

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

中國城市軌道交通科技控股



CHINA CITY RAILWAY TRANSPORTATION TECHNOLOGY

中國城市軌道交通科技控股有限公司

CHINA CITY 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 2015**

The board (“Board”) of directors (“Directors”) of China City Railway Transportation Technology Holdings Company Limited (“Company”) are pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015.

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 2015. Due to the change of the financial year end date from 30 June to 31 December as set out in the Company’s announcement dated 25 February 2014, the comparative figures of the last financial year set out in this announcement cover a period of eighteen months from 1 July 2013 to 31 December 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2015 (Expressed in Hong Kong dollars (“HK\$”))

		Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Revenue	4	320,782	657,241
Cost of sales		<u>(199,330)</u>	<u>(423,872)</u>
Gross profit	4(b)	121,452	233,369
Other revenue		5,617	2,070
Other net loss		(682)	(1,460)
Selling, general and administrative expenses		<u>(94,258)</u>	<u>(133,344)</u>
Profit before taxation	5	32,129	100,635
Income tax	6	<u>(11,649)</u>	<u>(27,872)</u>
Profit for the year/period		<u>20,480</u>	<u>72,763</u>
Attributable to:			
Equity shareholders of the Company		22,945	65,042
Non-controlling interests		<u>(2,465)</u>	<u>7,721</u>
Profit for the year/period		<u>20,480</u>	<u>72,763</u>
Earnings per share			
– Basic (HK\$)	7(a)	<u>0.017</u>	<u>0.060</u>
– Diluted (HK\$)	7(b)	<u>0.017</u>	<u>0.059</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015 (Expressed in HK\$)

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Profit for the year/period	20,480	72,763
Other comprehensive income for the year/period (before and after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	<u>(45,774)</u>	<u>5,182</u>
Total comprehensive income for the year/period	<u>(25,294)</u>	<u>77,945</u>
Attributable to:		
Equity shareholders of the Company	(21,731)	70,077
Non-controlling interests	<u>(3,563)</u>	<u>7,868</u>
Total comprehensive income for the year/period	<u>(25,294)</u>	<u>77,945</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015 (Expressed in HK\$)

		At 31 December 2015 <i>HK\$'000</i>	At 31 December 2014 <i>HK\$'000</i>
Non-current assets			
Property, plant and equipment		100,326	68,108
Intangible assets		140,734	114,597
Goodwill		65,265	69,175
Deferred tax assets		8,887	9,127
		315,212	261,007
Current assets			
Available-for-sale debt investments		17,904	–
Inventories		50,819	33,087
Trade and other receivables	8	535,506	604,447
Cash and cash equivalents		626,837	528,044
		1,231,066	1,165,578
Current liabilities			
Trade and other payables	9	254,975	364,034
Current taxation		44,720	44,766
		299,695	408,800
Net current assets		931,371	756,778
Total assets less current liabilities		1,246,583	1,017,785
Non-current liabilities			
Deferred tax liabilities		25,081	18,199
NET ASSETS		1,221,502	999,586
CAPITAL AND RESERVES	10		
Share capital		14,233	13,060
Reserves		1,196,867	972,561
Total equity attributable to equity shareholders of the Company		1,211,100	985,621
Non-controlling interests		10,402	13,965
TOTAL EQUITY		1,221,502	999,586

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015 (Expressed in HK\$)

	Attributable to equity shareholders of the Company							Non- controlling interests HK\$'000	Total equity HK\$'000
	Share capital HK\$'000 <i>(Note 10(c))</i>	Share premium HK\$'000	Capital reserve HK\$'000	Statutory reserves HK\$'000	Exchange reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000		
Balance at 1 July 2013	9,542	285,606	19,816	16,396	7,490	144,405	483,255	6,097	489,352
Changes in equity for the eighteen months ended 31 December 2014:									
Profit for the period	–	–	–	–	–	65,042	65,042	7,721	72,763
Other comprehensive income	–	–	–	–	5,035	–	5,035	147	5,182
Total comprehensive income	–	–	–	–	5,035	65,042	70,077	7,868	77,945
Issuance of shares	3,327	411,638	–	–	–	–	414,965	–	414,965
Shares issued under share option scheme	191	14,958	(2,625)	–	–	–	12,524	–	12,524
Equity-settled share-based transactions	–	–	4,800	–	–	–	4,800	–	4,800
Appropriation to reserves	–	–	–	3,553	–	(3,553)	–	–	–
	3,518	426,596	2,175	3,553	–	(3,553)	432,289	–	432,289
Balance at 31 December 2014	13,060	712,202	21,991	19,949	12,525	205,894	985,621	13,965	999,586
Balance at 1 January 2015	13,060	712,202	21,991	19,949	12,525	205,894	985,621	13,965	999,586
Changes in equity for the year ended 31 December 2015:									
Profit/(loss) for the year	–	–	–	–	–	22,945	22,945	(2,465)	20,480
Other comprehensive income	–	–	–	–	(44,676)	–	(44,676)	(1,098)	(45,774)
Total comprehensive income	–	–	–	–	(44,676)	22,945	(21,731)	(3,563)	(25,294)
Issuance of shares <i>(Note 10(c)(ii))</i>	1,146	236,173	–	–	–	–	237,319	–	237,319
Shares issued under share option scheme <i>(Note 10(c)(iii))</i>	27	2,444	(478)	–	–	–	1,993	–	1,993
Equity-settled share-based transactions	–	–	7,898	–	–	–	7,898	–	7,898
Appropriation to reserves	–	–	–	3,698	–	(3,698)	–	–	–
Reclassification between reserves	–	–	–	(10,937)	–	10,937	–	–	–
	1,173	238,617	7,420	(7,239)	–	7,239	247,210	–	247,210
Balance at 31 December 2015	14,233	950,819	29,411	12,710	(32,151)	236,078	1,211,100	10,402	1,221,502

NOTES TO THE FINANCIAL INFORMATION

(Expressed in HK\$ unless otherwise indicated)

1 CORPORATE INFORMATION

China City Railway Transportation Technology Holdings Company Limited (the “Company”) was incorporated in the Cayman Islands on 7 January 2011 as an exempted company with limited liability under the Companies Law (2011 Revision), Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on the Growth Enterprise Market (the “GEM”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 16 May 2012. The listing of the Company’s shares was transferred from the GEM to the Main Board of the Stock Exchange on 6 December 2013. The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (collectively referred to as 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, and the lease of civil communication transmission systems to telecommunication companies.

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated financial information for the year ended 31 December 2015 (“Financial Information”) set out in this announcement are extracted from the Group’s audited consolidated financial statements for the year ended 31 December 2015 (“Financial Statements”).

The 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 accounting principles generally accepted in Hong Kong. The Financial Statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32) in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), “Accounts and Audit”, which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The Financial Statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

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 and of the Company. 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 the Financial Statements.

(b) Basis of preparation

Pursuant to a resolution passed by the Board dated 25 February 2014, the Company’s financial year end date has been changed from 30 June to 31 December. Accordingly, the current financial period will cover the financial year from 1 January 2015 to 31 December 2015. The comparative figures (which cover a period of eighteen months from 1 July 2013 to 31 December 2014) for the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and related notes are not comparable with those of the current period.

The measurement basis used in the preparation of the Financial Statements is the historical cost basis except for available-for-sale debt investments which are stated at their fair values.

The Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the annual financial statements for the eighteen months ended 31 December 2014. The Financial Information and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following 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:

- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of the amended IFRSs are discussed below:

Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, *Related party disclosures*, has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

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, and the lease of civil communication transmission systems to telecommunication companies.

Revenue represents contract revenue from the provision of design and implementation of application solution services, contract revenue from the provision of maintenance of application solution services, sales of application solution software, sales of application solution related hardware and spare parts, and rental income from the lease of civil communication transmission systems. The amount of each significant category of revenue recognised during the year/period is as follows:

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Revenue from the provision of design and implementation of application solution services	51,068	291,446
Revenue from the provision of maintenance of application solution services	57,425	99,286
Sales of application solution software	64,969	36,706
Sales of application solution related hardware and spare parts	64,587	214,855
Rental income from the lease of civil communication transmission systems	82,733	14,948
	<u>320,782</u>	<u>657,241</u>

For the year ended 31 December 2015, revenues from transactions with five (eighteen months ended 31 December 2014: three) customers had exceeded 10% of the Group's revenue. Revenue from these customers amounted to HK\$216,341,000 for the year ended 31 December 2015 (eighteen months ended 31 December 2014: HK\$474,649,000).

Further details regarding the Group's principal activities are discussed below.

(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 five reportable segments. No operating segments have been aggregated to form the following reportable segments:

- Design and implementation: this segment provides design and implementation of application solution services.
- Maintenance: this segment provides application solution maintenance services.
- Software: this segment designs and sells application solution software.
- Hardware and spare parts: this segment sells application solution related hardware and spare parts.
- Rental income: this segment leases civil communication transmission systems.

(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 year ended 31 December 2015 and the eighteen months ended 31 December 2014. The Group's other income and expense items, such as 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, interest income and interest expenses is presented.

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 year ended 31 December 2015 and the eighteen months ended 31 December 2014 is set out below.

	Year ended 31 December 2015					
	Design and implementation	Maintenance	Software	Hardware and spare parts	Rental income	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	<u>51,068</u>	<u>57,425</u>	<u>64,969</u>	<u>64,587</u>	<u>82,733</u>	<u>320,782</u>
Reportable segment gross profit	<u>12,745</u>	<u>33,149</u>	<u>18,988</u>	<u>15,083</u>	<u>41,487</u>	<u>121,452</u>
	Eighteen months ended 31 December 2014					
	Design and implementation	Maintenance	Software	Hardware and spare parts	Rental income	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue from external customers and reportable segment revenue	<u>291,446</u>	<u>99,286</u>	<u>36,706</u>	<u>214,855</u>	<u>14,948</u>	<u>657,241</u>
Reportable segment gross profit	<u>101,416</u>	<u>69,451</u>	<u>14,540</u>	<u>43,311</u>	<u>4,651</u>	<u>233,369</u>

(ii) *Geographic information*

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

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Mainland China	<u>276,975</u>	<u>623,624</u>
Hong Kong	<u>43,703</u>	<u>33,408</u>
The People's Republic of China (the "PRC") (place of domicile)	<u>320,678</u>	<u>657,032</u>
Thailand	<u>104</u>	<u>209</u>
	<u>320,782</u>	<u>657,241</u>

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

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Staff costs

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Salaries, wages and other benefits	77,495	97,489
Contributions to defined retirement plans	7,202	8,927
Equity-settled share-based payment expenses	7,898	4,800
	<u>92,595</u>	<u>111,216</u>

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 subsidiary 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 (HK\$25,000 prior to June 2014). Contributions to the MPF Scheme vest immediately.

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

(b) Other items

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Cost of inventories	80,906	271,297
Auditor's remuneration		
– statutory audit services	2,849	3,534
– other services	861	1,426
Depreciation and amortisation	29,836	18,894
Operating lease charges in respect of office premises	9,397	13,121
	<u>92,595</u>	<u>111,216</u>

6 INCOME TAX

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

	Year ended 31 December 2015 <i>HK\$'000</i>	Eighteen months ended 31 December 2014 <i>HK\$'000</i>
Current taxation:		
– Hong Kong Profits Tax	826	950
– PRC Corporate Income Tax	11,467	33,690
– PRC Withholding Tax	2,755	–
	<u>15,048</u>	<u>34,640</u>
Deferred taxation:		
– Origination and reversal of temporary differences	(2,733)	(6,768)
– Effect on deferred tax balances at 1 January resulting from a change in tax rate	(666)	–
	<u>(3,399)</u>	<u>(6,768)</u>
	<u>11,649</u>	<u>27,872</u>

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

	Year ended 31 December 2015 <i>HK\$'000</i>	Eighteen months ended 31 December 2014 <i>HK\$'000</i>
Profit before taxation	<u>32,129</u>	<u>100,635</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (Notes (i), (ii) and (iii))	10,329	27,180
Tax effect of non-deductible expenses	4,474	6,245
Tax effect of non-taxable income	(77)	(391)
Tax concessions (Notes (iv) and (v))	(5,166)	(4,794)
Tax effect of PRC Withholding Tax (Note (vi))	2,755	–
Effect on deferred tax balances at 1 January resulting from a change in tax rate	(666)	–
Tax effect of recognition of prior periods' unused tax losses previously not recognised	–	(368)
Income tax	<u>11,649</u>	<u>27,872</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 2015 (eighteen months ended 31 December 2014: 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 2015 (eighteen months ended 31 December 2014: 25%).
- (iv) Two of the 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, and therefore enjoyed a preferential PRC Corporate Income Tax rate of 15% for the year ended 31 December 2015.
- (v) Another subsidiary of the Group established in the PRC is in the process of applying to be taxed as an enterprise with advanced and new technologies for the calendar years from 2015 to 2017, i.e. preferential PRC Corporate Income Tax rate of 15%. The Directors consider this subsidiary has satisfied the conditions of being an enterprise with advanced and new technologies, and accordingly, the Directors are of the opinion that the preferential PRC Corporate Income Tax rate shall be applied for this subsidiary.
- (vi) In order to better carry out future business, the Group transferred 90% equity interests in a PRC subsidiary to another subsidiary within the Group. The difference between the original investment and the carrying value at the time of the transfer is subject to PRC Withholding Tax rate of 10%.

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 2015 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$22,945,000 (eighteen months ended 31 December 2014: HK\$65,042,000) and the weighted average of 1,373,331,000 ordinary shares (eighteen months ended 31 December 2014: 1,084,725,000 ordinary shares) in issue during the year, calculated as follows:

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Issued ordinary shares at 1 January 2015/1 July 2013	1,305,976	954,192
Effect of issuance of shares (<i>Note 10(c)(ii)</i>)	65,944	127,402
Effect of shares issued under share option scheme (<i>Note 10(c)(iii)</i>)	1,411	3,131
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December	1,373,331	1,084,725
	<hr/>	<hr/>

(b) Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 December 2015 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$22,945,000 (eighteen months ended 31 December 2014: HK\$65,042,000) and the weighted average number of ordinary shares (diluted) of 1,393,182,000 (eighteen months ended 31 December 2014: 1,108,209,000 ordinary shares (diluted)), calculated as follows:

	Year ended 31 December 2015 HK\$'000	Eighteen months ended 31 December 2014 HK\$'000
Weighted average number of ordinary shares at 31 December	1,373,331	1,084,725
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	19,851	23,484
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December	1,393,182	1,108,209
	<hr/>	<hr/>

8 TRADE AND OTHER RECEIVABLES

		At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000
	<i>Note</i>		
Trade receivables due from:	<i>8(a), (b), (d)</i>		
– third parties		269,977	223,475
– the ultimate holding company of the Company		28	–
– an affiliate of an equity shareholder of the Company		63,993	60,719
– an equity holder of the non-controlling equity holder of a subsidiary of the Group		32,883	20,052
		<u>366,881</u>	<u>304,246</u>
Gross amount due from customers for contract work:	<i>8(c)</i>		
– third parties		106,782	190,766
– an affiliate of an equity shareholder of the Company		21,402	75,861
– an equity holder of the non-controlling equity holder of a subsidiary of the Group		3,169	3,365
		<u>131,353</u>	<u>269,992</u>
Amounts due from related parties:	<i>8(e)</i>		
– equity shareholders of the Company and their affiliates		688	174
– the ultimate holding company of the Company		8,911	6,402
		<u>9,599</u>	<u>6,576</u>
Prepayments, deposits and other receivables		<u>27,673</u>	<u>23,633</u>
		<u>535,506</u>	<u>604,447</u>

Except for HK\$Nil (31 December 2014: HK\$14,325,000), 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, based on the invoice date, is as follows:

	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000
Within 1 month	169,682	214,048
More than 1 month but less than 3 months	26,076	10,084
More than 3 months but less than 6 months	12,594	6,482
More than 6 months	158,529	73,632
	<hr/> 366,881 <hr/>	<hr/> 304,246 <hr/>

(b) **Trade receivables that are not impaired**

The ageing analysis of trade receivables that are neither individually nor collectively considered to be impaired is as follows:

	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000
Current	16,564	18,044
Less than 1 month past due	168,740	198,579
1 to 3 months past due	26,076	10,084
3 to 6 months past due	12,594	6,482
More than 6 months past due	142,907	71,057
	<hr/> 366,881 <hr/>	<hr/> 304,246 <hr/>

Given the nature of the Group's business, except for progress billings and retention receivables under credit terms granted, all receivables are considered past due once billings have been made by the Group and the customers have not settled the billings within the credit terms granted, where applicable.

Receivables that were past due but not impaired relate to customers that have a good credit record. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

(c) **Project contracts in progress**

At 31 December 2015, the aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work, is HK\$382,089,000 (31 December 2014: HK\$472,473,000).

(d) Retention receivables

At 31 December 2015, included in trade receivables are retention receivables in respect of project contracts of HK\$16,292,000 (31 December 2014: HK\$16,900,000).

(e) Amounts due from related parties

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

9 TRADE AND OTHER PAYABLES

	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000
	<i>Note</i>	
Trade payables due to third parties	185,683	288,792
Bills payables	3,467	10,428
	189,150	299,220
Amounts due to related parties:		
– an affiliate of an equity shareholder of the Company	–	10,970
– the ultimate holding company of the Company	–	4,969
	–	15,939
Other taxes payables	12,614	21,187
Accrued expenses and other payables	12,364	10,932
	24,978	32,119
Financial liabilities measured at amortised cost	214,128	347,278
Receipts in advance from third parties	40,847	16,756
	254,975	364,034

At 31 December 2015, all of the trade and other payables are expected to be settled or recognised as revenue within one year or are repayable on demand.

(a) **Ageing analysis**

Included in trade and other payables are trade payables with the following ageing analysis, based on the maturity date, as of the end of the reporting period:

	At 31 December 2015 HK\$'000	At 31 December 2014 HK\$'000
Due within 1 month or on demand	185,683	288,792
Due after 1 month but within 6 months	3,467	10,428
	189,150	299,220

10 CAPITAL, RESERVES AND DIVIDENDS

(a) **Movements in components of equity**

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year/period are set out below:

	Share capital HK\$'000 (Note 10(c))	Share premium HK\$'000	Capital reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 July 2013	9,542	285,606	43,207	(27,649)	310,706
Changes in equity for the eighteen months ended 31 December 2014:					
Total comprehensive income	–	–	–	(21,587)	(21,587)
Issuance of shares	3,327	411,638	–	–	414,965
Shares issued under share option scheme	191	14,958	(2,625)	–	12,524
Equity-settled share-based transactions	–	–	4,800	–	4,800
	<u>3,518</u>	<u>426,596</u>	<u>2,175</u>	<u>(21,587)</u>	<u>410,702</u>
At 31 December 2014	13,060	712,202	45,382	(49,236)	721,408
At 1 January 2015	13,060	712,202	45,382	(49,236)	721,408
Changes in equity for the year ended 31 December 2015:					
Total comprehensive income	–	–	–	(12,290)	(12,290)
Issuance of shares (Note 10(c) (ii))	1,146	236,173	–	–	237,319
Shares issued under share option scheme (Note 10(c) (iii))	27	2,444	(478)	–	1,993
Equity-settled share-based transactions	–	–	7,898	–	7,898
	<u>1,173</u>	<u>238,617</u>	<u>7,420</u>	<u>(12,290)</u>	<u>234,920</u>
At 31 December 2015	14,233	950,819	52,802	(61,526)	956,328

(b) Dividends

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

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (eighteen months ended 31 December 2014: HK\$Nil).

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

The Directors did not recommend a final dividend for the eighteen months ended 31 December 2014 and year ended 30 June 2013.

(c) Share capital

(i) Authorised and issued share capital

	At 31 December 2015		At 31 December 2014	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Authorised:				
Ordinary shares of HK\$0.01 each	<u>2,000,000,000</u>	<u>20,000</u>	<u>2,000,000,000</u>	<u>20,000</u>
Issued and fully paid:				
At 1 January 2015/1 July 2013	1,305,975,669	13,060	954,192,094	9,542
Issuance of shares (Note 10(c)(ii))	114,617,534	1,146	332,691,575	3,327
Shares issued under share option scheme (Note 10(c)(iii))	<u>2,728,000</u>	<u>27</u>	<u>19,092,000</u>	<u>191</u>
At 31 December	<u>1,423,321,203</u>	<u>14,233</u>	<u>1,305,975,669</u>	<u>13,060</u>

(ii) Issuance of shares

On 5 June 2015, the Company issued 114,617,534 new ordinary shares to a third party at a price of HK\$2.081 each. The proceeds of HK\$1,146,000 received by the Company, representing the par value, were credited to the Company's share capital. The remaining proceeds received by the Company, net of transaction costs, of HK\$236,173,000 were credited to the Company's share premium account.

(iii) Shares issued under share option scheme

During the year ended 31 December 2015, share options were exercised to subscribe for 2,728,000 ordinary shares in the Company at a consideration of HK\$1,993,088, of which HK\$27,000 was credited to share capital and the remaining balance of HK\$1,966,088 was credited to the share premium account. HK\$478,000 has been transferred from the capital reserve to the share premium account in accordance with accounting policy.

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

Exercise period	Exercise price	At 31 December
		2015
		Number
		'000
26 July 2013 to 25 July 2017	HK\$0.656	1,063
26 July 2014 to 25 July 2017	HK\$0.656	3,257
26 July 2015 to 25 July 2017	HK\$0.656	8,160
31 December 2014 to 30 December 2018	HK\$1.080	3,520
31 December 2015 to 30 December 2018	HK\$1.080	10,000
31 December 2016 to 30 December 2018	HK\$1.080	6,000
5 December 2015 to 4 December 2019	HK\$2.690	3,960
5 December 2016 to 4 December 2019	HK\$2.690	9,900
5 December 2017 to 4 December 2019	HK\$2.690	5,940
		<u>51,800</u>

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

11 ACQUISITION OF BUSINESS

On 31 August 2015, the Group acquired the civil communication transmission systems and the respective income rights of three subway lines from the ultimate holding company of the Company, Beijing Infrastructure Investment Co., Ltd. ("BII"), at a consideration of RMB76,500,000 (equivalent to approximately HK\$92,793,000).

The Directors consider the acquisition represents the continuous expansion of the Group's business operation in the provision of civil communication services to the Beijing Subway. The acquisition is expected to enable the Group to further expand its business scope with an objective to broaden its income source and enhance its financial performance.

The identifiable assets acquired and liabilities assumed in the above acquisition were as follows:

	Pre-acquisition	Fair value	Recognised
	carrying	adjustments	values on the
	amounts		acquisition
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Property, plant and equipment	49,320	–	49,320
Intangible assets	–	48,124	48,124
Other receivables	6,517	–	6,517
Deferred tax liabilities	–	(11,168)	(11,168)
	<u>55,837</u>	<u>36,956</u>	<u>92,793</u>
Net fair value of the identifiable assets acquired and liabilities assumed in the acquisition			<u>92,793</u>
Consideration settled in cash			<u>92,793</u>

Pre-acquisition carrying amounts of the acquirees' assets and liabilities were determined based on applicable IFRSs immediately before the acquisition. The values of assets and liabilities recognised on acquisition are their estimated fair values. In determining the fair values of property, plant and equipment and intangible assets, the Directors have referenced the fair value adjustment to valuation report issued by an independent valuer. The valuation methods adopted for property, plant and equipment and intangible assets were the depreciated replacement cost method and the multi-period excess earnings method, respectively.

From the date of the acquisition to 31 December 2015, the above acquisition contributes turnover of HK\$9,826,000 and net profit of HK\$3,268,000 to the Group for the year ended 31 December 2015. If the acquisition had occurred on 1 January 2015, management estimates that consolidated turnover and consolidated net profit for the year ended 31 December 2015 would have been HK\$340,432,000 and HK\$27,013,000, respectively.

OPERATION REVIEW

For the twelve months ended 31 December 2015, our business operation focused on five business segments namely, 1) design and implementation of application solution service; 2) maintenance of application solution service; 3) sales of application solution software; 4) sales of application solution related hardware and spare parts; and 5) civil communication transmission system leasing service. Discussion on each of the five business segments is set out below:

Design and implementation of application solution service

Design and implementation of application solution service mainly represents, among others, the design, testing, installation, debugging, integration, upgrading and replacement of railway transportation application solution and associated systems.

For the twelve months ended 31 December 2015, the Group's revenue arising from the design and implementation of application solution was mainly generated from the projects that had commenced in previous financial years (mainly the MTR LR ticket issuing machines replacement project) while the percentage of revenue generated from new projects was relatively small. The fewer new projects were mainly attributable to the fact that projects available for tender process for the twelve months ended 31 December 2015 were fewer as compared with that of the previous years due to the recent general slowdown of urban railway construction in Beijing. Although the performance of this segment for the twelve months ended 31 December 2015 was unsatisfactory, it is expected that the performance of this segment will be improved with the support of development plans in relation to inter-city railway and urban railway transport, including "Collaborative Development Plan Outline for Beijing-Tianjin-Hebei (《京津冀協調發展規劃綱要》)", the "Second Phase of the Construction Plan of the Urban Railway Transport Project in Beijing (2015–2021)" (《北京市城市軌道交通第二期建設規劃(2015–2021年)》) and the draft of "13th Five-Year Plan" (《十三五規劃綱要草案》).

Maintenance of application solution service

Maintenance of application solution service mainly represents, among others, repair and maintenance of application solution systems developed by the Group as well as other software developers.

For the year ended 31 December 2015, our Group continued to provide the Octopus system maintenance service to Kowloon Motor Bus Company (1933) Limited, Citybus Limited, New World First Bus Services Limited and New World First Ferry Services Limited in Hong Kong. While in Beijing, the Group continued to provide ACC system, TCC system and assessment center maintenance services to Beijing Subway. Most of the existing maintenance service contracts that the Group entered into with its customers do not expire until the end of 2016 and will bring stable income to the Group during the contract period.

Sales of application solution software

Sales of application solution software mainly represent, among others, the sales of self-developed railway transportation application solution software products.

For the twelve months ended 31 December 2015, the Group's revenue arising from the sales of application solution software was mainly generated from the sales of self-developed ticketing software. The Group will continue to develop more high value-added software products, striving to increase market share.

Sales of application solution related hardware and spare parts

Sales of application solution related hardware and spare parts mainly represent, among others, the sales of railway transportation application solution systems related hardware and spare parts.

For the twelve months ended 31 December 2015, the Group's revenue arising from the sales of application solution related hardware and spare parts was mainly generated from the projects that had commenced in previous financial years (mainly the safety door procurement project of Beijing Subway Line 14 and the PIS addition project of Line 10) while the percentage of revenue generated from new projects was relatively small. The fewer new projects were mainly attributable to the fact that projects available for tender process for the twelve months ended 31 December 2015 were fewer as compared with that of the previous years due to the recent general slowdown of urban railway construction in Beijing. Although the performance of this segment for the twelve months ended 31 December 2015 was unsatisfactory, it is expected that the performance of this segment will be improved with the support of development plans in relation to inter-city railway and urban railway transport, including "Collaborative Development Plan Outline for Beijing-Tianjin-Hebei (《京津冀協調發展規劃綱要》)", the "Second Phase of the Construction Plan of the Urban Railway Transport Project in Beijing (2015-2021)" (《北京市城市軌道交通第二期建設規劃(2015-2021年)》) and the draft of "13th Five-Year Plan" (《十三五規劃綱要草案》).

Civil communication transmission system leasing service

Civil communication transmission system leasing service mainly represents, among others, the leasing of communication transmission system to mobile operators.

For the twelve months ended 31 December 2015, the Group's revenue arising from the civil communication transmission system leasing service was mainly generated from providing 2G, 3G and partly 4G civil communication transmission system leasing service to 134 stations of 11 subway lines of Beijing Subway. Since the acquisition of the related systems of the 49 stations of 3 subway lines of the civil communication transmission system of the said 134 stations of 11 subway lines was completed on 11 August 2015, only over four months' revenue were accounted for during the twelve months ended 31 December 2015. In addition, for the twelve months ended 31 December 2015, the 4G service was not in full operation yet. The revenue from civil communication transmission system leasing service is expected to increase in the future and will contribute a continuous leasing income from leasing to the Group.

FINANCIAL REVIEW

Revenue

The Group recorded a decrease in revenue for the year ended 31 December 2015 of HK\$336.4 million, or 51.2%, to HK\$320.8 million (eighteen months ended 31 December 2014: HK\$657.2 million). The decrease was mainly attributable to the difference in the duration of accounting periods between the current (twelve months ended 31 December 2015) and the last (eighteen months ended 31 December 2014) financial years due to the change of financial year end date from 30 June to 31 December during the last financial year as set out in the Company's announcement dated 25 February 2014. For the last financial year, the accounting period was extended to eighteen months, while the accounting period for the current financial year was twelve months.

Discussion on each of the business segments is set out below:

Design and implementation of application solution service

The Group's revenue arising from design and implementation of application solution service segment decreased by approximately 82.5% from approximately HK\$291.4 million for the eighteen months ended 31 December 2014 to approximately HK\$51.1 million for the year ended 31 December 2015. Such decrease was largely attributable to i) the accounting period was extended to eighteen months for the last financial year (eighteen months ended 31 December 2014), while the accounting period for the current financial year (year ended 31 December 2015) was twelve months, therefore, the revenue accounted for the current financial year was six months fewer than that of the last financial year; and ii) the tender process for certain major design and implementation of application solution service projects was postponed due to the general slowdown of urban railway construction in Beijing during the twelve months ended 31 December 2015.

Maintenance of application solution service

The Group's revenue arising from maintenance of application solution service segment decreased by approximately 42.2% from approximately HK\$99.3 million for the eighteen months ended 31 December 2014 to approximately HK\$57.4 million for the year ended 31 December 2015. Such decrease was primarily attributable to i) the accounting period was extended to eighteen months for the last financial year (eighteen months ended 31 December 2014), while the accounting period for the current financial year (twelve months ended 31 December 2015) was twelve months, therefore, the revenue accounted for the current financial year was six months fewer than that of the last financial year; and ii) certain non-recurring maintenance contracts had already been completed during the eighteen months ended 31 December 2014.

Sales of application solution software

The Group's revenue arising from the sales of application solution software segment increased by approximately 77.1% from approximately HK\$36.7 million for the eighteen months ended 31 December 2014 to approximately HK\$65.0 million for the year ended 31 December 2015. Such increase was primarily arising from the sale of the self-developed ticketing software and the automatic fare clearing system software during the twelve months ended 31 December 2015.

Sales of application solution related hardware and spare parts

The Group's revenue arising from the sales of application solution related hardware and spare parts segment decreased by approximately 69.9% from approximately HK\$214.9 million for the eighteen months ended 31 December 2014 to approximately HK\$64.6 million for the year ended 31 December 2015. Such decrease was mostly attributable to i) the accounting period was extended to eighteen months for the last financial year (eighteen months ended 31 December 2014), while the accounting period for the current financial year (twelve months ended 31 December 2015) was twelve months, therefore, the revenue accounted for the current financial year was six months fewer than that of the last financial year; and ii) the general slowdown of urban railway construction in Beijing during the twelve months ended 31 December 2015 adversely affected the sales in related hardware and spare parts.

Civil communication transmission system leasing service

The Group's revenue arising from civil communication transmission system leasing service segment increased by approximately 455.0% from approximately HK\$14.9 million for the eighteen months ended 31 December 2014 to approximately HK\$82.7 million for the year ended 31 December 2015. Such increase was mostly attributable to i) the Group only commenced this business since September 2014 following the acquisition of the civil communication assets as disclosed in the announcement of the Company dated 8 July 2014 and 29 September 2014 and the circular of the Company dated 8 August 2014, therefore only four months' revenue were accounted for during the eighteen months ended 31 December 2014 in contrary to twelve months' revenue during the twelve months ended 31 December 2015; and ii) the Group had acquired additional civil communication assets during the twelve months ended 31 December 2015 as disclosed in the announcement of the Company dated 29 June 2015 and 11 August 2015, and the circular of the Company dated 27 July 2015, thus generated more revenue as compared to the eighteen months ended 31 December 2014.

COST OF SALES

The Group's cost of sales decreased by approximately 53.0% from approximately HK\$423.9 million for the eighteen months ended 31 December 2014 to approximately HK\$199.3 million for the year ended 31 December 2015. The reduction in cost of sales was primarily attributable to i) the accounting period was extended to eighteen months for the last financial year (eighteen months ended 31 December 2014), while the accounting period for the current financial year (twelve months ended 31 December 2015) was twelve months, therefore, the cost of sales accounted for the current financial year was six months fewer than that of the last financial year; and ii) for the twelve months ended 31 December 2015, the Group's revenue was mainly generated from the provision of maintenance service, sale of application solution software and leasing of civil communication transmission system, of which the main cost was direct labour. While for the eighteen months ended 31 December 2014, the Group's revenue was mainly generated from the provision of hardware oriented projects like platform screen doors installation projects of which the main cost was hardware procurement. As such, the cost of sales for the twelve months ended 31 December 2015 was fundamentally lower as compared to the eighteen months ended 31 December 2014, regardless of the contract values.

GROSS PROFIT

The Group's gross profit decreased by approximately 47.9% from approximately HK\$233.3 million for the eighteen months ended 31 December 2014 to approximately HK\$121.5 million for the year ended 31 December 2015. The decline in gross profit was largely attributable to i) the accounting period was extended to eighteen months for the last financial year (eighteen months ended 31 December 2014), while the accounting period for the current financial year (twelve months ended 31 December 2015) was twelve months, therefore, the gross profit accounted for the current financial year was six months fewer than that of the last financial year; and ii) the drop in revenue as a result of the slowdown in urban railway construction in Beijing during the twelve months ended 31 December 2015.

SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The Group's selling, general and administrative expenses decreased by approximately 29.3% from approximately HK\$133.3 million for the eighteen months ended 31 December 2014 to approximately HK\$94.3 million for the year ended 31 December 2015. The reduction in selling, general and administrative expenses was mainly attributable to the difference in the duration of reporting periods between last financial year (eighteen months ended 31 December 2014) and the current financial year (twelve months ended 31 December 2015). For the last financial year, the selling, general and administrative expenses represented eighteen months' expenses, while for the current financial year, the selling, general and administrative expenses represented twelve months' expenses only.

PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The Group's profit attributable to equity shareholders of the Company decreased by approximately 64.8% from approximately HK\$65.0 million for the eighteen months ended 31 December 2014 to approximately HK\$22.9 million for the year ended 31 December 2015. Such decrease was mainly attributable to i) the accounting period was extended to eighteen months for the last financial year (eighteen months ended 31 December 2014), while the accounting period for the current financial year (twelve months ended 31 December 2015) was twelve months, therefore the profit attributable to equity shareholders of the Company accounted for the current financial year was six months fewer than that of the last financial year; and ii) the general drop in revenue due to the slowdown in urban railway construction in Beijing during the twelve months ended 31 December 2015.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Capital structure

As at 31 December 2015, the Company's total number of issued shares was 1,423,321,203 ordinary shares of HK\$0.01 each (31 December 2014: 1,305,975,669 ordinary shares of HK\$0.01 each).

Cash position

As at 31 December 2015, the Group's cash and bank balances were approximately HK\$626.8 million (31 December 2014: approximately HK\$528.0 million).

Bank borrowings and charges on the Group's assets

As at 31 December 2015, the Group has no bank borrowings and charges on assets.

Working capital and gearing ratio

As at 31 December 2015, the Group had current assets of approximately HK\$1,231.1 million (31 December 2014: approximately HK\$1,165.6 million), while its current liabilities was approximately HK\$299.7 million (31 December 2014: approximately HK\$408.8 million), resulting in net current assets of approximately HK\$931.4 million (31 December 2014: approximately HK\$756.8 million). Current ratio as at 31 December 2014, calculated based on current assets divided by current liabilities was approximately 4.1 (31 December 2014: approximately 2.9).

Gearing ratio is calculated based on total debt at the end of the year divided by total assets at the end of the year multiplied by 100%. As at 31 December 2015, as the Group was at a net cash position without any bank borrowings, long term debts or payables incurred not in the ordinary course of business, the gearing ratio was nil (31 December 2014: Nil).

FOREIGN EXCHANGE EXPOSURE

The Group has four main operating subsidiaries, one located in Hong Kong and three in the PRC; all of the subsidiaries mainly earn revenue and incur cost in its local currency. The Directors consider the impact of foreign exchange exposure of the Group is minimal.

CONTINGENT LIABILITY

As at 31 December 2015, the Group did not have any material contingent liability.

BUSINESS OUTLOOK

In the year 2016, the Group will endeavour to provide systematic and technical professional support based on project enhancement and technology research and development (“R&D”), to the network operation of Beijing railway transportation. While it is implementing our long term goal towards commercialising and standardising application solutions for the industry, it will continue to build on our industry experience, expand our customer base and consolidate our market position in Beijing. The Group expects to bring its extensive experience obtained in Beijing, its operation models and products to China’s second-tier or third-tier and fourth-tier cities through business development. In the year 2016, there will be several new high-valued open tenders for Beijing railway transportation at network-level and line-level, including but not limited to phase two of the ticket improvement project of Beijing Subway, full reconstruction of AFC system for Beijing Subway, construction of AFC system for new lines, construction project of subway platform doors, construction and reconstruction of passenger information system (“PIS”) system, and construction of the passenger information system control centre system (“PCC”).

With the continuous expansion of “smart cities” and the importance of subways in public transport getting more prominent, to provide a convenient and efficient communication services to citizens travelling on urban railway so as to satisfy passengers’ diversified communication needs while they are on the move has been an integral part of the value-added services provided by subway. In the year 2016, the Group will continue to acquire other lines’ civil communication assets of BII that have been settled so as to further expand the scope of the civil communication business. Besides, the Group will launch the 4G business in full swing. Meanwhile, the investment and construction of new lines will be commenced as soon as possible. The Group will also follow the technological development trends in the civil communications field, such as 4G, 5G and 5.8G technologies. It will also research the development trends of the internet in order to establish a development model which accommodates the characteristics of subways. Aiming at enhancing the standard of subway integrated services and the influence on the society, the Group will actively explore new value-added information business, such as information channels rental business and WiFi business. By deploying and setting up WiFi hotspots along the lines and in the stations of railway transport in Beijing City, it will provide high quality wireless broadband Internet access services for passengers, including basic Internet access, portal site access, as well as innovative and diversified value-added businesses, such as advertising business and self-operated websites business.

In addition, the Group seizes the opportunity of cooperating with Beijing MTR Operation Ltd. by jointly establishing a joint venture with Beijing MTR Operation Ltd., which helps the Group to gain experience in managing and operating the Beijing Subway while completing the expansion of the Group’s business and transforming such business to the operation sector of subway. Supported by the experience of the Beijing MTR Operation Ltd. as the partner, the acquisition of the operating income rights of the existing Airport Express line of the Beijing Subway is the first step for the Group’s expansion into the Beijing Subway lines operation business. Such reproducible and extensible operation mode lays a solid foundation for the Group’s future development on new lines projects. The Group will actively seize market opportunities and continue to seek high quality assets acquisition opportunities relating to city railway to enhance the Group’s core competitiveness and profitability so as to share the future revenue growth with the shareholders and investors.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed a total of 291 (31 December 2014: 270) employees. The staff costs, including Directors’ remuneration, were approximately HK\$92.6 million (eighteen months ended 31 December 2014: HK\$111.2 million).

The salaries and benefits of the Group’s employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group’s salary and bonus system, which is reviewed annually. The emoluments payable to the Directors were determined with reference to the prevailing market conditions and the anticipated effort and expertise to be exercised by the Directors on the Company’s affairs. The Group also operates a share option scheme adopted by the Company on 8 December 2011 and revised on 24 September 2013 (“Share Option Scheme”) where options to subscribe for shares may be granted to the Directors and employees of the Group. The aim of the Share Option Scheme is to recognise outstanding performance of the staff in order to retain key staff members and for the benefits of the future business development of the Group.

In addition, the Group contributes to the PRC social insurance scheme in accordance to the relevant PRC laws and regulations for its employees in the PRC. The social insurance scheme in the PRC includes retirement, work injury, medical care, unemployment and other insurance coverage for the employees. The Group also maintains the Mandatory Provident Fund scheme and insurance as required by the employment laws in Hong Kong for its employees in Hong Kong.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES, AND PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save for the establishment of 北京京城地鐵有限公司 (Beijing City Metro Ltd.*), a joint venture with 北京市地鐵運營有限公司 (Beijing Mass Transit Railway Operation Corp., Ltd.*) and the proposed acquisition of the operating income rights of the airport express line of the Beijing Subway as disclosed in the announcement of the Company dated 20 May 2015 and 5 November 2015 as well as the acquisition of the civil communication assets (民用通信資產) as disclosed in the announcement of the Company dated 29 June 2015 and 11 August 2015, and the circular of the Company dated 27 July 2015, there were no other significant investments held, material acquisition or disposal of subsidiaries and affiliated companies, and other plans for material investments or capital assets during the year ended 31 December 2015.

CHANGE OF DIRECTORS

During the year ended 31 December 2015, Mr. Zhang Jie resigned as a non-executive Director on 28 October 2015 and Mr. Guan Jifa was appointed as non-executive Director on 28 October 2015.

Details of the change of Directors were set out in the announcement of the Company dated 28 October 2015.

AUDIT COMMITTEE

The Company established an audit committee (the “Audit Committee”) with written terms of reference in compliance with Rule 3.21 and Rule 3.22 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”). The written terms of reference of the Audit Committee was adopted in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Audit Committee, among other things, are to make recommendation to the Board on the appointment, re-appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee internal control and risk management procedures of the Company.

As at 31 December 2015, the Audit Committee comprises 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 Financial Information contained in this announcement has been reviewed with no disagreement by the Audit Committee. The Company's auditors have agreed that the figures in respect of the Company's financial results and the accompanied financial information for the year ended 31 December 2015 as set out in this announcement are consistent with those set out in the Company's audited consolidated financial statements for the year ended 31 December 2015.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board considers that the Company has compiled with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2015.

There were no significant changes in the Company's constitutional documents during the year ended 31 December 2015. The Company was of the view that the company secretary of the Company complied with Rule 3.29 of the Listing Rules.

DIVIDEND

The Board did not recommend the payment of any dividend for the year ended 31 December 2015 (eighteen months ended 31 December 2014: Nil). The Group will retain cash to finance the continuing development of its business as well as prospective investment opportunities.

CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility of the shareholders of the Company to attend the annual general meeting ("AGM") to be held on Tuesday, 28 June 2016, the register of members will be closed from Friday, 24 June 2016 to Monday, 27 June 2016, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the annual general meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrars, Tricor Investor Services Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 23 June 2016.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 28 June. Shareholders 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 thereto.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Company (www.ccrtt.com.hk) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk). The 2015 Annual Report will be despatched to shareholders of the Company and available on the above websites in due course.

By order of the Board
**China City Railway Transportation Technology
Holdings Company Limited**
Cao Wei
Executive Director
Chief Executive Officer

Hong Kong, 30 March 2016

As at the date of this announcement, the executive Directors are Mr. Cao Wei, Ms. Xuan Jing and Mr. Shao Kai; the non-executive Directors are Dr. Tian Zhenqing, Mr. Hao Weiya and Mr. Guan Jifa; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.