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China ITS (Holdings) Co., Ltd.

中国智能交通系统(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1900)

**AUDITED ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED DECEMBER 31, 2025**

HIGHLIGHTS OF 2025 ANNUAL RESULTS

For the year ended December 31, 2025 (the “Year” or the “2025”), highlights of the results of China ITS (Holdings) Co., Ltd. (the “Company”) and its subsidiaries (collectively the “Group”) are as follows:

- The Group recorded RMB976.2 million from the new contracts signed⁽¹⁾ as compared to RMB960.7 million for the previous year, representing an increase of 1.6% as compared with last year.
- Revenue of RMB927.8 million was generated as compared to the revenue of RMB819.8 million for the previous year, representing an increase of 13.2% as compared with last year.
- As of December 31, 2025, the Group recorded RMB1,093.4 million from backlog as compared to RMB859.7 million as at the end of the previous year, increased by 27.2%.
- The Group generated gross profit of RMB325.2 million as compared to the gross profit of RMB305.3 million for the previous year, increased by 6.5%, and recorded gross profit margin of 35.0% as compared to the gross profit margin of 37.2% for the previous year, representing a decrease of 2.2 percentage points.
- The profit attributable to owners of the parent of the Company amounted to RMB70.5 million as compared to the profit of RMB22.1 million for the previous year, representing an increase of 219.0% as compared with last year.

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

ANNUAL RESULTS

The audited consolidated results of the Group for the year ended December 31, 2025, with comparative figures, are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended December 31, 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	5	927,849	819,787
Cost of revenue		<u>(602,698)</u>	<u>(514,518)</u>
Gross profit		325,151	305,269
Gain on re-measurement of an associate to fair value at acquisition date	14	350,170	–
Other income and gains	6	69,301	38,473
Selling, distribution and administrative expenses		(190,393)	(118,887)
Impairment losses on financial and contract assets, net		(13,814)	(36,289)
Impairment on goodwill	14	(373,464)	–
Other expenses		(41,445)	(109,012)
Finance costs		(7,465)	(10,537)
Share of results of associates		7,558	1,611
PROFIT BEFORE TAX		125,599	70,628
Income tax expense	7	(6,044)	(23,653)
PROFIT FOR THE YEAR		119,555	46,975
Attributable to:			
Owners of the Company		70,488	22,058
Non-controlling interests		49,067	24,917
		<u>119,555</u>	<u>46,975</u>
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY		<i>RMB</i>	<i>RMB</i>
Basic	9	<u>0.04</u>	<u>0.01</u>
Diluted	9	<u>0.04</u>	<u>0.01</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended December 31, 2025

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
PROFIT FOR THE YEAR	<u>119,555</u>	<u>46,975</u>
OTHER COMPREHENSIVE LOSS		
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of Company's financial statements	(19,030)	20,180
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	<u>(493)</u>	<u>(77,271)</u>
OTHER COMPREHENSIVE LOSS FOR THE YEAR	<u>(19,523)</u>	<u>(57,091)</u>
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	<u>100,032</u>	<u>(10,116)</u>
Attributable to:		
Owners of the Company	63,946	(13,239)
Non-controlling interests	<u>36,086</u>	<u>3,123</u>
	<u>100,032</u>	<u>(10,116)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At December 31, 2025

	<i>Notes</i>	2025	2024
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investment properties		55,879	68,291
Property and equipment		384,807	468,469
Intangible assets		128,059	118,630
Goodwill		180,799	117,798
Investments in associates		218,130	284,988
Financial assets at fair value through profit or loss	12	78,101	70,187
Deferred tax assets		9,800	–
Prepayments, deposits and other receivables		1,154	–
Total non-current assets		1,056,729	1,128,363
CURRENT ASSETS			
Inventories		402,703	265,926
Contract assets	11	116,245	260,501
Trade and bills receivables	10	508,038	369,854
Financial assets at fair value through profit or loss	12	103,319	1,629
Prepayments, deposits and other receivables		272,364	366,847
Amounts due from related parties		41,864	37,696
Pledged deposits		39,682	77,590
Cash and cash equivalents		699,435	329,888
Total current assets		2,183,650	1,709,931
CURRENT LIABILITIES			
Trade and bills payables	13	253,975	266,302
Contract liabilities, other payables and accruals		361,841	212,386
Interest-bearing bank borrowings		268,181	246,114
Amounts due to related parties		4,013	5,547
Income tax payable		88,391	105,656
Total current liabilities		976,401	836,005
NET CURRENT ASSETS		1,207,249	873,926
TOTAL ASSETS LESS CURRENT LIABILITIES		2,263,978	2,002,289

	2025	2024
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>2,263,978</u>	<u>2,002,289</u>
NON-CURRENT LIABILITIES		
Deferred tax liabilities	6,406	1,165
Interest-bearing bank borrowings	<u>15,287</u>	<u>–</u>
Total non-current liabilities	<u>21,693</u>	<u>1,165</u>
Net assets	<u><u>2,242,285</u></u>	<u><u>2,001,124</u></u>
EQUITY		
Equity attributable to owners of the Company		
Share capital	302	302
Reserves	<u>1,826,957</u>	<u>1,880,922</u>
	1,827,259	1,881,224
Non-controlling interests	<u>415,026</u>	<u>119,900</u>
Total equity	<u><u>2,242,285</u></u>	<u><u>2,001,124</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2025

1. CORPORATE AND GROUP INFORMATION

China ITS (Holdings) Co., Ltd. (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on February 20, 2008. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company’s principal place of business in Hong Kong is 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**”) are mainly a provider of (i) products, specialised solutions and services related to infrastructure technology in the railway and electric power sectors and, (ii) energy related management and services. During the year, following the acquisition of Forever Opensource, the Group also commenced a new business for (iii) the provision of software technology development and technical consulting services to large-scale customers in the aviation industry, manufacturing industry and government. The main businesses of the Group are 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.
- (c) Aviation Business— provision of software technology development and technical consulting services to large-scale customers in the aviation industry, manufacturing industry and government.

2. BASIS OF PRESENTATION

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

These consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2024 consolidated financial statements, except for the adoption of the new and revised IFRS Accounting Standards that are relevant to the Group and effective from current year as explained in note 3 below and note 2.2 to the consolidated financial statements.

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

3. CHANGES IN ACCOUNTING POLICIES

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

Amendments to IAS 21

Lack of Exchangeability

Amendments to IAS 21: Lack of Exchangeability

The amendments require an entity to apply a consistent approach to assessing whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide.

The adoption of the amendments results in adjustments of a decrement of RMB186,242,000, an increment of RMB68,932,000 and a decrement of RMB93,283,000 to the opening balances of retained earnings, exchange fluctuation reserve and non-controlling interests respectively as at January 1, 2025, which is the date of initial application of the amendments. At that date, the functional currency of the Company’s subsidiaries in Myanmar, Myanmar Kyat (“MMK”), was not exchangeable into foreign currencies like US dollars (“USD”) and RMB. The Group adopts the amendments in accordance with the transitional provisions of the amendments which require the Group to translate the affected assets and liabilities using the estimated spot rate at the date of initial application and recognise any effect of initial application as adjustments to the opening balances of retained earning, exchange fluctuation reserve and non-controlling interests.

4. OPERATING SEGMENT INFORMATION

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

(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.

(c) Aviation Business

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

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

Year ended December 31, 2025	Railway business <i>RMB'000</i>	Energy Business <i>RMB'000</i>	Aviation business <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (note 5)				
Sales to external customers	<u>519,794</u>	<u>235,822</u>	<u>172,233</u>	<u>927,849</u>
Segment results	13,604	133,418	7,984	155,006
<i>Reconciliation:</i>				
Finance income				8,091
Finance costs				(7,465)
Changes in fair value of investment properties				(12,412)
Changes in fair value of financial assets at fair value through profit or loss, included in other income and gains				30,768
Changes in fair value of financial assets at fair value through profit or loss, included in other expenses				(4,758)
Gain on re-measurement of an associate to fair value at acquisition date				350,170
Impairment of financial and contract assets, net				(13,814)
Impairment of investment in associates				(33,511)
Impairment of goodwill				(373,464)
Corporate and other unallocated income and expenses				<u>26,988</u>
Profit before tax				<u><u>125,599</u></u>
Other segment information:				
Gain on disposal of financial assets at fair value through profit or loss	–	–	–	12,825
Share of results of associates	5,995	–	1,563	7,558
Depreciation and amortisation	(10,632)	(41,245)	(14,328)	(66,205)
Capital expenditure*	<u>11,550</u>	<u>42,804</u>	<u>3,347</u>	<u>73,288</u>

Year ended December 31, 2024	Railway business <i>RMB'000</i>	Energy Business <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (<i>note 5</i>)			
Sales to external customers	483,533	336,254	819,787
Segment results	42,331	95,008	137,339
<i>Reconciliation:</i>			
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
<i>Other segment information:</i>			
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

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

Geographical information

(a) Revenue from external customers

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland	<u>634,129</u>	<u>363,355</u>
Overseas:		
Myanmar	211,197	306,606
Malaysia	22,457	116,198
Hungary	<u>60,066</u>	<u>33,628</u>
	<u>293,720</u>	<u>456,432</u>
	<u><u>927,849</u></u>	<u><u>819,787</u></u>

The Group's revenue analysis is presented based on the geographical locations of its customers.

(b) Non-current assets

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Chinese Mainland and Hong Kong	559,294	375,640
Overseas, mainly Myanmar	<u>190,250</u>	<u>397,548</u>
	<u><u>749,544</u></u>	<u><u>773,188</u></u>

The locations of non-current assets other than investments in associates, financial assets at fair value through profit or loss, prepayment, deposits and other receivables 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 23.0% (2024: 36.7%) 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within IFRS 15	<u>927,849</u>	<u>819,787</u>

(i) Disaggregated revenue information

Year ended December 31, 2025	Railway business <i>RMB'000</i>	Energy business <i>RMB'000</i>	Aviation business <i>RMB'000</i>	Total <i>RMB'000</i>
Type of goods or services				
Sale of products and provision of specialised solutions	493,089	–	49,012	542,101
Maintenance services	26,705	560	31,161	58,426
Rehabilitation services under a service concession arrangement	–	6,295	–	6,295
Power supply	–	228,967	–	228,967
Software development and technical services	–	–	92,060	92,060
Total revenue from contracts with customers	<u>519,794</u>	<u>235,822</u>	<u>172,233</u>	<u>927,849</u>
Geographical markets				
Chinese Mainland	437,271	24,625	172,233	634,129
Overseas	82,523	211,197	–	293,720
Total revenue from contracts with customers	<u>519,794</u>	<u>235,822</u>	<u>172,233</u>	<u>927,849</u>
Timing of revenue recognition				
Goods and services transferred at a point in time	6,603	–	141,072	147,675
Goods and services transferred over time	513,191	235,822	31,161	780,174
Total revenue from contracts with customers	<u>519,794</u>	<u>235,822</u>	<u>172,233</u>	<u>927,849</u>

Year ended December 31, 2024	Railway business <i>RMB'000</i>	Energy business <i>RMB'000</i>	Total <i>RMB'000</i>
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	<u>483,533</u>	<u>336,254</u>	<u>819,787</u>
Geographical markets			
Chinese Mainland	333,706	29,649	363,355
Overseas	149,827	306,605	456,432
Total revenue from contracts with customers	<u>483,533</u>	<u>336,254</u>	<u>819,787</u>
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	<u>483,533</u>	<u>336,254</u>	<u>819,787</u>

6. OTHER INCOME AND GAINS

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Changes in fair value of investment properties	–	231
Changes in fair value of financial assets at fair value through profit or loss	30,768	5,501
Dividend income from financial assets at fair value through profit or loss	–	2,413
Finance income	8,091	8,870
Government grants*	2,656	912
Gain on disposal of financial assets at fair value through profit or loss	12,825	440
Gross rental income	13,313	19,597
Others	1,648	509
	69,301	38,473

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

7. INCOME TAX

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

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

Subsidiaries of the Group are subject to the standard PRC Enterprise Income Tax rate of 25% (2024: 25%) on their respective taxable income, except for certain subsidiaries which qualify for preferential income tax rates ranging from 5% to 15% (2024: 15%).

According to the PRC tax regulations, from January 1, 2008 onwards, non-resident enterprises without an establishment or place of business in Chinese Mainland 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 Chinese Mainland are subject to withholding tax at the rate of 10% on various types of passive income such as dividends derived from entities in Chinese Mainland. Distributions of the pre-2008 earnings are exempt from such withholding tax. As at December 31, 2025, no deferred tax liabilities (2024: nil) have been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Chinese Mainland (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, 2025, the amount of the Unremitted earnings was around RMB729 million (2024: RMB690 million).

No provision for Hong Kong profits tax has been made for the year ended December 31, 2025 (2024: 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% (2024: 25%) on their taxable income. In addition, non-Myanmar incorporated subsidiaries are also subject to withholding tax in Myanmar at the rate of 2.5% (2024: 2.5%) on the service income earned in Myanmar.

Subsidiaries incorporated in Malaysia and Hungary are subject to Corporate Income Tax at rates of 24% and 18% on their taxable income respectively.

The major components of income tax expense are as follows:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax:		
PRC Enterprise Income Tax		
— Provision for the year	5,866	972
— Under-provision in prior years	354	159
Myanmar Corporate Income Tax	13,905	22,052
Myanmar withholding tax	27	133
Hungary Corporate Income Tax	1,132	—
Malaysia Corporate Income Tax	—	3,673
	21,284	26,989
Deferred tax:		
— Origination and reversal of temporary differences	(15,240)	(3,336)
Income tax expense	6,044	23,653

8. DIVIDENDS

No dividend was proposed by the Company in respect of the year ended December 31, 2025 (2024: Nil).

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

Basic earnings per share

The calculation of basic earnings per share is based on the profit for the year attributable to owners of the Company of RMB70,488,000 (2024: RMB22,058,000), and the weighted average number of 1,720,185,862 (2024: 1,709,061,415) ordinary shares outstanding during the year.

Diluted earnings per share

No adjustment had been made to the basic earnings per share presented for the year ended December 31, 2025 as there were no potential dilutive shares in issue during the year.

The calculation of diluted earnings per share for the year ended December 31, 2024 was based on the profit for the year attributable to owners of the Company of RMB22,058,000, 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
Shares	
Weighted average number of shares in issue (Basic)	1,709,061,415
Effect of deemed issue of shares under the Company's share award scheme for nil consideration	<u>5,124,649</u>
Weighted average number of shares in issue (Diluted)	<u><u>1,714,186,064</u></u>

10. TRADE AND BILLS RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	615,821	467,981
Impairment	(148,518)	(129,494)
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Bills receivables	467,303	338,487
	40,735	31,367
	<hr/>	<hr/>
	508,038	369,854
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Trade receivables, which are non-interest-bearing, are recognised and carried at the original invoiced amount less any loss allowance. Trade receivables generally have credit terms ranging from 30 days to 180 days.

Bills receivables generally mature from 180 days to 270 days.

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

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Less than 6 months	106,478	48,984
6 months to 1 year	228,095	162,525
1 year to 2 years	73,244	59,109
2 years to 3 years	31,129	30,737
Over 3 years	28,357	37,132
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	467,303	338,487
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Impairment

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At January 1	129,494	94,672
Impairment	16,471	35,148
Business combination	10,313	–
Written off	(7,760)	(326)
	<u>148,518</u>	<u>129,494</u>
At December 31	<u>148,518</u>	<u>129,494</u>

The breakdown of the loss allowance is as follows:

	Expected credit losses				Total <i>RMB'000</i>
	Credit- Impaired <i>RMB'000</i>	Aproud Technology <i>RMB'000</i>	Forever Opensource subgroup <i>RMB'000</i>	Entities other than Aproud Technology and Forever Opensource subgroup <i>RMB'000</i>	
At December 31, 2025					
Gross carrying amount	75,368	2,825	102,310	435,318	615,821
Credit loss	75,368	2,347	10,066	60,737	148,518
Average credit loss rate	100.00%	83.08%	9.84%	13.95%	24.12%

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

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 and Forever Opensource subgroup is different from other entities in the Group, there are three (2024: two) different sets of provision matrix. Set out below is the information about the credit risk exposure on the Group's trade receivables using provision matrixes.

Aproud Technology

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

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

	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
At December 31, 2025			
Past due:			
Less than 1 year	–	–	–
1 to 2 years	–	–	–
2 to 3 years	–	–	–
3 to 4 years	80.34%	1,994	1,602
4 to 5 years	86.11%	540	465
5 to 6 years	96.22%	291	280
Over 6 years (credit-impaired)	100.00%	2,841	2,841
		5,666	5,188
		5,666	5,188
	Expected credit loss rate	Gross carrying amount RMB'000	Expected credit losses RMB'000
At December 31, 2024			
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
		6,052	4,938

Forever Opensource subgroup

The information about the credit risk of Forever Opensource subgroup is as follows:

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
At December 31, 2025			
Past due:			
Less than 1 year	1.81%	67,574	1,226
1 to 2 years	6.64%	15,619	1,037
2 to 3 years	14.42%	7,794	1,124
3 to 4 years	24.55%	5,760	1,414
4 to 5 years	88.91%	2,688	2,390
5 to 6 years	100.00%	2,875	2,875
Over 6 years (credit-impaired)	100.00%	—	—
		<u>102,310</u>	<u>10,066</u>

Entities other than Aproud Technology and Forever Opensource subgroup

The entities in the Group other than Aproud Technology and Forever Opensource subgroup 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 and Forever Opensource subgroup is as follows:

	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
At December 31, 2025			
Past due:			
Less than 1 year and not yet due	3.46%	277,828	9,602
1 to 2 years	8.62%	64,195	5,533
2 to 3 years	15.58%	28,973	4,514
3 to 4 years	29.22%	16,773	4,901
4 to 5 years	44.44%	2,903	1,290
5 to 6 years	78.16%	44,646	34,897
Over 6 years (credit-impaired)	100.00%	62,350	62,350
		<u>497,668</u>	<u>123,087</u>

At December 31, 2024	Expected credit loss rate	Gross carrying amount <i>RMB'000</i>	Expected credit losses <i>RMB'000</i>
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
		<u>453,380</u>	<u>116,008</u>

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 RMB10,177,000 (2024: RMB8,548,000) with a carrying amount before provision of RMB10,177,000 (2024: RMB8,548,000).

11. CONTRACT ASSETS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Contract assets	144,624	292,826
Impairment	(28,379)	(32,325)
	<u>116,245</u>	<u>260,501</u>

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 decrease in contract assets was due to the decrease in ongoing projects at the end of the year as well as the business combination of Forever Opensource subgroup effective from January 1, 2025.

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 1 year	116,245	260,501
More than 1 year	—	—
	<u>116,245</u>	<u>260,501</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At January 1	32,325	30,677
Business combinations	332	—
Write off	(964)	—
(Reversal of impairment) impairment	(3,314)	1,648
	<u>28,379</u>	<u>32,325</u>

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

Impairment

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

	Expected credit losses				Total <i>RMB'000</i>
	Credit- impaired <i>RMB'000</i>	Aproud Technology <i>RMB'000</i>	Forever Opensource subgroup <i>RMB'000</i>	Entities other than Aproud Technology and Forever Opensource subgroup <i>RMB'000</i>	
At December 31, 2025					
Gross carrying amount	23,011	2,482	4,683	114,448	144,624
Credit loss	23,011	2,448	144	2,776	28,379
Average credit loss rate	100.00%	98.63%	3.07%	2.44%	19.62%

At December 31, 2024	Credit- impaired <i>RMB'000</i>	Expected credit losses		Total <i>RMB'000</i>
		Aproud Technology <i>RMB'000</i>	Entities other than Aproud Technology <i>RMB'000</i>	
Gross carrying amount	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%

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current		
— Contingent consideration	19,932	1,629
— Bank financial products	83,387	—
	<u>103,319</u>	<u>1,629</u>
Non-current		
— Unlisted mutual funds	38,287	35,114
— Unlisted equity investments	38,759	33,496
— Listed equity investments	1,055	1,577
	<u>78,101</u>	<u>70,187</u>

13. TRADE AND BILLS PAYABLES

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current or less than 1 year	159,477	132,952
1 to 2 years	24,575	39,695
Over 2 years	69,923	93,655
	<u>253,975</u>	<u>266,302</u>

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

14. GAIN ON FAIR VALUE MEASUREMENT AND GOODWILL IMPAIRMENT

During the year, the Group completed the acquisition of Forever Opensource (the “**Acquisition**”), resulting in the Group obtaining control over Forever Opensource. The consideration for the Acquisition was the Group’s previously held equity interest in Forever Opensource, which had been accounted for as an associate prior to the Acquisition. The Group remeasured its previously held equity interest in Forever Opensource to fair value at the Acquisition date. The fair value was determined by reference to the quoted market price of Forever Opensource’s shares on that date.

As the market price of Forever Opensource’s shares had significantly exceeded both their carrying amount and the fair value of the identifiable assets and liabilities of Forever Opensource at the Acquisition date, the Group recognised a gain on re-measurement of RMB 350,170,000 in profit or loss for the year, together with goodwill amounting to RMB435,850,000.

The Group performed an impairment assessment of the goodwill arising from the Acquisition at the end of the reporting period by estimating the recoverable amounts of the cash generating units to which the goodwill was allocated. The recoverable amounts were determined using value in use calculations based on discounted cash flow projections. These value-in-use calculations are derived from the expected future cash flow generating ability of the cash-generating units and are not directly linked to fluctuations in the market price of Forever Opensource’s shares. The impairment test indicated that the carrying amount of goodwill exceeded its recoverable amount. Accordingly, the Group determined that goodwill associated with the cash-generating units for Forever Opensource was impaired by RMB373,464,000 in total.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE OVERALL OPERATION OF THE GROUP DURING THE YEAR

During the Year, the Group recorded RMB976.2 million from new contracts signed, representing an increase of 1.6% as compared with last year. The Group generated revenue of RMB927.8 million, representing an increase of 13.2% as compared to the previous year. As of December 31, 2025, the Group recorded RMB1,093.4 million from backlog, representing an increase of 27.2% as compared to the end of the previous year. The Group generated gross profit of RMB325.2 million, representing an increase of 6.5% as compared to the previous year, and recorded a decrease in gross profit margin to 35.0% as compared with 37.2% in the previous year. The profit attributable to owners of the parent of the Company amounted to RMB70.5 million for the Year as compared to the profit attributable to owners of the parent of the Company of RMB22.1 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, electric power and aviation sectors, and of contract energy management to customers. The main businesses of the Group are as follows:

- (a) Railway business — The Group sells 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 — The Group provides 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, it also provides planning and technical consulting services of the infrastructure construction in relation to electric power such as power plant construction and power grid renovation, value-added operation and services related to power plant investment, construction and operation etc., and contract energy management to customers.

- (c) Aviation Business — The Group primarily provides software development and technical services, information system integration services, and operation and maintenance services to clients in the aviation industry. Its main businesses include: (1) in the field of airline informatization, the Company leverages next-generation information technologies such as big data, cloud computing, the Internet of Things (IoT), and artificial intelligence to deliver comprehensive solutions for production operations management, marketing management, and aircraft maintenance management; and (2) in the smart airport sector, the integration of technology, data, and business operations enable efficient, shared, and intelligent airport operations. The smart airport product suite mainly includes integrated solutions in areas such as command and dispatch, security monitoring, and aviation fuel management, based on the comprehensive support needs of airports.

Business Review

1. Railway business continuing to grow in domestic market and securing additional large orders in overseas market

In the railway business, the Group maintained to a customer-oriented approach and continued to strengthen its competitiveness in the domestic railway communication niche market. Related products and solutions maintained a relatively high market share. At the same time, the Group actively expanded into emerging businesses such as digitalization and digital energy. Leveraging continuous technological innovation and service optimization, the Group has laid a solid foundation for the steady growth of domestic business revenue.

While deepening its presence in domestic market, the Group actively expanded its overseas business. During the Year, the Group successfully won the bid for the communications system equipment and technical subcontracting procurement project of the Nigeria Kano-Maradi Railway Project, with a contract value of approximately RMB169 million. The successful bid of this project marked a solid step forward for the Group in expanding into broader overseas railway markets under the “Belt and Road” Initiative, further enhancing its international business footprint.

2. Energy business growing steadily

In the energy business, the Group invested in, constructed, and operated the 151,000-kilowatt AHLONE power plant project in Yangon, Myanmar, as well as the 123,000 kilowatts Hlawga power plant restoration in Myanmar. During the Year, the net profit of these power plant projects increased significantly due to the Myanmar clients’ further upward adjustment of the actual settlement exchange rate.

As regards the new energy business, the Group actively responded to national initiatives on energy conservation and emission reduction, striving toward the goals of carbon peaking and carbon neutrality, and achieved notable progress.

During the Year, 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)” completed grid connection approval and entered into operation. In addition, during the Year, the Group successfully signed contracts for the distributed photovoltaic power generation projects covering 11 pairs of service areas in Shunping, laying a solid foundation for the sustainable development and market expansion of the Group’s new energy business.

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

During the Year, the Company implemented its development strategy of “focusing on the civil aviation business, fully embracing artificial intelligence, and actively expanding into the low-altitude economy”. In terms of civil aviation, the Company maintained a steady growth trajectory; regarding artificial intelligence, the Company launched products based on large-model technologies, using technological innovation to drive business development; and in the low-altitude economy, the Company advanced both product R&D and market expansion in parallel, with business operations progressing in an orderly manner.

On January 1, 2025, the Group obtained the control over Forever Opensource Software Inc. (“FOSS”). FOSS primarily provides software development and technical services, information system integration services, operation and maintenance services to clients in the aviation industry. It is listed on Beijing Stock Exchange (stock code: 834415).

BUSINESS OUTLOOK

1. Railway Business

Focusing on the cutting-edge development and digital transformation of railway communication technologies

Innovative technologies represented by 5G-R, intelligent operation and maintenance, and IPv6+ are increasingly becoming the core driving force behind the digital and intelligent development of the railway industry. From a macro perspective, with the rapid development of China’s railways, the industry will accelerate its transformation toward digitalization, cloudification, and intelligence. The Group will increase its investment in the digital development of railways, and while maintaining its existing leading market share in the field of railway communication, it will actively explore the information technology market, striving to sustain its industry-leading position in railway intelligent construction and 5G-R development.

Continuing to deepen its presence in the overseas railway market 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), which are under delivery. During the Year, the Group also successfully won the bid for the Nigeria Kano-Maradi Railway Project (the communications system equipment and technical subcontracting procurement project), with a contract value of RMB169 million. Looking ahead, as China's railways continue to open up further and the influence of the "Belt and Road" Initiative grows globally, demand for cross-border and cross-regional railway infrastructure cooperation will continue to increase. Leveraging its existing project experience and market foundation, the Group will continue to increase its investment of capital, technology, and talent in the overseas railway market, actively explore international cooperation opportunities, and promote the large-scale and high-quality development of its overseas railway business.

2. Energy business

Maintaining the stable development of the electric power business

As regards power plant projects in its electric power business, the AHLONE 151,000-kilowatt power plant project, which was invested in, constructed and operated by the Group in Yangon, Myanmar, officially commenced operations in January 2021. The first-phase contract with the Ministry of Electric Power in Myanmar is set to expire in January 2026. In August 2025, the Group signed a contract renewal with the Ministry of Electric Power in Myanmar, with the second-phase contract expiring in January 2031. Furthermore, the Hlawga 123,000-kilowatt power plant restoration project in Myanmar also achieved grid-connected power generation in December 2022 and has a ten-year operating period. At present, both power plants are in a stable development phase, providing a solid foundation for the steady growth of the Group's power business. Meanwhile, with the promotion of the "Belt and Road" Initiative, the Group is also actively expanding its business in overseas power plant projects.

Actively Expanding the New Energy Business

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

- In terms of the photovoltaic power generation business, the “Shunping 11 Pairs of Service Areas Distributed Photovoltaic Power Generation Projects (順平11對服務區分佈式光伏發電項目)” was successfully signed in the first half of 2025 and is scheduled to be completed and realize grid-connected power generation in the second half of 2025. The Group will continue to explore high-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

As a new business segment of the Group, the Group will strongly support FOSS in refining and expanding its existing aviation business, continuously launching solutions based on large language models and artificial intelligence. At the same time, the low-altitude economy business will be positioned as a new growth driver for FOSS.

FINANCIAL REVIEW

Revenue

By Industry Sectors

For the Year, the Group generated revenue as follows:

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Revenue by industry sectors		
Railway	519,794	483,533
Energy	235,822	336,254
Aviation	172,233	–
Total	927,849	819,787

(i) Railway

For the Year, revenue of RMB519.8 million was recognised from the railway sector, representing an increase of RMB36.3 million or 7.5% compared to the previous year.

The sector recorded RMB549.4 million from new contracts signed, representing a decrease of RMB48.1 million compared to the previous year; and the amount of backlog as of the end of the Year was RMB722.7 million, representing a decrease of RMB6.1 million compared to the end of the previous year.

(ii) Energy

For the Year, revenue of RMB235.8 million was recognised from the energy sector, representing a decrease of RMB100.5 million or 29.9% compared to the previous year. The decrease in revenue was primarily attributable to the application of the amendments to IAS 21 Lack of Exchangeability for the power plant projects, resulting in the use of market exchange rates for accounting translation during the Year.

The sector recorded RMB218.0 million from new contracts signed, representing a decrease of RMB145.1 million compared to the previous year, which was primarily attributable to the substantial reduction in revenue compared to the previous year due to the application of the amendments to IAS 21 Lack of Exchangeability for the power plant projects during the Year.

On a like-for-like basis, both revenue and new contracts signed for the Year achieved significant growth compared to the previous year, which was driven by two upward adjustments to the actual settlement exchange rates by customers in Myanmar in September 2024 and April 2025.

(iii) Aviation

For the Year, revenue of RMB172.2 million was recognised from the aviation sector, which comprised: revenue from software development and technical services of RMB92.0 million; revenue from system integration and related services of RMB49.0 million; and revenue from operation and maintenance services of RMB31.2 million.

By Business Model

For the Year, the Group generated revenue as follows:

	Year ended December 31,	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue by business model		
Products and specialised solutions	542,101	451,491
Value-added operation and services	385,748	368,296
	<hr/>	<hr/>
Total	927,849	819,787
	<hr/> <hr/>	<hr/> <hr/>

(i) Products and specialised solutions

For the Year, revenue of RMB542.1 million was recognised from the products and specialised solutions business, representing an increase of RMB90.6 million or 20.1% compared to the previous year. Such increase was primarily attributable to the consolidation of FOSS following the Group's acquisition of control during the Year, with its aviation business making a significant contribution to the revenue recognised for the Year.

The business recorded RMB599.4 million from new contracts signed, representing an increase of RMB64.2 million compared to the previous year and the amount of backlog as of the end of the Year was RMB778.3 million, representing an increase of RMB83.6 million compared to the end of the previous year. Such increase was primarily attributable to the consolidation of FOSS following the Group's acquisition of control during the Year, with its aviation business making a significant contribution to the new contracts signed and backlog for the Year.

(ii) Value-added operation and services

Revenue recognised from the value-added operation and services business for the Year was RMB385.7 million, representing an increase of RMB17.4 million or 4.7% compared to the previous year. Such increase was primarily attributable to the combined effect of following factors: the consolidation of FOSS following the Group's acquisition of control during the Year, with revenue recognised from its aviation business amounting to RMB123.2 million; the decrease of RMB100.4 million in revenue recognised from the energy sector for the Year compared to the previous year, which was mainly due to the application of the amendments to IAS 21 Lack of Exchangeability for the power plant projects during the Year, resulting in the use of market exchange rates for accounting translation during the Year.

For the Year, new contracts signed from the value-added operation and services business amounted to RMB376.8 million, representing a decrease of RMB48.7 million compared to the previous year, which was mainly due to the application of the amendments to IAS 21 Lack of Exchangeability for the power plant projects during the Year, resulting in the use of market exchange rates for accounting translation during the Year. The amount of backlog as of the end of the Year was RMB315.1 million, representing an increase of RMB150.1 million compared to the end of the previous year, which was mainly attributable to the consolidation of FOSS following the Group's acquisition of control during the Year, with its aviation business making a significant contribution to the backlog for the Year.

On a like-for-like basis, both revenue and new contracts signed for the Year achieved significant growth compared to the previous year, which was driven by two upward adjustments to the actual settlement exchange rates by customers in Myanmar in September 2024 and April 2025, respectively.

Gross Profit and the Gross Profit Margin

The Group generated gross profit of RMB325.2 million in the Year, representing an increase of RMB19.9 million compared to the previous year. Gross profit margin decreased from 37.2% for the previous year to 35.0% for the Year.

By Industry Sectors

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Gross profit and gross profit margin by industry sectors		
Railway	79,223	101,466
Gross profit margin%	15.2%	21.0%
Energy	165,587	203,803
Gross profit margin%	70.2%	60.6%
Aviation	80,341	–
Gross profit margin%	46.6%	–
Total	325,151	305,269
Gross profit margin	35.0%	37.2%

(i) Railway

For the Year, gross profit of RMB79.2 million was recognised from the railway sector, representing a decrease of RMB22.3 million as compared to the previous year. The gross profit margin was 15.2%, representing a decrease of 5.8 percentage points as compared to the previous year. The decrease in gross profit was mainly attributable to the relatively lower gross profit margins of certain projects executed during the Year, including the Science and Technology Information Cloud Project of the Ministry of Public Security, the Kaka Railway Project in Nigeria, and the supplemental cabinet power supply project for the East Coast Rail Link (ECRL). These projects were undertaken by the Company based on strategic development considerations.

(ii) Energy

For the Year, gross profit of RMB165.6 million was recognised from the energy sector, representing a decrease of RMB38.2 million as compared to the previous year. The gross profit margin was 70.2%, representing an increase of 9.6 percentage points compared to the previous year. The decrease in gross profit was mainly due to the application of the amendments to IAS 21 Lack of Exchangeability for the power plant projects during the Year, resulting in the use of market exchange rates for accounting translation during the Year. The increase in gross profit margin was mainly due to two upward adjustments to the actual settlement exchange rates by customers in Myanmar in September 2024 and April 2025.

(iii) Aviation

For the Year, gross profit of RMB80.3 million was recognised from the aviation sector, with gross profit margin of 46.6%, among which, gross profit recognised from software development and technical services of RMB36.1 million with gross profit margin of 39.2%; gross profit recognised from system integration and related services of RMB27.1 million with gross profit margin of 55.4%; and gross profit recognised from operation and maintenance services of RMB17.1 million with gross profit margin of 55.0%.

By Business Model

	Year ended December 31,	
	2025	2024
	RMB'000	RMB'000
Gross profit and gross profit margin by each business model		
Products and specialised solutions	104,223	91,877
Gross profit margin%	19.2%	20.3%
Value-added operation and services	220,928	213,392
Gross profit margin%	57.3%	57.9%
Total	325,151	305,269
Gross profit margin	35.0%	37.2%

(i) Products and specialised solutions

For the Year, gross profit of RMB104.2 million was recognised from the products and specialised solutions business, representing an increase of RMB12.3 million as compared to the previous year. The gross profit margin was 19.2%, representing a decrease of 1.1 percentage points as compared to the previous year. The increase in gross profit was mainly due to the consolidation of FOSS following the Group's acquisition of control during the Year.

(ii) Value-added operation and services

Gross profit recognised from the value-added operation and services business for the Year was RMB220.9 million, representing an increase of RMB7.5 million as compared to the previous year. The gross profit margin was 57.3%, representing a decrease of 0.6 percentage points as compared to the previous year.

Gain on Re-measurement of an Associate to Fair Value at Acquisition Date/ Impairment on Goodwill

As the Group acquired control over and consolidated the financial statements of FOSS on January 1, 2025, a gain of approximately RMB350.2 million was recognised on re-measurement of FOSS to fair value at acquisition date. An impairment provision was made for the amount by which the recoverable amount was lower than the carrying value as at December 31, 2025 based on the valuation report. Accordingly, a net impairment loss on goodwill of approximately RMB373.5 million was recognised for the Year. As a result of the aforementioned factors arising from the acquisition of control over FOSS, the net profit of the Group for the Year decreased by RMB23.3 million.

Other Income and Gains

For the Year, other income and gains⁽¹⁾ were RMB65.1 million, representing an increase of RMB29.4 million as compared to the previous year. For the Year, other income and gains mainly include: (i) income from compensation for performance guarantee of approximately RMB18.3 million; (ii) rental income of approximately RMB13.3 million; (iii) gain on disposal of financial products of approximately RMB12.8 million; (iv) interest income of approximately RMB8.1 million; (v) gains on fair value changes of financial assets of approximately RMB8.2 million; and (vi) other income of approximately RMB4.4 million.

Selling, Distribution and Administrative Expenses

For the Year, selling, distribution and administrative expenses were approximately RMB190.4 million, representing an increase of RMB71.5 million as compared to the previous year, mainly due to the acquisition of control over FOSS by the Group during the Year, which contributed selling, distribution and administrative expenses of approximately RMB72.4 million for the Year.

Net Impairment Losses on Financial and Contract Assets

For the Year, net impairment losses on financial and contract assets were approximately RMB13.8 million, as compared to net impairment losses of approximately RMB36.3 million for the previous year, representing a decrease of RMB22.5 million as compared to the previous year.

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

Other Expenses

For the Year, other expenses⁽²⁾ were RMB41.4 million, representing a decrease of RMB30.0 million as compared to the previous year, mainly due to (i) a net impairment loss on long-term equity investments of approximately RMB34.2 million for the Year; (ii) the application of the amendments to IAS 21 Lack of Exchangeability for the power plant projects during the Year, resulting in the use of market exchange rates for accounting translation during the Year and generating an exchange gain of RMB5.8 million during the Year, as compared to an exchange loss of RMB70.1 million for the previous year; (iii) the loss on fair value changes of investment properties held by the Group during the Year amounting to approximately RMB12.4 million.

Share of Profits of a Joint Venture/Associates

For the Year, share of profits of associates was RMB7.6 million, as compared to RMB1.6 million for the previous year. Such increase was primarily attributable to the acquisition of 40% of the equity interest in Beijing Zhongzhi Runbang Technology Co., Ltd.* (北京中智潤邦科技有限公司) by the Group at the end of June 2025, which contributed profit of approximately RMB4.6 million in the second half of the Year.

Profit or Loss through Fair Value Changes of Equity Investments

For the Year, the Group recorded a gain on fair value changes of equity investments in Shenzhen Hopeland, Helios Energy Limited (ASX: HE8.AX), Xinyizu and Suzhou Huagai of approximately RMB4.2 million, as compared to a loss of approximately RMB34.7 million in the preceding year which included a loss of approximately RMB27.4 million from fair value changes of FOSS. Following the Group's acquisition of control over FOSS during the Year, its impact is no longer included under this item. Excluding the effect of FOSS, the loss for the preceding year would have been RMB7.3 million, and an increase in profit of RMB11.5 million was recorded as compared to the preceding year.

Shenzhen Hopeland is primarily engaged in RFID hardware and solution integrator business in the Internet of Things industry. Helios Energy Limited is primarily engaged in oil and gas exploration with operations 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, 2025, the Group held (i) 16.0% of equity interest in Shenzhen Hopeland with investment costs of RMB23.4 million, the fair value of such investment amounted to RMB20.2 million, representing 0.6% of its total assets, (ii) 1.34% of equity interest (24,989,900 shares) in Helios Energy Limited with investment costs of RMB2.3

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

million, the fair value of such investment amounted to RMB1.1 million, representing 0.03% of its 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 RMB4.5 million, representing 0.1% of its 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 RMB13.0 million, representing 0.4% of its total assets. The gain/(loss) (including unrealised gain/(loss)) from the Group's investment in the shares of Shenzhen Hopeland, Helios Energy Limited, Xinyizu and Suzhou Huagai for the Year were RMB5.3 million, RMB(0.5) million, RMB(0.8) million and RMB0.2 million, respectively. During the Year, the Group received dividends of RMB0, RMB0, RMB0 and RMB0 from Shenzhen Hopeland, Helios Energy Limited, Xinyizu and Suzhou Huagai, respectively. The Company makes strategic investments in technology companies in related industries from time to time and would seek further cooperation opportunities as and when appropriate.

Finance Costs

Finance costs mainly comprised interest expenses for interest-bearing bank loans. For the Year, the finance cost was approximately RMB7.5 million compared to approximately RMB10.5 million for the previous year.

Income Tax Expenses

The total income tax expenses for the Year were RMB6.0 million, as compared to the income tax expenses of RMB23.7 million for the previous year.

Profit for the Year

For the Year, the net profit of the Group amounted to RMB119.6 million as compared to the net profit of RMB47.0 million for the previous year, representing an increase of RMB72.6 million as compared to the previous year, which was mainly due to (i) the increase in net profit from power plant projects of RMB89.9 million as compared to the preceding year, primarily driven by the upward adjustment of the actual settlement exchange rate by Myanmar customers and an increase in power generation volume during the Year; (ii) the gains on fair value changes and disposal of financial assets and investment properties of approximately RMB12.8 million for the Year, as compared to a loss on fair value changes and disposal of financial assets of RMB33.5 million in the preceding year, resulting in an increase in net profit of approximately RMB46.3 million year on year; (iii) a gain on remeasurement of fair value of FOSS at the date of acquisition of approximately RMB350.2 million following the Group's acquisition of control over FOSS on January 1, 2025. During the Year, the Group also recorded impairment losses on goodwill and long-term equity investments of approximately RMB407.7 million arising from the acquisition of control over FOSS. The

aforementioned factors led to a decrease in net profit of approximately RMB57.5 million as compared to the preceding year; (iv) the year-on-year decrease of RMB6.0 million in net profit for the Year due to the net impact of operational factors, including gross profit, other income and gains, selling, distribution and administrative expenses, net impairment losses on financial and contract assets, other expenses and finance costs.

For the Year, the profit attributable to owners of the parent of the Company amounted to RMB70.5 million as compared to that of RMB22.1 million for the previous year.

Inventory Turnover Days

The inventories of the Group mainly comprised of products and spare parts related to railway communication. For the Year, the inventory turnover days were 202 days (the previous year: 320 days).

Trade Receivables Turnover Days

For the Year, the trade receivables turnover days were 173 days (the previous year: 183 days).

Trade Payables Turnover Days

For the Year, the trade payables turnover days were 158 days (the previous year: 335 days).

Liquidity, Financial Resources and Capital Structure

The Group's principal sources of working capital included cash flow from operating activities, bank and other loans. As at December 31, 2025, the Group's current interest-bearing bank borrowings amounted to RMB268.2 million (as at December 31, 2024: RMB246.1 million), interest-bearing bank borrowings repayable within one to two years amounted to RMB2.8 million, interest-bearing bank borrowings repayable within two to five years amounted to RMB8.3 million and interest-bearing bank borrowings repayable beyond five years amounted to RMB4.2 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 were denominated in RMB except for interest-bearing bank borrowings of RMB0 (as at December 31, 2024: RMB20.5 million) which were denominated in MMK as of December 31, 2025. The Group mainly borrowed and held cash and cash equivalents in RMB, MMK, USD and HKD.

As of December 31, 2025, the Group's current ratio (current assets divided by current liabilities) was 2.2 (as of December 31, 2024: 2.1). The Group's financial position remained healthy. As of December 31, 2025, the Group was in a net cash position⁽³⁾ of RMB455.7 million (as at the end of the previous year: RMB161.4 million), increased by RMB294.3 million compared to the end of the previous year. As at December 31, 2025, the Group's gearing ratio⁽⁴⁾ was -22.0%, decreased by 12.3 percentage points from -9.7% as at the end of the previous year.

Financial Policy

The Group pursues a prudent financial policy with strict control over cash and risk management. Surplus cash reserves are used to generate income by investing in financial products without affecting the Group's business operations or capital expenditure. For the year ended December 31, 2025, the Group did not use any derivative financial instruments to hedge its risks.

Exchange Rate Exposure and Hedging

The Group operates in Mainland China, Hong Kong and Myanmar, and for the year ended December 31, 2025, its revenue, costs and expenses are mainly denominated in RMB, MMK, HKD and USD. 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, HKD, MMK or USD, and the Group's reporting currency is RMB. This situation also exposes the Group to potential foreign exchange risk when translating these assets and liabilities at each reporting date.

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

Contingent Liabilities

As at December 31, 2025, the Group had no material contingent liability.

⁽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.

Charges on Group Assets

As at December 31, 2025, except for the pledged deposits of approximately RMB39.7 million (as at December 31, 2024: RMB77.6 million), the Group pledged a building with a net carrying amount of approximately RMB185.5 million, real estate with an appraised value of approximately RMB55.9 million, equity in two subsidiaries, trade receivables with a carrying amount of RMB20.8 million and the receivables (including existing and future receivables) arising from the electricity supply charging rights in respect of seven service areas under an agreement by a subsidiary to banks to secure banking facilities granted to the Group (as at the end of the previous year, the Group pledged a building with a net carrying amount of approximately RMB187.3 million, real estate with an appraised value of approximately 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). Save as disclosed above, as at December 31, 2025, the Group had no other assets charged to financial institutions.

SIGNIFICANT INVESTMENTS

Subscription of Private Equity Fund

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

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

Subscription of Wealth Management Products

On May 23, 2025, FOSS, a non-wholly owned subsidiary of the Company, subscribed two wealth management products ("**Products**") offered by China CITIC Bank Corporation Limited, namely the Win-Win Smart FX-Linked RMB Structured Deposit and the Win-Win Smart Rate-Linked RMB Structured Deposit, each with a principal amount of RMB30 million.

The decision to subscribe to the Products was based on the following considerations: (i) the principal-guaranteed nature and low risk profile of the Products; (ii) the opportunity to enhance the efficiency of FOSS's cash and bank balance utilization; and (iii) the moderately higher annualized returns offered by the Products compared with standard fixed-term deposits issued by commercial banks in the PRC.

Subsequently, FOSS fully redeemed the Products: (i) the Win Win Smart FX Linked RMB Structured Deposit was redeemed on November 25, 2025, generating a return of approximately RMB182,466; and (ii) the Win Win Smart Rate Linked RMB Structured Deposit was redeemed on August 22, 2025, generating a return of approximately RMB 147,205.

Further details are available in the Company's announcement dated November 12, 2025 and its circular dated December 26, 2025.

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

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

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

The industrial and commercial registration for the aforementioned acquisition was completed on September 26, 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 (“**Mr. Jiang**”) and Beijing Jiujiang Technology Co., Ltd. (“**Beijing Jiujiang**”) entered into a share transfer agreement (the “**Jiujiang Share Transfer Agreement**”), pursuant to which, Haotian Jiajie conditionally agreed to acquire, and Mr. Jiang conditionally agreed to sell, 55% of the equity interest of Beijing Jiujiang at the total consideration of RMB16.50 million. The completion of the acquisition took place on July 19, 2023.

In particular, Mr. Jiang undertook under the Jiujiang Share Transfer Agreement that the aggregate revenue in respect of the contract energy management business of Beijing Jiujiang for the two years ended December 31, 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 Jiujiang Share Transfer Agreement, the aggregate revenue in respect of the contract energy management business of Beijing Jiujiang for the Guarantee Period amounted to approximately RMB114 million, which represented a shortfall of approximately RMB66 million. As a result, Beijing Jiujiang failed to fulfill the Profit Guarantee set out in the Jiujiang Share Transfer Agreement. According to the terms of the Jiujiang Share Transfer Agreement, if 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 back to Mr. Jiang or Beijing Jiujiang (by way of capital reduction) by January 31, 2025.

On March 18, 2025, the Company has agreed to amend the arrangements under the Jiujiang Share Transfer Agreement in relation to the failure to meet the Profit Guarantee and accordingly entered into the supplemental agreement to the Jiujiang Share Transfer Agreement (the “**Jiujiang Supplemental Agreement**”) with Mr. Jiang and Beijing Jiujiang. Under the Jiujiang 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. As of the date of this announcement, Haotian Jiajie has not exercised its right to sell back the 55% equity interest in Beijing Jiujiang.

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

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

EMPLOYMENT AND EMOLUMENT POLICIES

As at December 31, 2025, the Group had 900 full-time employees and 4 part-time employees. The emolument policy of the employees of the Group is set up by the Board on the basis of individual role, responsibilities and performance of the individual concerned, and the performance of the Group and market conditions.

FINAL DIVIDEND

The Board did not recommend the payment of a final dividend for the Year (same period last year: nil).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

The number of treasury shares held by the Company as at December 31, 2025 is nil.

CORPORATE GOVERNANCE

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

The Company has adopted the code provisions contained in the Code of Corporate Governance Practices (the “**CG Code**”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company has complied with all the code provisions in the CG Code during the Year.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix C3 to the Listing Rules (the “**Model Code**”) as the standards for the directors’ dealings in the securities of the Company. Having made specific enquiry of all directors of the Company, the directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the Year.

AUDIT COMMITTEE

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

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

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

ANNUAL GENERAL MEETING

The forthcoming annual general meeting (the “**AGM**”) of the Company is scheduled to be held on Thursday, May 28, 2026. A notice convening the AGM will be issued and disseminated to the shareholders of the Company in due course.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, May 22, 2026 to Thursday, May 28, 2026 (both days inclusive) for the purpose of determining shareholders who are entitled to attend and vote at the AGM. The record date for entitlement to attend and vote at the AGM is Thursday, May 28, 2026. In order to qualify for attending and voting at the AGM, all transfers of Share accompanied by the relevant share certificate must be lodged with the Company’s branch share registrar in Hong Kong, Union Registrars Limited at Suites 3301–04, 33/F., Two Chinachem Exchange Square, 338 King’s Road, North Point, Hong Kong not later than 4:00 p.m. on Thursday, May 21, 2026.

SCOPE OF WORK OF FORVIS MAZARS

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

PUBLICATION OF THE 2025 ANNUAL REPORT

The 2025 annual report of the Company containing all the information as required under Appendix D2 to the Listing Rules will be dispatched to the shareholders (if requested) and available on the Company's website at www.01900.hk and the Stock Exchange's website at www.hkexnews.hk in due course.

ACKNOWLEDGEMENT

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

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

Beijing, March 31, 2026

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