loss as the obligation falls due. Amortisation is calculated to write off the cost of the intangible asset using the straight-line method over the concession period of 7 and 10 years .

Customer relationships and non-compete agreements

Both of customer relationships and non-compete agreements which were acquired in a business combination are recognised upon acquisition of business. Their useful life is estimated to be 5 to 6 years, based on the assessment of a number of factors that may impact useful life, such as historical performance and length of the non-compete agreements.

Amortisation methods, useful lives and residual values, if any, are reviewed at each reporting date and adjusted if appropriate.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Leases

The Group assesses whether a contract is, or contains, a lease at inception of the contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Group applies the recognition exemption to short-term leases and low-value asset leases. Lease payments associated with these leases are recognised as an expense on a straight-line basis over the lease term.

The Group has elected not to separate non-lease components from lease components, and accounts for each lease component and any associated non-lease components as a single lease component.

The Group accounts for each lease component within a lease contract as a lease separately. The Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component.

Amounts payable by the Group that do not give rise to a separate component are considered to be part of the total consideration that is allocated to the separately identified components of the contract.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease.

The right-of-use asset is initially measured at cost, which comprises

(a) the amount of the initial measurement of the lease liability;

(b) any lease payments made at or before the commencement date, less any lease incentives received;

(c) any initial direct costs incurred by the Group; and

(d) an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Leases (continued)

As lessor

The Group classifies each of its leases as either a finance lease or an operating lease at the inception date of the lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset. All other leases are classified as operating leases.

The Group accounts for each lease component within a lease contract as a lease separately from non-lease components of the contract. The Group allocates the consideration in the contract to each lease component on a relative stand-alone price basis.

As lessor — operating lease

The Group applies the derecognition and impairment requirements in IFRS 9 to the operating lease receivables.

A modification to an operating lease is accounted for as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. This category includes equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through other comprehensive income, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss. Dividend or interest income is presented separately from fair value gain or loss.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when internal or external information indicates that the debtor is unlikely to pay its creditors, including the Group, in full before taking into account any credit enhancements held by the Group or there is a breach of financial covenants by the counterparty as historical experience indicates that the Group may not receive the outstanding contractual amounts in full. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Financial assets (continued)

Impairment of financial assets (continued)

General approach (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Level 1	—	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Level 2	—	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Level 3	—	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

Subsequent measurement

Financial liabilities at amortised cost

After initial recognition, financial liabilities at amortised cost are measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the specific identification basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments which are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of certain products and the provision of specialised solutions for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group on certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred taxes. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration IFRIC interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

(a) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of taxable temporary differences associated with investments in subsidiaries and associate, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

(a) when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

(b) in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Income tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

(b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or

(c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from contracts with customers (continued)

(a) *Products and specialised solution business*

Revenue from the products and specialised solution is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the services.

Revenue from the sale of products which does not form part of a contract for the provision of specialised solution services is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the industrial products.

(b) *Maintenance services*

The Group provides maintenance services to its specialised solution customers.

Revenue from maintenance services is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customer simultaneously receives and consumes the benefits provided by the Group. The output method recognises revenue on the basis of the completed maintenance period to the total contract maintenance period.

(c) *Power supply*

Revenue from provision of electricity is recognised over time when electricity is supplied to the customer. Revenue is measured based on the monthly power meter readings.

(d) *Service concession arrangement*

Revenue from provision of rehabilitation services under a service concession arrangement is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the rehabilitation services.

Revenue from provision of electricity under service concession arrangement for Hlawga Power Plant is recognised over time when electricity is supplied to EPGE based on the monthly power meter readings.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease term.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs

Other than the costs which are capitalised as inventories, property and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other contract costs are expensed as incurred.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates share option and share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Other employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The assets of the scheme are held separately from that of the Group in an independently administered fund. These subsidiaries are required to contribute 16% of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the consolidated financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The Company's executive directors who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the CODM that make strategic decisions.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). Since the Company conducts its primary business operations through its subsidiaries established in Mainland China, the Company adopts RMB as the presentation currency of the Group. The Company's functional currency is the Hong Kong dollar. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or transaction of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of foreign operations. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on changes in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain non-Mainland China subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of foreign operations are translated into RMB at the rates of exchange prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year.

2.4 SUMMARY OF PRINCIPAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of foreign operations, the component of other comprehensive income relating to that particular foreign operations is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of foreign operations and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operations and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of non-Mainland China subsidiaries are translated into RMB at the exchange rates prevailing at the dates of the cash flows. Frequently recurring cash flows of non-Mainland China subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT PRINCIPAL JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures. Uncertainty about these assumptions and estimates could result in a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements.

Revenue from contracts with customers

The Group applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

(i) *Identifying performance obligations for products and specialised solutions*

The Group's promise in its contract with the customer is to provide products and specialised services in accordance with the customer's specifications. The Group considers that goods and services are highly interdependent and highly integrated with each other and the equipment and the various promised services are not separately identifiable under IFRS 15. Therefore, the Group accounts for all of the goods and services promised in the contract as a single performance obligation.

(ii) *Determining the contract price for products and specialised solutions*

In the absence of a signed contract with the customer, the Group recognises revenue from the provision of products and specialised solutions to the extent of cost incurred because the contract price is subject to change until the signed contract is obtained from the customer and the Group expects that it can recover the costs incurred.

3. SIGNIFICANT PRINCIPAL JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Deferred taxation on investment property

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group has considered the deferred taxes impact arising from changes in fair value of investment properties on the basis of through use.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are set out in note 16 to the consolidated financial statements.

Provision for ECLs on trade receivables and contract assets

The Group uses provision matrixes to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrixes are initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in notes 21 and note 23 to the consolidated financial statements, respectively.

3. SIGNIFICANT PRINCIPAL JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Loss allowance for other financial assets

The Group's management estimates the loss allowance for financial assets included in prepayments, deposits and other receivables and other assets by using various inputs and assumptions including risk of a default and expected loss rate. The estimation involves high degree of uncertainty which is based on the Group's historical information, existing market conditions as well as forward-looking estimates at the end of each reporting period. Where the expectation is different from the original estimate, such difference will impact the carrying amount of financial assets included in prepayments, other receivables and other assets. Details of the key assumption and inputs used in estimating ECL are set out in note 41 to the consolidated financial statements.

Percentage of completion of products and specialised solutions

The Group recognises revenue using the input method for individual contracts of specialised solution services and sale of products, which requires estimation by management. The stage of completion is estimated by reference to the actual costs incurred over the total budgeted costs, and the corresponding revenue is also estimated by management. Due to the nature of the activity undertaken in products and specialised solutions, the date at which the activity is entered into and the date at which the activity is completed usually fall into different accounting periods. Hence, the Group reviews and revises the estimates of both revenue and costs in the budget prepared for each contract as the contract progresses. Where the actual revenue is less than expected or actual costs are more than expected, a loss may arise.

Current income tax and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Judgement is required to determine the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the current income tax and deferred income tax provisions in the periods in which the differences arise.

Deferred tax assets relating to certain deductible temporary differences and unused tax losses are recognised as and when management considers it is probable that future taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised. The realisation of the deferred tax assets mainly depends on whether sufficient profits or taxable temporary differences will be available in the future. In cases where the actual future profits generated are less than expected, a material reversal of deferred tax assets may arise, which will be recognised in profit or loss for the year in which such a reversal takes place.

4. OPERATING SEGMENT INFORMATION

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

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

(i) Railway business

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

(ii) Energy business

Provision of products and specialised solutions related to electric power equipment for customers in the electric power infrastructure construction area, which mainly includes power transmission and transformation equipment and power generation equipment, etc.; power generation; provision of planning and technical consulting services of the infrastructure construction in relation to electric power such as power plant construction and power grid renovation, and value-added operation and services related to power plant investment, construction and operation, etc.; and provision of energy conservation services.

4. OPERATING SEGMENT INFORMATION (continued)

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

Year ended December 31, 2024	Railway business RMB'000	Energy Business RMB'000	Total RMB'000
Segment revenue (note 5)			
Sales to external customers	**483,533**	**336,254**	**819,787**
Segment results	**42,331**	**95,008**	**137,339**
Reconciliation:			
Finance income			**8,870**
Finance costs			**(10,537)**
Changes in fair value of investment properties			**231**
Changes in fair value of financial assets at fair value through profit or loss, included in other income and gains			**5,501**
Changes in fair value of financial assets at fair value through profit or loss, included in other expenses			**(38,452)**
Dividend income from financial assets at fair value through profit or loss			**2,413**
Impairment of financial and contract assets, net			**(36,289)**
Corporate and other unallocated income and expenses			**1,552**
Profit before tax			**70,628**
Other segment information:			
Gain on disposal of financial assets at fair value through profit or loss	**–**	**–**	**440**
Share of results of associates	**–**	**–**	**1,611**
Depreciation and amortisation	**(16,877)**	**(43,901)**	**(60,778)**
Capital expenditure*	**868**	**29,381**	**30,249**

4. OPERATING SEGMENT INFORMATION (continued)

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

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

4. OPERATING SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

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

(b) Non-current assets

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

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

Information about major customers

A customer under the energy business segment contributed 36.7% (2023: 32.2%) of the Group's revenue for the year. Other than that, no individual customer of the Group contributed 10% or more of the Group's revenue.

5. REVENUE

An analysis of revenue is as follows:

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

(i) Disaggregated revenue information

Year ended December 31, 2024	Railway business RMB'000	Energy business RMB'000	Total RMB'000
Type of goods or services			
Sale of products and provision of specialised solutions	451,491	–	451,491
Maintenance services	32,042	12,985	45,027
Rehabilitation services under a service concession arrangement	–	22,419	22,419
Power supply	–	300,850	300,850
Total revenue from contracts with customers	483,533	336,254	819,787
Geographical markets			
Mainland China	333,706	29,649	363,355
Overseas	149,827	306,605	456,432
Total revenue from contracts with customers	483,533	336,254	819,787
Timing of revenue recognition			
Goods and services transferred at a point in time	17,296	–	17,296
Goods and services transferred over time	466,237	336,254	802,491
Total revenue from contracts with customers	483,533	336,254	819,787

5. REVENUE (continued)

(i) Disaggregated revenue information (continued)

Year ended December 31, 2023	Railway business RMB'000	Energy business RMB'000	Total RMB'000
Type of goods or services			
Sale of products and provision of specialised solutions	536,570	–	536,570
Maintenance services	30,113	14,734	44,847
Rehabilitation services under a service concession arrangement	–	2,649	2,649
Power supply	–	273,329	273,329
Total revenue from contracts with customers	566,683	290,712	857,395
Geographical markets			
Mainland China	566,683	4,540	571,223
Overseas	–	286,172	286,172
Total revenue from contracts with customers	566,683	290,712	857,395
Timing of revenue recognition			
Goods and services transferred at a point in time	93,471	–	93,471
Goods and services transferred over time	473,212	290,712	763,924
Total revenue from contracts with customers	566,683	290,712	857,395

5. REVENUE (continued)

(i) Disaggregated revenue information (continued)

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

	2024 RMB'000	2023 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of products and provision of specialised solutions	**74,071**	97,027
Maintenance services	**805**	1,753
	74,876	98,780
Revenue recognised from performance obligations satisfied in previous periods:		
Gross margin not previously recognised due to the contracts not signed	**5,111**	2,851

(ii) Performance obligations

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2024 are as follows:

	2024 RMB'000	2023 RMB'000
Within one year	**416,688**	356,642
More than one year	**443,046**	318,455
	859,734	675,097

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

6. OTHER INCOME AND GAINS

	2024 RMB'000	2023 RMB'000
Changes in fair value of investment properties	**231**	–
Changes in fair value of financial assets at fair value through profit or loss	**5,501**	80,351
Dividend income from financial assets at fair value through profit or loss	**2,413**	1,871
Finance income	**8,870**	11,701
Government grants*	**912**	16
Gain on disposal of financial assets at fair value through profit or loss	**440**	3,135
Gross rental income (note 15)	**19,597**	20,320
Others	**509**	113
	38,473	117,507

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

7. PROFIT BEFORE TAX

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

	2024 RMB'000	2023 RMB'000
Cost of inventories	**382,067**	439,095
Depreciation (note 14)	**38,204**	37,958
Amortisation of intangible assets (note 17), included in cost of revenue	**15,429**	11,883
Amortisation of intangible assets (note 17), included in selling, distribution and administrative expenses	**7,145**	6,935
	60,778	56,776
Staff costs (including directors' remuneration)		
Wages and salaries	**40,336**	38,000
Pension scheme contributions (defined contribution scheme)	**4,068**	2,628
Social insurance costs and staff welfare	**3,590**	2,790
Equity-settled share-based payment expenses	**442**	1,564
	48,436	44,982
Lease payments		
Short-term leases	**3,397**	3,914
Impairment (Reversal of impairment) of financial and contract assets, net		
Contract assets (note 23)	**1,648**	1,661
Trade receivables (note 21)	**35,148**	27,269
Financial assets included in prepayments, other receivables and other assets (note 22)	**(507)**	15,778
	36,289	44,708
Auditors' remuneration		
— Audit services	**2,030**	1,645
— Non-audit services	**236**	209
Impairment of goodwill, included in other expenses (note 16)	**–**	8,975
Changes in fair value of investment properties (note 15)	**(231)**	3,090
Changes in fair value of financial assets at fair value through profit or loss, included in other expenses	**38,452**	11,496
Changes in fair value of financial assets at fair value through profit or loss, included in other income and gains	**(5,501)**	(80,351)
Rental income	**(19,597)**	(20,320)
Loss (Gain) on disposal of property and equipment, net	**35**	(4)
Gain on disposal of financial assets at fair value through profit or loss, net	**(440)**	(3,135)
Research and development cost, included in selling, distribution and administrative expenses	**16,566**	18,253
Write-off of property and equipment	**1,826**	1,434
Write-off of intangible assets (note 17)	**–**	130
Exchange losses	**70,055**	38,704
Dividend income from financial assets at fair value through profit or loss	**(2,413)**	(1,871)

8. FINANCE COSTS

	2024 RMB'000	2023 RMB'000
Interest on bank borrowings	10,537	9,784

9. DIRECTORS' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules and the disclosure requirements of the Hong Kong Companies Ordinance, is as follows:

	2024 RMB'000	2023 RMB'000
Fees	1,534	1,503
Other emoluments:		
Basic salaries, housing allowances, other allowances and benefits in kind	2,581	2,297
Discretionary or performance related bonus	–	–
Pension scheme contributions	66	63
	2,647	2,360
	4,181	3,863

During the year, no payments were made by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). In addition, none of the directors of the Company waived their remuneration during the year (2023: none).

9. DIRECTORS' REMUNERATION (continued)

(a) Independent non-executive directors

	2024 RMB'000	2023 RMB'000
Mr. Zhou Jianmin	204	199
Mr. Ye Zhou (resigned on 13 December 2024)	194	199
Mr. Wang Dong (resigned on 13 December 2024)	194	199
Ms. Huang Jianling (appointed on 13 December 2024)	8	–
Mr. Lai Hongyi (appointed on 13 December 2024)	8	–
	608	597

(b) Executive directors

2024	Fees RMB'000	Basic salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary or performance related bonus RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Mr. Jiang Hailin	926	1,081	–	66	2,073
Mr. Liao Jie	–	1,500	–	–	1,500
	926	2,581	–	66	3,573

2023	Fees RMB'000	Basic salaries, housing allowances, other allowances and benefits in kind RMB'000	Discretionary or performance related bonus RMB'000	Pension scheme contributions RMB'000	Total RMB'000
Mr. Jiang Hailin	906	797	–	63	1,766
Mr. Liao Jie	–	1,500	–	–	1,500
	906	2,297	–	63	3,266

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2023: two) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration of the remaining three (2023: three) non-director highest paid employees for the year are as follows:

	2024 **RMB'000**	2023 RMB'000
Basic salaries, housing allowances, other allowances and benefits in kind	**2,300**	2,250
Discretionary or performance related bonus	**–**	–
Pension scheme contributions	**199**	159
Equity-settled share-based payment expenses	**442**	1,564
	2,941	3,973

The non-director highest paid employees fell within the following bands:

	Number of employees	
	2024	2023
Nil to HK$1,000,000 (equivalent to RMB912,700)	**1**	1
HK$1,000,001 (equivalent to RMB912,700) to HK$1,500,000 (equivalent to RMB1,369,050)	**2**	1
HK$2,000,001 (equivalent to RMB1,825,400) to HK$2,500,000 (equivalent to RMB2,281,750)	**–**	1

During the year, no payments were made by the Group to the non-director highest paid employees of the Group as an inducement to join or upon joining the Group or as compensation for loss of office (2023: nil). In addition, none of the non-director highest paid employees of the Group waived their remuneration during the year (2023: none).

11. INCOME TAX

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

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

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

According to the PRC tax regulations, from January 1, 2008 onwards, non-resident enterprises without an establishment or place of business in Mainland China or which have an establishment or place of business but the relevant income is not effectively connected with the establishment or a place of business in Mainland China are subject to withholding tax at the rate of 10% on various types of passive income such as dividends derived from entities in Mainland China. Distributions of the pre-2008 earnings are exempt from such withholding tax. As at December 31, 2024, no deferred tax liabilities (2023: nil) have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China (the "Unremitted earnings") because in the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. As at December 31, 2024, the amount of the Unremitted earnings was around RMB690 million (2023: RMB726 million).

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

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

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

11. INCOME TAX (continued)

The major components of income tax expense are as follows:

	2024 RMB'000	2023 RMB'000
Current tax:		
PRC Enterprise Income Tax		
— Provision for the year	**972**	1,976
— Under-provision in prior years	**159**	140
Myanmar Corporate Income Tax	**22,052**	10,698
Myanmar withholding tax	**133**	826
Malaysia Corporate Income Tax	**3,673**	–
	26,989	13,640
Deferred tax:		
Origination and reversal of temporary differences (note 29)	**(3,336)**	2,134
Income tax expense	**23,653**	15,774

Reconciliation of income tax expense

	2024 RMB'000	2023 RMB'000
Profit before tax	**70,628**	202,591
Income tax at applicable tax rate	**18,572**	42,153
Preferential tax rate entitled by certain subsidiaries	**4,354**	(10,774)
Expenses not deductible for tax	**7,153**	6,099
Under-provision in prior years	**159**	140
Unrecognised temporary differences	**(651)**	(16,815)
Share of results of an associate	**(484)**	231
Utilisation of previously unrecognised tax losses	**(6,002)**	(7,281)
Myanmar withholding tax	**133**	826
Tax losses not recognised	**419**	1,195
Income tax expense	**23,653**	15,774

The applicable tax rate is the weighted average of the tax rates prevailing in the locations in which the Group entities operate.

12. DIVIDENDS

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

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

13. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share

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

Diluted earnings per share

The calculation of diluted earnings per share is based on the profit for the year attributable to owners of the Company of RMB22,058,000 (2023: RMB137,197,000), and the weighted average number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all the dilutive potential ordinary shares into ordinary shares, calculated as follows:

	2024	2023
Shares		
Weighted average number of shares in issue	**1,709,061,415**	1,686,924,102
Effect of deemed issue of shares under the Company's share award scheme for nil consideration (note 32)	**5,124,649**	3,858,068
Weighted average number of shares in issue	**1,714,186,064**	1,690,782,170

14. PROPERTY AND EQUIPMENT

	Buildings RMB'000	Power supply equipment RMB'000	Computers and electronic equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Software RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Reconciliation of carrying amount — Year ended December 31, 2024									
At January 1, 2024	**227,400**	**259,132**	**479**	**910**	**1,393**	**–**	**3,250**	**730**	**493,294**
Additions	**1,248**	**1**	**136**	**378**	**409**	**–**	**1,723**	**3,935**	**7,830**
Written off	**–**	**–**	**(135)**	**–**	**(62)**	**–**	**(1,611)**	**(18)**	**(1,826)**
Depreciation	**(13,832)**	**(22,764)**	**(167)**	**(394)**	**(633)**	**–**	**(414)**	**–**	**(38,204)**
Transfer	**841**	**–**	**–**	**–**	**–**	**–**	**–**	**(841)**	**–**
Exchange realignment	**717**	**6,632**	**4**	**11**	**11**	**–**	**–**	**–**	**7,375**
At December 31, 2024	**216,374**	**243,001**	**317**	**905**	**1,118**	**–**	**2,948**	**3,806**	**468,469**
Reconciliation of carrying amount — Year ended December 31, 2023									
At January 1, 2023	244,758	251,394	433	1,416	1,401	–	2,215	–	501,617
Additions	161	4,852	270	249	878	–	284	730	7,424
Business combination	–	–	88	88	–	–	1,668	1,077	2,921
Written off	–	–	(7)	(3)	(347)	–	–	(1,077)	(1,434)
Depreciation	(13,499)	(21,832)	(306)	(847)	(557)	–	(917)	–	(37,958)
Transfer	(5,864)	5,864	–	–	–	–	–	–	–
Exchange realignment	1,844	18,854	1	7	18	–	–	–	20,724
At December 31, 2023	227,400	259,132	479	910	1,393	–	3,250	730	493,294

14. PROPERTY AND EQUIPMENT (continued)

	Buildings RMB'000	Power supply equipment RMB'000	Computers and electronic equipment RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Software RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At December 31, 2024									
At cost	**308,723**	**324,594**	**4,145**	**4,870**	**7,740**	**738**	**4,124**	**3,807**	**658,741**
Accumulated depreciation and impairment	**(92,349)**	**(81,593)**	**(3,828)**	**(3,966)**	**(6,622)**	**(738)**	**(1,176)**	**–**	**(190,272)**
	216,374	**243,001**	**317**	**904**	**1,118**	**–**	**2,948**	**3,807**	**468,469**
At December 31, 2023									
At cost	313,483	322,988	4,182	6,523	7,373	738	6,253	730	662,270
Accumulated depreciation and impairment	(86,083)	(63,856)	(3,703)	(5,613)	(5,980)	(738)	(3,003)	–	(168,976)
	227,400	259,132	479	910	1,393	–	3,250	730	493,294

The Group's buildings comprised a building situated on leasehold land in Mainland China with lease term expiring in September 2054 and a building situated in Myanmar for power generation with operating right granted by the Myanmar government expiring in January 2026.

15. INVESTMENT PROPERTIES

	2024 RMB'000	2023 RMB'000
Carrying amount at January 1	**68,060**	71,150
Changes in fair value	**231**	(3,090)
Carrying amount at December 31	**68,291**	68,060

The Group's investment properties are situated on leasehold land in Mainland China with lease term expiring in December 2053 and are leased to third parties under operating leases.

The Group's investment properties were revalued by Pan-China Assets Appraisal Co., Ltd. (2023: Savills Valuation and Professional Services Limited), an independent firm of professional valuer, on December 31, 2024 at RMB68,291,000 (2023: RMB68,060,000). Each year, when the Group decides to appoint an external valuer for the valuation of the Group's investment properties, selection criteria including market knowledge, reputation, independence and whether professional standards are maintained have been considered. The management of the Group has discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for annual financial reporting purpose.

15. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement at December 31, 2024 using			
	Quoted prices in active market (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Recurring fair value measurement for:				
Commercial properties	**–**	**–**	**68,291**	**68,291**

	Fair value measurement at December 31, 2023 using			
	Quoted prices in active market (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for:				
Commercial properties	–	–	68,060	68,060

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2023: nil).

15. INVESTMENT PROPERTIES (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	2024 RMB'000	2023 RMB'000
At January 1	**68,060**	71,150
Changes in fair value (notes 6 and 7)	**231**	(3,090)
At December 31	**68,291**	68,060

Below is a summary of the valuation technique used and the key inputs to the valuation of the investment properties:

Valuation Technique	Significant unobservable inputs	Weighted average 2024	2023
Income approach	Estimated rental value (per sq.m. and per month)	**RMB390**	RMB364
	Capitalisation rate	**5.50%**	7.79%

Under the income approach, the fair value is determined based on capitalisation of rental income of contractual tenancies for the unexpired term of tenancies. The reversionary market rent after the expiry of tenancies is also taken into account.

The capitalisation rate and estimated rental value are derived from market transactions. A significant increase or decrease in the estimated rental value would result in a corresponding significant increase or decrease in the fair value of the investment properties. In addition, a significant increase or decrease in the capitalisation rate would also result in a significant decrease or increase in the fair value of the investment properties.

16. GOODWILL

	2024 RMB'000	2023 RMB'000
At January 1	**117,798**	123,759
Addition	**–**	3,014
Impairment	**–**	(8,975)
At December 31	**117,798**	117,798

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units for impairment testing:

- Aproud subgroup
- Beijing Jiujian
- CEEC subgroup

The carrying amount of goodwill allocated to the cash-generating units is as follows:

	2024 RMB'000	2023 RMB'000
Aproud subgroup	**77,348**	77,348
Beijing Jiujian	**3,014**	3,014
CEEC subgroup	**37,436**	37,436
	117,798	117,798

Aproud subgroup

Aproud Technology and its subsidiaries (collectively "Aproud subgroup") are principally engaged in sale of communication products and specialised solutions in the railway business. The Group has engaged an independent professional valuer to assess the recoverable amount of Aproud subgroup as at December 31, 2024. The recoverable amount of Aproud subgroup has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections is 12.3% (2023: 11.0%). The cash flows beyond the five-year period are extrapolated using zero growth rate (2023: 0%).

16. GOODWILL (continued)

Beijing Jiujian

Beijing Jiujian is a company established in the PRC with limited liability and is principally engaged in the provision of energy conservation services in a business model of contract energy management. The Group has engaged an independent professional valuer to assess the recoverable amount of Beijing Jiujian as at December 31, 2024. The recoverable amount of Beijing Jiujian has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management of the Group. The discount rate applied to the cash flow projections is 12.0% (2023: 11.0%). The cash flows beyond the five-year period are extrapolated using zero growth rate (2023: 0%).

CEEC subgroup

CEEC and its subsidiaries (collectively "CEEC subgroup") are primarily engaged in investment, sales of equipment and provision of specialised solutions for various segments of electric power industry and power generation in Southeast Asia and Myanmar. The recoverable amount of CEEC subgroup has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rate applied to the cash flow projections is 18.3% (2023: 17.1%). The growth rate used to extrapolate the cash flows beyond the five-year period is 0% (2023: 0%).

The following describes the key assumptions on which management has based for preparing the cash flow projections for impairment testing of goodwill:

Gross profit ratio — Gross profit ratios are based on past history and expectations of future changes in the market.

Discount rates — The discount rates used are after tax and reflect specific risks relating to the cash-generating unit.

Growth rates — The Group determines the growth rates which shall not exceed the long-term average growth rate of the relevant market in Mainland China (for Aproud subgroup and Beijing Jiujian) and Southeast Asia and Myanmar (for CEEC subgroup).

16. GOODWILL (continued)

As at December 31, 2024, the Group assessed the recoverable amount of goodwill for Aproud subgroup, Beijing Jiujian and CEEC subgroup to exceed their carrying values and therefore no impairment loss was recognised in respect of goodwill for the year ended December 31, 2024. As at December 31, 2023, the recoverable amount of CEEC subgroup was RMB42,495,000 with a result that an impairment loss of RMB8,975,000 was recognised for the year ended December 31, 2023.

The management considers that any reasonably possible change of the key assumptions on an individual basis would not cause any additional impairment loss on the goodwill allocated to Aproud subgroup or Beijing Jiujian.

The management identified the following key assumptions in which a reasonably possible change on an individual basis would cause additional impairment loss on the goodwill for CEEC subgroup.

2024	**Increase (Decrease) %**	**Additional impairment loss RMB'000**
Growth rate	**(5)**	**–**
Discount rate	**4**	**–**

2023	Increase (Decrease) %	Additional impairment loss RMB'000
Growth rate	(5)	24,856
Discount rate	4	30,790

17. INTANGIBLE ASSETS

	Service concession arrangement RMB'000	Deferred development cost and software RMB'000	Customer relationships, patent and non-compete agreements RMB'000	Total RMB'000
Reconciliation of carrying amount				
Year ended December 31, 2024				
At January 1, 2024	**102,496**	**3,349**	**10,104**	**115,949**
Additions	**22,419**	**–**	**–**	**22,419**
Amortisation	**(15,429)**	**(979)**	**(6,166)**	**(22,574)**
Exchange realignment	**2,836**	**–**	**–**	**2,836**
At December 31, 2024	**112,322**	**2,370**	**3,938**	**118,630**
Reconciliation of carrying amount				
Year ended December 31, 2023				
At January 1, 2023	87,983	4,008	14,282	106,273
Additions	2,649	–	–	2,649
Business combination	21,651	–	2,098	23,749
Amortisation	(11,883)	(659)	(6,276)	(18,818)
Write off	(130)	–	–	(130)
Exchange realignment	2,226	–	–	2,226
At December 31, 2023	102,496	3,349	10,104	115,949
At December 31, 2024				
Cost	**155,129**	**17,903**	**38,473**	**211,505**
Accumulated amortisation and impairment losses	**(42,807)**	**(15,533)**	**(34,535)**	**(92,875)**
	112,322	**2,370**	**3,938**	**118,630**
At December 31, 2023				
Cost	118,126	17,903	38,473	174,502
Accumulated amortisation and impairment losses	(15,630)	(14,554)	(28,369)	(58,553)
	102,496	3,349	10,104	115,949

17. INTANGIBLE ASSETS (continued)

Service concession arrangement

Hlawga Power Plant

In November 2021, the Group entered into a service concession arrangement with Electric Power Generation Enterprise ("EPGE") under the Ministry of Electricity and Energy in Myanmar pursuant to a power purchase agreement (the "PPA") for rehabilitation, joint operation and maintenance of an existing power plant in Hlawga, Myanmar (the "Hlawga Power Plant").

Pursuant to the PPA, a newly formed subsidiary of the Company in Myanmar shall rehabilitate, operate, maintain and manage the Hlawga Power Plant to guarantee dependable contracted capacity, guaranteed heat rate and annual guarantee electrical energy and bear the relevant cost (except fuel cost) and transfer the facility of the rehabilitated power plant to EPGE at the end of the term or termination of the PPA. Nevertheless, EPGE shall i/arrange for and provide the Group with the access rights for the site of the Hlawga Power Plant; ii/supply fuel to Hlawga Power Plant for the sole purpose of operation of the Hlawga Power Plant; iii/reimburse the investment of the Group for the rehabilitation, operation, maintenance and management of the existing power plant by making rehabilitation payments based on the production of each electricity energy (kWh) (i.e. power supply income).

The term of the PPA shall be 10 years from the phase 1 commercial operation date of the facility of the Hlawga Power Plant, unless otherwise extended or terminated in accordance with the provisions of the PPA. The term of the PPA may be extended upon terms and conditions mutually satisfactory to the parties.

The phase 1 commercial operation date of the facility of the Hlawga Power Plant was April 1, 2022. Revenue from and cost for provision of rehabilitation services under the service concession arrangement in relation to the Hlawga Power Plant for the year ended December 31, 2024 were Nil (2023: RMB2,649,000) and Nil (2023: RMB2,649,000) respectively. Revenue from power supply under the service concession arrangement in relation to the Hlawga Power Plant for the year ended December 31, 2024 was RMB57,594,000 (2023: RMB60,825,000).

The amortisation of service concession arrangement is included in cost of revenue in the consolidated statement of profit or loss.

Beijing Jiujian

In most of the revenue contracts related to energy saving projects signed by Beijing Jiujian with its customers ("Service Contracts"), the terms relating to service concession arrangement are included. Pursuant to the terms stipulated in the Service Contracts, Beijing Jiujian is responsible for the cost of the modification/acquisition/installation of the equipment used in the energy saving projects. The duration of the Service Contracts is typically around 7 years. Beijing Jiujian is entitled to receive service income which is calculated based on an agreed formula representing a certain percentage of the amount of energy saved under the Service Contracts. Upon expiration of the Service Contracts, the relevant equipment used under the Service Contracts will be transferred to the customers. Revenue from and cost for the provision of the relevant equipment used under the Service Contracts for the year ended December 31, 2024 were RMB22,419,000 (2023: Nil) and RMB20,362,000 (2023: Nil) respectively.

Revenue from service income in relation to energy saved under the Service Contracts for the year ended December 31, 2024 was RMB10,493,400 (2023: RMB4,540,000).

18. MATERIAL NON-CONTROLLING INTERESTS

The following tables show the information relating to each of the non-wholly owned subsidiaries that has material non-controlling interests ("NCI"). The summarised financial information represents amounts before inter-company eliminations.

(a) CIC Infrastructure Industry Investment Limited

	2024	2023
Percentage of equity interest held by NCI	**42%**	42%

	RMB'000	RMB'000
Current assets	**579,381**	540,793
Current liabilities	**(409,134)**	(341,381)
Net assets	**170,247**	199,412
Carrying amount of NCI	**71,504**	83,753
Revenue, other income and gains	**11,079**	51,439
Costs, expenses and tax	**(65)**	(5,222)
Profit for the year	**11,014**	46,217
Other comprehensive income	**6,954**	8,854
Total comprehensive income	**17,968**	55,071
Profit for the year attributable to NCI	**4,626**	19,411
Total comprehensive income for the year attributable to NCI	**7,547**	23,130
Dividends paid to NCI	**19,796**	34,651
Net cash flows from (used in):		
Operating activities	**25,697**	114,258
Investing activities	**–**	–
Financing activities	**(56,891)**	(82,502)

18. MATERIAL NON-CONTROLLING INTERESTS (continued)

(b) CEEC sub-group

	2024	2023
Percentage of equity interest held by NCI	**42%**	42%
	RMB'000	RMB'000
Current assets	**280,358**	232,977
Non-current assets	**322,086**	370,318
Current liabilities	**(555,158)**	(540,316)
Net assets	**47,286**	62,979
Carrying amount of NCI	**19,860**	26,451
Revenue, other income and gains	**254,977**	237,384
Costs, expenses and tax	**(212,467)**	(185,035)
Profit for the year	**42,510**	52,349
Other comprehensive loss	**(58,203)**	(30,362)
Total comprehensive (loss) income	**(15,693)**	21,987
Profit for the year attributable to NCI	**17,854**	21,987
Total comprehensive (loss) income for the year attributable to NCI	**(6,591)**	9,235
Dividends paid to NCI	**–**	–
Net cash flows from (used in):		
Operating activities	**60,785**	133,879
Investing activities	**28,148**	(27,078)
Financing activities	**(49,617)**	(103,193)

18. MATERIAL NON-CONTROLLING INTERESTS (continued)

(c) Hlawga

	2024	2023
Percentage of equity interest held by NCI	**55.55%**	55.55%
Percentage of voting rights held by NCI (note 1 headed "information about subsidiaries")	**0%**	0%

	RMB'000	RMB'000
Current assets	**38,888**	58,039
Non-current assets	**77,813**	83,684
Current liabilities	**(83,706)**	(112,283)
Net assets	**32,995**	29,440
Carrying amount of NCI	**18,329**	16,354
Revenue, other income and gains	**57,766**	63,580
Costs, expenses and tax	**(53,027)**	(50,122)
Profit for the year	**4,739**	13,458
Other comprehensive loss	**(1,184)**	446
Total comprehensive income	**3,555**	13,904
Profit for the year attributable to NCI	**2,633**	7,476
Total comprehensive income for the year attributable to NCI	**1,975**	7,724
Dividends paid to NCI	**–**	–
Net cash flows from (used in):		
Operating activities	**34,179**	(3,550)
Investing activities	**(964)**	(2,977)
Financing activities	**(32,840)**	6,880

19. INVESTMENTS IN ASSOCIATES

	2024 RMB'000	2023 RMB'000
Unlisted shares, at cost	**55,922**	55,922
Listed shares, at deemed cost	**227,417**	–
Share of net assets	**1,649**	38
	284,988	55,960

Details of the material associates at the end of the reporting period are as follows:

Name of associate	Principal place of business and place of incorporation	Class of shares held	Proportion of value of issued/ registered capital held by the Company — indirectly	Principal activities
Jiangsu Zhongzhi Ruixin IOT Technology Co., Ltd. ("JZR IOT")	Mainland China	Issued capital	49.0% (2023: 49.0%)	Business of real estate development, industrial park operation and real estate sales
Forever Opensource Software Inc. ("Forever Opensource") (Note (c))	Mainland China	Issued capital	27.2% (2023: n/a)	Provision of software technology development and technical consulting services to large-scale customers in the aerospace industry, manufacturing industry and government.

Notes:

(a) All of the above associates are accounted for using the equity method in the consolidated financial statements.

(b) Fair value of investments
JZR IOT is a private company and there is no quoted market price available for the investment.

As at 31 December 2024, the fair value of the Group's interest in Forever Opensource, which is listed on the Beijing Stock Exchange in Mainland China, was RMB580,021,000 (2023: N/A) and is based on the quoted market price available, representing a Level 1 fair value measurement in accordance with IFRS 13.

19. INVESTMENTS IN ASSOCIATES (continued)

Notes: (Continued)

(c) Investment in Forever Opensource

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

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

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

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

Financial information of individually material associates

Summarised financial information of Forever Opensource and JZR IOT is set out below, which represents amounts shown in financial statements of Forever Opensource and JZR IOT prepared in accordance with IFRS Accounting Standards and adjusted by the Group for equity accounting purposes including any differences in accounting policies and fair value adjustments.

	2024		2023
	Forever Opensource RMB'000	**JZR IOT RMB'000**	JZR IOT RMB'000
Gross amount			
Current assets	**469,267**	**284,230**	298,985
Non-current assets	**158,347**	**123,275**	116,591
Current liabilities	**(88,824)**	**(190,043)**	(196,316)
Non-current liabilities	**(4,873)**	**(104,844)**	(105,057)
Equity	**533,917**	**112,618**	114,203
Reconciliation			
Gross amount of equity	**533,917**	**112,618**	114,203
Group's ownership interests	**27.2%**	**49.0%**	49.0%
Group's share of equity	**201,035**	**55,183**	55,960
Goodwill	**28,770**	**–**	–
Carrying amount of interests	**229,805**	**55,183**	55,960

19. INVESTMENTS IN ASSOCIATES (continued)

Financial information of individually material associates (continued)

	2024 Forever Opensource (Since acquisition) RMB'000	2024 JZR IOT RMB'000	2023 JZR IOT RMB'000
	(post acquisition)	For the year	For the year
Gross amount			
Revenue	**54,915**	**7,997**	–
Profit (Loss) for the year	**14,616**	**(1,585)**	1,889
Other comprehensive loss	**(726)**	**–**	–
Total comprehensive income (loss)	**13,890**	**(1,585)**	1,889
Dividends received from associates	**–**	**–**	–

20. INVENTORIES

	2024 RMB'000	2023 RMB'000
Materials, parts and equipment	**265,926**	404,218

21. TRADE AND BILLS RECEIVABLES

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

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

Bills receivables generally mature from 180 days to 270 days.

During the year, the Group discounted bills receivable to banks in exchange for cash with recourse in the ordinary course of business. The Group continues to recognise the full carrying amount of bills receivable and has recognised the cash received as secured bank borrowings and included in note 28 to the consolidated financial statements. At the end of the reporting period, the carrying amount of discounted bills receivable is RMB3,878,000 (2023: RMB40,798,000). The carrying amount of the associated liability is RMB3,878,000 (2023: RMB40,798,000).

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.

21. TRADE AND BILLS RECEIVABLES (continued)

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

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

Impairment

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

	2024 RMB'000	2023 RMB'000
At January 1	**94,672**	73,968
Impairment (note 7)	**35,148**	27,269
Business combination	**–**	1,439
Written off	**(326)**	(8,004)
At December 31	**129,494**	94,672

21. TRADE AND BILLS RECEIVABLES (continued)

Impairment (continued)

The breakdown of the loss allowance is as follows:

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

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

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

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

21. TRADE AND BILLS RECEIVABLES (continued)

Impairment (continued)

Aproud Technology

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

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

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

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

21. TRADE AND BILLS RECEIVABLES (continued)

Impairment (continued)

Entities other than Aproud Technology

The entities in the Group other than Aproud Technology are mainly engaged in providing products, specialised solutions and services related to railway industry and electric power industry. Most of the customers are state-owned enterprises and railways bureau.

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

At December 31, 2024	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
Past due:			
Less than 1 year and not yet due	2.32%	216,524	5,014
1 to 2 years	7.69%	64,029	4,921
2 to 3 years	17.28%	36,093	6,237
3 to 4 years	29.14%	7,925	2,309
4 to 5 years	40.30%	51,634	20,809
5 to 6 years	98.68%	34,700	34,243
Over 6 years (credit-impaired)	100.00%	42,475	42,475
		453,380	116,008

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

Other than the loss allowance using the provision matrix, included in the above allowance for impairment of trade receivables is a provision for individually impaired trade receivables of RMB8,548,000 (2023: RMB9,365,000) with a carrying amount before provision of RMB8,548,000 (2023: RMB9,365,000).

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Prepayments to suppliers for purchases of goods (net of loss allowance of RMB2,940,000 (2023: RMB2,940,000))	**216,014**	229,249
Loan receivables (Note a) (net of loss allowance of RMB8,180,000 (2023: RMB15,978,000))	**82,326**	100,400
Tender deposits (net of loss allowance of nil (2023: nil))	**4,934**	9,316
Contract deposits	**13,124**	12,905
Advances to staff (net of loss allowance of RMB2,658,000 (2023: RMB2,664,000))	**7,372**	14,963
Interest receivable	**–**	811
Tax refundable for export sale (of machinery)	**12,019**	15,004
Others (net of loss allowance of RMB81,848,000 (2023: RMB73,984,000))	**31,058**	37,337
	366,847	419,985

Notes:

a. The balance comprises:

(i) Loan of RMB30,000,000 as at 31 December 2023 to an independent third party (the "Borrower") which bears interest at a rate of 8% per annum and is secured by the pledge of the shares of Forever Opensource. The loan was fully settled during the year ended December 31, 2024.

(ii) Loan of RMB8,000,000 (2023: RMB9,000,000) to an independent third party which is repayable on demand (2023: repayable in 2024), bears interest at a rate of 10% per annum and is secured by the pledge of land use right and properties;

(iii) Loans of RMB26,210,000 (2023: RMB16,210,000) to independent third parties which bear interest at rates ranging from 6% to 18% per annum (2023: from 6% to 18% per annum) and are secured by personal guarantees; and

(iv) Unsecured loans of RMB56,296,000 (2023: RMB61,168,000) to independent third parties which are interest-free and repayable in 2025 (2023: 2024).

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

	2024 RMB'000	2023 RMB'000
At January 1	**95,565**	78,866
(Reversal of impairment) Impairment (note 7)	**(507)**	15,778
Business combination	**–**	5
Reversal of written off	**387**	916
At December 31	**95,445**	95,565

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

Financial assets included in prepayments, deposits and other receivables mainly represent contract deposits, tender deposits with customers, loan receivables and advances to staff. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default of the counterparty and the historical loss record of the Group.

As at December 31, 2024 the Group performed impairment assessment on other receivables from various parties based on 12-month or lifetime ECL based on the assessed credit risk. As a result, the Group recognised a reversal of impairment amounting to RMB507,000 (2023: an impairment amounting to RMB15,778,000) in the current year.

23. CONTRACT ASSETS

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

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

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

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

23. CONTRACT ASSETS (continued)

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

	2024 RMB'000	2023 RMB'000
At January 1	**30,677**	29,016
Impairment (note 7)	**1,648**	1,661
At December 31	**32,325**	30,677

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

Impairment

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

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

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

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Note	2024 RMB'000	2023 RMB'000
Current			
Unlisted mutual funds		–	379
Contingent consideration		1,629	410
		1,629	789
Non-current			
— Unlisted mutual funds		35,114	41,922
— Unlisted equity investments		33,496	34,855
— Listed equity investments	19(c)	1,577	210,816
		70,187	287,593

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	2024 RMB'000	2023 RMB'000
Cash and bank balances	329,888	483,768
Pledged or fixed deposits		
— Current deposits	77,590	39,818
	407,478	523,586
Less: Pledged and fixed deposits with/for		
— Letter of guarantee for projects	(57,757)	(32,949)
— Others, mainly for investments	(12,434)	(1,719)
— Restricted cash	(3,516)	(1,272)
— Letter of credit	(3,883)	(3,878)
Cash and cash equivalents	329,888	483,768

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged and fixed 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 RMB392,635,000 as at December 31, 2024 (2023: RMB507,706,000). 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.

26. TRADE AND BILLS PAYABLES

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

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

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

27. CONTRACT LIABILITIES, OTHER PAYABLES AND ACCRUALS

	2024 **RMB'000**	2023 RMB'000
Contract liabilities (a)	**129,287**	159,977
Business advance deposits	**6,509**	2,835
Staff costs and welfare accruals	**20,220**	19,796
Other taxes payable	**20,132**	30,825
Accrued purchases	**1,884**	5,639
Others (b)	**34,354**	24,381
	212,386	243,453

(a) Details of contract liabilities are as follows:

Contract liabilities include advances received from customers to deliver products and render maintenance and specialised solution services. The decrease in contract liabilities in 2024 was mainly due to the decrease in short-term advances received from customers in relation to the sale of products and provision of specialised solution services as a result of the decrease in ongoing projects that require advances from customers at the end of the year.

(b) These balances are unsecured, non-interest-bearing and repayable on demand.

28. INTEREST-BEARING BANK BORROWINGS

	2024 Effective interest rate %	2024 RMB'000	2023 Effective interest rate %	2023 RMB'000
Current				
Short term bank loans — secured	**Note (ix)**	**206,184**	Note (ix)	197,489
Factoring loan	**3.45**	**34,900**	3.55	34,800
Bills receivable discounted or endorsed	**0-2.35**	**5,030**	0-2.8	42,731
		246,114		275,020

Notes:

(i) Current bank loans of RMB89.7 million as at December 31, 2024 (2023: RMB118.6 million) were secured by buildings of the Group with a carrying amount of RMB187.3 million (2023: RMB192.9 million) and guaranteed by Jiang Hailin and Liao Jie.

(ii) Current bank loan of RMB22.1 million as at December 31, 2024 (2023: RMB30.0 million) was guaranteed by Jiang Hailin, Liao Jie and a subsidiary of the Company.

(iii) Bills receivable discounted or endorsed was guaranteed by Jiang Hailin and a subsidiary of the Company.

(iv) Current bank loan of RMB20.6 million as at December 31, 2024 (2023: RMB38.9 million) was secured by assignment of a subsidiary's rights to payment and any other receivable under Power Purchase Agreement dated on 12 May 2020, machinery and equipment of the Group with a carrying amount of RMB275.9 million (2023: RMB259.1 million) and corporate guarantee of a subsidiary of the Company and was charged at fixed interest rates at 10% per annum.

(v) Factoring loan was secured by a corporate guarantee of a subsidiary of the Company and the trade receivables of RMB34.9 million (2023: RMB34.8 million).

(vi) Current bank loan of RMB44.0 million as at December 31, 2024 (2023: RMB10.0 million) and discounted bills receivable of nil (2023: RMB36.9 million) were secured by an investment property of the Group of RMB72.8 million (2023: RMB68.1 million).

(vii) Current bank loans of RMB9.8 million as at December 31, 2024 (2023: Nil) were secured by trade receivables of RMB38.3 million (2023: Nil).

(viii) Current bank loans of RMB20.0 million as at December 31, 2024 (2023: Nil) were secured by trade receivables of RMB10.0 million (2023: Nil) and guaranteed by Jiang Hailin and a subsidiary of the Company.

(ix) The below is the analysis of the short term bank loans by interest rate:

	2024 RMB'000	2023 RMB'000
Fixed rate at 10%	**20,549**	38,889
Floating rate at loan prime rate (1 year) set by the People's Bank of China ("PBOC LPR"),	**35,500**	128,600
PBOC LPR plus 75 basis point	**9,785**	–
PBOC LPR plus 65 basis point	**–**	10,000
PBOC LPR plus 35 basis point	**–**	10,000
PBOC LPR plus 5 basis point	**–**	10,000
PBOC LPR less 40 basis point	**84,500**	–
PBOC LPR less 5 basis point	**55,850**	–
	206,184	197,489

29. DEFERRED TAX

The movements in deferred tax assets and liabilities for the year are as follows:

	Assets		Liabilities	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
At January 1	**17,524**	18,276	**22,025**	20,119
Charged/credited to profit or loss	**2,032**	(752)	**(1,304)**	1,382
Business combination	**–**	–	**–**	524
Offsetting	**(19,556)**	(17,524)	**(19,556)**	(17,524)
At December 31	**–**	–	**1,165**	4,501

Recognised deferred tax assets and liabilities

	Assets		Liabilities	
	2024	2023	**2024**	2023
	RMB'000	RMB'000	**RMB'000**	RMB'000
Accrued charges	**947**	598	**–**	–
Fair value adjustment on investment properties	**–**	–	**12,998**	12,940
Fair value adjustment on financial assets at fair value through profit or loss	**–**	–	**2,150**	1,045
Impairment of trade and bills receivables and contract assets	**1,749**	3,563	**–**	–
Recognition of revenue	**16,860**	13,363	**5,573**	8,040
	19,556	17,524	**20,721**	22,025
Offsetting	**(19,556)**	(17,524)	**(19,556)**	(17,524)
Deferred tax liabilities, net	**–**	–	**1,165**	4,501

29. DEFERRED TAX (continued)

Unrecognised deferred tax assets arising from:

	2024 RMB'000	2023 RMB'000
Before multiplied by the applicable tax rates:		
Deductible temporary differences	**258,009**	201,257
Tax losses	**51,637**	51,174
	309,646	252,431

The Group has tax losses of RMB51,637,000 arising in Mainland China (2023: RMB51,174,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in loss-generating subsidiaries and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

30. SHARE CAPITAL

	2024 RMB'000	2023 RMB'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):	2024 No. of Shares	2024 RMB'000	2023 No. of Shares	2023 RMB'000
At 1 January	**1,697,691,124**	**298**	1,675,857,996	294
New shares issued (a)	**22,494,738**	**4**	21,833,128	4
At 31 December	**1,720,185,862**	**302**	1,697,691,124	298

(a) During the year ended December 31, 2024, the Company issued 22,494,738 (2023: 21,833,128) ordinary shares to two connected award participants pursuant to the Share Award Scheme (note 32) and received a total grant fee of HK$1,462,000 (or RMB1,361,000) (2023: HK$1,419,000 (or RMB1,304,000)) for the shares awarded.

31. RESERVES

Share premium

The balance of share premium represented the difference between the subscription price and nominal value of the Company's ordinary shares upon the Company issuing shares at a premium, less subsequent distributions.

In accordance with the Companies Law (Revised) of the Cayman Islands, the share premium is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. The share premium may also be distributed in the form of fully paid bonus shares.

Statutory reserve

According to the PRC Company Law, subsidiaries of the Company in Mainland China are required to transfer 10% of their respective after-tax profits, calculated in accordance with the PRC accounting standards and regulations, to the statutory surplus reserve until the reserve balance reaches 50% of the registered capital. The statutory surplus reserve can be utilised, upon approval of the relevant authorities, to offset accumulated losses or to increase registered capital of the companies, provided that the fund is maintained at a minimum level of 25% of the registered capital.

Capital reserve

The capital reserve of the Group consists of: (i) reserves arising from the reorganisation before the listing of the Company on the Stock Exchange; (ii) reserves arising from the share options and share awards granted by China ITS Co., Ltd. and the Company; (iii) capitalised retained earnings to the capital of certain subsidiaries; and (iv) the difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received, on changes in the Group's interests in subsidiaries that do not result in the Group losing control.

Asset revaluation reserve

The balance represented the asset revaluation reserve of the Group's buildings included in property and equipment upon the transfer to investment properties in prior years.

Exchange fluctuation reserve

This reserve is dealt with in accordance with the accounting policies as set out in note 2.4 to the consolidated financial statements.

32. SHARE AWARD SCHEME

The Company adopted the share award scheme (the "Share Award Scheme") on September 16, 2021. The purposes of the Share Award Scheme are to recognise the contributions of eligible participants and to retain and motivate them to strive for the future development and expansion of the Group. The board of directors may from time to time at its absolute discretion select any eligible participants for participation in the Share Award Scheme and determine the number of awarded shares to be granted. The board of directors is entitled to impose any condition as it deems appropriate with respect to the entitlement of the selected participant to the awarded shares, provided that such condition is communicated to such selected participant at the same time as he/she is notified of his/her award.

The Share Award Scheme shall be subject to the administration of the board of directors and the trustee. Awarded shares may be acquired by the trustee (holding such awarded shares for the benefit of selected participants until vesting of the relevant award(s)) 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 of directors 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.

Any awarded shares shall vest in the relevant selected participants in accordance with the vesting schedule determined by the board of directors at its sole discretion, subject to (a) satisfaction of any vesting conditions specified in the grant letter; (b) the selected participant remaining an eligible participant at the time when the relevant awarded shares are scheduled to vest according to the relevant vesting schedule; and (c) the selected participant not having been summarily dismissed by the Group, not having been bankrupt or failed to pay his debts, not having been convicted for any criminal offence and not having been charged, convicted or held liable for any offence under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) or any other similar applicable laws or regulations in force from time to time.

32. SHARE AWARD SCHEME (continued)

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 vesting of the awarded shares is also subject to the conditions as set out in the Share Award Scheme and the following vesting conditions as specified by the board of directors in the relevant grant letters:

1. The selected participant remains as an eligible participant on and before the relevant vesting date in accordance with the vesting schedule;

2. The selected participant achieved his/her respective performance target(s) as specified in the relevant grant letter;

3. With respect to half of the awarded shares to be vested in each tranche, the selected participant has duly paid the grant fee of HK$0.13 per share, or RMB equivalent, to the Group (if applicable); and

4. The selected participant has completed the relevant filings and obtained the necessary approvals in respect of the transfer of the awarded shares by the trustee to himself/herself (if required).

32. SHARE AWARD SCHEME (continued)

The fair value of the awarded shares was HK$6,968,000 (equivalent to RMB5,684,000). The Binomial Model was used to estimate the fair value. Inputs to the model were as follows:

Grant date	December 15, 2021
Weighted average share price on grant date	HK$0.16
Exercise price	Grant fee of nil/HK$0.13
Risk-free rate	0.198% to 0.731%
Time to maturity	0.54 to 2.54 years
Expected volatility	47.145% to 69.612%
Dividend yield	0%

The expected volatility was determined based on the historic volatility of the Company's share price.

The Group recognised an expense of approximately RMB442,000 for the year ended December 31, 2024 (2023: RMB1,564,000) in relation to the awarded shares granted by the Company.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	
	2024	2023
	RMB'000	RMB'000
At January 1	**275,020**	248,459
Changes from financing cash flows		
Proceeds from interest-bearing bank borrowings	**235,535**	240,949
Repayment of interest-bearing bank borrowings	**(264,700)**	(220,152)
Total changes from financing cash flows	**(29,165)**	20,797
Business combination	**–**	4,600
Exchange realignment	**259**	1,164
At December 31	**246,114**	275,020

34. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bills receivable discounted or endorsed, factoring loan and bank borrowings are included in notes 25 and 28 respectively to the consolidated financial statements.

35. OPERATING LEASE COMMITMENTS

As lessor

The Group leases its investment properties and offices properties to certain independent third parties and related parties, with leases negotiated for terms ranging from six months to three years (2023: six months to three years).

The investment properties are subject to residual value risk. The lease contract, as a result, includes a provision based on which the Group has the right to charge the tenant on reimbursement basis for any damage to the investment properties caused by the tenant at the end of the lease. The amount is to be deducted from the rental deposit received.

Below is a maturity analysis of undiscounted lease payments to be received from leasing of investment properties and offices properties.

	2024 **RMB'000**	2023 RMB'000
Year 1	**21,047**	24,298
Year 2	**3,571**	21,047
Year 3	**–**	3,571
Undiscounted lease payments to be received	**24,618**	48,916

36. CAPITAL COMMITMENTS

As at December 31, 2024, the Group did not have any significant capital commitments (2023: nil).

37. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions disclosed elsewhere in these consolidated financial statements, the Group had the following major transactions with related parties during the year:

	Notes	2024 RMB'000	2023 RMB'000
Rental income and recharge of expenses (note)			
Beijing United Trust Technical Services Co., Ltd*	(i)	**1,317**	1,396
eSOON Information Technology Co., Ltd*	(i)	**1,008**	1,079
King Victory Holdings Limited ("King Victory") and its affiliates	(i)	**2,827**	3,034
Vision (China) Cultural Development Co., Ltd*	(i)	**6,789**	7,328
Wintelia Technology Company Limited	(i)	**1,410**	–
Intelligent Aviation System Co., Ltd	(i)	**1,409**	–

Note:

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

(b) Outstanding balances with related parties

As disclosed in the consolidated statement of financial position, the Group had the following outstanding balances with related parties:

	Notes	2024 RMB'000	2023 RMB'000
Due from related parties			
Associate	(i)	**10,037**	–
King Victory and its affiliates	(i)	**21,631**	14,456
Joint operation	(i)	**6,028**	4,012
Total		**37,696**	18,468
Due to related parties			
Associate	(i)	**69**	69
Beijing United Trust Technical Services Co., Ltd*	(i)	**643**	643
eSOON Information Technology Co., Ltd*	(i)	**378**	492
Vision (China) Cultural Development Co., Ltd*	(i)	**2,424**	2,425
Joint Venture	(i)	**2,033**	–
Goal High Global Limited	(i)	**–**	672
		5,547	4,301

Notes:

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

37. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balances with related parties (continued)

Save for the transactions with King Victory and its affiliates, which constituted continuing connected transactions and complied with the relevant requirements of Chapter 14A of the Listing Rules, the other disclosed related party transactions are not connected transactions.

(c) Compensation of key management personnel of the Group

	2024 **RMB'000**	2023 RMB'000
Fees	**1,534**	1,503
Salaries, bonuses, allowances and benefits in kind	**3,757**	3,738
Pension plan contributions	**199**	189
Equity-settled share-based payment expenses	**442**	1,564
Total compensation paid to key management personnel	**5,932**	6,994

* Translated for identification purposes

38. CONTINGENT LIABILITIES

As at December 31, 2024, the Group did not have any significant contingent liabilities (2023: nil).

39. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each category of financial instruments as at the end of the reporting period are as follows:

Financial assets

2024

	Mandatory financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	**–**	**369,854**	**369,854**
Financial assets included in prepayments, other receivables and other assets	**–**	**138,814**	**138,814**
Amounts due from related parties	**–**	**37,696**	**37,696**
Financial assets at fair value through profit or loss	**71,816**	**–**	**71,816**
Pledged deposits	**–**	**77,590**	**77,590**
Cash and cash equivalents	**–**	**329,888**	**329,888**
	71,816	**953,842**	**1,025,658**

2023

	Mandatory financial assets at fair value through profit or loss RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	–	450,244	450,244
Financial assets included in prepayments, other receivables and other assets	–	175,732	175,732
Amounts due from related parties	–	18,468	18,468
Financial assets at fair value through profit or loss	288,382	–	288,382
Pledged deposits	–	39,818	39,818
Cash and cash equivalents	–	483,768	483,768
	288,382	1,168,030	1,456,412

39. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities

	2024 Financial liabilities at amortised cost RMB'000	2023 Financial liabilities at amortised cost RMB'000
Trade and bills payables	**266,302**	434,725
Financial liabilities included in other payables and accruals	**26,363**	32,855
Interest-bearing bank borrowings	**246,114**	275,020
Amounts due to related parties	**5,547**	4,301
	544,326	746,901

Management has assessed that the fair values of financial instruments of the Group stated at amortised cost approximate to their carrying amounts largely due to the short-term maturities of these instruments.

40. FAIR VALUE AND FAIR VALUE HIERARCHY 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.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments measured at fair value as at December 31, 2024 and December 31, 2023:

	Fair value measurement using			
At December 31, 2024	**Quoted prices in active markets (Level 1) RMB'000**	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Listed equity investments	**1,577**	**–**	**–**	**1,577**
Unlisted mutual funds	**–**	**35,114**	**–**	**35,114**
Unlisted equity investments	**–**	**–**	**33,496**	**33,496**
Contingent consideration	**–**	**–**	**1,629**	**1,629**
	1,577	**35,114**	**35,125**	**71,816**

	Fair value measurement using			
At December 31, 2023	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Listed equity investments	210,816	–	–	210,816
Unlisted mutual funds	–	42,301	–	42,301
Unlisted equity investments	–	–	34,855	34,855
Contingent consideration	–	–	410	410
	210,816	42,301	35,265	288,382

The Group's policy is to recognise transfers into and out of different levels of fair value measurements as at the end of the reporting period in which the transfers occur.

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfer into or out of Level 3.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)

Movements in Level 3 fair value measurements:

	RMB'000
At January 1, 2023	9,256
Additions	21,358
Fair value gain recognised in "other income and gains"	4,651
At December 31, 2023 and January 1, 2024	**35,265**
Fair value gain recognised in "other expenses"	**(140)**
At December 31, 2024	**35,125**

Description of the valuation techniques and inputs used in Level 2 fair value measurement

The unlisted mutual funds are valued based on quoted market prices from dealers or by reference to quoted market prices for similar instruments.

Description of the valuation techniques and inputs used in Level 3 fair value measurement

The fair values of unlisted equity investments 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 to calculate an appropriate price multiple, such as enterprise value to earnings before interest, taxes, depreciation and amortisation multiple and 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 and sales measures of the unlisted equity investments to measure their fair value.

The contingent consideration arose from the acquisition of Beijing Jiujian during the year ended December 31, 2023. The vendor warranted to the Group that, in respect of the two years ending December 31, 2024 (the "Guarantee Period"), the aggregate revenue from the contract energy management business of Beijing Jiujian shall be no less than RMB180.0 million, and the average gross margin for such business during each year of the Guarantee Period shall be no less than 35% (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 April 28, 2023. As of December 31, 2024, the Performance Targets had not been met, and the Group shall have the right to sell the 55% equity interest in Beijing Jiujian back to the vendor or to Beijing Jiujian (by way of capital reduction) within one month after the end of the Guarantee Period, at a consideration to be calculated in accordance with the sale and purchase agreement.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Description of the valuation techniques and inputs used in Level 3 fair value measurement (continued)

Pursuant to a supplemental agreement entered into between the Group, the vendor and Beijing Jiujian on March 18, 2025, the parties agreed to extend the time limit for the Group to exercise such rights from one month to two years after the Guarantee Period.

Below is a summary of significant unobservable inputs to the valuation of Level 3 investments together with information of inputs and relationship to fair value as at December 31, 2024:

	Fair value As at December 31,		Significant unobservable input	Range of inputs As at December 31,		Relationship of unobservable input to fair value
	2024 RMB'000	2023 RMB'000		2024	2023	
Investment in unlisted companies, limited partnership measured at FVTPL	33,496	34,855	Latest new major investor's price	11% to 220%	22% to 220%	The higher the latest investor's price, the higher the fair value
			EV/Sales multiple	3.09X	2.90X	The higher the multiple, the higher the fair value
			Net asset value	-30%	–	The lower the net asset value, the lower the fair value
	33,496	34,855				

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise financial assets at fair value through profit or loss, interest-bearing bank borrowings, cash and cash equivalents, and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables, amounts due from/to related parties, financial assets included in prepayments, deposits and other receivables, trade and bills payables, and financial liabilities included in other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, equity price risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to its interest-bearing borrowings with floating interest rates.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. If there had been a general increase/decrease in the interest rates of bank loans with floating interest rates by one percentage point, with all other variables held constant, the profit before tax would have decreased/increased by approximately RMB355,000 for the year ended December 31, 2024 (2023: RMB1,975,000).

Equity price risk

The Group is exposed to price risks arising from equity investments held under financial assets at fair value through profit or loss amounting to RMB70 million (2023: RMB288 million). The sensitivity analysis has been determined based on the exposure to equity price risk. At the end of the reporting period, if the equity price had been 18% (2023: 18%) higher/lower while all other variables were held constant, the Group's profit would have increased/decreased by RMB12 million (2023: RMB52 million) due to change in the fair value of financial assets at fair value through profit or loss. The Group's sensitivity to equity price has not changed significantly from the prior year.

Foreign currency risk

Substantially all of the Group's sales and purchases are denominated in RMB and Myanmar Kyat ("MMK"). The Group's certain bank balances are denominated in US$, HK$ and certain expenses of the Group are denominated in currencies other than RMB.

The following table demonstrates the sensitivity as at December 31, 2024 and December 31, 2023 to a reasonably possible change in the US$ and HK$ exchange rate, with all other variables held constant, of the Group's profit before tax.

	2024		2023	
	Increase/ (decrease) in exchange rate %	**Increase/ (decrease) in profit before tax RMB'000**	Increase/ (decrease) in exchange rate %	Increase/ (decrease) in profit before tax RMB'000
If RMB weakens against US$	**5**	**723**	5	3,788
If RMB strengthens against US$	**(5)**	**(723)**	(5)	(3,788)
If MMK weakens against US$	**(5)**	**(16,871)**	(5)	(22,055)
If MMK strengthens against US$	**5**	**16,871**	5	22,055

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The credit risk of the Group's financial assets, which comprise cash and cash equivalents, pledged deposits, trade and bills receivables, financial assets included in prepayments, deposits and other receivables and amounts due from related parties, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, balances of receivables are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. As the Group's major customers are state-owned enterprises, the Group believes that they are of high credit quality and hence, there is no significant credit risk with these customers. As the Group's exposure is spread over a diversified portfolio of customers, there is no significant concentration of credit risk.

The Group applies the simplified approach for impairment of trade receivables and contract assets, which is based on the provision matrix as disclosed in notes 21 and 23 to the consolidated financial statements respectively.

The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments (e.g., trade and bills receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

At December 31, 2024

	On demand RMB'000
Trade and bills payables	**266,302**
Financial liabilities included in other payables and accruals	**26,363**
Amounts due to related parties	**5,547**
Interest-bearing bank borrowings	**246,114**
	544,326

At December 31, 2023

	Total RMB'000
Trade and bills payables	434,725
Financial liabilities included in other payables and accruals	32,855
Amounts due to related parties	4,301
Interest-bearing bank borrowings	275,020
	746,901

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

The amounts repayable under a loan agreement that includes a clause that gives the lender the unconditional right to call the loan at any time are classified under the "on demand" bracket. In this regard, interest-bearing borrowings of RMB20,549,000 (2023: RMB38,888,000) as at the end of the financial period have been so classified even though the directors do not expect that the lender would exercise its rights to demand repayment and thus these borrowings would be repaid according to the following schedule as set out in the loan agreement:

	2024 **RMB'000**	2023 RMB'000
Interest-bearing bank borrowing		
Within 1 year	**19,380**	18,875
Over 1 year but within 2 years	**1,169**	18,875
Over 2 years but within 5 years	**–**	1,138
	20,549	38,888

The directors have carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the end of the reporting period. Based on this forecast, the directors have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during that period. In preparing the cash flow forecast, the directors have considered historical cash requirements of the Group as well as other key factors, including the availability of the loan financing and additional capital from equity holders of the Company. The directors are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions regarding future events, they are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2024 and December 31, 2023.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management (continued)

The Group monitors capital using net debt to capital ratio, which is net debt divided by the capital. The Group's policy is to maintain the net debt to capital ratio below 20%. Net debt includes interest-bearing bank borrowings, and amounts due to related parties, less cash and cash equivalents and pledged deposits. Capital includes equity attributable to owners of the Company. The net debt to capital ratios as at the end of the reporting periods were as follows:

	2024 **RMB'000**	2023 RMB'000
Interest-bearing bank borrowings	**246,114**	275,020
Amounts due to related parties	**5,547**	4,301
Less: Cash and cash equivalents	**(329,888)**	(483,768)
Pledged deposits	**(77,590)**	(39,818)
Net debt	**(155,817)**	(244,265)
Equity attributable to owners of the Company	**1,881,224**	1,928,186
Net debt to equity ratio	**(8.3%)**	(12.7%)

42. BUSINESS COMBINATION

Forever Opensource

As mentioned in note 19(c) to the consolidated financial statements, the Group holds 27.2% interest in Forever Opensource and has significant influence over it, treating the investment as an associate as at December 31, 2024.

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 Share Transfer Agreement, the Director Nomination Arrangements, the Group's relative interest and dispersion of holdings of other shareholders and the voting patterns at previous shareholders' meetings, the directors consider that the Group has control over the nominations of the board of directors of 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").

The amounts recognised as of the date of the Acquisition for each major 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 consolidated financial statements.

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2024 **RMB'000**	2023 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**716,823**	704,736
Financial assets at fair value through profit or loss	**1,577**	7,512
Total non-current assets	**718,400**	712,248
CURRENT ASSETS		
Amounts due from subsidiaries	**1,128,887**	1,192,723
Amount due from a related party	**4,652**	2,736
Prepayment, deposits and other receivables	**1,683**	3,853
Cash and cash equivalents	**3,109**	2,444
Total current assets	**1,138,331**	1,201,756
CURRENT LIABILITIES		
Other payables and accruals	**37,335**	38,314
Amounts due to related parties	**215,291**	244,068
Total current liabilities	**252,626**	282,382
NET CURRENT ASSETS	**885,705**	919,374
Net assets	**1,604,105**	1,631,622
EQUITY		
Share capital	**302**	298
Other reserves (note)	**1,603,803**	1,631,324
Total equity	**1,604,105**	1,631,622

The statement of financial position was approved and authorised for issue by the board of directors on March 31, 2025 and signed on its behalf by

Liao Jie
Director

Jiang Hailin
Director

43. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

	Share premium RMB'000	Capital reserve RMB'000	Exchange fluctuation reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At January 1, 2023	1,069,770	580,558	(17,360)	(18,232)	1,614,736
Loss for the year	–	–	–	(9,859)	(9,859)
Exchange differences	–	–	23,583	–	23,583
Total comprehensive income (loss) for the year	–	–	23,583	(9,859)	13,724
Grant fee received pursuant to share award scheme	1,300	–	–	–	1,300
Transfer upon vesting of the share awards	2,097	(2,097)	–	–	–
Share award expenses	–	1,564	–	–	1,564
Total transactions with owners	3,397	(533)	–	–	2,864
At December 31, 2023 and January 1, 2024	1,073,167	580,025	6,223	(28,091)	1,631,324
Loss for the year	**–**	**–**	**–**	**(13,974)**	**(13,974)**
Exchange differences	**–**	**–**	**20,180**	**–**	**20,180**
Total comprehensive loss for the year	**–**	**–**	**20,180**	**(13,974)**	**6,206**
Grant fee received pursuant to share award scheme	**1,357**	**–**	**–**	**–**	**1,357**
Transfer upon vesting of the share awards	**3,409**	**(3,409)**	**–**	**–**	**–**
2023 final dividend transferred to dividends payable	**(35,526)**	**–**	**–**	**–**	**(35,526)**
Share award expenses	**–**	**442**	**–**	**–**	**442**
Total transactions with owners	**(30,760)**	**(2,967)**	**–**	**–**	**(33,727)**
At December 31, 2024	**1,042,407**	**577,058**	**26,403**	**(42,065)**	**1,603,803**

Particulars of Properties

December 31, 2024

INVESTMENT PROPERTIES

Location	Use	Tenure	Attributable interest of the Group
Room C2201, C2202, C2203, C2205 Building 8 No. 1 Zhong Guan Cun Dong Road, Haidian District, Beijing, the PRC	Office	Long-term lease	100%