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 2023

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 2023 ("FY2023", the "Period") prepared in accordance with the International Financial Reporting Standards ("IFRSs"), together with the comparative figures for the year ended 31 December 2022 ("FY2022").

The financial information of the Group for the Period prepared in accordance with the IFRSs are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2023 (Expressed in Hong Kong dollars)

	Note	2023 HK$'000	2022 HK$'000
Revenue	3	**1,637,181**	1,638,948
Cost of sales		**(1,046,174)**	(1,052,649)
Gross profit		**591,007**	586,299
Other income		**38,538**	37,683
Selling, general and administrative expenses		**(266,163)**	(281,210)
Impairment loss on trade, bills and other receivables and contract assets		**(7,403)**	(11,650)
Research and development expenses		**(170,762)**	(159,561)
Profit from operations		**185,217**	171,561
Finance costs	4(a)	**(10,456)**	(9,006)
Share of results of joint ventures and associates		**21,627**	52,912
Fair value changes in other financial assets		**7,505**	8,930
Fair value changes in contingent considerations and put-options		**–**	(1,096)
Profit before taxation	4	**203,893**	223,301
Income tax	5	**(18,165)**	(38,302)
Profit for the year		**185,728**	184,999
Attributable to:			
Equity shareholders of the Company		**174,313**	179,252
Non-controlling interests		**11,415**	5,747
Profit for the year		**185,728**	184,999
Earnings per share			
Basic and diluted *(HK$)*	6	**0.083**	0.085

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2023 (Expressed in Hong Kong dollars)

	2023 *HK$'000*	2022 *HK$'000*
Profit for the year	**185,728**	184,999
Other comprehensive income/(expense) for the year, net of tax:		
Item that will not be reclassified to profit or loss:		
Other financial assets designated at fair value through other comprehensive income		
Changes in fair value	**60,248**	–
Tax effect	**(9,037)**	–
	51,211	–
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operation	**(65,428)**	(211,774)
Other comprehensive income/(expense) for the year	**(14,217)**	(211,774)
Total comprehensive income/(expense) for the year	**171,511**	(26,775)
Attributable to:		
Equity shareholders of the Company	**161,811**	(30,060)
Non-controlling interests	**9,700**	3,285
Total comprehensive income/(expense) for the year	**171,511**	(26,775)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2023 (Expressed in Hong Kong dollars)

	Note	**2023** **HK$'000**	2022 HK$'000
Non-current assets			
Property, plant and equipment		**223,083**	224,829
Intangible assets		**195,606**	208,605
Goodwill		**555,853**	563,880
Interests in joint ventures and associates		**380,125**	407,171
Other financial assets		**202,735**	122,736
Deferred tax assets		**29,026**	33,946
		1,586,428	1,561,167
Current assets			
Inventories		**363,756**	446,197
Contract assets	*7(a)*	**714,262**	611,803
Trade and other receivables	*8*	**1,146,043**	975,942
Tax recoverable		**1,064**	–
Cash and cash equivalents		**697,130**	808,651
		2,922,255	2,842,593
Current liabilities			
Trade and other payables	*9*	**1,139,474**	1,195,345
Contract liabilities	*7(b)*	**45,800**	39,702
Bank borrowings		**76,421**	83,930
Other borrowing		**255,000**	–
Lease liabilities		**14,074**	17,640
Current taxation		**24,867**	33,404
Provision for warranties		**4,952**	8,461
		1,560,588	1,378,482
Net current assets		**1,361,667**	1,464,111
Total assets less current liabilities		**2,948,095**	3,025,278

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)
As at 31 December 2023 (Expressed in Hong Kong dollars)

	Note	2023 HK$'000	2022 HK$'000
Non-current liabilities			
Other borrowing		**–**	300,000
Lease liabilities		**24,835**	22,218
Contingent considerations		**1,998**	2,027
Deferred tax liabilities		**38,084**	43,924
Deferred income		**–**	1,772
Provision for warranties		**4,329**	5,544
		69,246	375,485
NET ASSETS		**2,878,849**	2,649,793
CAPITAL AND RESERVES	*10*		
Share capital		**20,971**	20,971
Reserves		**2,686,847**	2,552,444
Total equity attributable to equity shareholders of the Company		**2,707,818**	2,573,415
Non-controlling interests		**171,031**	76,378
TOTAL EQUITY		**2,878,849**	2,649,793

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Hong Kong dollars)

1 GENERAL 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 Company's registered office address is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company is Room 2502, 25/F, Tower 1, Enterprise Square Five, 38 Wang Chiu Road, Kowloon Bay, Hong Kong.

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.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These consolidated 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 consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange.

The IASB has issued certain new and 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 consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint ventures and associates.

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

– investments in equity securities; and

– contingent considerations.

The preparation of consolidated 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

(i) New and amended IFRS

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

– IFRS 17, Insurance contracts

– Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Destination of accounting estimates

– Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

– Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

– Amendment to IAS 12, Income taxes: International tax reform – Pillar Two model rules

The Group has not applied any new and amendments to IFRSs not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs are discussed below:

Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these consolidated financial statements as the Group's approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained profits or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in consolidated financial statement, but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS 12.

(ii) New Hong Kong Institute of Certified Public Accountants ("HKICPA") guidance on the accounting implications of the abolition of the MPF-LSP offsetting mechanism

In June 2022 the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the "Amendment Ordinance"), which will come into effect from 1 May 2025 (the "Transition Date"). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund ("MPF") scheme to reduce the long service payment ("LSP") in respect of an employee's service from the Transition Date (the abolition of the "offsetting mechanism"). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date. In July 2023, the HKICPA published "Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong" that provides accounting guidance relating to the abolition of offsetting mechanism effective from 1 May 2025. The abolition of the offsetting mechanism did not have a material impact on the Group's results and financial position.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are (i) provision of hardware and software products and services of high-speed railways, intercity railways, suburban railways and metro system; (ii) provision of hardware and software products and services of intelligent railways transportation and intelligent operation and maintenance; (iii) provision of information system services of civil communication transmission systems, utility tunnel areas and integrated transportation hubs; and (iv) investment in the railway transportation and infrastructure areas through investing in equity.

(i) Disaggregation of revenue

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of IFRS 15 (re-presented)		
Disaggregated by major service lines		
– Revenue from intelligent passenger information services	**770,937**	742,217
– Revenue from data integration services	**577,432**	662,014
– Revenue from intelligent infrastructure	**288,812**	234,717
	1,637,181	1,638,948

For the year ended 31 December 2023, revenues from transactions with nil customer (2022: one customer) has exceeded 10% of the Group's revenue:

	2023	2022
	HK$'000	*HK$'000*
Customer A	**N/A** *(Note)*	198,924

Note: The corresponding revenue does not contribute over 10% of the total revenue of the Group.

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

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK$2,533,401,000 (2022: HK$2,564,283,000). This amount represents revenue expected to be recognised in the future from intelligent passenger information services contracts, data and integration services contracts and intelligent infrastructure 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 48 months (2022: next 1 to 24 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.

(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 assessments.

In prior years, the Group identified three reportable segments. Starting from the current financial year, the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments as the Group's most senior executive management consider that the revised reportable segments provide a better summary to them in reviewing the Group's operating performance and making decisions in resource allocation. Accordingly, the comparative figures of the reportable segments have been re-presented to conform with the current year's presentation. The Group now presents the following four reportable segments:

– Intelligent passenger information services: this segment provides hardware and software products and services of high-speed railways, intercity railways, suburban railways and metro system.

– Data and integration services: this segment provides hardware and software products and services of intelligent railways transportation and intelligent operation and maintenance.

– Intelligent infrastructure: this segment provides information system services of civil communication transmission systems, utility tunnel areas and integrated transportation hubs.

– Business development investment: this segment manages the equity investments in railway transportation 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 management is provided with segment information concerning inter-segment sales, inter-segment sales are priced with reference to prices charged to external parties for similar orders. The measure used for reporting segment profit is gross profit. The Group's other income and expense items, such as other income, selling, general and administrative expenses, impairment loss on trade, bills and other receivables and contract assets, research and development expenses, finance costs, fair value changes in other financial assets, fair value changes on other financial assets and fair value changes on contingent considerations and put-options, are not allocated to individual segments. Accordingly, such information is presented.

There were no separate segment assets and segment liabilities information provided to the Group's senior executive management, as they do not use this information to allocate resources to or evaluate the performance of the operating segments.

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 2023 and 2022 is set out below:

	2023				
	Intelligent passenger information services *HK$'000*	**Data and integration services** *HK$'000*	**Intelligent infrastructure** *HK$'000*	**Business development investment** *HK$'000*	**Total** *HK$'000*
Disaggregated by timing of revenue recognition					
Point in time	**724,706**	**458,327**	**64,556**	**–**	**1,247,589**
Over time	**46,231**	**119,105**	**224,256**	**–**	**389,592**
Revenue from external customers	**770,937**	**577,432**	**288,812**	**–**	**1,637,181**
Inter-segment revenue	**13,667**	**13,014**	**20,269**	**–**	**46,950**
Reportable segment revenue	**784,604**	**590,446**	**309,081**	**–**	**1,684,131**
Reportable segment profit	**294,595**	**136,268**	**160,144**	**–**	**591,007**
Share of results of joint ventures and associates	**–**	**–**	**–**	**21,627**	**21,627**

	2022 (re-presented)				
	Intelligent passenger information services *HK$'000*	Data and integration services *HK$'000*	Intelligent infrastructure *HK$'000*	Business development investment *HK$'000*	Total *HK$'000*
Disaggregated by timing of revenue recognition					
Point in time	709,149	504,163	12,387	–	1,225,699
Over time	33,068	157,851	222,330	–	413,249
Revenue from external customers	742,217	662,014	234,717	–	1,638,948
Inter-segment revenue	15,503	982	5,747	–	22,232
Reportable segment revenue	757,720	662,996	240,464	–	1,661,180
Reportable segment profit	338,435	123,211	124,653	–	586,299
Share of results of joint ventures and associates	–	–	–	52,912	52,912

(ii) ***Reconciliation of reportable segment profit or loss***

	2023	2022
	HK$'000	*HK$'000*
Reportable segment profit	**591,007**	586,299
Share of results of joint ventures and associates	**21,627**	52,912
Other income	**38,538**	37,683
Selling, general and administrative expenses	**(266,163)**	(281,210)
Impairment loss on trade, bills and other receivables and contract assets	**(7,403)**	(11,650)
Research and development expenses	**(170,762)**	(159,561)
Finance costs	**(10,456)**	(9,006)
Fair value changes in other financial assets	**7,505**	8,930
Fair value changes in contingent considerations and put-options	**–**	(1,096)
Profit before taxation	**203,893**	223,301

(iii) ***Geographic information***

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

	2023	2022
	HK$'000	*HK$'000*
– Mainland China	**1,561,723**	1,567,732
– Hong Kong	**24,688**	35,991
– Overseas	**50,770**	35,225
	1,637,181	1,638,948

The Group's non-current assets, including property, plant and equipment, intangible assets, goodwill and interests in joint ventures and associates, are substantially all located or allocated to operations located in The People's Republic of China (the "PRC").

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2023	2022
	HK$'000	*HK$'000*
Interest on bank borrowings	**3,447**	1,456
Interest on other borrowing	**4,969**	5,224
Interest on lease liabilities	**2,040**	2,326
	10,456	9,006

(b) Staff costs

	2023	2022
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**275,497**	299,784
Contributions to defined retirement plans	**21,247**	23,182
	296,744	322,966

The employees of the subsidiaries of the Group established in Mainland China 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 Mainland China, 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, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

(c) Other items

	2023	2022
	HK$'000	*HK$'000*
Auditors' remuneration:		
– statutory audit services	**1,389**	3,245
– non-audit services	**595**	741
Amortisation of intangible assets	**23,454**	24,004
Depreciation charge		
– owned property, plant and equipment	**37,669**	33,830
– right-of-use assets	**25,387**	17,181
Cost of inventories *(Note)*	**753,714**	802,843
Impairment loss on trade, bills and other receivables and contract assets	**7,403**	11,650
Impairment of prepayment	**2,148**	–
Expense relating to short-term leases, which not included in the measurement of lease liabilities	**5,357**	10,345
Net loss/(gain) on disposal of property, plant and equipment	**27**	(11)

Note:

Cost of inventories includes HK$83,636,000 (2022: HK$105,341,000) 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

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

	2023	2022
	HK$'000	*HK$'000*
Current taxation – The PRC Enterprise Income Tax:		
– Provision for the year	**18,289**	29,368
– Withholding tax on dividend income	**8,463**	5,429
	26,752	34,797
Current taxation – Hong Kong Profits Tax:		
– Provision for the year	**1,111**	2,284
– Over-provision for in prior years	**(227)**	–
	884	2,284
Current taxation – India Profits Tax:		
– Provision for the year	**347**	1,207
Deferred taxation:		
– Origination and reversal of temporary differences	**(9,818)**	14
	18,165	38,302

6 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2023 is based on the profit attributable to ordinary equity shareholders of the Company of HK$174,313,000 (2022: HK$179,252,000) and the weighted average of 2,097,147,000 ordinary shares (2022: 2,097,147,000 ordinary shares) in issue during the year.

The Group has no dilutive ordinary shares outstanding for the years ended 31 December 2023 and 2022. Therefore, there was no difference between basic and diluted earnings per share.

7 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	2023	2022
	HK$'000	*HK$'000*
Contract assets		
Arising from performance under contracts with customers	**763,482**	659,749
Less: loss allowance	**(49,220)**	(47,946)
	714,262	611,803
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 8)*	**806,874**	587,492

Typical payment terms which impact on the amount of contract assets recognised are as follows:

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$134,204,000 (2022: HK$69,913,000), all of which relates to retentions.

(b) Contract liabilities

	2023	2022
	HK$'000	*HK$'000*
Contract liabilities		
Service contracts		
– Billings in advance of performance	**45,800**	39,702

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

	2023	2022
	HK$'000	*HK$'000*
Balance at 1 January	**39,702**	68,799
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	**(39,358)**	(65,195)
Increase in contract liabilities as a result of billing in advance of service	**46,059**	41,105
Exchange adjustments	**(603)**	(5,007)
Balance at 31 December	**45,800**	39,702

The amount of billings in advance of performance and forward sales deposits received expected to be recognised as income within one year is HK$45,800,000 (2022: HK$39,702,000).

8 TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Trade receivables	**843,551**	626,676
Bills receivable	**263,771**	282,301
	1,107,322	908,977
Less: loss allowance	**(37,573)**	(39,184)
Trade and bills receivables, net of loss allowance	**1,069,749**	869,793
Prepayments, deposits and other receivables	**72,780**	88,300
Less: loss allowance	**(8,821)**	(229)
	63,959	88,071
Value-added tax recoverable	**12,335**	18,078
	1,146,043	975,942

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

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

	2023	2022
	HK$'000	*HK$'000*
Within 1 year	**869,741**	706,353
Over 1 year	**200,008**	163,440
	1,069,749	869,793

All trade receivables are due for payment upon issuance of demand note and all bills receivables are with a maturity period of less than one year.

9 TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**845,980**	799,369
Bills payable	**70,532**	116,250
Trade and bills payables	**916,512**	915,619
Accrued expenses and other payables	**106,954**	126,555
Consideration payable for acquisition of non-controlling interests	**607**	45,561
Consideration payable for acquisition of a subsidiary	**82,498**	83,689
Other taxes payables	**32,903**	23,921
	1,139,474	1,195,345

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

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

	2023	2022
	HK$'000	*HK$'000*
Due within 1 month or on demand	**867,007**	847,843
Due after 1 month but within 6 months	**49,505**	58,427
Due after 6 months but within 1 year	**–**	9,349
	916,512	915,619

10 CAPITAL AND DIVIDENDS

(a) Dividends

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

	2023	2022
	HK$'000	*HK$'000*
Final dividend proposed after the end of the reporting period of HK$2.5 cents per ordinary share (2022: HK$2.6 cents)	**52,429**	54,526

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

	2023	2022
	HK$'000	*HK$'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$2.6 cents per ordinary share (2022: HK$2.7 cents)	**54,526**	56,623

(b) Share capital

Authorised and issued share capital

	2023		2022	
	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 1 January and 31 December	**2,097,146,727**	**20,971**	2,097,146,727	20,971

11 COMPARATIVE FIGURES

Certain comparative figures have been re-presented in order to conform to the current year's presentation.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET AND BUSINESS ENVIRONMENT

In 2023, the investment in the construction of rail transportation in Mainland China in general reflected a better trend of recovery and growth, and the passenger flow rebounded. In terms of investment amount, fixed-asset in national railway construction investment amounted to approximately RMB764.5 billion in 2023, representing a year-on-year growth of approximately 7.5%. The aggregate passenger volume by railway was approximately 3.68 billion during FY2023, representing a year-on-year increase of approximately 128.8%, according to the data of China State Railway Group. According to the data of China Association of Metros, rail transportation plans in five cities in Mainland China were approved in 2023, with an increase in the approved mileage by approximately 360% year on year to approximately 592.3 kilometers. Three additional cities, namely Honghezhou, Chuzhou and Xuchang, put their rail transit lines into service, with an additional mileage of approximately 884.6 kilometres. According to preliminary estimates, the total passenger volume via the urban rail transit system in Mainland China will exceed approximately 29 billion trips in 2023, which would be a new record high. There was also favourable news for rail transportation in Beijing, which is highly related to the Group's business. The third phase of the rail line construction plan in the city was officially approved by the National Development and Reform Commission, which contains 11 construction projects with a total mileage of more than 200 kilometres and a total planned investment amount of approximately RMB180 billion. In 2023, Beijing's rail transit network hit a total passenger volume of approximately 3.45 billion, with an average daily passenger volume of approximately 9.45 million, a year-on-year increase of approximately 53%.

The Group's businesses are highly related to the development of the rail transit industry. Overall, although the increase in passenger flows in the rail transit industry reflects the recovery of the industry, long-term investment and construction cycle in the industry and the market demand related to the Group's core businesses did not pick up the same pace as assumed, it will take some time for the transmission of demand of the Group's core businesses to be relayed through the industry chain. In the meantime, there has been an increasing need for cost reduction and efficiency improvement among customers in recent years. Consequently, this has, to a certain extent, exerted pressure on the Group's profit margin. Furthermore, competition intensified as local rail operators and construction units tend to choose local service providers due to tightening in procurement scale.

BUSINESS OVERVIEW

Taking into account the relatively less than satisfactory start to the first half of 2023, the Group actively explored domestic and overseas markets and accelerated the construction and delivery of projects to keep its overall operating results stable as compared to the corresponding period of the previous year. Considering that the average exchange rate of Renminbi to Hong Kong dollars in 2023 was approximately 1 to 1.11, down approximately 4% from approximately 1 to 1.16 as compared to the same period of last year, some of the Group's financial indicators in Hong Kong dollars declined slightly as compared to the corresponding period of the previous year due to the impact of exchange rate. In 2023, the Group recorded revenue of approximately HK$1,637.2 million, which remained stable as compared with the same period last year (equivalent to approximately RMB1,475.3 million, representing a year-on-year increase of approximately 4.3% as compared with the revenue recorded in Renminbi during the same period last year). Gross profit margin was approximately 36.1%, representing a year-on-year increase of approximately 0.3 percentage point. Profit attributable to equity shareholders amounted to approximately HK$174.3 million, representing a year-on-year decrease of approximately 2.8% (equivalent to approximately RMB157.1 million, representing a year-on-year increase of approximately 1.6% as compared with the profit attributable to equity shareholders in Renminbi during the same period last year).

In 2023, the Group adhered to its market strategy of "relying on Beijing and Hong Kong, stepping up its presence nationwide, and exploring international markets", and stepped up its efforts in market expansion. The Group has successfully entered Dongguan, Meishan and other markets in Mainland China, and Israel's Tel Aviv, Malaysia's Johor Bahru and South Korea in overseas market. It expanded its business footprint to a total of 54 cities in Mainland China and 26 cities in 16 overseas countries and regions. As at the end of 2023, the Group's orders on hand amounted to approximately HK$2.53 billion, which remained stable as compared with the same period last year. Such orders on hand ensures a stable source of future revenue.

FINANCIAL REVIEW

Revenue

The Group recorded a revenue of approximately HK$1,637.2 million in FY2023, which remained relatively stable as compared with FY2022 (FY2022: approximately HK$1,638.9 million). After adjustments were made to its organisational structure, the Group's revenue was mainly derived from the intelligent passenger information services business, the data and integration services business and the intelligent infrastructure business, which was approximately HK$770.9 million, HK$577.4 million and HK$288.8 million, respectively, accounting for approximately 47.1%, 35.3% and 17.6%, respectively, for FY2023.

Revenue derived from the intelligent passenger information services business for FY2023 was approximately HK$770.9 million, representing a year-on-year increase of approximately HK$28.7 million or approximately 3.9%. During the Period, revenue derived from key projects including Beijing Metro Line 13 and Chengdu Metro Line 30, while revenue from high-speed railway projects increased.

Revenue derived from the data and integration services business for the Period was approximately HK$577.4 million, representing a year-on-year decrease of approximately HK$84.6 million or approximately 12.8%. Such decrease was basically due to the completion of Shaoxing Metro Line 1 project, which has contributed HK$200 million in FY2022, and that the key projects that had reached revenue recognition condition in the Period (e.g. Beijing Metro Network's operation and maintenance project of productivity system, Zhengzhou Metro Line 10's AFC project, and the Beijing Metro Line 12's AFC project) were generally smaller in size.

Revenue derived from the intelligent infrastructure business for FY2023 was approximately HK$288.8 million, representing a year-on-year increase of approximately HK$54.1 million or approximately 23.0%. The increase in revenue derived from this segment was due to the continued development of the "intelligent+" business, with revenue of approximately HK$21.1 million recognised from the Bishan-Tongliang line's weak current system, and the recognition of revenue of HK$17.3 million from the IoT card business during FY2023.

By geographical region, the Group mainly operates its businesses in Mainland China. For FY2023, the Group recorded revenue of approximately HK$1,561.7 million in Mainland China, which remained stable as compared to the corresponding period last year (FY2022: approximately HK$1,567.7 million). The Group recorded a revenue of approximately HK$24.7 million from Hong Kong during the Period, representing a year-on-year decrease of approximately HK$11.3 million or approximately 31.4%, which was attributable to the decrease in spare parts or service sales items while income from operation and maintenance increased. Meanwhile, the Group recorded a revenue of approximately HK$50.8 million in its overseas markets, representing a year-on-year increase of approximately HK$15.5 million or approximately 44.1% including Mumbai Metro Lines 2 and 7 and the Pune Metro project. In addition, the Group started to recognise revenue from some of its other overseas projects, such as Pune Metro Line 3 and the Tel Aviv Purple Line, which are in cooperation with Alstom S.A., Construcciones y Auxiliar de Ferrocarriles, S.A. ("CAF") and other manufacturers.

Cost of sales and gross profit

The Group's cost of sales amounted to approximately HK$1,046.2 million in FY2023, representing a decrease of approximately HK$6.5 million or approximately 0.6% from FY2022. The Group's gross profit was approximately HK$591.0 million in FY2023, representing an increase of approximately HK$4.7 million or approximately 0.8% from FY2022. As data and integration services provided to Shaoxing Metro Line 1, which had a lower gross profit margin, was basically completed in FY2022, the gross profit margin rebounded in FY2023. Meanwhile, the revenue and cost of sales of hardware items in the intelligent passenger information services business segment increased, resulting in a decrease in the gross profit of such segment. In FY2023 the Group's overall gross profit margin increased steadily as compared to the same period last year.

Selling, general and administrative expenses

The Group's selling, general and administrative expenses for FY2023 amounted to approximately HK$266.2 million, representing a decrease of approximately HK$15.0 million or approximately 5.4% from FY2022 (equivalent to approximately 1.1% year-on-year decrease in Renminbi). This was mainly due to the reduction in relative costs resulting from the Group's cost reduction and efficiency enhancement measures during the Period.

Research & development ("R&D") expenses

In 2023, the Group's R&D expenses amounted to approximately HK$170.8 million, representing a year-on-year increase of approximately 7.0%. This was mainly due to the increased efforts in research and development of basic topics and innovative products, with the further optimisation of the Group's research and development system during the Period.

Share of results of joint ventures and associates

The Group's investment returns decreased by approximately HK$31.3 million or approximately 59.1% year-on-year to approximately HK$21.6 million in FY2023. Such decrease was mainly due to the decrease in profit contribution from Beijing Capital Metro Co., Ltd.* (北京京城地鐵有限公司) ("Capital Metro") and Beijing Metro Science and Technology Development Co., Ltd.* (北京地鐵科技發展有限公司) ("Metro Technology") as compared to FY2022, and the lower-than-expected development of some of the investment projects of 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"). Therefore, the overall investment return decreased as compared to the corresponding period in FY2022.

Fair value changes in other financial assets

The Group recorded gains or losses on changes in fair value of approximately HK$7.5 million for FY2023. The change was mainly due to changes in the fair value of the Group's other financial assets, Youdao Technology Co., Ltd (友道科技有限公司) ("Youdao Technology") and Beijing Cornerstone Huiying Venture Capital Centre (Limited Liability Partnership) (北京基石慧盈創業投資中心(有限合夥)) ("Cornerstone Huiying").

Profit attributable to equity shareholders of the Group

The profit attributable to equity shareholders of the Group was approximately HK$174.3 million in FY2023, representing a year-on-year decrease of approximately 2.8% (equivalent to approximately RMB157.1 million, representing a year-on-year increase of approximately 1.6%). Earnings per share were HK$0.083, decreasing by approximately 2.4% year-on-year (equivalent to approximately RMB0.075, representing a year-on-year increase of approximately 1.6%).

Liquidity, financial and capital resources

Capital structure

As at 31 December 2023, the Group's issued share capital consisted of 2,097,146,727 ordinary shares of HK$0.01 each (as at 31 December 2022: 2,097,146,727 ordinary shares of HK$0.01 each).

Cash position

As at 31 December 2023, the Group's cash and cash equivalents was approximately HK$697.1 million (as at 31 December 2022: approximately HK$808.7 million). During the Period, the Group repaid a part of its other borrowing and settled the payment for the acquisition of minority interests in Huaqi Intelligent pursuant to an equity transfer agreement entered into by the Group in December 2022.

Borrowings and pledged assets of the Group

As at 31 December 2023, the Group's borrowings were approximately HK$331.4 million (as at 31 December 2022: approximately HK$383.9 million), of which HK$255 million was derived from the borrowing from a subsidiary of BII, the Company's ultimate holding company, and the remaining was bank borrowings of approximately HK$76.4 million.

In respect of the Group's borrowings of HK$255 million, as at 31 December 2023, the rights and interests in 51% of the issued share capital of Great Legend Development Limited, a wholly-owned subsidiary of the Group, held by the Company were charged in favour of a subsidiary of BII, the ultimate holding company of the Company.

Working capital and gearing ratio

As at 31 December 2023, the Group had current assets of approximately HK$2,922.3 million (as at 31 December 2022: approximately HK$2,842.6 million), while its current liabilities were approximately HK$1,560.6 million (as at 31 December 2022: approximately HK$1,378.5 million), resulting in net current assets of approximately HK$1,361.7 million (as at 31 December 2022: approximately HK$1,464.1 million). As at 31 December 2023, the current ratio, calculated based on current assets divided by current liabilities, was approximately 1.9 (as at 31 December 2022: approximately 2.1).

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 2023, the Group's gearing ratio was approximately 36.2% (as at 31 December 2022: approximately 39.8%).

Foreign exchange exposure

The Group has six main operating subsidiaries, with one established in Hong Kong and the remaining five registered in Mainland China. All of these subsidiaries earn revenue and incur cost in their local currencies. The Directors consider that the impact of foreign exchange exposure on the Group is minimal.

Contingent liabilities

As at 31 December 2023, the Group did not have any material contingent liabilities (31 December 2022: nil).

BUSINESS ANALYSIS BY SEGMENT

In 2023, the Group established the new “3+2” business structure under the guidance of its strategic plan for 2021-2025. It focused on the three core businesses of intelligent passenger information services, data and integration services and intelligent infrastructure to enhance business resources efficiency, market competitiveness and service level in order to ensure a steady business development.

Intelligent Passenger Information Services Business

The intelligent passenger information services business provides hardware and software products and services in high-speed rail, intercity, urban and suburban railway, subway and other fields. Its main products include integrated PIS system, intelligent passenger services, intelligent operation and maintenance services of passenger information, integrated supervisory control system, smart card automated fare collection system and other products and solutions.

The Group’s intelligent passenger information services business recorded revenue of approximately HK$770.9 million, representing a year-on-year increase of approximately HK$28.7 million or approximately 3.9%, and gross profit of approximately HK$294.6 million, representing a year-on-year decrease of approximately 13.0%, with gross profit margin of approximately 38.2%, a year-on-year decrease of approximately 7.4 percentage points from the previous year.

In 2023, the Group expanded its business territory in China and actively promoted the project delivery. It contributed to the opening of Jakarta-Bandung High-Speed Railway, the first high-speed railway in Southeast Asia, and the timely opening of several key Chinese projects, such as Suzhou Rail Transit Line 11. Meanwhile, the Group actively expanded into new markets and won new projects in key markets such as Shenzhen, Guangzhou and Suzhou, which enabled the Group to maintain its leading position in the industry. While overseas orders recorded a significant fold increase, the Group has also secured key projects in the Mainland market, including CRRC Qingdao Sifang Co., Ltd.’s Smart EMUs PIS System and the spare parts for the High-speed Rail PIS System, amounting to approximately RMB74.9 million, which is the result of its many years of deep understanding in the high-speed rail market. The Group won the bidding of Suzhou Metro Line 7’s on-board PIS system project worth approximately RMB49.8 million, supporting the rapid development of urban rail transit in Suzhou. In terms of overseas market, the new orders in 2023 doubled compared to the previous year. The major key projects included CAF’s Purple Line tram project in Israel, marking a new breakthrough in the cooperation with international manufacturers and broadening its business channels in international markets. It signed a PIS upgrading project for RS-1 18 trains of Delhi Metro valued at approximately RMB37.3 million, signifying the first breakthrough in a PIS upgrading project for old trains in Delhi, which pave way for the Group to seize opportunities in subsequent upgrading projects in India.

Data & Integration Services Business

The data and integration business has its eyes on the rail transit operation market, providing software and hardware products and services such as solutions like Automated Fare Collection System (AFC), AFC clearing center (ACC) and traffic control center (TCC), communication integration, and intelligent operation and maintenance management system in areas of intelligent rail transportation, intelligent operation and maintenance.

The Group's data and integration services business recorded a revenue of approximately HK$577.4 million, representing a year-on-year decrease of approximately HK$84.6 million, and gross profit of approximately HK$136.3 million, representing a year-on-year increase of approximately 10.6%, with gross profit margin of approximately 23.6%, representing a year-on-year increase of approximately 5.0 percentage points.

In 2023, the Group's data and integration services business proactively pushed forward the implementation of key projects to ensure that Beijing Metro Network's operation and maintenance project of productivity system, Zhengzhou Metro Line 10's AFC project, and Beijing Metro Line 12's AFC project completed warranty as scheduled. Additionally, it explored customer needs in the established markets and continued to develop its business territory outside of Beijing, with remarkable results achieved in Beijing, Tianjin, Taiyuan and other places. The key projects included the centralised procurement project for engineering communication, and office automation and guidance system of Beijing Metro Line 28, valued at approximately RMB110 million, which will bring stable revenue to the Group in the future; the equipment procurement and supply project of Tianjin Metro Line 7's AFC project valued at approximately RMB52.7 million, which is the first project of the Group's data and integration services business in Tianjin; the AFC system of the first phase of Taiyuan Rail Transit Line 1 valued at approximately RMB67.0 million, marking an important achievement of the Company's continuous efforts to expand its business territory outside of Beijing. In addition, other projects awarded include Phase II technological transformation project in the AFC system of Beijing's rail transit line, the security control platform of Beijing MTR, the operation and maintenance project of Wuhan Metro's asset system, Zhengzhou Metro Line 17's line center, the Phase IV safety inspection project of Chengdu's rail transit line, which will strengthen its influence and competitiveness in the domestic market.

Intelligent Infrastructure Business

The intelligent infrastructure business focuses on the investment and operation of civil communication transmission systems for Beijing's rail transportation. At the same time, it provides customers with "intelligent+" services such as intelligent construction sites, intelligent parks, intelligent hubs, intelligent utility tunnels and intelligent micro-centres.

Revenue derived from the intelligent infrastructure business for FY2023 was approximately HK$288.8 million, representing a year-on-year increase of approximately HK$54.1 million or approximately 23.0%. Gross profit amounted to approximately HK$160.1 million, representing a year-on-year increase of approximately 28.5%, and gross profit margin was approximately 55.4%, representing a year-on-year increase of approximately 2.3 percentage points.

In respect of the civil communications business, the Group completed the construction of supporting facilities and transmission system for civil communications in the northern section of Line 17 and entered into service agreements with three major carriers on the information transmission of 5G civil communications systems, which established the business model and ensured the stable returns of such civil communications business in the future. Moreover, the Group has preliminarily established the edge cloud business model by combining spatial resources of its equipment rooms in the Beijing Metro and the network bandwidth resources of the telecommunication carriers, resulting in an acquisition of contracts of 29 newly-built metro stations. The facilitation of resources of equipment room and telecom carriers' bandwidth in the Group's edge computing has provided customers with efficient and low-latency computing power. In future, the Group will try to establish in-depth cooperation with 2C Internet companies to enable the digital transformation of cities.

With regards to the "Intelligent+" business, the Group participated in the PPP+TOD ("Public-Private-Partnership" + "transit-oriented development") rail transportation project, namely Bishan-Tongliang line, Chongqing's suburban railway line, by providing LTE sub-system and intelligence services relating to integrated safety operation management platform. On the other hand, the Group will explore applications of intelligent products in integrated transport nodes through Beijing SmartTOD Technology Development Co., Ltd* (北京京智網智慧科技發展有限公司) ("SmartTOD Technology") to expand income source in future.

Investments Management

In 2023, the Group continued to optimise its industry presence and competitiveness in the ecosystem by finding potential investment initiatives on one hand, and focus on empowering investees in strategy, team-building, management model, product and services, etc. in the post-investment period on the other. During the Period, the Group streamline focused on capital operation efficiency and streamlining holding structure in its investees.

- Suzhou Huaqi Intelligent Technology Co., Ltd.* (蘇州華啟智能科技股份有限公司) ("Huaqi Intelligent"), a non-wholly-owned subsidiary of the Group introduced an external strategic investor, i.e. Suzhou Rail Transit Group Co., Ltd. ("Suzhou Rail Transit"), by way of capital injection, through which it raised RMB100 million in return for approximately 7.35% of the enlarged equity interests in Huaqi Intelligent. This has further expanded the room for business development and accumulates momentum for future performance growth. Please refer to the announcement dated 8 August 2023 in relation to, among others, the deemed disposal of equity interests in Huaqi Intelligent for details.

- Capital Metro, the Group's joint venture, made significant progress in various projects. It actively pursued the reconstruction and expansion of the vehicle section of the Beijing Metro Airport Line, additional vehicle purchases, factory repairs projects and line operation and maintenance projects. Furthermore, Capital Metro focused on consolidating its existing business operations while developing value-added services such as advertising and retail and actively striving for the right to operate new lines outside of Beijing. Currently, Capital Metro has successfully obtained the operational rights for the Hangzhou-Shaoxing Line and Shaoxing Line 1. This achievement serves as a foundation for sustainable profitability in the future.

- On the basis of ensuring the stable operation of the electrical and mechanical equipment of the Beijing Subway Capital Airport Express, Metro Technology, a subsidiary of the Group, has successfully introduced the Company's intelligent equipment into the signalling system and power supply equipment of a number of projects, continuing to enhance the safety of subway operation.

- Beijing Ruubypay Science and Technology Co., Ltd* (北京如易行科技有限公司) ("Ruubypay"), the Group's other financial asset, continued to enhance its rail transit operation services, established in-depth cooperation in the QR code payment service business, and actively sought new growth areas in metro commercial operations. The Yitongxing APP developed by Ruubypay has accumulated approximately 38.1 million registered users, representing a year-on-year increase of approximately 5.3 million registered users. Its internet ticketing accounted for approximately 64% of the average daily traffic through in Beijing Metro.

- Youdao Technology, a company that the Group invested in, has strengthened its customer relationships through the "integration of research, production and sales" and connected the upstream and downstream resources of enterprise education in the transportation industry. It has been selected as an education practice and science popularisation base of transportation engineering in China and a national youth science and technology educators' training and practice base. It has successfully organised a number of competitions, such as the national industry vocational skills competition and the railway signalling equipment maintenance skills competition for the BRICS Skills Competition 2023.

- SmartTOD Technology, an associate of the Group, has been established. The Group will use it as a platform for the development of rail transportation intelligence business, smart city industry development and novel digital infrastructure construction in the integrated transportation hub scenarios. Please refer to the announcement dated 7 June 2023 in relation to, among others, the establishment of SmartTOD Technology for details. Upon approval of the administration for industry and commerce, the name of the associate company was confirmed to be SmartTOD Technology.

- Cornerstone Lianying, has entered the exit period. Profit recognised in several Investment projects after exit. Meanwhile, through participating in the investment of Cornerstone Huiying, the Group kept a close eye on the incubated companies related to rail transit.

R&D and Innovation

The Group adheres to the core strategic concept of "R&D + Innovation", focuses on the development of new quality productive forces, keeps abreast of the trend of technological development in the industry, and makes breakthroughs in proprietary core technologies. The Group has also formulated synergistic development strategies to actively promote internal scientific research resources, which effectively promotes the close fusion of technological innovation and management innovation, and thus significantly enhances its innovation capability and R&D efficiency.

In 2023, the Group's key research topics and ride on product enhancement are:

In terms of management innovation, the Group and its subsidiaries have formed a two-tier R&D system, in which the Group's research institute is dedicated to the R&D of unified technologies, common platforms and forward-looking technologies, while its subsidiaries focus on the R&D of engineering applications and integrated innovations. The two form a synergy to jointly promote the efficient assimilation of technology into application scenarios to achieve industrialisation. In addition, on the basis of promoting internal knowledge sharing, the Group actively participated in and hosted important exhibitions and sub-forums of summits in the industry, such as the International Metro Transit Exhibition & Forum (Beijing-Qingdao) (北京-青島國際城市軌道交通展覽會) and the Greater Bay Area International Rail Transit Industry Development Forum and Exhibition in Guangzhou (廣州大灣區國際軌道交通產業發展論壇), which demonstrated the Group's influence in the industry.

In terms of research and development, the Group mastered and monitored the actual progress of scientific research projects to ensure that they are carried out in strict accordance with the established schedules. During the year, the Group focused on participating in and promoting the construction of the national demonstration project of the new-generation intelligent train operation system and platform, and innovatively developed the basic platform based on the industrial Internet and the on-board edge cloud platform. The two platforms provide support for the effective promotion of cloud technology in the industry, and provide a solid guarantee for the promotion and evolution of the Company's new products.

As far as technology application is concerned, efforts were made around the Company's core business to develop three types of "digital intelligence"– related unified technologies and platforms, including cloud computing, big data and artificial intelligence, so as to accumulate the results and share them openly. In the field of cloud computing, a multi-cloud integrated management platform was set up, which achieves multi-cloud, multi-environment unified management, enables the Group to be free from binding by cloud vendors, and enhances the enterprise cloud operation capabilities. It created a multidisciplinary cloud simulation test tool for rail transportation, guaranteeing the test of moving professional systems to the cloud. In the field of big data, it enhanced data mapping and metadata acquisition and processing capabilities in all aspects, and unified the management of data access, governance and services to provide a good foundation for data. It provided industry data analysis methods and prefabricated industry models to make data understandable and easy to understand for users, and thus solves the long-standing problem of users not fully understanding the data in data analysis. Flexible data analysis visualisation and industry data mining tools have been put in place to realise the in-depth use of data by users and address the convenience issues in the use of data assets. In the field of artificial intelligence technology, the Group has also been at the forefront of the industry. On the one hand, with the help of computer vision analysis technology, it completed the optimisation and iterative development of key intelligent algorithms such as intelligent analysis of pantograph and passenger behavior identification, which have been widely used in the intelligent EMUs, CRH EMUs and other vehicles of CRRC Qingdao Sifang Co., Ltd., CRRC Nanjing Puzhen Co., Ltd., CRRC Changchun Railway Vehicles Co., Ltd. and Beijing Subway Rolling Stock Equipment Co., Ltd.. The pantograph intelligent analysis algorithm has been installed in 127 intelligent EMUs, with a share of more than 80% in the market, which has greatly improved the operational efficiency and safety of the railway transportation and optimised passengers' mobility experience. On the other hand, the Group successfully developed the virtual call customer service demo which integrates the big model technology of rail transportation. The demo can understand and generate the language of rail transportation industry, and interact with users in a natural way. The product will be applied in Beijing's rail transportation lines and other scenes, so as to reduce customers' investment cost in the provision of manual customer service.

In 2023, the Group spent approximately HK$170.8 million on R&D, representing a year-on-year increase of approximately 7.0%. During FY2023, it obtained 20 patents (120 in aggregate) and 56 software copyrights (568 in aggregate). The Group participated in the formulation of 8 national, local and organisation standards, among which a national standard of the quality acceptance of the AFC system in urban rail transportation has been released. Its products and scientific research achievements have won many important awards. The above achievements also demonstrated that the Group's ability in technological innovation and the transformation of technological achievements was widely recognised, which further accumulated its innovative development achievements.

BUSINESS PROSPECTS

Stable and improving macro environment

2024 is going to be a critical year for China to accomplish its objectives and tasks in its 14th Five-Year Plan. The economic and social objectives and policy orientation of consolidating and enhancing the upturn in the economy remains unchanged. Under the complex and ever changing environment, restoring and expanding demand remains the key to consolidating the steady development of China's economy. In the 2024 government work report, it was clearly stated that the positive fiscal policy should be appropriately strengthened and improved in quality and efficiency and the construction of digital infrastructure should be appropriately advanced. As a major project with significant stimulating effect, the rail transportation industry still plays a pivotal role. The Group will see a new round of development opportunities because of its long-term deployment of digitisation-related business. Moreover, as an integral part of the new infrastructure, intelligent rail transportation is destined to see new technology and new model application being applied.

New Opportunities for Industry Development

In 2023, the approved mileage set out in construction plans of rail transportation increased as compared to the previous year, while the passenger flow of rail transportation continued to recover, which shows that the future steady development of the industry will still be supported by solid demand. Meanwhile, as large scale construction period passes, equipment in the industry will enter an overhaul or replacement cycle. In view of recent government policies on equipment upgrading in key sectors of the industry, emphasis will be gradually placed on both construction and operation instead of merely construction. The after sales market, which mainly focuses on repair, maintenance and upgrading, is expected to pick up momentum. Moreover, the development of the rail transit industry towards intelligentisation and low-carbonisation has gradually become a consensus. Passengers pay more attention to safe, comfortable, convenient mobility experience. Led by front-end demands, digital transformation will become an important driving force to promote the upgrading and development of the industry. Various types of intelligent rail transportation products that are deeply integrated with cloud computing, big data and other technologies, will gradually have more market demand.

Continuous Optimisation of Strategic Initiatives

In 2023, the Group proposed targeted optimisation measures around the strategic plan for 2021-2025. In 2024, the Group will continue to maintain its strategic focus and integrate strategic optimisation and upgrading initiatives to promote the specialised development of intelligent passenger information services, data and integration services and intelligent infrastructure business segments in accordance with the "3+2" pattern. It will strive to develop intelligent, low-carbon and autonomous products, and diversify its products in the rail transportation industry through horizontal expansion of products. On the basis of consolidating the advantages of traditional products, the Group will continue to enrich the product portfolio, enter into peripheral industries, and extend its business footprint. The Group will seize opportunity brought about by the release of favourable national policies and ride on its leading position in the railway industry to enlarge its overseas presence. The Group will also leverage the opportunity of the maintenance cycle in the domestic rail transportation sector to turn the industry demand into a new growth driver. Being market-oriented, the Group will make precise allocation of resources like market, capital and manpower to cater to customer demand, accelerate the transformation of scientific research and innovation results, strengthen compliance management, brand empowerment and other functions to enhance its core competitiveness and solidify the foundation of high-quality development.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group employed a total of 647 employees (including the executive Directors) (as at 31 December 2022: 744). The total staff costs, including Directors' remuneration, were approximately HK$297 million (FY2022: approximately HK$323 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 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 FY2023 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 C1 to the Listing Rules.

The primary duties of the Audit Committee, among other things, are to (i) 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 FY2023 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 2023, 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 FY2023 and recommended to the Board for approval.

BAKER TILLY'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 2023 as set out in this annual results announcement have been agreed by the Company's auditor, Baker Tilly Hong Kong Limited ("Baker Tilly"), Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Baker Tilly 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 2023.

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 FY2023.

FINAL DIVIDEND

In view of the business growth of the Group and in response to the long term support of the Shareholders, the Board recommended the declaration of a final dividend of HK$0.025 per share for FY2023 (FY2022: HK$0.026 per share). The proposed final dividend will be payable to Shareholders whose names appear on the register of members of the Company on Friday, 5 July 2024, subject to the approval of the shareholders of the Company at the annual general meeting to be held on 26 June 2024 (the "2024 AGM"). It is expected that the final dividend will be paid on or before Friday, 20 September 2024.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the 2024 AGM to be held on Wednesday, 26 June 2024, the register of members of the Company will be closed from Thursday, 20 June 2024 to Wednesday, 26 June 2024 (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 2024 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 Wednesday, 19 June 2024 (Hong Kong time).

For determining the entitlement to the proposed final dividend (subject to the approval by the Shareholders at the 2024 AGM), the register of members of the Company will be closed from Wednesday, 3 July 2024 to Friday, 5 July 2024 (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 Tuesday, 2 July 2024 (Hong Kong time).

ANNUAL GENERAL MEETING

The 2024 AGM will be held on Wednesday, 26 June 2024. Shareholders should refer to details regarding the 2024 AGM in the circular to be 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 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 2023 annual report of the Company will be 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, 28 March 2024

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*