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**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 2018**

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 2018.

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 2018 (“2018 financial year” or “FY 2018”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2018 (Expressed in Hong Kong dollars (“HK\$”))

		2018	2017
	<i>Note</i>	<i>HK\$'000</i>	<i>(Note)</i> <i>HK\$'000</i>
<b>Revenue</b>	4	<b>453,204</b>	564,587
Cost of sales		<u>(344,389)</u>	<u>(451,301)</u>
<b>Gross profit</b>	4(b)	<b>108,815</b>	113,286
Other income		<b>42,336</b>	12,308
Selling, general and administrative expenses		<u>(111,140)</u>	<u>(85,500)</u>
<b>Profit from operations</b>		<b>40,011</b>	40,094
Finance costs	5(a)	<b>(2,747)</b>	–
Share of profits of joint ventures and an associate		<u>21,375</u>	<u>11,482</u>
<b>Profit before taxation</b>	5	<b>58,639</b>	51,576
Income tax	6	<u>(5,311)</u>	<u>(6,336)</u>
<b>Profit for the year</b>		<u><b>53,328</b></u>	<u>45,240</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>47,398</b>	38,554
Non-controlling interests		<u>5,930</u>	<u>6,686</u>
<b>Profit for the year</b>		<u><b>53,328</b></u>	<u>45,240</u>
<b>Earnings per share</b>			
– Basic (HK\$)	7(a)	<u><b>0.023</b></u>	<u>0.018</u>
– Diluted (HK\$)	7(b)	<u><b>0.023</b></u>	<u>0.018</u>

*Note:* The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

*For the year ended 31 December 2018 (Expressed in HK\$)*

	<b>2018</b>	2017
	<i>HK\$'000</i>	<i>(Note)</i> <i>HK\$'000</i>
<b>Profit for the year</b>	<b>53,328</b>	45,240
<b>Other comprehensive income for the year (after tax):</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation of financial statements into presentation currency	<b>(37,139)</b>	54,388
<b>Total comprehensive income for the year</b>	<b>16,189</b>	99,628
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>11,441</b>	91,423
Non-controlling interests	<b>4,748</b>	8,205
<b>Total comprehensive income for the year</b>	<b>16,189</b>	99,628

*Note:* The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2018 (Expressed in HK\$)

	2018	2017
Note	HK\$'000	(Note) HK\$'000
<b>Non-current assets</b>		
Property, plant and equipment	107,415	120,112
Intangible assets	101,438	125,375
Goodwill	62,389	65,397
Interests in joint ventures and an associate	413,466	394,828
Deferred tax assets	18,704	25,411
	<u>703,412</u>	<u>731,123</u>
<b>Current assets</b>		
Available-for-sale debt investments	–	116,760
Other financial assets	74,983	–
Inventories and other contract costs	79,027	78,581
Contract assets	8(a) 326,726	–
Trade and other receivables	9 789,723	657,783
Cash and cash equivalents	1,069,561	1,128,780
	<u>2,340,020</u>	<u>1,981,904</u>
<b>Current liabilities</b>		
Trade and other payables	10 394,444	437,580
Contract liabilities	8(b) 66,045	–
Loans from a related party	342,388	–
Current taxation	24,887	37,230
	<u>827,764</u>	<u>474,810</u>
<b>Net current assets</b>	<u>1,512,256</u>	<u>1,507,094</u>
<b>Total assets less current liabilities</b>	<u>2,215,668</u>	<u>2,238,217</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	18,016	24,108
<b>NET ASSETS</b>	<u>2,197,652</u>	<u>2,214,109</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	11 21,001	21,048
Reserves	2,147,809	2,173,028
<b>Total equity attributable to equity shareholders of the Company</b>	<u>2,168,810</u>	<u>2,194,076</u>
<b>Non-controlling interests</b>	<u>28,842</u>	<u>20,033</u>
<b>TOTAL EQUITY</b>	<u>2,197,652</u>	<u>2,214,109</u>

Note: The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

*(Expressed in HK\$ unless otherwise indicated)*

### **1 CORPORATE INFORMATION**

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 2018 comprise the Group. The principal activities of the Group are the design, 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 for use in public transportation systems to telecommunication companies, and the investment in the railway transportation 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 (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 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 and prior accounting periods reflected in these financial statements.

#### **(b) Basis of preparation of the financial statements**

The consolidated financial statements for the year ended 31 December 2018 comprise the Group and the Group’s interests in joint ventures and an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for debt investments which are stated at their fair values.

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.

### 3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as IFRS 9.

**(a) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation***

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on retained earnings and reserves and related tax impact at 1 January 2018.

	<i>HK\$'000</i>
<b>Retained earnings</b>	
Recognition of additional expected credit losses on	
– Trade receivables	(9,321)
– Contract assets	(8,994)
Related tax	4,977
Net decrease in retained earnings at 1 January 2018	(13,338)
<b>Non-controlling interests</b>	
Recognition of additional expected credit losses on trade receivables and contract assets and decrease in non-controlling interests at 1 January 2018	(1,619)

Further details of the nature and effect of the changes on previous accounting policies and the transition approach are set out below:

(i) *Classification of financial assets and financial liabilities*

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	<b>IAS 39 carrying amount at 31 December 2017 HK\$'000</b>	<b>Reclassification HK\$'000</b>	<b>Remeasurement HK\$'000</b>	<b>IFRS 9 carrying amount at 1 January 2018 HK\$'000</b>
<b>Financial assets carried at amortised cost</b>				
Trade and other receivables ( <i>Note (i)</i> )	657,783	(374,082)	(10,201)	273,500
<b>Financial assets carried at FVPL</b>				
Other financial assets ( <i>Note (ii)</i> )	-	116,760	-	116,760
<b>Financial assets classified as available-for-sale under IAS 39</b>				
Available-for-sale debt investments ( <i>Note (ii)</i> )	116,760	(116,760)	-	-

*Notes:*

- (i) Trade and other receivables of HK\$374,082,000 were reclassified to contract assets at 1 January 2018 as a result of the initial application of IFRS 15 (see Note 3(b)).
- (ii) Under IAS 39, unlisted debt investments were classified as available-for-sale financial assets. They are classified as at FVPL under IFRS 9.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

(ii) *Credit losses*

IFRS 9 replaces the “incurred loss” model in IAS 39 with the “expected credit losses” (ECLs) model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in IAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including trade and other receivables and cash and cash equivalents);
- contract assets as defined in IFRS 15.

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

	<i>HK\$'000</i>
Loss allowance at 31 December 2017 under IAS 39	–
Additional credit loss recognised at 1 January 2018	
– Trade and other receivables	10,201
– Contract assets	9,733
	<hr/>
Loss allowance at 1 January 2018 under IFRS 9	<u>19,934</u>

(iii) *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.
- The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

**(b) IFRS 15, Revenue from contracts with customers**

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Service contracts*, which specified the accounting for service contracts.

IFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Group has elected to use the cumulative effect transition method and has recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The transition to IFRS 15 does not have any material impact on retained earnings and reserves and related tax impact at 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

*(i) Timing of revenue recognition*

Previously, revenue arising from service contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the Group recognises revenue from service contracts.

(ii) *Presentation of contract assets and liabilities*

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, contract balances relating to service contracts in progress were presented in the statement of financial position under “trade and other receivables” and “trade and other payables”, respectively.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

- “Gross amounts due from customers for contract work” and “trade receivables” amounting to HK\$254,663,000 and HK\$119,419,000 respectively, which were previously included in trade and other receivables (Note 9) are now included under contract assets (Note 8(a)).
- “Receipts in advance” amounting to HK\$33,312,000 which were previously included in trade and other payables (Note 10) are now included under contract liabilities (Note 8(b)).

(iii) *Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018.*

The following tables summarise the estimated impact of adoption of IFRS 15 on the Group’s consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under IFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under IAS 18 and IAS 11 if those superseded standards had continued to apply to 2018 instead of IFRS 15. These tables show only those line items impacted by the adoption of IFRS 15:

	Amounts reported in accordance with IFRS 15 HK\$’000	Hypothetical amounts under IASs 18 and 11 HK\$’000	Estimated impact of adoption of IFRS 15 on 2018 HK\$’000
<b>Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of IFRS 15:</b>			
Contract assets	326,726	–	326,726
Trade and other receivables	789,723	1,116,449	(326,726)
<b>Total current assets</b>	<b>2,340,020</b>	<b>2,340,020</b>	<b>–</b>
Trade and other payables	(394,444)	(460,489)	66,045
Contract liabilities	(66,045)	–	(66,045)
<b>Total current liabilities</b>	<b>(827,764)</b>	<b>(827,764)</b>	<b>–</b>
<b>Net assets</b>	<b>2,197,652</b>	<b>2,197,652</b>	<b>–</b>

	Amounts reported in accordance with IFRS 15 <i>HK\$'000</i>	Hypothetical amounts under IASs 18 and 11 <i>HK\$'000</i>	Estimated impact of adoption of IFRS 15 on 2018 <i>HK\$'000</i>
<b>Line items in the reconciliation of profit before taxation to cash generated from operations for year ended 31 December 2018 impacted by the adoption of IFRS 15:</b>			
Profit before taxation	58,639	58,639	–
Decrease in trade and other receivables	354,923	19,482	335,441
Increase in contract assets	(335,441)	–	(335,441)
Decrease in trade and other payables	(47,906)	18,139	(66,045)
Increase in contract liabilities	66,045	–	66,045

There is no significant impact on the amounts reported in the consolidated statement of profit or loss or the consolidated statement of profit or loss and other comprehensive income for year ended 31 December 2018 as a result of the adoption of IFRS 15 on 1 January 2018.

The significant differences arise as a result of the changes in accounting policies described above.

**(c) IFRIC 22, *Foreign currency transactions and advance consideration***

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are the design, 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 for use in public transportation systems to telecommunication companies, and the investment in the railway transportation areas through investing in equity. Further details regarding the Group's principal activities are disclosed in Note 4(b).

#### (i) Disaggregation of revenue

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

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Revenue from intelligent railway transportation services	323,812	450,071
Revenue from civil communication transmission services	129,392	114,516
	<u>453,204</u>	<u>564,587</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographical markets is disclosed in Note 4(b)(i) and Note 4(b)(iii).

For the year ended 31 December 2018, revenues from transactions with three customers (2017: one customer) has exceeded 10% of the Group's revenue. Revenue from these customers is as follows:

	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Customer A	77,140	111,142
Customer B	58,983	less than 10% of the Group's revenue
Customer C	47,411	less than 10% of the Group's revenue
	<u>                    </u>	<u>                    </u>

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

As at 31 December 2018, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is HK\$965,619,000. This amount represents revenue expected to be recognised in the future from intelligent railway transportation contracts and civil communication transmission 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 period of 1 to 60 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*

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 1 year	<b>100,007</b>	117,712
After 1 year but within 5 years	<b>311,782</b>	102,418
	<b>411,789</b>	220,130

**(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, implementation and sale, and maintenance of application solution services, which includes related software, hardware and spare parts.
- Civil communication transmission: this segment provides civil communication transmission services.
- Business development investment: this segment manages the equity investments in railway transportation 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 expenses 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 2018 and 2017. The Group's other income and expense items, such as other income, selling, general and administrative expenses, and assets and liabilities, including the sharing of technical know-how, are not measured under individual segments. Accordingly, neither information on segment assets and liabilities nor information concerning capital expenditure and interest income 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 2018 and 2017 is set out below.

	2018			Total HK\$'000
	Intelligent railway transportation HK\$'000	Civil communication transmission HK\$'000	Business development investment HK\$'000	
<b>Disaggregated by timing of revenue recognition</b>				
Point in time	166,628	–	–	166,628
Over time	157,184	129,392	–	286,576
Revenue from external customers and reportable segment revenue	<u>323,812</u>	<u>129,392</u>	<u>–</u>	<u>453,204</u>
Reportable segment gross profit	<u>61,583</u>	<u>47,232</u>	<u>–</u>	<u>108,815</u>
Share of profits of joint ventures and an associate	<u>–</u>	<u>–</u>	<u>21,375</u>	<u>21,375</u>
	2017			
	Intelligent railway transportation HK\$'000	Civil communication transmission HK\$'000	Business development investment HK\$'000	Total HK\$'000
<b>Disaggregated by timing of revenue recognition</b>				
Point in time	393,547	–	–	393,547
Over time	56,524	114,516	–	171,040
Revenue from external customers and reportable segment revenue	<u>450,071</u>	<u>114,516</u>	<u>–</u>	<u>564,587</u>
Reportable segment gross profit	<u>83,882</u>	<u>29,404</u>	<u>–</u>	<u>113,286</u>
Share of profits of joint ventures and an associate	<u>–</u>	<u>–</u>	<u>11,482</u>	<u>11,482</u>

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Reportable segment gross profit	<b>108,815</b>	113,286
Share of profits of joint ventures and an associate	<b>21,375</b>	11,482
Other income	<b>42,336</b>	12,308
Finance costs	<b>(2,747)</b>	–
Selling, general and administrative expenses	<b>(111,140)</b>	(85,500)
	<hr/>	<hr/>
Profit before taxation	<b>58,639</b>	51,576

(iii) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers.

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Mainland China	<b>411,719</b>	529,744
Hong Kong	<b>41,485</b>	34,843
	<hr/>	<hr/>
The People's Republic of China (the "PRC") (place of domicile)	<b>453,204</b>	564,587

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

## 5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) **Finance costs**

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Interests on loans from a related party	<b>2,747</b>	–

(b) **Staff costs**

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Salaries, wages and other benefits	<b>107,782</b>	91,016
Contributions to defined retirement plans	<b>11,043</b>	9,394
Equity-settled share-based payment expenses	–	563
	<hr/>	<hr/>
	<b>118,825</b>	100,973

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 20% 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**

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Cost of inventories	<b>128,053</b>	230,540
Auditor's remuneration:		
– statutory audit services	<b>3,308</b>	3,237
– other services	<b>768</b>	622
Depreciation and amortisation	<b>43,917</b>	42,263
Operating lease charges in respect of office premises	<b>9,363</b>	8,426

*Note:* The Group has initially applied IFRS 9 and IFRS 15 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See Note 3.

**6 INCOME TAX**

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Current taxation		
– Hong Kong Profits Tax	<b>1,882</b>	1,504
– PRC Corporate Income Tax	<b>(1,961)</b>	10,431
	<b>(79)</b>	11,935
Deferred taxation		
– Origination and reversal of temporary differences	<b>3,313</b>	(5,599)
– Change in tax rate	<b>2,077</b>	–
	<b>5,311</b>	6,336

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Profit before taxation	<u>58,639</u>	<u>51,576</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i), (ii) and (iii))	<b>10,017</b>	13,872
Tax effect of non-deductible expenses	<b>2,921</b>	1,913
Tax effect of non-taxable income of share of profits of joint ventures and an associate	<b>(2,950)</b>	(1,633)
Tax effect of non-taxable income of interest income	<b>(4,492)</b>	–
Tax effect of change in tax rate	<b>2,077</b>	–
Tax effect of unused tax losses not recognised	<b>2,298</b>	–
Tax concessions (Note (iv))	<u><b>(4,560)</b></u>	<u>(7,816)</u>
Income tax	<u><b>5,311</b></u>	<u>6,336</u>

*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 2018 (2017: 16.5%).
- (ii) The Company and the subsidiaries of the Group incorporated in countries other than the PRC (including Hong Kong) 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 2018 (2017: 25%).
- (iv) 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 2018. In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries are also entitled to an additional deductible tax allowance calculated at 75% of the qualified research and development costs incurred by these subsidiaries.

## 7 BASIC AND DILUTED EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the year ended 31 December 2018 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$47,398,000 (2017: HK\$38,554,000) and the weighted average of 2,103,294,000 ordinary shares (2017: 2,106,540,000 ordinary shares) in issue during the year, calculated as follows:

	2018 '000	2017 '000
Issued ordinary shares at 1 January	2,104,787	2,106,155
Effect of shares issued under share option scheme ( <i>Note 11(b)(ii)</i> )	–	2,904
Effect of shares repurchased ( <i>Note 11(b)(iii)</i> )	<u>(1,493)</u>	<u>(2,519)</u>
Weighted average number of ordinary shares at 31 December	<u>2,103,294</u>	<u>2,106,540</u>

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2018 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$47,398,000 (2017: HK\$38,554,000) and the weighted average number of ordinary shares (diluted) of 2,103,294,000 (2017: 2,107,444,000 ordinary shares (diluted)), calculated as follows:

	2018 '000	2017 '000
Weighted average number of ordinary shares at 31 December	2,103,294	2,106,540
Effect of deemed issue of shares under the Company's share option scheme	<u>–</u>	<u>904</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>2,103,294</u>	<u>2,107,444</u>

## 8 CONTRACT ASSETS AND CONTRACT LIABILITIES

### (a) Contract assets

	<b>31 December 2018</b> <i>HK\$'000</i>	<b>1 January 2018</b> <i>HK\$'000</i> <i>(Note (i))</i>	<b>31 December 2017</b> <i>HK\$'000</i> <i>(Note (i))</i>
<b>Contract assets</b>			
Arising from performance under service contracts <i>(Notes (iii) and (iv))</i>	335,441	374,082	–
Less: loss allowance <i>(Note (ii))</i>	<u>(8,715)</u>	<u>(9,733)</u>	<u>–</u>
	<u>326,726</u>	<u>364,349</u>	<u>–</u>
<b>Receivables from contracts with customers within the scope of IFRS 15, which are included in “Trade and other receivables” <i>(Note 9)</i></b>	<u>268,212</u>	<u>240,727</u>	

#### Notes:

- (i) The Group has initially adopted IFRS 9 and IFRS 15 using the cumulative effect method and adjusted the opening balances as at 1 January 2018.
- (ii) Upon the adoption of IFRS 9, opening adjustments were made as at 1 January 2018 to recognise additional ECLs on contract assets (see Note 3(a)).
- (iii) Upon the adoption of IFRS 15, some of the trade receivables, for which the Group’s entitlement to the consideration was conditional on achieving certain milestones or satisfactory completion of retention period, were reclassified from “Trade and other receivables” to contract assets (see Note 3(b)).
- (iv) Upon the adoption of IFRS 15, amounts previously included as “Gross amounts due from customers for contract work” under “Trade and other receivables” (Note 9) were reclassified to contract assets.

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 amount of contract assets that is expected to be recovered after more than one year is HK\$38,617,000 (2017: HK\$15,049,000), all of which relates to retentions.

(b) **Contract liabilities**

	<b>31 December 2018</b>	<b>1 January 2018</b>	<b>31 December 2017</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
		<i>(Note (i))</i>	<i>(Note (i))</i>
<b>Contract liabilities</b>			
Service contracts			
– Billings in advance of performance <i>(Note (ii))</i>	66,045	33,312	–

*Notes:*

- (i) The Group has initially adopted IFRS 15 using the cumulative effect method and adjusted the opening balance at 1 January 2018.
- (ii) Upon the adoption of IFRS 15, amounts previously presented as “Receipts in advance” under “Trade and other payables” (Note 10) were reclassified to contract liabilities (see Note 3(b)).

## 9 TRADE AND OTHER RECEIVABLES

		<b>31 December 2018</b>	1 January 2018	31 December 2017
	<i>Note</i>	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>	<i>HK\$'000</i>
			<i>Note (i)</i>	<i>Note (i)</i>
Trade receivables due from:	<i>(ii)(iii)</i>			
– third parties		<b>228,208</b>	177,093	252,660
– the ultimate holding company of the Company		–	29	170
– an affiliate of an equity shareholder of the Company		<b>28,376</b>	57,698	89,383
– an equity holder of the non-controlling equity holder of a subsidiary of the Group		<b>22,182</b>	9,867	21,893
Bills receivable		–	6,241	6,241
		<b>278,766</b>	250,928	370,347
Gross amounts due from customers for contract work:	<i>(iv)</i>			
– third parties		–	–	186,056
– an affiliate of an equity shareholder of the Company		–	–	57,439
– an affiliate of an equity holder of the non-controlling equity holder of a subsidiary of the Group		–	–	11,168
		–	–	254,663
Amounts due from related parties:	<i>9(b)</i>			
– equity shareholders of the Company and their affiliates		<b>215</b>	220	220
– a joint venture		<b>1,141</b>	1,374	1,374
– an affiliate of an equity holder of the non-controlling equity holder of a subsidiary of the Group		<b>1,826</b>	957	957
		<b>3,182</b>	2,551	2,551
Less: loss allowance	<i>(ii)</i>	<b>(10,554)</b>	(10,201)	–
Prepayments, deposits and other receivables		<b>41,269</b>	30,222	30,222
Deposit for acquisition	<i>9(c)</i>	<b>477,060</b>	–	–
		<b>789,723</b>	273,500	657,783

*Notes:*

- (i) The Group has initially applied IFRS 9 and IFRS 15 using the cumulative effect method and adjusted the opening balances as at 1 January 2018.
- (ii) Upon the adoption of IFRS 9, an opening adjustment as at 1 January 2018 was made to recognise additional ECLs on trade debtors and bills receivables (see Note 3(a)).
- (iii) Upon the adoption of IFRS 15, some of the trade receivables, for which the Group's entitlement to the consideration was conditional on achieving certain milestones, were reclassified to "contract assets" and disclosed in Note 8(a) (see Note 3(b)).
- (iv) Upon the adoption of IFRS 15, gross amounts due from customers for contract work is included in contract assets and disclosed in Note 8(a) (see Note 3(b)).

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:

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Within 1 year	<b>191,232</b>	210,726
More than 1 year	<b>87,534</b>	159,621
	<b>278,766</b>	370,347

**(b) Amounts due from related parties**

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

**(c) Deposit for acquisition**

Deposit for acquisition is the earnest payment paid to 東方網力科技股份有限公司 ("NetPosa Technologies Limited") ("NetPosa") for the acquisition of 蘇州華啟智能有限公司 ("Suzhou Huaqi Intelligent Technology Co., Ltd") ("Huaqi Intelligent"), which is interest-bearing and fully secured by 100% equity interests of Huaqi Intelligent held by NetPosa.

## 10 TRADE AND OTHER PAYABLES

	<b>31 December 2018 HK\$'000</b>	1 January 2018 HK\$'000	31 December 2017 HK\$'000
Trade payables due to:			
– third parties	<b>301,797</b>	317,782	317,782
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	<b>236</b>	–	–
– a joint venture	<b>2,377</b>	–	–
Bills payables	<b>20,071</b>	23,816	23,816
	<b>324,481</b>	341,598	341,598
Amounts due to related parties:			
– an affiliate of an equity shareholder of the Company	<b>240</b>	723	723
– a non-controlling equity holder of a subsidiary of the Group	–	5,400	5,400
	<b>240</b>	6,123	6,123
Accrued expenses and other payables	<b>46,161</b>	29,631	29,631
Financial liabilities measured at amortised cost	<b>370,882</b>	377,352	377,352
Other taxes payables	<b>23,562</b>	26,916	26,916
Receipts in advance from ( <i>Note</i> ):			
– third parties	–	–	23,743
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	–	–	9,569
	<b>394,444</b>	404,268	437,580

*Note:* As a result of the adoption of IFRS 15, receipts in advance are included in contract liabilities (see Note 3(b)(ii)). All of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

### 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:

	<b>2018 HK\$'000</b>	2017 HK\$'000
Due within 1 month or on demand	<b>304,916</b>	318,754
Due after 1 month but within 6 months	<b>19,565</b>	22,844
	<b>324,481</b>	341,598

## 11 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

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

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Final dividend proposed after the end of the reporting period of HK\$1 cent per ordinary share (2017: HK\$1 cent)	<b>21,001</b>	21,048

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 period, approved during the current year*

	<b>2018</b> <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Final dividend in respect of the previous financial year, approved and paid during the year, of HK\$1 cent per ordinary share (2017: HK\$ Nil)	<b>21,048</b>	–

### (b) Share capital

(i) *Authorised and issued share capital*

	<b>2018</b>		2017	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
<b>Authorised:</b>				
Ordinary shares of HK\$0.01 each	<b>5,000,000,000</b>	<b>50,000</b>	5,000,000,000	50,000
<b>Issued and fully paid:</b>				
At 1 January	<b>2,104,786,727</b>	<b>21,048</b>	2,106,154,727	21,062
Shares issued under share option scheme (Note 11(b)(ii))	–	–	3,632,000	36
Cancellation of shares (Note 11(b)(iii))	<b>(4,660,000)</b>	<b>(47)</b>	(5,000,000)	(50)
At 31 December	<b>2,100,126,727</b>	<b>21,001</b>	2,104,786,727	21,048

(ii) *Shares issued under share option scheme*

During the year ended 31 December 2018, no share option was exercised.

(iii) *During the year ended 31 December 2018, the Company repurchased its own shares on the Stock Exchange as follows:*

<b>Month/year</b>	<b>Number of shares repurchased</b>	<b>Highest price paid per share HK\$</b>	<b>Lowest price paid per share HK\$</b>	<b>Aggregate price paid HK\$'000</b>
August 2018	800,000	0.51	0.495	405
September 2018	3,860,000	0.51	0.485	1,916
				2,321

The above repurchased shares of the Company were cancelled on 2 November 2018.

(iv) *Terms of unexpired and unexercised share options at the end of the reporting period*

<b>Exercise period</b>	<b>Exercise price per share</b>	<b>At 31 December 2018 Number '000</b>
5 December 2015 to 4 December 2019	HK\$2.690	3,050
5 December 2016 to 4 December 2019	HK\$2.690	7,625
5 December 2017 to 4 December 2019	HK\$2.690	4,575
		15,250

Each share option entitles the holder to subscribe for one ordinary share in the Company.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OPERATION REVIEW

During FY 2018, the Group's businesses mainly focused on three business segments, namely (i) intelligent railway transportation services; (ii) civil communication transmission services; and (iii) business development investment. The respective descriptions of these three related business segments are set out as follows:

#### (i) Intelligent railway transportation services

Intelligent railway transportation services mainly represent, among others, design, testing, installation, debugging, integration, upgrading and replacement of railway transportation application solutions and related systems; sale of self-developed software products relating to railway transportation application solutions; sale of hardware and spare parts relating to railway transportation application solution systems; and repair and maintenance of application solution systems developed by the Group as well as other software developers. During FY 2018, the Group's revenue derived from provision of intelligent railway transportation services was approximately HK\$323.81 million. The intelligent railway transportation services mainly include the following three core businesses:

*First core business: Automatic Fare Collection System ("AFC"), including Auto Fare Collection Clearing Center ("ACC"), Automatic Fare Collection Network Control Centre ("ANCC"), Chengdu Coordination and Command Centre ("COCC") for network-level and AFC route-level.*

In August 2018, BII Transportation Technology (Beijing) Co., Ltd.\* (北京京投億雅捷交通科技有限公司) ("**BII ERG**") won the tender on the procurement project of ANCC system of Zhengzhou's rail transit network and the bid price was approximately RMB96.00 million. The ANCC project pioneered the system incorporation of rail transit network of ACC system with the Multiple Line Centre ("**MLC**") system, integrating with the Huawei Infrastructure-as-a-Service (IaaS) cloud platform and the professional system software provided by the Group to ultimately deliver a Storage-as-a-Service (SaaS) cloud platform service to customers, thereby transcending the traditional mode of industry software. Meanwhile, this project has incorporated the Group's development approach towards the future standardisation of AFC and the evolution of ACC, MLC, and Station Computer Management Center. Moreover, the Company had spearheaded to formulate the AFC specifications for Zhengzhou's railway transportation network, which in turn could foster the effective implementation of standardisation of Zhengzhou's rail transit in the future. This project also marked a breakthrough for the Group to expand its business scope to other provinces and cities beyond Beijing, aligning with the Group's development strategy as well as coping with the overall interests of the Company and its shareholders.

In December 2018, BII ERG, being a leading party of the joint tendering partnership, won the tender of ACC/TCC (Traffic Control Centre) System Integration Project of Phases III and IV of the Beijing Metro Line 8, where the bid price borne by BII ERG amounted to approximately RMB11.39 million. Riding on this project, the Group continued to solidify its status in Beijing. At the same time, BII ERG attained the relevant contract for network fare collection machine of Beijing Metro Line S1.

In August 2018, BII ERG acquired the contract for the project of Traffic Sign System for the Sub-centre Line of Beijing Suburban Railway and Huairou Miyun Line\* (懷柔密雲線), responsible for providing manufacturing and technical services for relevant equipment of the AFC system. The contract amounted to approximately RMB12.19 million. Since May 2018, BII ERG and BII Transit Systems (Beijing) Co., Ltd.\* (億雅捷交通系統(北京)有限公司) (“**ERG (BJ)**”) successively acquired the Beijing New Airport Expressway Project and respectively signed several subcontract agreements regarding the projects of payment, communication and surveillance. The accumulated contract amount was approximately RMB98.36 million. These projects represented the application of AFC for new businesses such as utility tunnel and expressway, nurturing new areas for the Group to achieve profit growth.

In FY 2018, BII Transit Systems (HK) Co., Ltd (京投交通科技(香港)有限公司) (“**ERG (HK)**”) acquired many projects offered by franchised public transport companies and still continued to carry the system update and maintenance work of AFC for New World First Bus Services Limited (新世界第一巴士服務有限公司) (“**New World Bus**”) and Citybus Limited (城巴有限公司) (“**Citybus**”). In April 2018, ERG (HK) signed the AFC equipment and software maintenance contract with Kowloon Motor Bus Co., (1933) Ltd. (九龍巴士(一九三三)有限公司) (“**KMB**”) for provision of maintenance service for 4 years. In December 2018, ERG (HK) entered into a contract with New Lantao Bus Co., (1973) Ltd. (新大嶼山巴士(一九七三)有限公司) (“**New Lantao Bus**”) for the upgrade project of AFC system and for provision of a number of value-added services, operation management and various kinds of payment solutions to enhance customer experience and reduce cost. As New Lantao Bus is the third franchised bus company in Hong Kong, the inaugural cooperation with New Lantao Bus has marked a prosperous market vision for the Group’s future development.

In December 2018, the COCC project successfully passed the acceptance test. BII ERG undertook the compilation and promulgation of standards for the rail line network and this would provide a concrete basis for the continuous development and optimisation of the COCC system. In addition, the Android version and the iOS version of the official Chengdu Subway Application (“**Official Chengdu Subway App**”) developed by BII ERG for the COCC project was simultaneously launched online on 6 December 2017, followed by the launch of the fully upgraded optimised version in 2018, landmarking the operation of the first open platform for releasing online information of network train seamlessly to the public in China. By incorporating the Hadoop big data architecture on top of its existing security structure, the Official Chengdu Subway APP was able to provide a stable support for a huge user rate and online user interview.

***Second core business: Passenger Information System (“PIS”), including ground PIS and on-board PIS***

BII ERG acquired the PIS subcontract agreement of equipment procurement project of Phase I of Communication System Integration and the Specific Communication System of Nanning Rail Transit Line 3. The agreement amounted to approximately RMB31.30 million.

### *Third core business: Environmental monitoring system*

In March 2018, BII ERG acquired the electronic and intelligent project of the underground utility tunnel of the Beijing World Horticultural Exposition Park (“**Beijing Expo Utility Tunnel**”) (北京世園會管廊) for the provision of a unified management platform and respective professional equipment, and the contract amount was approximately RMB31.06 million. As from May 2018, BII ERG successively acquired the comprehensive equipment installation project and the related contract of engineering support system for the outer surrounding area of the Beijing Expo Utility Tunnel, and the accumulated contract amount was approximately RMB14.04 million. By initiating a new attempt in the utility tunnel segment, the Group would strive to erect a well-equipped intelligent operation, maintenance and management system for the comprehensive gallery, and fully integrate our self-developed and patented communication system into the application of the utility tunnel segment.

#### **(ii) Civil communication transmission services**

Civil communication transmission services mainly represent the provision of communication information transmission services to mobile operators. During FY 2018, the Group’s revenue from the business of civil communication transmission services was mainly derived from the 2G, 3G and 4G transmission services of civil communication transmission systems set up in 180 stations of 17 subway lines of the Beijing Subway, representing approximately HK\$129.40 million in revenue. The civil communication transmission services business would continue to provide steady revenue for the Group in the future.

For the year ended 31 December 2018, BII Technology Development Co., Ltd.\* (北京京投卓越科技發展有限公司) (“**BII Zhuoyue**”), as a wholly-owned subsidiary of the Company and the principal investment unit of the civil communication transmission system of Beijing Subway, has established and maintained good cooperation relations with communication operators through the provision of transmission services.

In 2018, BII Zhuoyue negotiated with China United Network Communications Corporation\* Beijing Branch (中國聯合網絡通信有限公司北京市分公司) (“**Beijing Unicom**”) regarding the cooperation on civil communication 4G transmission system for a total of 127 stations along the Beijing Metro Line No. 5, covering 9 railway lines in total. The Group was able to enter into a 5-year 4G information transmission service agreement based on the existing charge standard with Beijing Unicom so that the revenue from 4G system transmission service of the Group for the next five years could be guaranteed; and entered into a new service agreement with Beijing Unicom for provision of 4G communication transmission service for Beijing Metro Line No. 7. At the same time, BII Zhuoyue successfully reached a framework agreement based on the existing charging standard with China Mobile Group Beijing Co., Ltd.\* (中國移動通信集團北京有限公司) (“**Beijing Mobile**”) regarding provision of 4G transmission service on its self-developed subway lines. Based on the agreement to maintain the original charging standard, both parties signed a 5-year service agreement, thereby guaranteeing the Group’s income from the provision of civil communication transmission services.

In August 2018, BII Zhuoyue rolled out the construction investment work for the civil communication transmission systems of Beijing Subway Airport Express Line, eastern extension of Line 7, and northern extension of Fangshan Line, which was scheduled to be opened within two years.

In terms of the development in new segment, leveraging on the high security and wide coverage of the fibre optics of subway, the Group reached a cooperation agreement on interconnection and interoperability of fibre optics of Beijing Subway with Beijing Metro Information Development Co., Ltd.\* (北京地鐵信息發展有限公司) in 2018. In this regard, the civil communication transmission services will continue to contribute a steady source of revenue for the Group.

### (iii) **Business development investment**

Business development investment mainly represents equity investment, new business development through investing in joint ventures and an associate, and deployment of industry chain for investment income to create higher returns for shareholders. During FY 2018, the Group's revenue from business development investment was mainly derived from Beijing Metro Co., Ltd.\* (北京京城地鐵有限公司) ("**Beijing Metro**") and Beijing Metro Science and Technology Development Co., Ltd.\* (北京地鐵科技發展有限公司) ("**Metro Science and Technology**"). In addition, the Group has launched new investments relating to its core businesses, including the intelligent railway transportation relating to the PIS, comprehensive security and protection system and civil communication transmission system.

In November 2018, the Company entered into an acquisition agreement with NetPosa Technologies Ltd.\* (東方網力科技股份有限公司) ("**NetPosa**"), Suzhou Huaqi Intelligent Technology Co., Ltd.\* (蘇州華啟智能科技有限公司) ("**Huaqi Intelligent**") and Mr. Liu Guang pursuant to which the Company acquired 95% of equity interests of Huaqi Intelligent with a maximum consideration of RMB1.045 billion. Huaqi Intelligent is a leading enterprise for provision of on-board PIS which is one of the six major information systems used in railway transportation. Renowned in its excellent technological capability, Huaqi Intelligent has gained competitive advantages in the product competitiveness and acquiring leading market share in the industry. The Group can take this acquisition to achieve supplementary advantages from Huaqi Intelligent and jointly develop first-class PIS products in China. This acquisition will be a positive measure to further reinforce the Group's presence in the PIS business segment, representing an important milestone to further expand its existing product lines, effectively supplementing both parties' customer varieties and geographical distributions, facilitating joint exploration of new markets to expand respective market shares, achieving resource integration and speeding up synergistic business collaboration. Besides, the Group could exploit this acquisition to strengthen its core technological capability and high-tech ingredient, thereby enhancing its overall market competitiveness and offering a new development area for the Group to achieve further profit growth and improve the overall business performance. It is expected that the business record and business registration change will be completed in the first quarter of 2019.

On 28 February 2018, BII Zhuoyue jointly established a subsidiary, namely BII Information Security Technology Development Company Limited\* (北京京投信安科技發展有限公司) (“**BII Xin An**”), with Zhuhai Tonghai Technology Holdings Company Limited\* (珠海市同海科技股份有限公司) (“**Tonghai Technology**”) and Beijing Tong Jian Tai Li Te Intelligence System Engineering Technology Company Limited\* (北京通建泰利特智能系統工程技術有限公司) (“**Tong Jian Tai Li Te**”), of which BII Zhuoyue held an equity interest of 51.0%. In 2018, BII Xin An attained the “Competency Evaluation Certificate for the Information Security Grade Protection and Security Construction Service Institution” conferred by the Ministry of Public Security in the PRC and the “Certificate for Supporting Unit of National Information Security Service” conferred by the State Information Center in the PRC, thus making itself into one of the top 100 enterprises capable of providing information security grade construction service in the PRC.

On 31 December 2018, BII Zhuoyue and Nufront (Beijing) Technology Group Co., Ltd.\* (新岸線(北京)科技集團有限公司) (“**Nufront Group**”) entered into a framework agreement to acquire 30% equity interests in Beijing Nufront Rail-Transit Technology Co., Ltd.\* (北京新岸線軌道交通技術有限公司) (“**Nufront Rail Transit**”). As of the date of this announcement, the Nufront Rail Transit has completed the change of the industrial and commercial registration. Nufront Group’s EUHT technology (The Ultra High Speed Mobile Communication Technology) has advanced in the field of mobile communications. It is a unique technology system owned by Nufront Group and has been successfully applied to Beijing-Tianjin Intercity, High-speed Railway and Guangzhou Metro. The project is beneficial to the company’s industrial layout in the field of train-ground wireless communication in rail transit.

In FY 2018, Beijing Metro completed the transition of the existing airport line. Ensuring safe operation of the existing airport line, Beijing Metro also actively developed new railway line projects, including the Beijing Shunyi Tram T2 and Dalian Subway Line 4 and so on, fostering diversification of operation and increasing the passenger flow growth.

In FY 2018, Metro Science and Technology innovated the maintenance and repair model and gradually transformed this service mode from AFC maintenance and repair to the mode of comprehensive maintenance and repair, giving a new business focus on five major business segments, including “AFC operation and repair business, exploration of specified markets, provision of system application solution, informatisation development, and expansion of overseas market”, thereby enhancing the core competitiveness and achieving sustainable development for the Group.

In FY 2018, Beijing Ruyi Technology Co., Ltd.\* (北京如易行科技有限公司) developed the easy pass application (“**Easy Pass APP**”) for train passenger to download QR code onto their mobile phones at the whole network level for taking train. The number of downloads exceeded 20 million, and the number of registered users exceeds 10 million and the number of active users per month reached 3 million. This new area of development would be expanded beyond Beijing. In January 2019, the “Electronic Time Ticket” function was launched to meet the diversified travelling demand of passengers.

In FY 2018, BII Zhuoyue carried out preparation work for the further acquisition of the 10% equity interest in BII ERG held by another minority shareholder, and entered into equity transfer agreement on 20 February 2019 and successfully completed the listing transaction at the China Beijing Equity Exchange (“**CBEX**”) as at the date of this announcement. After the completion of the acquisition, BII ERG had become a wholly-owned subsidiary of the Company.

## **FINANCIAL REVIEW**

### **Revenue**

The Group's revenue recorded a decrease by approximately 19.7% from approximately HK\$564.6 million for the year ended 31 December 2017 ("FY 2017") to approximately HK\$453.2 million for FY 2018. The main cause of such decrease was due to the finalisation stage of the intelligent railway transportation service business, the Phase II Beijing Fare Renovation Project, and the delay of the progress of some projects.

Revenue derived from the intelligent railway transportation services business recorded a decrease by approximately 28.1% from approximately HK\$450.1 million for FY 2017 to approximately HK\$323.8 million for FY 2018. The decrease in revenue of this segment was due to (1) limited room of gaining profit from the Phase II Beijing Fare Renovation Project which entered into its finalisation stage in this financial year; and (2) the relatively major impact on decrease in revenue caused by the delay in project progress of two newly signed projects, namely the New Airport Expressway Project and the Zhengzhou ANCC Project because no revenue was recognised from these projects during FY 2018.

Revenue derived from the civil communication transmission service business recorded an increase of approximately 13.0% from approximately HK\$114.5 million for FY 2017 to approximately HK\$129.4 million for FY 2018. The increase in revenue of this segment was mainly due to increase in revenue from the Group's provision of 4G transmission service.

### **Cost of sales**

The Group's cost of sales decreased by approximately 23.7% from approximately HK\$451.3 million for FY 2017 to approximately HK\$344.4 million for FY 2018. The decrease in cost of sales was mainly due to the decrease in revenue from the intelligent railway transportation service business.

### **Gross profit**

The Group's gross profit decreased by approximately 4.0% from approximately HK\$113.3 million for FY 2017 to approximately HK\$108.8 million for FY 2018. The decrease in gross profit as compared to the corresponding period of 2017 was mainly due to the decrease in revenue from the intelligent railway transportation service.

## **Investment income**

The Group recorded an increase in investment income of approximately HK\$9.9 million from approximately HK\$11.5 million for FY 2017 to approximately HK\$21.4 million for FY 2018. The investment income was mainly derived from the joint ventures, namely Beijing Metro and Metro Science and Technology, and the increase in investment income as compared to the corresponding period of FY 2017 was mainly attributable to the fact that (1) Metro Science and Technology had newly attained the project of airport line system maintenance project and further explored its information security grade protection evaluation business, bringing a great increase in net profit; (2) Beijing Metro completed the acquisition of the 30-year operating income right of the Beijing Subway Airport Express Line and floors two to six of Dongzhimen Terminal in October 2017, and therefore greatly increased the net profit and revenue for FY 2018.

## **Selling, general and administrative expenses**

The Group's selling, general and administrative expenses increased by approximately 29.9% from approximately HK\$85.5 million for FY 2017 to approximately HK\$111.1 million for FY 2018. Such increase was mainly due to the increase in research and development expense derived from business expansion of the Group, marketing and sales expense and increase in service fees for the acquisition projects.

## **Profit attributable to equity shareholders of the Company**

The Company's profit attributable to equity shareholders of the Company increased by approximately 22.8% from approximately HK\$38.6 million for FY 2017 to approximately HK\$47.4 million for FY 2018. Such increase was mainly due to the increase in revenue from the 4G service of civil communication transmission service business, and the increase in investment income and other revenue from financial planning as compared to the corresponding period of 2017.

## **Liquidity, financial and capital resources**

### ***Capital structure***

As at 31 December 2018, the Company's issued share capital consisted of 2,100,126,727 ordinary shares of HK\$0.01 each (31 December 2017: 2,104,786,727 ordinary shares of HK\$0.01 each).

### ***Cash position***

As at 31 December 2018, the Group's cash and cash equivalents were approximately HK\$1,069.6 million (31 December 2017: approximately HK\$1,128.8 million).

### ***Bank borrowings and charges on the Group's assets***

As at 31 December 2018, the Group's borrowing was approximately HK\$342.4 million which was derived from the borrowing from the ultimate holding company, Beijing Infrastructure Investment Co., Ltd. ("BII") (31 December 2017: Nil). The Group has no charges on its assets during FY 2018 (31 December 2017: Nil).

### ***Working capital and gearing ratio***

As at 31 December 2018, the Group had current assets of approximately HK\$2,340.0 million (31 December 2017: approximately HK\$1,981.9 million), while its current liabilities were approximately HK\$827.8 million (31 December 2017: approximately HK\$474.8 million), resulting in net current assets of approximately HK\$1,512.2 million (31 December 2017: approximately HK\$1,507.1 million). As at 31 December 2018, the current ratio, calculated based on current assets divided by current liabilities, was approximately 2.8 (31 December 2017: approximately 4.2).

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 2018, the Group's gearing ratio was 27.8% (31 December 2017: 18.4%).

### ***Foreign exchange exposure***

The Group has four main operating subsidiaries, one located in Hong Kong and the other three in Mainland China. All of the 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 2018, the Group did not have any material contingent liabilities (31 December 2017: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 31 December 2018, the Group employed a total of 316 employees, (including the executive Directors) (31 December 2017: 290). The total staff costs, including Directors' remuneration, were approximately HK\$119 million (FY 2017: HK\$101 million).

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 Mandatory Provident Fund scheme and insurances in Hong Kong. The Group also organised professional and vocational trainings for its employees.

## **SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS**

On 29 November 2018, the Company entered into an acquisition agreement with NetPosa, Huaqi Intelligent and Mr. Liu Guang, pursuant to which the Company acquired 95% equity interests of Huaqi Intelligent from NetPosa at the consideration of RMB1.045 billion. The equity acquisition of Huaqi Intelligent represented an important step in implementing the Group's development strategy as well as a strategic move in strengthening the Group's business sectors, thereby enhancing the Group's core technological strength and market competitiveness. The acquisition was fully approved by the extraordinary general meeting on 25 February 2019. It was expected that the investment would contribute significant revenue for the Group in future.

On 28 February 2018, BII Zhuoyue jointly established a joint venture, namely BII Xin An, with Tonghai Technology and Tong Jian Tai Li Te, of which BII Zhuoyue held an equity interest of 51.0%.

On 31 December 2018, BII Zhuoyue and Nufront Group entered into a framework agreement to acquire 30% equity interests in Nufront Rail Transit. As of the date of this announcement, the Nufront Rail Transit has completed the change of the industrial and commercial registration.

In 2018, BII Zhuoyue carried out preparation work for the further acquisition of the 10% equity interest in BII ERG held by another minority shareholder, and entered into equity transfer agreement on 20 February 2019 and successfully completed the listing transactions at the CBEX as at the date of this announcement.

BII ERG opened a branch in Chengdu on 15 January 2018 and in Zhengzhou on 5 November 2018.

Save as disclosed, there were no other significant investments held, material acquisitions or disposals of subsidiaries and affiliated companies, and other plans for material investments or capital assets during FY 2018.

## **MATTERS SUBSEQUENT TO THE REPORTING PERIOD**

Save as disclosed in the paragraphs headed “SIGNIFICANT INVESTMENTS HELD AND FUTURE PLANS” and “FINAL DIVIDEND”, there were no other significant events arising subsequent to the reporting period as at the date of this announcement.

## **BUSINESS PROSPECTS**

### **1. Enlarge and professionalise the principal business based on the city railway intelligent system.**

The Group will focus on developing its principal business in city railway intelligent system and increase its efforts in product research and development to produce of standardised and replicable products in a large scale, aiming to cater for the need of network operation of railway transportation in Beijing.

The Group will take six core systems of railway transportation as its deployment perspective and seize the favourable opportunities rendered by the digitalisation, intelligentisation, informatisation, and networking of the national railway transportation sector, and to actively explore their application on railway transit. These include new gate machines complying with the requirements of the Beijing rail transit design guidelines, face recognition hardware platforms and recognition algorithms, and rail transit fare payment system equipped with face recognition technology. Riding on these new areas of development, the Group can further explore new markets throughout the country and enhance its competitiveness in the railway transportation industry. It will further reinforce its business in Beijing and Hong Kong, while expanding to Beijing-Tianjin-Hebei area, with an aim to expand its business throughout the nation.

At the same time, in order to develop high-quality railway transportation, build a safe and efficient rail transit network, and improve passenger travelling experience, BII, the controlling shareholder of the Company, has put forward the working directions on building a city railway transportation network in Beijing with “Intelligent Subway” that is welcomed by citizens, satisfied by the government as well as contributed to corporate development. Riding on its years of industry experience, the Group has taken the problem-oriented approach and made in-depth and thorough thinking and research, becoming “passenger demand oriented” and “integrated control and management for line and network”, and transforming its product concept from “focusing on vehicles” to “focusing on people”. Moreover, the Group has adopted the development direction of focusing on “Intelligent Subway” product series. The Group will utilise new-generation information technologies including artificial intelligence, big data, cloud computing and internet of things, together with other new tools and methods such as social media networks and mobile payments to develop a transparent and sensible new product system that cover the basic elements of passenger demand, vehicle operation, equipment status, station facilities; and based on which to create a new product portfolio to be incorporated with comprehensive intelligent city railway transportation service for passenger travelling as well as to provide intelligent services for passengers, operation organisation and equipment control. Further, the Group will establish a brand new product system based on big data, cloud computing, artificial intelligence so that the related products covering AFC, PIS, TCC can be fully upgraded.

The global 5G standard had been formed in 2018. As 2019 is the crucial year for the comprehensive commercialisation of 5G, the deployment of 5G network has been rolled out across the globe. Driven by the wave of digital transformation, 5G will open a new phase for mobile internet. The popularisation and full cloudisation of 5G technology will motivate the upgrade of business in different industry segments, especially in the vertical industry segment like the railway transportation sector. Subsequent to the rapid development of different kinds of technologies and the change in travelling demand of passengers, it is believed that there is an imminent need for the construction of intelligent subway. Looking ahead, the intelligent subway of Beijing and application of 5G based intelligent subway will bring new development opportunities for the Group. It is expected that the 5G of the new airport line of the Beijing Subway will be completed and put into operation in 2019.

**2. Create an investment and control platform to foster industry upgrade and strategic deployment.**

One of the core driving forces for the Group to improve its strategic positioning is to establish a strategic investment control platform to reinforce the development of its principal business and accelerate in leading its industrial layout to diversify investment on the listing platform and achieve integration of resources and collaborative development. As a high-tech enterprise listed on the Stock Exchange, the Group aims to upgrade its business from a “market-driven” model to a “market, capital and technology-driven” model, completing the transformation from the old model to a new phase of development, thereby upgrading its core competitiveness as a whole.

Looking ahead, the Group will focus on its merger and acquisition strategy based on three aspects of development, including “Business Capability Reinforcement Model”, “Business Scope Expansion Model”, and “Business Scale Enhancement Model”, focusing on exploring businesses with large market capacity and high profit margins. Leveraging on the strategic investment control platform, the Group will widen its business scope, expand its existing industry chain and upgrade the overall business level by upgrading its existing business with high-tech component, thereby creating a positive cycle of production and financing. At the same time, the Group will seek ways to counteract the weakest section of the industry chain, improve product portfolio, and set up a mechanism for collaborative innovation and resource sharing between existing businesses and newly invested businesses so as to achieve rapid increase in operational revenue and profit as well as propel the Group to become the flagship brand on intelligent railway transportation concept in the Hong Kong stock market so as to maximise shareholders’ interests.

**3. Expedite the establishment of a big data centre equipped with core technological competitiveness.**

The Group will focus on big data research by collaborating with large internet companies, railway owners, high-tech unicorn companies and research institutes to conduct continuous research and development so as to potently enhance its technical strength and participate in the construction of intelligent railway transportation platform in Beijing. Moreover, the Group will engage in the construction of a big data centre and support the setup of technology centre to conduct all-round application analysis and operational maintenance services, and master core technologies, thereby obtaining a leading technological advantage in railway network. In the future, the Group will set up a research institute for the Group’s technical planning, informatisation setup and management, scientific research management, symposium application, and research on industry technology trend. Riding on Beijing railway transportation big data analysis and application of research sub-centre, the Group will focus on exploring the value of big data analysis and intelligent city railway to produce modularised products, thereby providing the technology to upgrade intelligent city railway.

**4. Strong support of major shareholder to create positive conditions for the development of the Group.**

The controlling shareholder of the Group, BII, is a state-owned company solely invested and established in 2003 by the State-owned Assets Supervision and Administration Commission of Beijing Municipality. It engages in infrastructural facilities, investment, financing, and management of railway transportation, as well as relevant resource operation and service like production of equipment for rail transit and related information technology services as well as land and property development and operation. In the future, it is believed that BII will focus its efforts to develop itself as the comprehensive service provider of the innovative railway transportation equipment industry, position itself as the provider of city railway transportation application solutions, develop itself as a Transit-oriented Development (“**TOD**”) based city centre service provider, and to build the intelligent railway transportation platform based on the technology of internet and industrial internet of things as well as organising the establishment of big data information centre and technology certification centre. Through collaborative development projects with external partners, the Company will further strengthen the presence of Beijing Subway throughout the nation. Through exploring the integrated service model of “Project + Equipment”, the Company will steadily launch the Public-private Partnership (“**PPP**”) “to go public”, thereby establish an overall industrial chain for BII. As the sole overseas listing platform of BII, the Group will closely adhere to the new development direction of “three transformation models” of BII and properly coordinate and realise the overall strategic transformation and upgrade of BII. Moreover, the Group will further drive the implementation of the three major strategies of “one body, one platform, one centre” and adopt the intelligent technology to improve the city railway transportation, striving to become the leader of Chinese intelligent railway transportation, thereby composing a development chapter of the Group.

**5. Strengthen science research and innovation to establish first-class corporate identity in the technology segment.**

In 2018, the national support for technological innovative companies was enlarged. In this regard, BII encouraged and supported all of its fellow enterprises to strengthen their innovative development. In 2018, the Group initiated to apply for the specialised science and research symposium project on “Intelligent Railway Transportation Technology Innovation Centre” and obtained funding support from Beijing Municipal Science and Technology Commission; and it obtained funding support for “2017 Chaoyang New High-Tech Industry Development Guide Fund (direction of information service industry) Support Project”; and the Group’s application for 2018 BII symposium project also obtained funding support. Looking ahead, the Group will strengthen its engagement in science research and innovation to establish the Group as a first-class technology enterprise in the technology segment.

## 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 C.3.3 and C.3.7 of the Corporate Governance Code as set forth in Appendix 14 to the Listing Rules (the “Corporate Governance Code”).

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.

As at 31 December 2018, the Audit Committee consists of three independent non-executive Directors, namely Mr. Luo Zhenbang CPA (chairman of the Audit Committee), Mr. Bai Jinrong and Mr. Huang Lixin.

## REVIEW OF FINANCIAL STATEMENTS

The Audit Committee has reviewed the Group’s annual results for 2018 financial year and recommended to the Board for approval. The auditor of the Company has agreed the figures regarding the Company’s financial results for 2018 financial year and the related financial information listed in this announcement are consistent with the figures contained in the Company’s audited consolidated financial statements for 2018 financial year.

## PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The Company repurchased a total of 4,660,000 shares of the Company on the Stock Exchange during the year ended 31 December 2018 as set out below:

Month	Number of Shares repurchased	Repurchase price per share		Aggregate price paid HK\$’000
		Highest HK\$	Lowest HK\$	
August	800,000	0.510	0.495	405
September	3,860,000	0.510	0.485	1,916
Total	4,660,000			2,321

The Directors considered that the share repurchases were in the interest of the Company and the shareholders of the Company as a whole. All repurchased shares were cancelled on 2 November 2018.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold nor redeemed any listed securities of the Company during the year ended 31 December 2018.

## **CORPORATE GOVERNANCE**

The Company has adopted the Corporate Governance Code as its code of corporate governance. The Company has complied with the Corporate Governance Code for 2018 financial year.

## **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\$0.01 per share for 2018 financial year (FY 2017: HK\$0.01 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 Thursday, 4 July 2019, subject to the approval of the shareholders of the Company at the 2019 annual general meeting (“AGM”). It is expected that the final dividend will be paid on or before Wednesday, 25 September 2019.

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the entitlement to attend and vote at the 2019 AGM to be held on Tuesday, 25 June 2019, the register of members of the Company will be closed from Thursday, 20 June 2019 to Tuesday, 25 June 2019, both dates 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 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 19 June 2019 (Hong Kong time).

For determining the entitlement to the proposed final dividend (subject to the approval by the shareholders of the Company at the 2019 AGM), the register of members of the Company will be closed from Tuesday, 2 July 2019 to Thursday, 4 July 2019, both dates 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 Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong for registration not later than 4:30 p.m. on Friday, 28 June 2019 (Hong Kong time).

## **ANNUAL GENERAL MEETING**

The 2019 AGM will be held on Tuesday, 25 June 2019. Shareholders of the Company should refer to details regarding the 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](http://www.biitt.cn) and the website of the Hong Kong Exchanges and Clearing Limited at [www.hkexnews.hk](http://www.hkexnews.hk). The 2018 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**  
**Xuan Jing**  
*Executive Director*  
*Chief Executive Officer*

Hong Kong, 26 March 2019

*As at the date of this announcement, the executive Directors are Mr. Cao Wei and Ms. Xuan Jing; the non-executive Directors are Mr. Zhang Yanyou, Mr. Guan Jifa, Mr. Zheng Yi and Mr. Ren Yuhang; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.*

\* *For identification purposes only.*