Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

京投軌道交通科技控股有限公司
BII Railway Transportation Technology Holdings Company Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1522)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "Board") of directors (the "Directors") of BII Railway Transportation Technology Holdings Company Limited (the "Company") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2022.

The consolidated financial results set out in this announcement are extracted from the Group's audited consolidated financial statements for the year ended 31 December 2022 ("2022 financial year" or "FY 2022").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2022 (Expressed in Hong Kong dollars ("HK$"))

	Note	**2022** **HK$'000**	2021 HK$'000
Revenue	3	**1,638,948**	1,749,210
Cost of sales		**(1,052,649)**	(1,101,684)
Gross profit	3(b)	**586,299**	647,526
Other income		**37,683**	59,016
Selling, general and administrative expenses		**(281,210)**	(287,994)
Impairment loss on trade receivables and contract assets		**(11,650)**	(7,138)
Impairment loss on goodwill		**–**	(64,747)
Research expenses		**(159,561)**	(164,421)
Profit from operations		**171,561**	182,242
Finance costs	4(a)	**(9,006)**	(27,038)
Share of results of joint ventures and associates		**52,912**	56,711
Fair value changes in other financial assets		**8,930**	302
Fair value changes in contingent considerations and put-options		**(1,096)**	18,627
Profit before taxation	4	**223,301**	230,844
Income tax	5	**(38,302)**	(31,339)
Profit for the year		**184,999**	199,505
Attributable to:			
Equity shareholders of the Company		**179,252**	187,535
Non-controlling interests		**5,747**	11,970
Profit for the year		**184,999**	199,505
Earnings per share			
– Basic and diluted (HK$)	6	**0.085**	0.089

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2022 (Expressed in HK$)

	2022	2021
	HK$'000	*HK$'000*
Profit for the year	**184,999**	199,505
Other comprehensive income for the year (after tax):		
Item that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements into presentation currency	**(211,774)**	74,049
Total comprehensive income for the year	**(26,775)**	273,554
Attributable to:		
Equity shareholders of the Company	**(30,060)**	259,971
Non-controlling interests	**3,285**	13,583
Total comprehensive income for the year	**(26,775)**	273,554

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2022 (Expressed in HK$)

	Note	**2022**	2021
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment		**224,829**	207,971
Intangible assets		**208,605**	232,366
Goodwill		**563,880**	616,088
Interests in joint ventures and associates		**407,171**	418,723
Other financial assets		**122,736**	67,576
Contingent considerations		**–**	27
Deferred tax assets		**33,946**	40,188
		1,561,167	1,582,939
Current assets			
Inventories and other contract costs		**446,197**	471,224
Contract assets	*7(a)*	**611,803**	631,030
Trade and other receivables	*8*	**975,942**	833,202
Loans to an associate		**–**	4,892
Cash on hand and in bank		**808,651**	893,375
		2,842,593	2,833,723
Current liabilities			
Trade and other payables	*9*	**1,195,345**	1,076,210
Contract liabilities	*7(b)*	**39,702**	68,799
Bank and other borrowings		**83,930**	48,775
Lease liabilities		**17,640**	17,747
Current taxation		**33,404**	24,508
Provision for warranties		**8,461**	9,895
		1,378,482	1,245,934
Net current assets		**1,464,111**	1,587,789
Total assets less current liabilities		**3,025,278**	3,170,728

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
At 31 December 2022 (Expressed in HK$)

	Note	**2022** **HK$'000**	2021 *HK$'000*
Non-current liabilities			
Bank and other borrowings		**300,000**	300,000
Lease liabilities		**22,218**	40,520
Contingent considerations		**2,027**	–
Deferred tax liabilities		**43,924**	51,589
Deferred income		**1,772**	4,938
Provision for warranties		**5,544**	1,787
		375,485	398,834
NET ASSETS		**2,649,793**	2,771,894
CAPITAL AND RESERVES	*10*		
Share capital		**20,971**	20,971
Reserves		**2,552,444**	2,639,189
Total equity attributable to equity shareholders of the Company		**2,573,415**	2,660,160
Non-controlling interests		**76,378**	111,734
TOTAL EQUITY		**2,649,793**	2,771,894

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in HK$ unless otherwise indicated)

1 CORPORATE INFORMATION

BII Railway Transportation Technology Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 7 January 2011 as an exempted company with limited liability under the Companies Law (2011 Revision), Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 16 May 2012. The listing of the Company's shares was transferred from the GEM to the Main Board of the Stock Exchange on 6 December 2013. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interests in joint ventures and associates. The principal activities of the Group are the design, production, implementation and sale, and maintenance of application solutions for the networking and controlling systems of public transport and other companies, the provision of civil communication transmission services, as well as design, implementation and sale of related software, hardware and spare part in utility tunnel areas, and the investment in the railway transportation areas and infrastructure areas through investing in equity.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Group and the Group's interests in joint ventures and associates.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– investments in debt and equity securities;

– contingent considerations; and

– options.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

– Amendments to IAS 16, *Property, plant and equipment: Proceeds before intended use*

– Amendments to IAS 37, *Provisions, contingent liabilities and contingent assets: Onerous contracts-cost of fulfilling a contract*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

None of these amendments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these financial statements.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the design, production, implementation and sale, and maintenance of application solutions for the networking and controlling systems of public transport and other companies, the provision of civil communication transmission services, as well as design, implementation and sale of related software, hardware and spare parts in utility tunnel areas, and the investment in the railway transportation areas and infrastructure areas through investing in equity. Further details regarding the Group's principal activities are disclosed in Note 3(b).

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major service lines is as follows:

	2022	2021
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of IFRS 15		
Revenue from intelligent railway transportation services	**1,431,998**	1,516,154
Revenue from infrastructure information services	**206,950**	233,056
	1,638,948	1,749,210

For the year ended 31 December 2022, revenue from transactions with one customer (2021: one customer) has exceeded 10% of the Group's revenue:

	2022	2021
	HK$'000	*HK$'000*
Customer A	**198,924**	281,153

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2022, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$2,564,283,000 (31 December 2021: HK$2,199,100,000). This amount represents revenue expected to be recognised in the future from intelligent railway transportation contracts and infrastructure information services contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur over the next 1 to 24 months (31 December 2021: next 1 to 36 months).

The above amount does not include any amounts of completion bonuses that the Group may earn in the future by meeting the conditions set out in the Group's service contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses.

(iii) Total future minimum payments receivable by the Group related to civil communication transmission services

	2022	2021
	HK$'000	*HK$'000*
Within 1 year	**165,974**	166,675
After 1 year but within 5 years	**87,689**	116,599
	253,663	283,274

This amount has been included in the above aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts and will be recognised as revenue in future.

(b) Segment reporting

The Group manages its businesses by business lines in a manner consistent with the way in which the information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment. The Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

– Intelligent railway transportation: this segment provides design, production, implementation and sale, and maintenance of application solution services, which includes related software, hardware and spare parts in railway transportation areas.

– Infrastructure information: this segment provides civil communication transmission services as well as design, implementation and sale of related software, hardware and spare parts in utility tunnel areas.

– Business development investment: this segment manages the equity investments in railway transportation areas and infrastructure areas.

(i) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the costs incurred by those segments. The measure used for reporting segment profit is gross profit. No inter-segment sales have occurred for the years ended 31 December 2022 and 2021. The Group's other income and expense items, such as other income, selling, general and administrative expenses, impairment loss on trade receivables and contract assets, impairment loss on goodwill, research expenses, finance costs, fair value changes in other financial assets, fair value changes in contingent considerations and put options and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, such information is presented.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2022 and 2021 is set out below.

	2022			
	Intelligent railway transportation *HK$'000*	**Infrastructure information** *HK$'000*	**Business development investment** *HK$'000*	**Total** *HK$'000*
Disaggregated by timing of revenue recognition				
Point in time	**1,221,285**	**4,414**	**–**	**1,225,699**
Over time	**210,713**	**202,536**	**–**	**413,249**
Revenue from external customers and reportable segment revenue	**1,431,998**	**206,950**	**–**	**1,638,948**
Reportable segment gross profit	**466,985**	**119,314**	**–**	**586,299**
Share of results of joint ventures and associates	**–**	**–**	**52,912**	**52,912**

	2021			
	Intelligent railway transportation *HK$'000*	Infrastructure information *HK$'000*	Business development investment *HK$'000*	Total *HK$'000*
Disaggregated by timing of revenue recognition				
Point in time	1,304,894	10,213	–	1,315,107
Over time	211,260	222,843	–	434,103
Revenue from external customers and reportable segment revenue	1,516,154	233,056	–	1,749,210
Reportable segment gross profit	498,302	149,224	–	647,526
Share of results of joint ventures and associates	–	–	56,711	56,711

(ii) Reconciliation of reportable segment profit or loss

	2022	2021
	HK$'000	*HK$'000*
Reportable segment gross profit	**586,299**	647,526
Share of results of joint ventures and associates	**52,912**	56,711
Other income	**37,683**	59,016
Selling, general and administrative expenses	**(281,210)**	(287,994)
Impairment loss on trade receivables and contract assets	**(11,650)**	(7,138)
Impairment loss on goodwill	**–**	(64,747)
Research expenses	**(159,561)**	(164,421)
Finance costs	**(9,006)**	(27,038)
Fair value changes in other financial assets	**8,930**	302
Fair value changes in contingent considerations and put options	**(1,096)**	18,627
Profit before taxation	**223,301**	230,844

(iii) Geographic information

Disaggregation of revenue from contracts with customers by geographical location of customers is as follows:

	2022	2021
	HK$'000	*HK$'000*
– Mainland China	**1,567,732**	1,674,860
– Hong Kong	**35,991**	38,593
– India	**35,225**	35,757
	1,638,948	1,749,210

The Group's non-current assets, including property, plant and equipment, intangible assets, goodwill and interests in joint ventures and associates, are all located or allocated to operations located in the PRC.

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	2022	2021
	HK$'000	*HK$'000*
Interests on bank and other borrowings	**1,456**	973
Interests on loans from a related party	**5,224**	24,809
Interest on lease liabilities	**2,326**	1,256
	9,006	27,038

(b) Staff costs

	2022	2021
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**299,784**	319,406
Contributions to defined retirement plans	**23,182**	22,558
Cash-settled share-based transaction expenses	**–**	5,705
	322,966	347,669

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby these subsidiaries are required to contribute to the scheme at a rate of 16% of the employees' basic salaries. Employees of these subsidiaries are entitled to retirement benefits, calculated based on a percentage of the average salaries level in the PRC (other than Hong Kong), from the above mentioned retirement scheme at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed by the Group's subsidiaries incorporated in Hong Kong under a trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The Group has no further obligation for payment of other retirement benefits beyond the above annual contributions.

(c) Other items

	2022	2021
	HK$'000	*HK$'000*
Cost of inventories	**802,843**	797,745
Auditors' remuneration:		
– statutory audit services	**3,245**	3,376
– other services	**741**	1,146
Impairment loss on goodwill	**–**	64,747
Depreciation charge		
– owned property, plant and equipment	**33,830**	27,396
– right-of-use assets	**17,181**	10,766
Amortisation of intangible assets	**24,004**	22,431
Net (gain)/loss on disposal of property, plant and equipment	**(11)**	36
Expense relating to short-term leases and leases of low value assets, which not included in the measurement of lease liabilities	**10,345**	15,452

Note:

Cost of inventories includes HK$105,341,000 (2021: HK$109,547,000) relating to staff costs, and depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in Note 4(b) for each of these types of expenses.

5 INCOME TAX

(a) Income tax in the consolidated statement of profit or loss represents:

	2022	2021
	HK$'000	*HK$'000*
Current taxation:		
– Hong Kong Profits Tax	**7,682**	6,717
– PRC Corporate Income Tax	**30,606**	24,357
	38,288	31,074
Deferred taxation:		
– Origination and reversal of temporary differences	**14**	265
	38,302	31,339

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2022	2021
	HK$'000	*HK$'000*
Profit before taxation	**223,301**	230,844
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii), (iii) and (iv))*	**52,670**	57,814
Tax effect of non-deductible expenses	**27,109**	4,884
Tax effect of non-deductible fair value changes	**–**	(3,076)
Share of results of joint ventures and associates	**(9,799)**	(11,333)
Non-taxable interest income	**(141)**	(354)
Tax effect of foreign exchange loss/(gain)	**395**	(360)
Tax effect of utilisation of prior years' temporary differences previously not recognised	**(97)**	(514)
Tax effect of tax losses and deductible temporary differences not recognised	**9,461**	13,611
Tax effect of withholding tax in connection with the distributions made by subsidiaries *(Note (viii))*	**5,329**	–
Tax concessions *(Notes (v), (vi) and (vii))*	**(46,625)**	(29,333)
Income tax	**38,302**	31,339

Notes:

(i) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 31 December 2022 (2021: 16.5%), except for one subsidiary of the Group which is a qualifying corporation under the two-tiered Profits Tax rate regime.

For this subsidiary, the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax for this subsidiary was calculated at the same basis in 2021.

(ii) The subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) and India are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the year ended 31 December 2022 (2021: 25%).

(iv) The subsidiary incorporated in India is subject to India Profits Tax rate of 25% for the year ended 31 December 2022 (2021: 25%).

(v) Certain subsidiaries of the Group established in the PRC have obtained approvals from the tax bureau to be taxed as enterprises with advanced and new technologies. As a result, these subsidiaries enjoyed a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 December 2022. In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries are also entitled to an additional deductible tax allowance calculated at 75%/100% of the qualified research and development costs incurred by these subsidiaries (2021: 75%/100%).

(vi) Certain subsidiaries of the Group were designated as software enterprises. As such, these subsidiaries were entitled to a two years' exemption from PRC Corporate Income Tax followed by three years of 50% PRC Corporate Income Tax reduction. As a result, these subsidiaries enjoyed an exemption from PRC Corporate Income Tax or 50% PRC Corporate Income Tax reduction in for the year ended 31 December 2022.

(vii) During the year ended 31 December 2022, certain subsidiaries of the Group met the criteria of Small Low-profit Enterprise and enjoyed a preferential income tax policy. As such, for these subsidiaries, the first Renminbi ("RMB") 1 million of taxable profits are taxed at an effective tax rate of 2.5%; the second and third RMB1 million of taxable profits are taxed at an effective tax rate of 5%.

(viii) Distributions of RMB45,843,000 (equivalent to approximately HK$53,290,000) of certain subsidiaries declared to overseas companies during the year ended 31 December 2022. Accordingly, withholding tax of HK$5,329,000 calculated at the applicable withholding tax rate of 10% has been recognised as at 31 December 2022.

6 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2022 is based on the profit attributable to ordinary equity shareholders of the Company of HK$179,252,000 (2021: HK$187,535,000) and the weighted average of 2,097,147,000 ordinary shares (2021: 2,097,147,000 ordinary shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2022	2021
	'000	*'000*
Issued ordinary shares at 1 January	**2,097,147**	2,097,147
Effect of shares repurchased	**–**	–
Weighted average number of ordinary shares at 31 December	**2,097,147**	2,097,147

The Group has no dilutive ordinary shares outstanding for the year ended 31 December 2022 and 2021. Therefore, there was no difference between basic and diluted earnings per share.

7 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2022 *HK$'000*	2021 *HK$'000*
Contract assets		
Arising from performance under contracts with customers	**659,749**	686,535
Less: loss allowance	**(47,946)**	(55,505)
	611,803	631,030
Trade receivables and bills receivable from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 8)*	**869,793**	713,245

The Group's service contracts include payment schedules which require stage payments over the service period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The Group typically agrees to a one to three years retention period after the performance of sales contracts, during which credit term may be granted to customers for retentions receivable, depending on the market practice of the industry and credit assessment carried out by management on an individual customer basis.

The amount of contract assets that is expected to be recovered after more than one year is HK$69,913,000 (2021: HK$38,361,000), all of which relates to retentions.

(b) Contract liabilities

	2022 *HK$'000*	2021 *HK$'000*
Contract liabilities		
Billings in advance of performance	**39,702**	68,799

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

Movements in contract liabilities

	2022	2021
	HK$'000	*HK$'000*
Balance at 1 January	**68,799**	59,722
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	**(65,195)**	(60,608)
Increase in contract liabilities as a result of billing in advance	**41,105**	67,828
Exchange adjustments	**(5,007)**	1,857
Balance at 31 December	**39,702**	68,799

The amount of billings in advance of performance and forward sales deposits received expected to be recognised as income within one year is HK$39,702,000 (2021: HK$68,799,000).

8 TRADE AND OTHER RECEIVABLES

		2022	2021
	Note	***HK$'000***	*HK$'000*
Trade receivables due from:			
– third parties		**565,492**	484,688
– affiliates of an equity shareholder of the Company		**60,902**	67,477
– a joint venture of the Group		**282**	1,167
Bills receivable		**282,301**	187,303
		908,977	740,635
Amounts due from related parties:	*8(b)*		
– equity shareholders of the Company and their affiliates		**3,294**	6,792
– an associate of the Group		**1,097**	–
		4,391	6,792
		913,368	747,427
Less: loss allowance of trade receivables		**(39,184)**	(27,390)
Prepayments, deposits and other receivables		**83,680**	97,295
VAT recoverable		**18,078**	14,801
Financial assets measured at amortised cost		**975,942**	832,133
Fair value of put–options in connection with acquisition of Litmus Technologies (Beijing) Co., Ltd. (北京樂碼仕智能科技有限公司) ("Litmus")	*8(c)*	**–**	1,069
		975,942	833,202

All of the trade and other receivables are expected to be settled or recognised as expenses within one year.

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivables, based on the invoice date, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Within 1 year	**715,804**	597,147
Over 1 year	**193,173**	143,488
	908,977	740,635

(b) Amounts due from related parties

Amounts due from related parties are unsecured, non-interest bearing and have no fixed terms of repayment.

(c) Put-options in connection with acquisition of Litmus

Pursuant to the acquisition agreements of Litmus, the former equity holders of Litmus granted three put-options to the Group. Each put-option gives the Group the right to put back its equity interests in Litmus to the former equity holders. The exercise price of these put-options are determined based on the highest amount among calculation results of pre-determined formulae and valuation report issued by qualified valuation firm.

Put-options were granted under vesting conditions with reference to financial performance of Litmus during the years ended 31 December 2020, 2021, and 2022. The commencement date of the vesting conditions varies and is separately determined for each put-option granted upon the grant date. These put-options lapsed by the end of 2022 and the Group derecognised these put-options as at 31 December 2022.

9 TRADE AND OTHER PAYABLES

	2022	2021
	HK$'000	*HK$'000*
Trade payables due to:		
– third parties	**703,439**	625,225
– affiliates of equity shareholders of the Company	**32,843**	55,724
– a joint venture of the Group	**19,028**	11,048
– associates of the Group	**44,059**	1,407
Bills payables	**116,250**	129,891
	915,619	823,295
Payable for acquisition	**83,689**	91,438
Payable for acquisition of non-controlling interests	**45,561**	–
Accrued expenses and other payables	**126,555**	118,448
Financial liabilities measured at amortised cost	**1,171,424**	1,033,181
Other taxes payables	**23,921**	31,456
Put-options in connection with share-based transaction	**–**	11,573
	1,195,345	1,076,210

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills payables (which are included in trade and other payables), based on the maturity date, is as follows:

	2022	2021
	HK$'000	*HK$'000*
Due within 1 month or on demand	**847,843**	719,554
Due after 1 month but within 6 months	**58,427**	92,733
Due after 6 months but within 1 year	**9,349**	11,008
	915,619	823,295

10 CAPITAL AND DIVIDENDS

(a) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2022	2021
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period of HK$2.6 cents per ordinary share (2021: HK$2.7 cents)	**54,526**	56,623

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends to equity shareholders of the Company attributable to the previous financial year, approved during the current year

	2022	2021
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$2.7 cents per ordinary share (2021: HK$2.5 cents)	**56,623**	52,428

(b) Share capital

Authorised and issued share capital

	2022		2021	
	Number of shares	***HK$'000***	*Number of shares*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	**5,000,000,000**	**50,000**	5,000,000,000	50,000
Issued and fully paid:				
At 31 December	**2,097,146,727**	**20,971**	2,097,146,727	20,971

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS ENVIRONMENT

In 2022, under the impact of a more complex and severe international environment, and unfavorable external environmental factors in China, the downward pressure on the macroeconomy of Mainland China increased. The annual GDP in China grew by approximately 3.0%, representing a year-on-year decrease of approximately 5.1%. Affected by macro factors, in 2022, the investment and construction of rail transit in Mainland China has remained at a high level, but the growth rate has slowed down. According to the data released by the China Association of Metros ("CAMET"), in 2022, a total of approximately 1,085.2 kilometres of new urban rail transit lines were added in Mainland China, representing a year-on-year decrease of approximately 11.3%. At the same time, according to the data released by the National Railway Administration, in 2022, the completed investment in China's railway fixed assets was approximately RMB710.90 billion, representing a year-on-year decrease of approximately 5.1%. In addition, affected by unfavorable factors such as the macro environment and market situation, in 2022, the number of passengers transported by urban rail in Mainland China was approximately 19.40 billion, representing a year-on-year decrease of approximately 18.2%; the total passenger volume of Beijing's rail transit network was approximately 2.26 billion, and the average daily passenger volume was approximately 6.197 million, representing a year-on-year decrease of approximately 26.3%.

In order to effectively respond to the downward pressure on the economy, the government has launched a package of macro policies to promote the recovery of growth and boost confidence in development. Under the guidance and support of such policies, it is expected that the rail transit in Mainland China will develop steadily, driving the coordinated development of the entire industry chain including rail transit investment, construction, and operation. At the same time, the government emphasised the need to promote the integrated development of the digital economy and the real economy, and vigorously build a digital China and a smart society. Beijing also promulgated the "Regulation of Beijing Municipality on the Promotion of Digital Economy" (《北京市數字經濟促進條例》) to promote the construction of new urban infrastructure and create a favourable policy environment for the growth of the Company's "Intelligent+" business.

BUSINESS REVIEW

Overview

In the first half of the year, due to the market environment in the core business area, the performance of the Group fluctuated. With the stabilisation of the external environment in the second half of the year, the Group faced difficulties and raced against time to overcome the impact of various unfavourable factors, promote the healthy development of various businesses, and steadily improve the quality of its business operations.

In 2022, the Group's overall operating performance basically remained stable, with annual revenue of approximately HK$1,638.9 million, representing a year-on-year decrease of approximately 6.3%, and a gross profit margin of approximately 35.8%, the profit attributable to equity shareholders was approximately HK$179.3 million, representing a year-on-year decrease of approximately 4.4%. According to the medium and long-term dividend policy of the Group, the Board proposed to distribute a final dividend of HK$2.6 cents per share (FY 2021: HK$2.7 cents).

The Group has continuously increased market development efforts to consolidate the foundation for sustainable development. In 2022, the Group continued to adhere to its market strategy of "relying on Beijing and Hong Kong, stepping up its presence nationwide, and exploring international markets", while successfully assisting the opening of Beijing's new line and continuing to build subway and "Intelligent+" product and service brands, it has also expanded into multiple regional markets. It successfully entered into four markets including Chuzhou and Wuxi in Mainland China for the first time, and developed the market in Kuala Lumpur, Malaysia overseas for the first time. At the same time, the Group strived to improve project delivery capabilities to ensure the realisation of revenue. In 2022, the Group has overcome the impact of the adverse external factors, vigorously promoted the progress of projects under construction, and assisted in the opening and operation of 16 rail transit lines (sections) in 11 cities in Mainland China and abroad. The Group's business covered 53 cities in China and 23 cities in 14 overseas countries and regions. As at the end of 2022, the Group had orders on hand of approximately HK$2.56 billion, representing a year-on-year increase of approximately 16.6%, which has accumulated sufficient project reserves for continuous and stable income.

The Group also attaches great importance to enhancing the core competitiveness of its main business through R&D and innovation. In 2022, the Group's technology research and development expenses remained stable as compared to the previous year and amounted to approximately HK$159.6 million, accounting for approximately 9.7% of the revenue for the year. The Group acquired 7 new patents (114 in total) and 71 new software copyrights (507 in total), further improving the quantity and quality of independent intellectual property rights in order to strengthen the soft power of the Company.

FINANCIAL REVIEW

Revenue

The Group recorded revenue of approximately HK$1,638.9 million in FY 2022, representing a decrease of approximately HK$110.3 million or approximately 6.3% from FY 2021. Revenue from intelligent railway transportation services and infrastructure information accounted for approximately 87.4% and 12.6% of the total revenue, respectively.

The Group mainly operates its businesses in Mainland China. For FY 2022, the Group recorded revenue of approximately HK$1,567.7 million in Mainland China, representing a decrease of approximately HK$107.1 million as compared to FY 2021. Among them, the decrease in revenue in Mainland China was due to the delay in the delivery and acceptance of some projects of the smart rail transit service business due to the impact of the adverse external factors. On the other hand, as the infrastructure information service business, including the use of ports for 4G information transmission services, had been sorted out in the first half of 2021 and such revenue has been confirmed, the business has returned to normal levels this year.

Cost of sales

The Group's cost of sales was approximately HK$1,052.6 million in FY 2022, representing a decrease of approximately HK$49.0 million or approximately 4.5% from FY 2021. The decrease in cost of sales was mainly due to the decrease in the cost caused by the delay in the delivery and acceptance of some projects.

Gross profit

The Group's gross profit was approximately HK$586.3 million in FY 2022, representing a decrease of approximately HK$61.2 million or approximately 9.5% from FY 2021. The decrease in gross profit was mainly due to a decrease in business volume during the year as mentioned above.

Share of results of joint ventures and associates

The Group's share of results of joint ventures and associates in FY 2022 was approximately HK$52.9 million, representing a year-on-year decrease of approximately 6.7%. The change in the share of results of joint ventures and associates on the one hand was mainly attributable to the delivery of new business by Beijing Metro Science and Technology Development Co., Ltd.* (北京地鐵科技發展有限公司) ("Metro Science and Technology"), a joint venture of the Group, on the other hand was mainly attributed to the resolution passed in the partner meeting of Beijing Cornerstone Chuangying Investment Centre (Limited Liability Partnership) (北京基石創盈投資中心(有限合夥)) ("Cornerstone Chuangying"), a joint venture of the Group then, held on 1 November 2022, where Cornerstone Chuangying was determined to be liquidated. The Group derecognised its investment in Cornerstone Chuangying.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses in FY 2022 were approximately HK$281.2 million, representing a decrease of approximately HK$6.8 million or approximately 2.4% compared with FY 2021. This was mainly due to the impact of the adverse external factors this year. During the year, online and remote work methods were mostly used, and business travel was restricted, thus the related expenses were decreased.

Profit attributable to equity shareholders of the Group

The profit attributable to equity shareholders of the Group was approximately HK$179.3 million in FY 2022, representing a year-on-year decrease of approximately 4.4%. Earnings per share were HK$0.085, representing a year-on-year decrease of approximately 4.5%.

Liquidity, financial and capital resources

Capital structure

As at 31 December 2022, the Group's issued share capital consisted of 2,097,146,727 ordinary shares of HK$0.01 each (as at 31 December 2021: 2,097,146,727 ordinary shares of HK$0.01 each).

Cash position

As at 31 December 2022, the Group's cash and bank balances were approximately HK$808.7 million (as at 31 December 2021: approximately HK$893.4 million).

Borrowings and pledged assets of the Group

As at 31 December 2022, the Group's borrowings were approximately HK$383.9 million (FY 2021: approximately HK$348.8 million), of which HK$300 million was derived from the borrowing from a subsidiary of the Company's ultimate holding company, and the remaining was bank borrowings amounted to approximately HK$83.9 million.

In respect of the Group's borrowing of HK$300 million, as at 31 December 2022, the Company's rights and interests as to 60% of the issued share capital of Great Legend Development Limited* (華駿發展有限公司), a wholly-owned subsidiary of the Group, were charged in favour of a subsidiary of the Company's ultimate holding company.

Working capital and gearing ratio

As at 31 December 2022, the Group had current assets of approximately HK$2,842.6 million (as at 31 December 2021: approximately HK$2,833.7 million), while its current liabilities were approximately HK$1,378.5 million (as at 31 December 2021: approximately HK$1,245.9 million), resulting in net current assets of approximately HK$1,464.1 million (as at 31 December 2021: approximately HK$1,587.8 million). As at 31 December 2022, the current ratio, calculated based on current assets divided by current liabilities, was approximately 2.1 (as at 31 December 2021: approximately 2.3). It is expected that the Group will have sufficient financial resources to meet its continuous operation and development needs.

Gearing ratio is calculated based on total debts at the end of a period divided by total assets at the end of such period multiplied by 100%. As at 31 December 2022, the Group's gearing ratio was 39.8% (as at 31 December 2021: 37.2%).

Foreign exchange exposure

The Group has six main operating subsidiaries, one was incorporated in Hong Kong and the other five were established in Mainland China. All of these subsidiaries earn revenue and incur cost in their local currencies. The impact of foreign exchange exposure on the Group is minimal.

Contingent liabilities

As at 31 December 2022, the Group did not have any material contingent liabilities (as at 31 December 2021: nil).

BUSINESS ANALYSIS BY SEGMENT

Intelligent railway transportation business: Cornerstone and steadiness

The Group's intelligent railway transportation business mainly involves Passenger Information System (PIS), Automated Fare Collection System (AFC), Automatic Fare Collection Clearing Centre (ACC) and Traffic Control Centre (TCC). In 2022, the Group's smart rail transit business recorded income of approximately HK$1,432 million, representing a year-on-year decrease of approximately 5.6%, which was mainly due to the delay of delivery and acceptance of some projects during the year caused by the impact of the adverse external factors.

During the year, relying on the construction of the national demonstration project of the "new-generation intelligent train operation system and platform", the Group completed the independent R&D of various important products such as comprehensive cloud management platform, uDAP3.0 (unified data access platform), uDMS2.0 (unified data model service), and wireless on-board PIS system. The Group was also successfully nominated onto the list of "Science and Technology Reform Demonstration Enterprise" by the State-owned Assets Supervision and Administration Commission of the State Council, which enhanced the competitiveness of the Group's smart rail transit business.

According to the data released by the CAMET, in 2022, the urban rail transit on-board PIS system market comprised a total of 9,504 vehicles, among which, the Group won bids for 2,638 vehicles, representing an increase of nearly 39.3% over the previous year. The Group continued to lead the on-board PIS system market in terms of market share, and has maintained the leading position in the industry for seven consecutive years. In addition, by firmly grasping on the opportunities in the Beijing market, the market share of the Group's AFC business has increased in 2022.

Strengthening the position of Beijing market as cornerstone. Due to the impact of the adverse external factors, the Group has formulated rigorous and effective guarantee measures for market expansion and project implementation for the Beijing market. The amount of newly signed contracts and winning bids in Beijing amounted to approximately RMB940 million, accounting for approximately 55.3% of the total amount of the Group's expansion projects during the period. The role of the "ballast stone" (壓艙石) in the Beijing market continued to be strengthened, and is reflected in the Group's financial performance.

In terms of market expansion, the Group actively participated in the capacity expansion and upgrading project of Beijing Rail Transit Line 13, and won another professional general contracting integration project after the Shaoxing Project. The cumulative amount of the Beijing Rail Transit Line 13 reached approximately RMB550 million, which will provide stable business income for the Group in the future. The Group also won the bid for the third-phase infrastructure integration project of Beijing Rail Transit Daxing Airport Express informatisation. This project will fully demonstrate the Group's capabilities in the construction of information cloud platform infrastructure, and set a benchmark for the Group to strive for a larger share of the urban rail cloud market throughout China.

In terms of project implementation, the first phase of the south extension of Beijing Metro Changping Line and the AFC and PIS completion acceptance of the southern section of Line 16 have been successfully completed, laying a solid foundation for the opening and operation of the line.

Strengthening marketing efforts in markets outside Beijing. Due to the diversified product demands of markets outside Beijing, the Group fully utilised the mature model of "Beijing products + Beijing services", effectively integrated with the actual local conditions of the project, adopted city-specific strategies, explored new business in existing market, strived to expand in new business territories, deeply submerged the business "foundation pile" (基礎樁), and promoted the development of business in depth across China.

In terms of market expansion, the Group newly expanded the PIS project of Suzhou Metro Line 6 and first applied the LCD-type through-channel display screens to enhance passenger information service capabilities. The newly expanded Wuxi Metro Line S1 project is our first entrance into Wuxi metro market and it will lay the foundation for expansion of urban rail transit in the future. The Group has comprehensively upgraded its intelligent high-speed rail services and implemented bulk supply of passenger information systems for intelligent EMUs. The Group entered the Wuxi, Chuzhou and other places for the first time, further expanding the business coverage in Mainland China, and building a new base station for further exploration of the market.

In terms of project implementation, the Group has successfully guaranteed the opening of Shaoxing Metro Line 1 as scheduled, creating another flagship project outside Beijing. The Group also assisted in the opening and operation of rail transit lines (sections) in Hangzhou, Shaoxing, Guangzhou, Zhangjiajie, Nantong, Shenzhen, Foshan and other places throughout the year.

Promoting continuous breakthroughs in overseas markets. In 2022, the international environment was complicated. The Group's overseas business development was still facing great hindrance. However, relying on its own core technology and competitive advantages in project management, the Group had made breakthroughs in the international market.

In terms of market development, the Group newly developed the PIS project in Kuala Lumpur, Malaysia, and the Pune Metro Line 3 project in India, and successfully obtained Alstom's global supplier qualification to further expand business channels in the international market.

In terms of project implementation, during the G20 Summit, and as witnessed by the heads of state of China and India, the testing of the Jakarta-Bandung high-speed rail inspection vehicle was successful, and the products developed by the Group safeguarded China's high-end rail transit equipment "sailing to sea" (揚帆出海). The Group assisted the Pune Metro, Mumbai Line 2 and Mumbai Line 7 in India throughout the year, and continued to consolidate its market position in India.

Infrastructure information business: Upgrading and implementation

The Group's infrastructure information business mainly consists of transmission services for subway civil communications and "Intelligent+" infrastructure information service, which are mainly situated in Beijing. The "Intelligent+" business mainly obtains revenue through the provision of smart management and control systems and services for a series of application scenarios such as utility tunnels, construction sites, communities, industrial parks, and micro-centres. In 2022, the Group's infrastructure information business recorded revenue of approximately HK$207.0 million, representing a year-on-year decrease of approximately 11.2%, which was mainly due to the sorting out of 4G information transmission service ports in the first half of 2021 and recognition of such revenue. The revenue of this business segment returned to the normal this year.

Actively exploring the growth point of civil communication business. The civil communication business mainly generates income by providing civil communication information transmission services to China's three major telecom operators and sharing mobile data traffic. In recent years, such business has gradually expanded to provide network services based on cutting-edge technologies such as optical fibre transmission and multi-network fusion Internet of Things. In 2022, the Group signed a strategic cooperation agreement with the three major telecom operators. On the premise of maintaining the agreed amounts of the resource usage fee and the traffic usage fee from the existing 209 stations for the 4G business for five years, we will negotiate and achieve phased progress on the 5G business operation model of the existing 209 stations, which will provide stability in relation to the income of the Group's civil communication business in the upcoming five years, and further enhance the Group's exclusive advantages in this field. At the same time, the civil communication transmission system of the south extension of Beijing Metro Changping Line, which was independently invested and constructed by the Group, has completed the project acceptance stage and commenced operations simultaneously. As of the end of 2022, the Group's civil communication service has covered 27 lines (sections) and 242 stations of the Beijing Metro (*due to the segmental commencement of operations of the metro lines, according to the statistical calibre of merging the segmented lines, equivalent to 16 lines). The renovation, operation and maintenance of existing metro lines are progressing in an orderly manner.

On the basis of expanding traditional business, the Group actively explored new growth opportunities for business revenue, and aimed at enhancing 5G applications, launched the triple play IoT card solution, enabling the function of one SIM card receiving the wireless signals of three operators, and automatically selecting the optimal network according to the wireless signal strength, package tariff and other strategies. These series of products have achieved integrated applications in multiple industries such as smart construction sites, new energy, and Internet of Vehicles, providing customers with low-cost, high-reliability, and high-resilience wireless network services.

Focus on implementing the new "Intelligent+" business plan. The Group focused on the construction of smart micro-centres, actively participated in the Dongba project, constantly optimised and upgraded overall solutions based on the needs of the owners, and comprehensively promoted the construction of the Dongba smart community. At the same time, the Group's self-developed collaborative operation management system, which was supported by the key research and development projects of the "13th Five-Year Plan" of the Ministry of Science and Technology of the PRC, had been fully launched in the airport comprehensive transportation project of the Capital Airport, which facilitated the coordinated operation, efficient operation, and intelligent services of airport traffic in the Capital Airport, and implemented the development of new application scenarios for the Group's "Intelligent+" business.

Investment Distribution: Integration and optimisation

In 2022, the Group's investment business continued to focus on the informatisation and intelligent investment, closely focused on the three aspects of strengthening capabilities, improving heights, and expanding scope, and continued to explore potential investment targets to lay the foundation for further improvement in the industry layout and strengthening the industrial ecology in the future. At the same time, from the perspective of assisting the overall development strategy of the Group, it focused on the integrated management of the participating companies and the Group in all aspects, and paid attention to the healthy and long-term development of the invested companies, making them stronger and better. By virtue of providing the invested companies with value-added services in strategic decision-making, team building, management methods, product services and other aspects, we continued to strengthen post-investment management in order to achieve the coordinated development of the Group's business and capital appreciation:

- In 2022, due to the impact of the pandemic and the relocation of some routes, the annual passenger volume of the Beijing Subway Capital Airport Express operated by Beijing Metro Co., Ltd.* (北京京城地鐵有限公司) ("Beijing Metro") , a joint venture of the Group amounted to approximately 1.658 million. During the year, Beijing Metro launched the operation and management service project of Shaoxing Metro Line 1 as scheduled, expanded operation service business, and actively explored value-added service businesses such as consulting, advertising, and retail. In addition, Beijing Metro successfully won the bid for the internal operation service provider selection project of Beijing Metro Line 28, laying the foundation for subsequent business development;

- Metro Science and Technology, a joint venture of the Group, completed AFC equipment maintenance for 333 stations in 16 lines of the Beijing Metro with high quality, as well as comprehensive maintenance work for the Capital Airport Express. In addition, Metro Science and Technology won the bid for the comprehensive maintenance project of Beijing Subway Line 12, and will also enhance its informatisation business in future to improve profitability;

- The Yitongxing APP developed by Beijing Ruubypay Science and Technology Co., Ltd* (北京如易行科技有限公司) ("Ruubypay") that the Group invested in has accumulated approximately 32.50 million registered users, an increase of approximately 2 million over the same period last year, and its internet ticketing accounted for approximately 53.9% of the average daily traffic through the entire road network. During the year, Ruubypay cooperated with the government to complete the Beijing Subway ticketing upgrade service, expanded the scope of partners and business services, and continued to explore and innovate local ecological operations. Due to the adverse external factors, some projects under construction has yet to advance as scheduled;

- Youdao Technology Co., Ltd* (友道科技有限公司) ("Youdao Technology") that the Group invested in, researched and developed a number of products such as subway teaching trains and implemented their practical applications. It actively sought partnerships, held a number of large-scale events and seminars, opened up the upstream and downstream resources of enterprise education in the transportation industry, and will further increase the intensity of events and the transformation of competition products in the future; and

- Baoding Cornerstone Lianying Venture Capital Investment Fund Centre (Limited Liability Partnership)* (保定基石連盈創業投資基金中心(有限合夥)) ("Cornerstone Lianying") that the Group invested in, has entered the exit period. Some projects have been withdrawn in an orderly manner and investment income was obtained. Meanwhile, by participating in the investment of Beijing Cornerstone Huiying Venture Capital Investment Centre (Limited Liability Partnership)* (北京基石慧盈創業投資中心(有限合夥)) ("Cornerstone Huiying"), the Group will continue to select and nurture high-quality enterprises around the core segment of rail transit to improve profitability.

BUSINESS PROSPECTS

Macro economy is stable and improving

The year 2023 is a critical year for China to implement the "14th Five-Year Plan". Although the external environment is still complicated and severe, the fundamentals of China's economic resilience, great potential, vitality, and long-term improvement have not changed. Various policies at the end of last year and the beginning of this year sent positive signals, and a series of policies mainly oriented to expanding consumption and stabilising investment, such as the "Outline of Strategic Planning for Expanding Domestic Demand (2022-2035)", accelerated the pace of implementation. The momentum of economic growth will continue to accumulate and strengthen, and the macroeconomic environment will continue to maintain a stable and positive trend.

Continued optimisation of the industry environment

In 2022, the national fixed asset investment grew steadily, representing an increase of approximately 5.1% as compared to the previous year, which has played a vital role in promoting the development of the national economy. While the industry is developing steadily, the investment amount and the scale of operating lines continue to maintain high levels of operation, while the pace of smart urban rail construction and upgrading in Mainland China is accelerating. In 2022, the government issued the "14th Five-Year Plan" National Urban Infrastructure Construction Plan. At the same time, the development plan of the national-level metropolitan area had further expanded the capacity of Zhutan, Xi'an, Chongqing, Wuhan and other cities, and the demand for multi-level rail transit construction and smart city construction has further expanded.

The Group's income mainly comes from the construction of new lines of high-speed rail and rail transit and the upgrading of existing lines. Market demand is closely related to the scale of new lines and operations. As a growing number of new metro lines have been put into operation, especially the rail transit in many first- and second-tier cities, it reflected a new trend of network-based operation and management. Therefore, new network-level systems, including ACC, TCC and big data centre, should be urgently established for unified scheduling and management in these cities. At the same time, the intelligent upgrading of software and hardware such as AFC and PIS of existing lines will also create a large number of new business demands, and these fast-growing new demands will bring more business opportunities to the Group.

Stronger strategic direction

In 2023, the Group will maintain strategic focus, grasp the latest macro and industry trends, closely follow the strategic transformation and development requirements of Beijing Infrastructure Investment Co., LTD* (北京市基礎設施投資有限公司) ("BII"), closely follow the development direction of "Three Transformations" of BII, and firmly adhere to the core strategic goal of "science and technology plus innovation", adhere to the two-wheel drive of technological innovation + management innovation, accelerate digitalisation and low-carbon transformation and upgrading, focus on key core businesses of rail transit, and actively integrate cutting-edge technologies such as cloud platforms, big data, and artificial intelligence, with forward-looking product planning and subject research as the starting point, building a complete solution for smart rail transit. By adhering to the market strategy of "relying on Beijing and Hong Kong, stepping up its presence nationwide, and exploring international markets", the Group will continue to explore new domestic and overseas markets, promote the implementation and upgrading of infrastructure information business with intelligent means, enhance quality and efficiency improvement, improve internal management, and achieve stable and long-term growth.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2022, the Group employed a total of 744 employees (including the executive Directors) (31 December 2021: 739). The total staff costs, including Directors' remuneration, were approximately HK$322 million (FY 2021: approximately HK$348 million). The reason for the decrease was mainly due to the Group's continuous optimisation of its personnel structure.

The Group reviews remuneration package annually with reference to the prevailing market conditions and staff's working performance, qualification, and experience. In addition to basic remuneration, the Group also pays bonus based on its performance and staff's contribution to the Group. Other benefits include share options, contribution to social insurance scheme in China, contribution to the MPF Scheme and insurances in Hong Kong. The Group also organised professional and vocational trainings for its employees.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

There were no other significant events arising subsequent to FY 2022 as at the date of this announcement.

AUDIT COMMITTEE

The Company established the Audit Committee on 8 December 2011 with written terms of reference in compliance with Rules 3.21 and 3.22 of the Listing Rules. On 30 December 2015, the Board adopted the revised written terms of reference which became effective on 1 January 2016. On 25 December 2018, the Board adopted the further revised written terms of reference which became effective on the same date. The written terms of reference of the Audit Committee were adopted in compliance with code provisions D.3.3 and D.3.7 of the Corporate Governance Code contained in Appendix 14 to the Listing Rules.

The primary duties of the Audit Committee, among other things, are (i) to make recommendations to the Board on the scope of audit and appointment, re-appointment and removal of external auditor; (ii) review the financial statements and material advice in respect of financial reporting; (iii) oversee internal control and risk management systems of the Company; and (iv) review the effectiveness of the internal audit function and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee held four meetings during FY 2022 to, among others, review the interim and annual financial results and reports of the Group and significant issues on financial reporting, operational and compliance controls. The Audit Committee also reviewed the effectiveness of the Group's risk management and internal control systems, internal audit function and compliance procedures, and considered matters regarding appointment of external auditors, relevant scope of works and connected transactions and arrangements for employees to raise concerns about possible improprieties.

As at 31 December 2022, the Audit Committee consists of three independent non-executive Directors, namely Mr. Luo Zhenbang (CPA) (chairman of the Audit Committee), Mr. Huang Lixin and Mr. Li Wei.

REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group's annual results for FY 2022 and recommended to the Board for approval.

KPMG'S SCOPE OF WORK ON THIS ANNUAL RESULTS ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in this annual results announcement have been agreed by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by KPMG in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by KPMG in this announcement.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2022.

CORPORATE GOVERNANCE

The Company has adopted the Corporate Governance Code as its code of corporate governance. According to the Board, the Company has complied with the Corporate Governance Code for FY 2022.

FINAL DIVIDEND

In view of the business growth of the Group and in response to the long term support of the shareholders of the Company, the Board recommended the declaration of a final dividend of HK$0.026 per share for FY 2022 (FY 2021: HK$0.027 per share). The proposed final dividend will be payable to shareholders of the Company whose names appear on the register of members of the Company on Wednesday, 5 July 2023, subject to the approval of the shareholders of the Company at the 2023 annual general meeting ("2023 AGM"). It is expected that the final dividend will be paid on or before Friday, 22 September 2023.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2023 AGM to be held on Tuesday, 27 June 2023, the register of members of the Company will be closed from Wednesday, 21 June 2023 to Tuesday, 27 June 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2023 AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 20 June 2023 (Hong Kong time).

For determining the entitlement to the proposed final dividend (subject to the approval by the shareholders of the Company at the 2023 AGM), the register of members of the Company will be closed from Monday, 3 July 2023 to Wednesday, 5 July 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 30 June 2023 (Hong Kong time).

ANNUAL GENERAL MEETING

The 2023 AGM will be held on Tuesday, 27 June 2023. Shareholders of the Company should refer to details regarding the 2023 AGM in the circular to be despatched by the Company and the notice of meeting and form of proxy accompanying therewith.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement has been published on the website of the Company at www.biitt.cn and the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk. The 2022 annual report of the Company will be despatched to the shareholders of the Company and published on the above websites in due course.

By Order of the Board
BII Railway Transportation Technology Holdings Company Limited
Liu Yu
Executive Director
Chief Executive Officer

Hong Kong, 27 March 2023

As at the date of this announcement, the executive Director is Mr. Liu Yu; the non-executive Directors are Mr. Guan Jifa, Ms. Sun Fang, Ms. Hou Weiwei and Mr. Cao Mingda; and the independent non-executive Directors are Mr. Luo Zhenbang, Mr. Huang Lixin and Mr. Li Wei.

* *For identification purposes only*