



京投轨道交通科技控股有限公司

BII Railway Transportation Technology Holdings Company Limited

(Stock Code: 1522.HK)

2022 Interim Results Presentation

A Leading Intelligent Railway Transportation System Service Provider in China

8 September 2022

Disclaimer

This presentation is provided by BII Railway Transportation Technology Holdings Company Limited (the “Company”) and has not been independently verified by any third party. Any statement or guarantee, expressed or implied, and any trust shall not be established on the data or information contained in this presentation. All information in this presentation is subject to the company's announcement information. The Company and its subsidiaries, consultants or representatives are not responsible for any loss caused by the information provided or contained in this presentation. The information provided or contained in this presentation is subject to change without notice, and the accuracy of the data is not guaranteed. This information is highly confidential and is for your reference only and use when drafting research reports related to the Company. It is not allowed to be copied, reproduced or distributed to others in any way.

By participating in this presentation, you promise that you will be fully responsible for your own assessment of the market and the Company's position in the market. You will carry out your own analysis and be responsible for your own views about the potential future development of the Company's business.

This presentation is not intended as an offer to sell, or to solicit and offer to buy or subscribe for any securities in any country or region (including but not limited to the United States and Hong Kong), or a part of this offer or an invitation to an offer, or an invitation to participate in investment activities. No part of this presentation shall form the basis of any contract, commitment or investment decision, and any contract or commitment shall not rely on any part of this presentation.

1

Financial Results

2

Business Review

3

Business Prospects

Contents

01

Financial Results

| Mr. WANG Xinjiang
Vice President



Key Performance Indicators

Revenue



HK\$573,857,000

Up 10.7% yoy


Gross Profit Margin



32.6%

Down 11.9pp

Earnings per Share



HK\$1.55 cents

Down 59.3% yoy

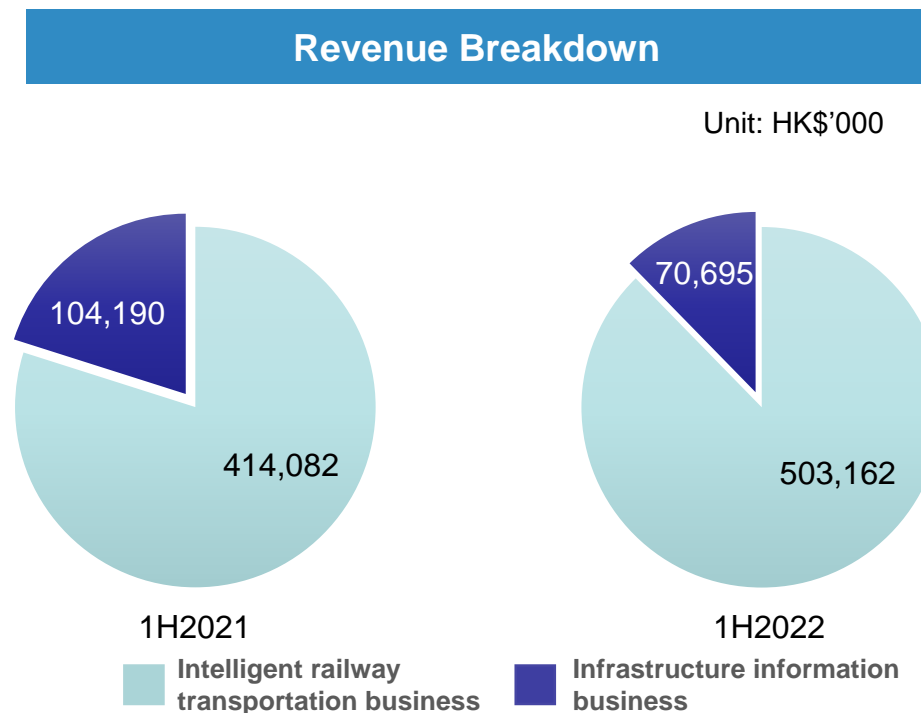
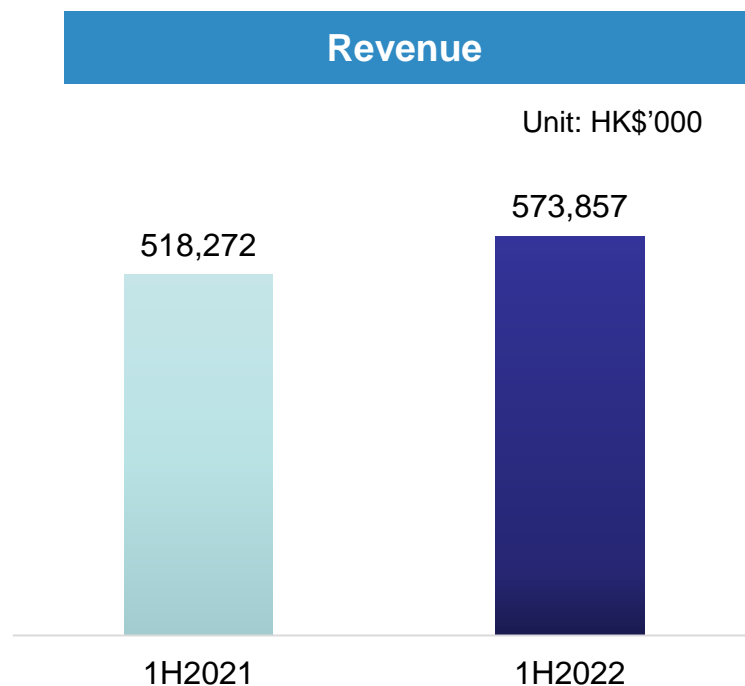
Orders on Hand



HK\$2.0 billion

Down 8.2% yoy

Revenue



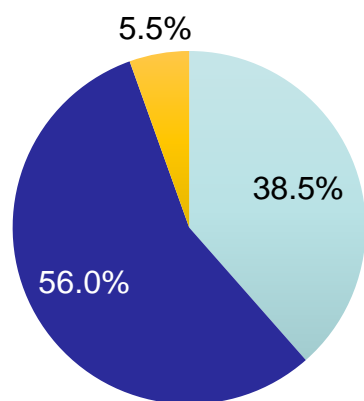
In the first half of 2022, the Group recorded revenue of HK\$573.9 million, representing a yoy increase of 10.7%.

- ✓ **Intelligent railway transportation business** recorded income of HK\$503.2 million, accounting for 87.7% of total revenue and **a yoy increase of 21.5%**, mainly attributable to projects including Shaoxing Metro Line 1, Suzhou Metro Line 6, Shenyang Metro Line 4, and Shenzhen Metro Line 12;
- ✓ **Infrastructure information business** recorded income of HK\$70.7 million, accounting for 12.3% of total revenue and **representing a yoy decrease of 32.1%**. It was mainly due to the recognition of outstanding 4G revenue in the first half of 2021 whereas the income return to normal during the period.

Note: HK\$/RMB average exchange rate for 1H2022 was 0.8310 and 1H2021 was 0.8333

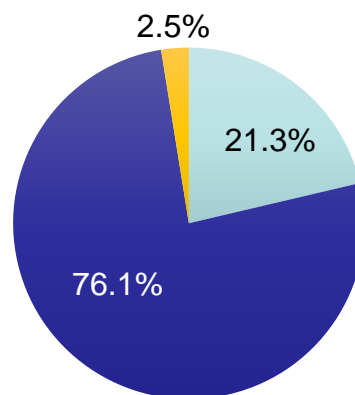
Revenue (by Region)

1H2021



Beijing Ex-Beijing (including HK) Overseas

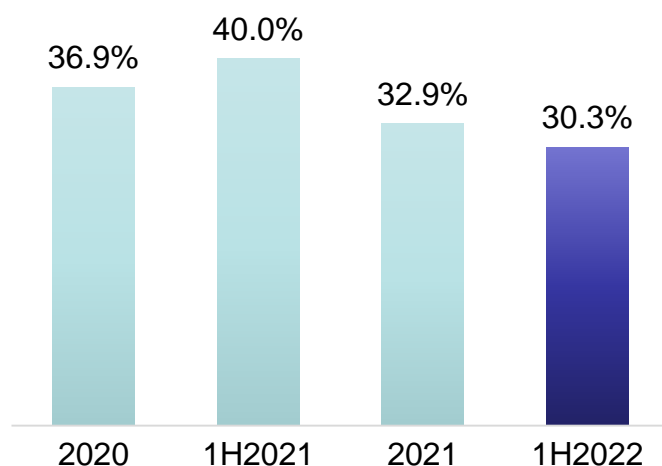
1H2022



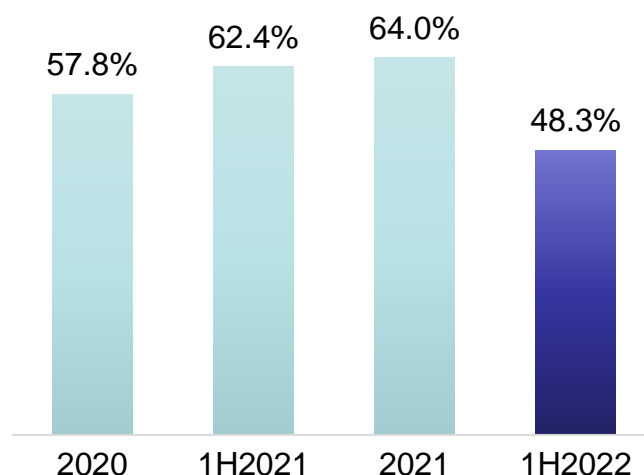
- **Business in Beijing:** income from Beijing was **HK\$122,353,000**, accounting for **21.3%**;
- **Business outside Beijing (including Hong Kong):** income outside Beijing was **HK\$436,988,000**, accounting for **76.1%**; of which, income from Hong Kong was HK\$16,945,000, decreased by 37.7% yoy, which was mainly due to the delayed delivery of projects in Hong Kong caused by the pandemic;
- **Overseas Business:** overseas revenue was **HK\$14,516,000**, accounting for **2.5%**, mainly from projects in India.

Gross Profit Margin

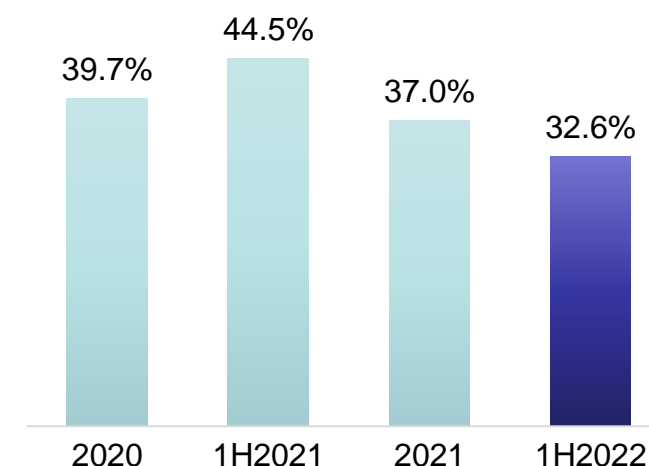
Gross Profit Margin of Intelligent Railway Transportation



Gross Profit Margin of Infrastructure Information



Overall Gross Profit Margin



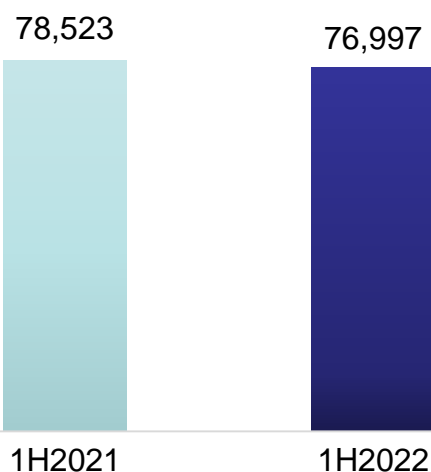
The Group achieved an overall gross profit margin of 32.6%, representing a yoy decrease of 11.9 percentage points or a decrease of 4.4 percentage points from FY2021 :

- ✓ **Intelligent railway transportation** recorded gross profit margin of 30.3%, representing a yoy decrease of 9.7 percentage points or a decrease of 2.6 percentage points from FY2021. The decrease was mainly due to the lower-than-average gross profit margin of Shaoxing Metro Line 1 project. The Shaoxing project is instrumental to the Group as it was the first time the Group become master integrator, enriching its overall project management capability. Excluding the Shaoxing Metro Line 1 project, the Group's gross profit margin of the business remained stable as compared with the same period of last year;
- ✓ **Infrastructure information** recorded gross profit margin of 48.3%, representing a yoy decrease of 14.1 percentage points. It was mainly due to the recognition of outstanding 4G revenue in the first half of 2021 whereas the income return to normal during the period.

R&D and SG&A Expenses

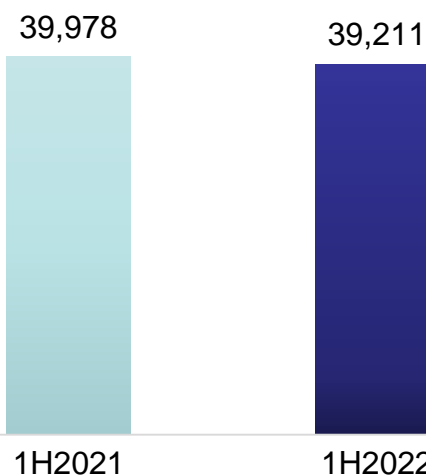
R&D Expenses

Unit: HK\$'000



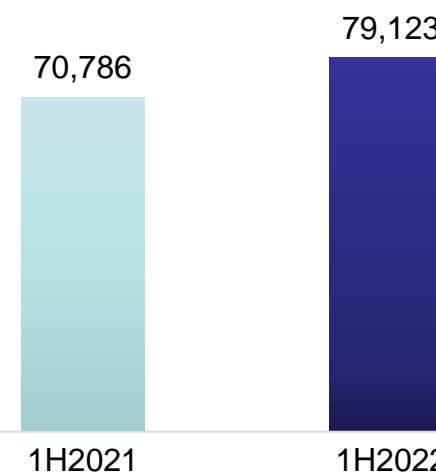
Selling Expenses

Unit: HK\$'000



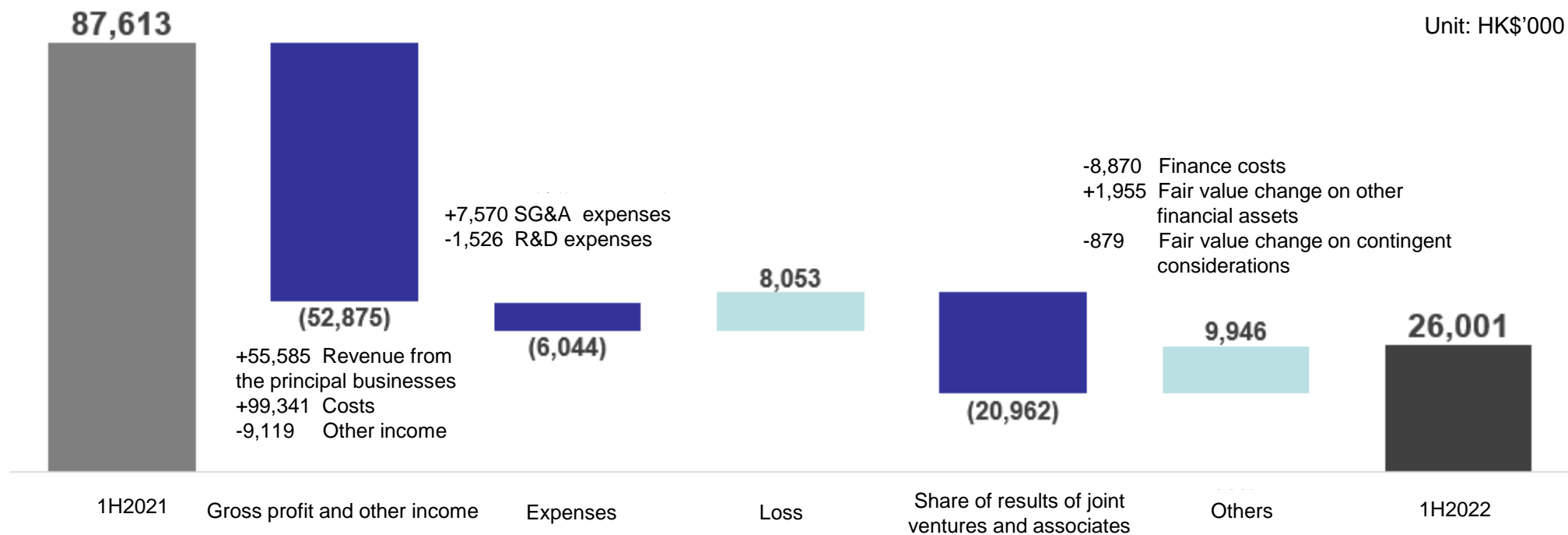
General and Administrative Expenses

Unit: HK\$'000



- **R&D expenses:** HK\$77.0million, representing a decrease of 1.9% yoy;
- **Selling expenses:** HK\$39.2million, representing a decrease of 1.9% yoy;
- **General and Administrative expenses:** HK\$79.1million, representing an increase of 11.8% yoy, which was mainly due to the increase in expenses caused by relocation of the Group's office during the first half of 2022 involving relocation costs and the increase in transitional rental costs;
- Although the three expenses in total increased by 3.2% yoy, the overall expense ratio was 34%, representing a decrease of 2.5 percentage points yoy. The R&D and selling expenses accounted for 13.4% and 6.8% of revenue, respectively, which were lower than the corresponding period last year.

Net Profit before Tax



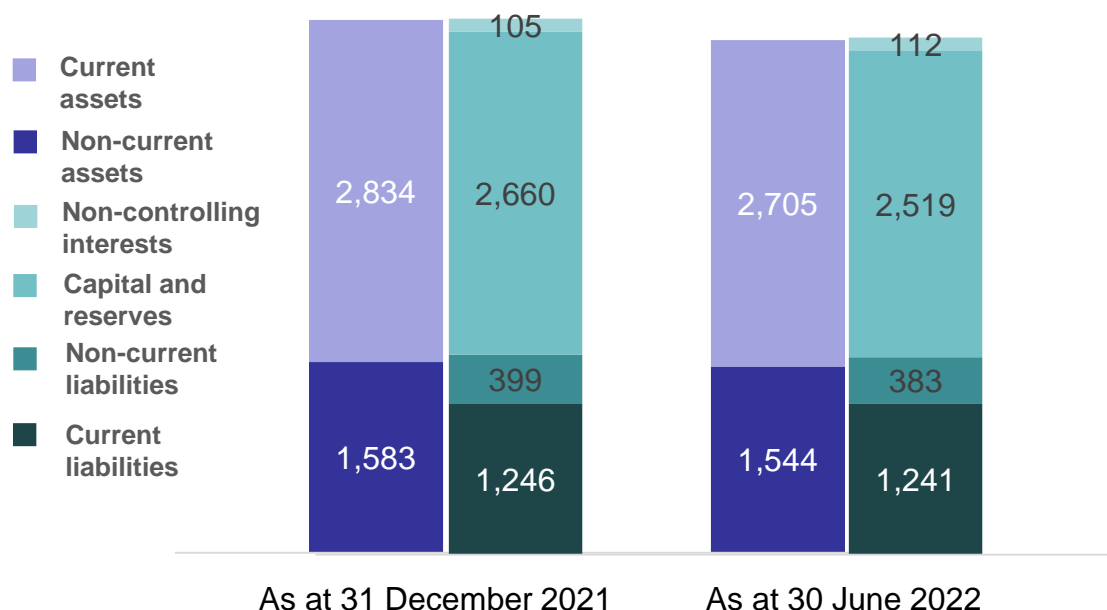
Profit before tax was HK\$26,001,000, representing a decrease of 70.3% yoy. Besides the changes in gross profit and operation expenses, other changes are as follows:

- ✓ **Share of results of joint ventures and associates** was HK\$21.1 million, representing a decrease of 49.5% as compared with the same period last year, resulting from a relatively lower income from Beijing Metro and Cornerstone Chuangying;
- ✓ **Impairment loss reversal of trade and other receivables and contract assets** was HK\$3.1 million, as compared to HK\$4.9 million in the same period last year;
- ✓ **Others** primarily the decrease in the financing cost (decrease in loan principal and interest expenses) and the fair value change on other financial assets.

Assets, Liabilities and Capital Turnover

Changes in assets and liabilities

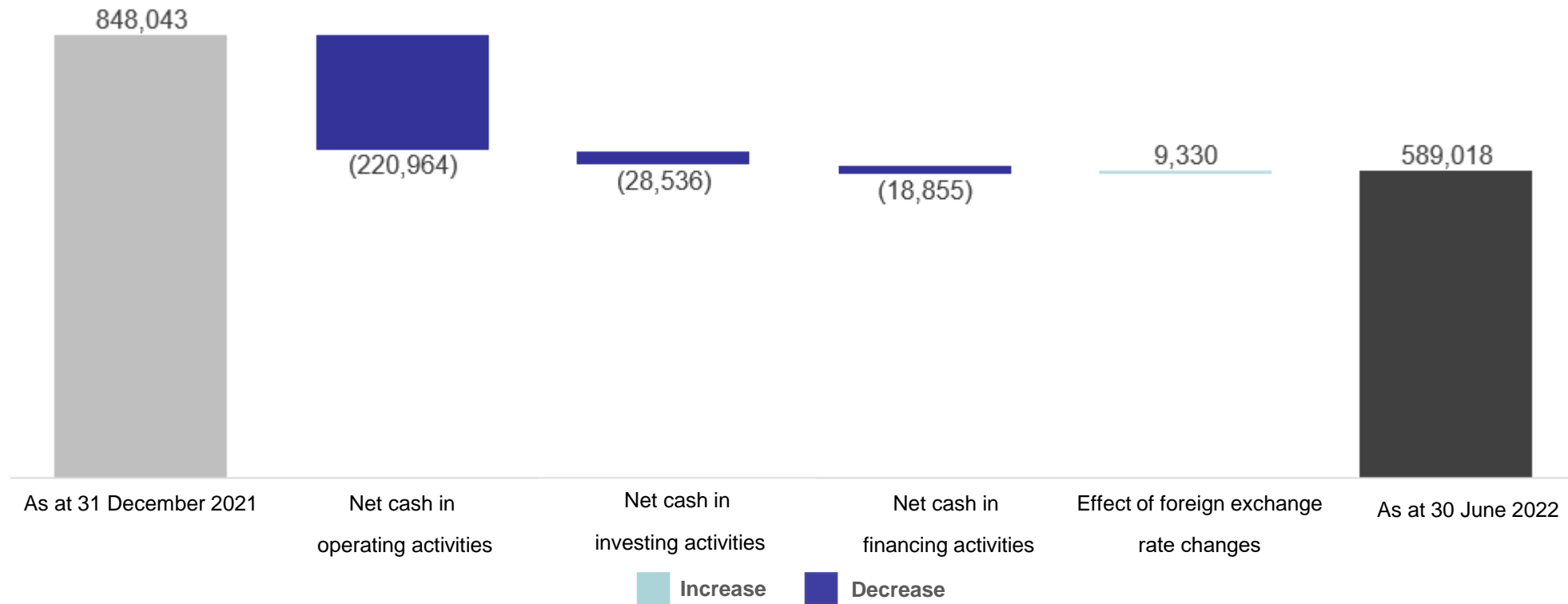
(HK\$ million)	Assets	Liabilities	Total Equity
2021.12.31	4,417	1,645	2,772
2022.6.30	4,249	1,625	2,624



	As at 31 December 2021	As at 30 June 2022
Net assets (HK\$ million)	2,772	2,624
Debt-to-asset ratio	37.2%	38.2%
Quick ratio	1.9	1.7
Account receivable turnover days	272days	451days
Account payable turnover days	275days	416days
Inventory turnover days	144days	228days

Note: Account receivable turnover days, account payable turnover days and inventory turnover days during the period are calculated using the operating income and the corresponding figures.

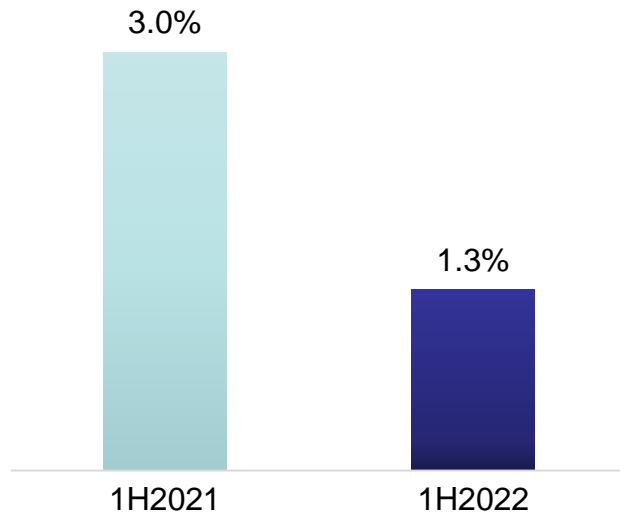
Cash and Cash Flow



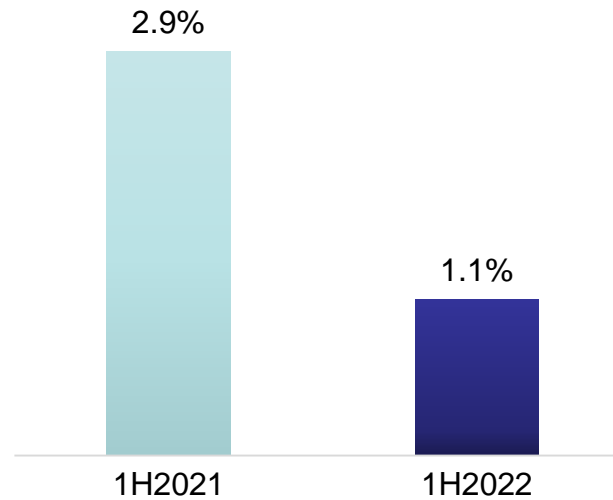
- **Net cash outflow from the Group's operating activities** was HK\$221.0 million, which was mainly due to the delayed delivery of projects and lower repayment rate during the pandemic outbreak. It is expected to improve in the second half of the year.

Key Financial Ratios

ROE

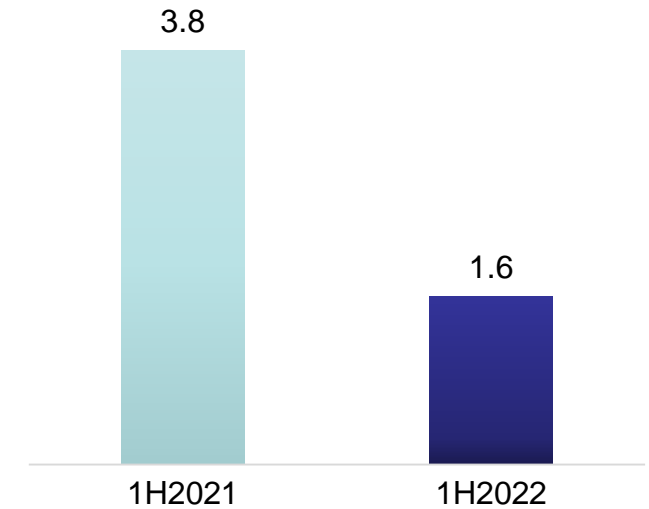


ROIC



EPS

(HK cent)



- Note: ROE= Net profit/Average net assets; ROIC= (Net profit +Financial expenses) / (Net assets +Interest-bearing liabilities); EPS= Profit Attributable to Equity Shareholders of the Company / average outstanding shares

02

Business Review

| Ms. Xuan Jing
Executive Director &
Chief Executive Officer



Opportunities and Challenges

Challenges & Opportunities

Economic downturn

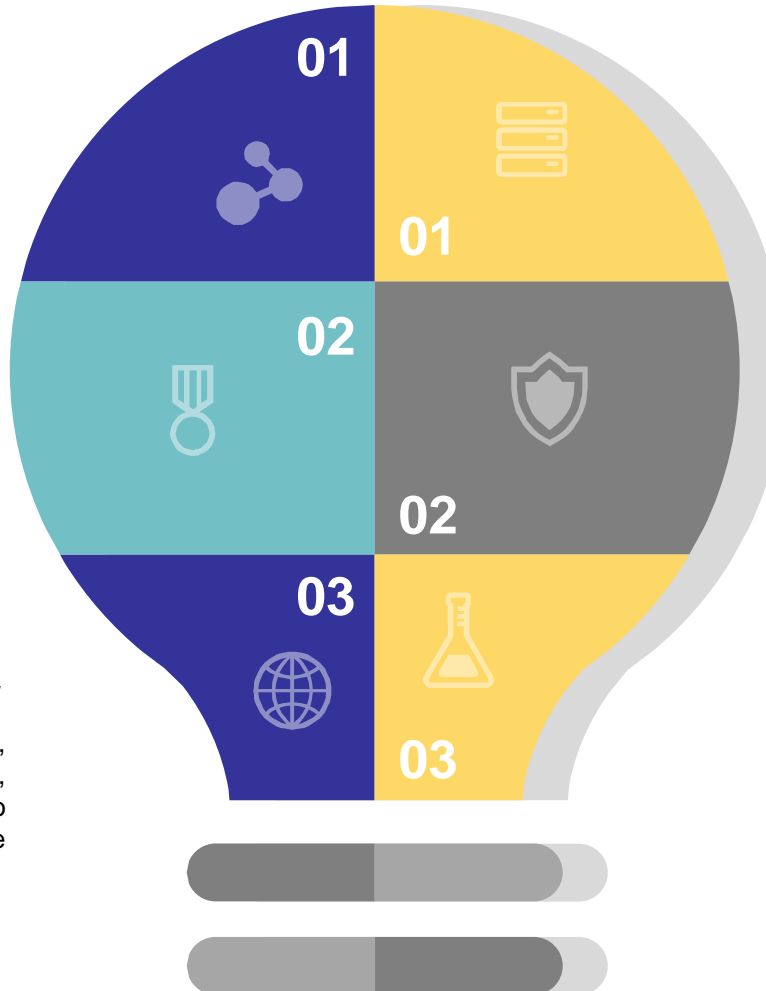
International tension, resurgence of Covid-19 in the PRC, macroeconomic pressure, local governments' tightened budgets led to delays in tendering, project implementation and quality check, hindering market expansion and causing project delivery schedules

Intense competition

High growth of railway transportation construction has slowed down and the industry has evolved into a phase of high-quality focus. The requirements has been significantly increased in terms of informatisation, intelligence, innovation

Pressure on profitability

Under the impact of raw materials price fluctuation, supply chain tension, increase of operating cost, production and operation increases, enterprises have to streamline their cost structure



Favourable and stable policies

A number of transportation policies were launched which accelerate the development of metro in various cities. The PRC has been developing a digital economy, which boosts construction of intelligent infrastructure, bringing new opportunities

Integration of product and technology

Cloud computing, big data, 5G and other cutting-edge technologies are gradually applied in railway transportation sector. The demand for IT and intelligent construction will be gradually increased

Innovation leads the trend

The railway transportation industry has shifted from the rapid construction focus to the balance of construction and operation management. Passengers have higher demand for service and thus intelligent based innovative business model will help to open up the market

Business Highlights of 1H2022

01

Steady Revenue Growth



For 1H2022, revenue was HK\$**573.9 million** (increased by **10.7%** yoy), profit attributable to equity shareholders was HK\$**32.6 million** (decreased by **59.3%** yoy).

02

Industry-leading Position



Market Ranking: PIS segment **amongst the leading players** while there was an **increase of market share** in AFC segment.

03

Orders on Hand



As at 30 June 2022, **orders on hand was HK\$2.03 billion** (a decreased of **8.2%** from end of 2021).

04

Business Footprint



As at 30 June 2022, the Group has covered 27 provinces, municipalities, autonomous regions and special administrative regions, and **51 cities** (newly-added Chuzhou and Wuxi) in Mainland China. The Group covered **78.4%** of the cities with railway, **with 100%** of first-tier cities, **86.6%** of new first-tier cities, and **63%** of second-tier cities. Overseas projects extended to **23 cities** in 14 countries (newly-added Malaysia),

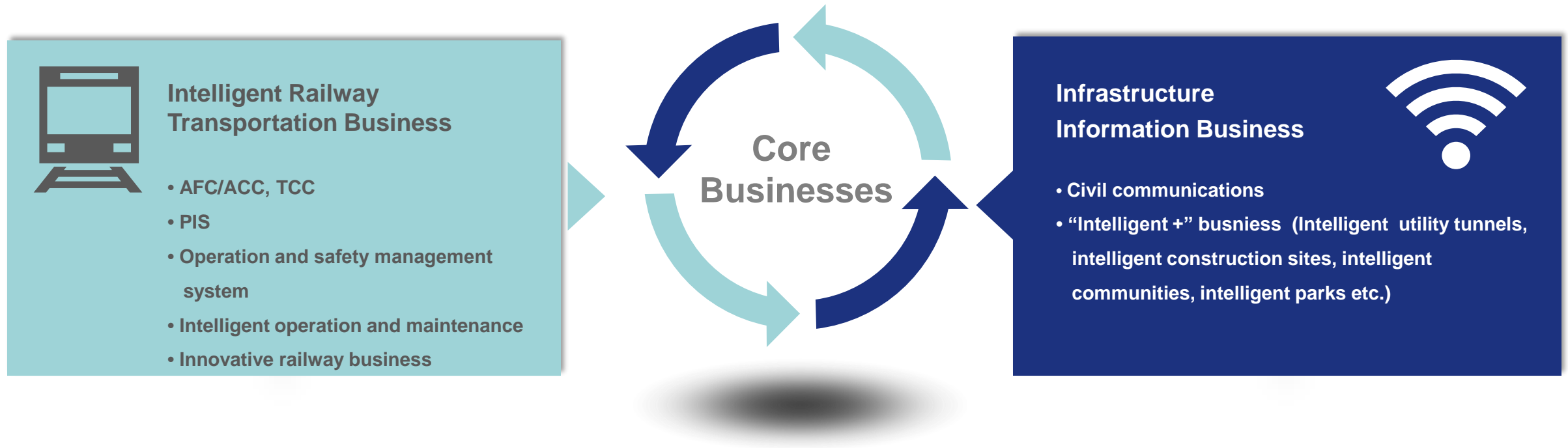
05

R&D Capabilities



As at 30 June 2022, the Company owns **113 patents and 452 software copyrights**, leveraging on cloud computing, big data and intelligent sensor technology to conduct R&D on various intelligent areas including passenger service, operation and maintenance, operation management and control and technical equipment.

Business Scope



Intelligent Railway Transportation Business



Drawing approval #: GS京 (2022) 0079号

Key projects in Beijing

- ✓ **Smart railway operating platform:** National pilot project with uDAP3.0 as its underlying system, showcasing our capability in improving efficiency and reducing cost, which is also an industry benchmark
- ✓ **AFC of Beijing Subway Line 13:** Centralising and standardising key operations of rail stations through operating platform, further solidifying the Company's market position in Beijing
- ✓ **Maintenance and technology upgrade of PIS:** Continuous improvement in the infrastructure and quality of Beijing subway network

Key projects outside of Beijing

- ✓ **PIS system of Suzhou Metro Line 6:** First time to use LCD display in tunnel, improving PIS services
- ✓ **Network and industrial security system of Fuzhou Metro Line 4:** The Company's network security equipment is to be gradually adopted across China
- ✓ **Xuning intercity railway:** First time to participate in the Xuzhou intercity railway network, driving the railway development around the Yangtze River Delta
- ✓ **Wuxi metro line S1:** First time to participate in Wuxi metro system, laying a solid foundation for future intercity railway opportunities

Key projects in overseas markets

- ✓ Continued to expand its overseas presence with initial attempt in the **Malaysia's** railway market
- ✓ **Projects such as broadcasting system in Saudi Arabia and the Lagos Light Rail PIS project in Nigeria :** Solidifying existing market position, while exploring new applications and new markets

Infrastructure Information Business

Civil Communications



As of 30 June 2022, the Group's civil communications business covered 27 metro lines and 237 metro stations in Beijing

Core



In 1H2022, the Group invested in the construction of **civil communications facilities and 4G transmission systems** for **eight** stations in the south extension of Beijing Subway Changping Line, further expanding its asset base in urban railway.



In 1H2022, the Group signed a strategic cooperation agreement on 5G business with the three major telecom operators, in which the usage fee will remain unchanged for the next 5 years, thus laying a solid foundation for the future performance of the Group's civil communication business

Value-added

Introduced the **“three-in-one” IoT card** solution, enabling one SIM card to receive wireless signal from three different operators, which will select the optimal network based on wireless signal strength, package price and other pre-set requirements



In the first half of 2022, the Group actively improved its capability, as well as explored the needs and demand of intelligent underground utility tunnels, building sites, communities and parks

Intelligent + Business



On-time completion of eastern extension of Beijing Subway Line 7



Continuous upgrade of intelligent construction project while employed in Beijing Subway Line 22



Tap into opportunities through its integrated management system in Jingtou Building Park



Beijing's smart hub project, promoting the smart development and upgrade of service platform



Traffic coordination and management system of Beijing Capital Airport, improving major facility efficiency

Servicing 8 million people daily on average

Research and Innovation



In 1H2022, the Group continued to focus on self-developed core technologies as well as their commercialisation, in order to further solidify its competitive advantages

Focused Areas

- **Advanced the R&D of 22 projects**, with notable participation in the national pilot project of intelligent urban railway transportation operating and maintenance system. The Group focused on the “platform” component, establishing a platform based on industrial internet and cloud technologies.

Technologies Application

- **Beijing Subway Line 11 (Winter Olympics branch line) cloud technology application:** The technology integrates PIS system and SIL0 platform, enabling a cross-system analysis between PIS and CCTV etc., making it an industry benchmark;
- **Promote 5G adoption by introducing the “3-in-1” IoT card solution:** Providing reliable and affordable wireless network services across intelligent urban transit and smart cities;
- **Self-developed unified data platform (uDAP) 3.0, and new version of TPU:** Such new technologies and products have been gradually adopted in urban transit projects in Beijing and Zhengzhou, improving local network efficiency, as well as providing better quality to passengers.

Recognition

- The Group’s co-completed integrated utility tunnel project was awarded **the Second Prize in the Beijing Technology Advancement Award**;
- **Listed amongst the “Exemplary Enterprises in Technology Advancement” of SASAC of the State Council.** The Group is expected to benefit from favourable policies in the future to strengthen its edges in innovations.

Investment Layout

In 1H2022, the Group continued to focus on **driving core business growth and explore new business opportunities**, especially in new intelligent applications as well as new high-tech niche markets. To do so, the Group continued to **explore and invest in relevant investment opportunities**, while **regularly reviewing its existing key projects**, in order to improve management and drive **business synergies and asset appreciation**.

Unit: RMB



Metro operation, invested RMB245 million, with 49% shareholdings

- During the Period, affected by the pandemic as well as the shift in aircraft volume to Daxing International airport, there was a drop in passenger volume in Beijing Capital International Airport
- In January, Capital Metro has won the tender for internal operation of Beijing Subway Line 28
- In April, Capital Metro became the operating management company of Shaoxing Metro Line 1, **penetrating markets outside of Beijing for the first time**



Metro repair and maintenance, invested RMB14.7 million, with 34.3% shareholdings

- Focus on existing AFC, mechanical and electrical equipment repair and maintenance business, as well as promote the use of its intelligent repairing platform on AFC maintenance. Also responsible for the AFC maintenance of Beijing Subway **Line 15**



Lianying Fund, invested RMB25 million, with 8.4% shareholdings

- Cornerstone Lianying Fund has entered the exit stage with good progress
- As of 30 June 2022, it is holding equity interest of **14** companies

Huiying Fund, invested RMB25 million, with an equity interest of 5.0%

- Continued to focus on urban railway related assets, with a particular preference on information technologies, new materials, advanced manufacturing, and other high-potential enterprise
- As of 30 June 2022, it is holding equity interest of **17** companies



Mobile payment, invested RMB50 million, with 9.8% shareholdings

- Registered user of Yitongxing APP reached over 31 million, an increase of 2 million yoy. Its ticketing volume represents 52.1% of daily total passengers
- Complemented the ticketing upgrade of Beijing subway, by launching the Beijing subway ticketing mini-program, allowing real-name ticketing of various options, which further expanded its servicing capability



Development of training system, invested RMB30 million, with 7.14% shareholdings

- Introduced the subway training vehicle co-developed with CRRC. The vehicle allows control from both ends, allowing an enhanced efficiency and quality, as well as a lower cost in training

03

Business Prospects

| Ms. Xuan Jing
Executive Director &
Chief Executive Officer



Outlook

Favourable Policies

- “14th Five-Year Plan for the Development of Modern Integrated Transportation System”, proposing to speed up the construction of railway and promote the integration of networks
- “14th Five-Year Plan for the Development of the Digital Economy” to optimise and upgrade the digital infrastructure and continue to promote the development of smart cities

Industry Analysis

- With the “stable investment and growth” policies launched, large construction project such as railway will accelerate
- Key cities such as Beijing, Hefei and Zhengzhou and cities approved to construct metro system will gradually enter the tender progress
- Beijing is accelerating the approval of railway phase three construction, further enhance its metro network

Urban rail transit mileage statistics (km)



Source: China Association of Metros

Risk Analysis

■ Macro environment

- Uncertainties from the pandemic and the increasing international tension triggered economic fluctuation and the change of industry policies;
- √ Closely monitor the changes and continue to adjust strategies.

■ Industry

- Increasing competition that brings potential gross profit margin squeeze;
- √ Actively penetrate in new markets and improve product quality and core competency;
- √ Boarden supplier list to reduce the risk from supply chain disruption, maintaining a relatively high gross profit margin level.

■ Operation

- Long project cycle and extended payment cycle might result in liquidity risk and bad debt;
- √ Improve internal efficiency, strengthen account receivables collection by enhancing project selection and approval progress, and complete projects on time

■ Technological advancement

- R&D takes time. Uncertainties in commercialisation of R&D;
- √ Focus on resources planning, time-to-market planning & budget control, speed up new and strategic technology development

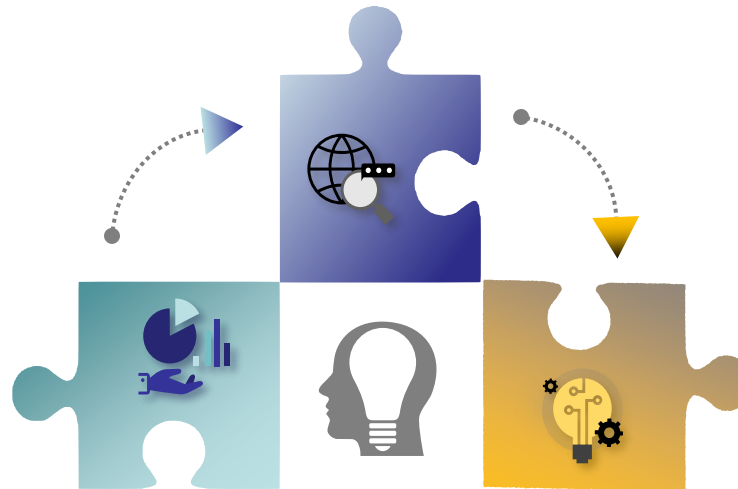
Operational Strategies for 2H2022

Marketing Strategy

- Amid increasing market competition, expand market share in key areas of railway such as **Beijing-Tianjin-Hebei, Yangtze River Delta, Guangdong-Hong Kong-Macao Greater Bay Area and Chengdu-Chongqing Metropolitan Area**
- Further penetrate the **Zhengzhou, Suzhou** and **Xiamen** markets, targeting key projects such as **Beijing Subway Line 22 and 28, Urumqi Line 2**, as well as the **urban sub-centre hub building project**. Through product and technology advancement as well as localisation to meet domestic customers' demand
- Continued to embrace its "partnership strategy" to explore overseas opportunities

Investment and Innovation

- Focus on the key components of railway projects, with the **preference of a controlling interest**. Expand capability, coverage, and efficiency, as well as to establish an industrial ecosystem through investments. Allow each investment to **operate based on their edge with autonomy**, maximising synergies and delivering sustainable values.
- Leverage on its platform resources to promote the development and upgrade of intelligent urban transit, as well as to develop mid-end big data platform and passenger cloud solutions, upgrade AFC 2.0, introduce Beijing railway APP, intelligent safety products and solutions; and develop new systems such as urban rail safety and monitoring platform. Continue to develop intelligent+ business.



Internal Control

- Continue to improve internal control in budgeting, expenses control, and **cost reduction**, while **streamlining corporate structure** to yield management efficiency.
- Continue to fulfill its **social and ESG responsibility** and meet latest **corporate governance** requirement. At the same time, contribute to the greater goods by reducing energy consumption, improving operating efficiency, enhancing passenger experience and safety, so that it can create an excellent railway environment and boost overall **sustainability**.

Q&A

BIUTT



Investor Relation

Olivia Chu

Tel: +852 2805 2588

Email: ir@biitt.cn

Official WeChat Account



Company Website

<http://www.biitt.cn>

The logo for BIITT, featuring the word in a bold, stylized, blocky font with a slight 3D effect.

