

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

**京投軌道交通科技控股有限公司**

**BII Railway Transportation Technology Holdings Company Limited**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 1522)**

**INTERIM RESULTS ANNOUNCEMENT  
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

The board (the “Board”) of directors (the “Directors”) of BII Railway Transportation Technology Holdings Company Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2017.

The condensed consolidated interim financial information contained in this announcement is unaudited and is extracted from the Group’s unaudited consolidated financial statements for the six months ended 30 June 2017. The Group’s unaudited consolidated financial statements for the six months ended 30 June 2017 have been reviewed by KPMG, the Company’s independent auditor, in accordance with the Hong Kong Standard on Review Engagements 2410 “Review of interim financial information performed by the independent auditor of the entity” issued by the Hong Kong Institute of Certified Accountants, and by the Company’s audit committee (the “Audit Committee”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the six months ended 30 June 2017 – Unaudited**(Expressed in Hong Kong dollars (“HK\$”))*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2017</b>	2016
		<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Revenue</b>	4	<b>214,707</b>	128,205
Cost of sales		<b>(159,151)</b>	(81,357)
<b>Gross profit</b>	4(b)	<b>55,556</b>	46,848
Other income		<b>4,783</b>	2,186
Selling, general and administrative expenses		<b>(31,080)</b>	(29,016)
<b>Profit from operations</b>		<b>29,259</b>	20,018
Share of losses of joint ventures	11	<b>(5,864)</b>	(1,367)
<b>Profit before taxation</b>	5	<b>23,395</b>	18,651
Income tax	6	<b>(5,128)</b>	(3,227)
<b>Profit for the period</b>		<b>18,267</b>	15,424
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>17,521</b>	14,765
Non-controlling interests		<b>746</b>	659
<b>Profit for the period</b>		<b>18,267</b>	15,424
<b>Earnings per share</b>			
– Basic (HK\$)	7(a)	<b>0.0083</b>	0.0103
– Diluted (HK\$)	7(b)	<b>0.0083</b>	0.0103

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

For the six months ended 30 June 2017 – Unaudited

(Expressed in HK\$)

	Six months ended 30 June	
	2017 HK\$'000	2016 HK\$'000
<b>Profit for the period</b>	<b>18,267</b>	15,424
<b>Other comprehensive income for the period (after tax):</b>		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	<b>23,686</b>	(15,304)
<b>Total comprehensive income for the period</b>	<b>41,953</b>	<b>120</b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>40,587</b>	(184)
Non-controlling interests	<b>1,366</b>	304
<b>Total comprehensive income for the period</b>	<b>41,953</b>	<b>120</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – Unaudited

(Expressed in HK\$)

	Note	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	8	126,862	134,529
Intangible assets	9	122,041	125,771
Goodwill	10	62,986	61,113
Interests in joint ventures	11	364,777	312,570
Deferred tax assets		21,129	20,288
		<u>697,795</u>	<u>654,271</u>
<b>Current assets</b>			
Available-for-sale debt investments	12	147,482	128,564
Inventories	13	97,986	69,021
Trade and other receivables	14	572,392	524,610
Cash and cash equivalents	15	1,075,856	1,118,431
		<u>1,893,716</u>	<u>1,840,626</u>
<b>Current liabilities</b>			
Trade and other payables	16	371,025	317,908
Current taxation		37,174	36,205
		<u>408,199</u>	<u>354,113</u>
<b>Net current assets</b>		<u>1,485,517</u>	<u>1,486,513</u>
<b>Total assets less current liabilities</b>		2,183,312	2,140,784
<b>Non-current liabilities</b>			
Deferred tax liabilities		24,101	24,257
<b>NET ASSETS</b>		<u>2,159,211</u>	<u>2,116,527</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	18	21,098	21,062
Reserves		2,124,919	2,083,637
<b>Total equity attributable to equity shareholders of the Company</b>		<u>2,146,017</u>	<u>2,104,699</u>
<b>Non-controlling interests</b>		<u>13,194</u>	<u>11,828</u>
<b>TOTAL EQUITY</b>		<u>2,159,211</u>	<u>2,116,527</u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017 – Unaudited

(Expressed in HK\$)

	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange reserve	Retained profits	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2016</b>	14,233	950,819	29,411	12,710	(32,151)	236,078	1,211,100	10,402	1,221,502
<b>Changes in equity for the six months ended 30 June 2016:</b>									
Profit for the period	–	–	–	–	–	14,765	14,765	659	15,424
Other comprehensive income	–	–	–	–	(14,949)	–	(14,949)	(355)	(15,304)
Total comprehensive income	–	–	–	–	(14,949)	14,765	(184)	304	120
Shares issued under share option scheme	124	11,299	(2,210)	–	–	–	9,213	–	9,213
Equity-settled share-based transactions (Note 17)	–	–	2,367	–	–	–	2,367	–	2,367
	124	11,299	157	–	–	–	11,580	–	11,580
<b>Balance at 30 June 2016</b>	<b>14,357</b>	<b>962,118</b>	<b>29,568</b>	<b>12,710</b>	<b>(47,100)</b>	<b>250,843</b>	<b>1,222,496</b>	<b>10,706</b>	<b>1,233,202</b>
<b>Balance at 1 July 2016</b>	14,357	962,118	29,568	12,710	(47,100)	250,843	1,222,496	10,706	1,233,202
<b>Changes in equity for the six months ended 31 December 2016:</b>									
Profit for the period	–	–	–	–	–	10,963	10,963	2,007	12,970
Other comprehensive income	–	–	–	–	(34,137)	–	(34,137)	(885)	(35,022)
Total comprehensive income	–	–	–	–	(34,137)	10,963	(23,174)	1,122	(22,052)
Issuance of shares	6,691	896,032	–	–	–	–	902,723	–	902,723
Share issued under share option scheme	14	1,317	(241)	–	–	–	1,090	–	1,090
Equity-settled share-based transactions (Note 17)	–	–	1,564	–	–	–	1,564	–	1,564
Appropriation to reserves	–	–	–	6,752	–	(6,752)	–	–	–
	6,705	897,349	1,323	6,752	–	(6,752)	905,377	–	905,377
<b>Balance at 31 December 2016</b>	<b>21,062</b>	<b>1,859,467</b>	<b>30,891</b>	<b>19,462</b>	<b>(81,237)</b>	<b>255,054</b>	<b>2,104,699</b>	<b>11,828</b>	<b>2,116,527</b>

Attributable to equity shareholders of the Company

	Share capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Statutory reserves <i>HK\$'000</i>	Exchange reserve <i>HK\$'000</i>	Treasury share <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 January 2017	21,062	1,859,467	30,891	19,462	(81,237)	–	255,054	2,104,699	11,828	2,116,527
<b>Changes in equity for the six months ended 30 June 2017:</b>										
Profit for the period	–	–	–	–	–	–	17,521	17,521	746	18,267
Other comprehensive income	–	–	–	–	23,066	–	–	23,066	620	23,686
Total comprehensive income	–	–	–	–	23,066	–	17,521	40,587	1,366	41,953
Shares issued under share option scheme ( <i>Note 18(c)</i> )	36	3,897	(694)	–	–	–	–	3,239	–	3,239
Equity-settled share-based transactions ( <i>Note 17</i> )	–	–	66	–	–	–	–	66	–	66
Purchase of own shares ( <i>Note 18(b)</i> )	–	–	–	–	–	(2,574)	–	(2,574)	–	(2,574)
	36	3,897	(628)	–	–	(2,574)	–	731	–	731
Balance at 30 June 2017	21,098	1,863,364	30,263	19,462	(58,171)	(2,574)	272,575	2,146,017	13,194	2,159,211

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2017 – Unaudited

(Expressed in HK\$)

	Note	Six months ended 30 June	
		2017 HK\$'000	2016 HK\$'000
<b>Cash generated from operations</b>		<b>30,174</b>	78,167
Interest income received		917	1,865
Income tax paid		(5,367)	(13,948)
<b>Net cash generated from operating activities</b>		<b>25,724</b>	66,084
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment and intangible assets		(1,009)	(3,338)
Proceeds from disposal of property, plant and equipment		–	3
Capital contributions into joint ventures		(58,071)	(312,441)
Payment for the purchase of available-for-sale debt investments		(595,238)	(68,908)
Proceeds from sale of available-for-sale debt investments		582,290	51,308
<b>Net cash used in investing activities</b>		<b>(72,028)</b>	(333,376)
<b>Financing activities</b>			
Payment for purchase of own shares	18(b)	(2,574)	–
Proceeds from the exercise of share options	18(c)	3,239	9,213
<b>Net cash generated from financing activities</b>		<b>665</b>	9,213
<b>Net decrease in cash and cash equivalents</b>		<b>(45,639)</b>	(258,079)
<b>Cash and cash equivalents at the beginning of the period</b>	15	<b>1,118,431</b>	626,837
<b>Effect of foreign exchange rate changes</b>		<b>3,064</b>	(4,092)
<b>Cash and cash equivalents at the end of the period</b>	15	<b>1,075,856</b>	364,666

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

(Expressed in HK\$ unless otherwise indicated)

## 1 CORPORATE INFORMATION

BII Railway Transportation Technology Holdings Company Limited (formerly known as “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 condensed consolidated interim financial statements of the Company as at and for the six months ended 30 June 2017 comprise the Company and its subsidiaries (collectively referred to as the “Group”) and the Group’s interests in joint ventures. 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 BASIS OF PREPARATION

This unaudited condensed consolidated financial information for the six months ended 30 June 2017 (the “Interim Financial Information”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the “IASB”). It was authorised for issue on 25 August 2017.

The Interim Financial Information has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of these changes in accounting policies are set out in Note 3.

The preparation of an Interim Financial Information in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This Interim 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 2016 annual financial statements. The condensed consolidated interim financial statements 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”).

The Interim Financial Information is unaudited, but has been reviewed by KPMG in accordance with Hong Kong Standard on Review Engagements 2410, *Review of interim financial information performed by the independent auditor of the entity*, issued by the Hong Kong Institute of Certified Public Accountants.

The financial information relating to the financial year ended 31 December 2016 that is included in the Interim Financial Information as comparative information does not constitute the Company’s statutory consolidated financial statements for that financial year but is derived from those financial statements. The financial statements for the year ended 31 December 2016 are available from the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2017.

### 3 CHANGES IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this Interim Financial Information.

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

### 4 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Revenue from the provision of design, implementation and sale of application solution services	<b>134,194</b>	54,666
Revenue from the provision of maintenance of application solution services	<b>24,279</b>	25,174
Rental income from the lease of civil communication transmission systems	<b>56,234</b>	48,365
	<b><u>214,707</u></b>	<u>128,205</u>

Further details regarding the Group's principal activities are disclosed 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 three reportable segments:

- System integration: this segment provides design, implementation and sale of application solution services, which includes related software, hardware and spare parts.
- Maintenance: this segment provides application solution maintenance services.
- 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 six months ended 30 June 2017 and 2016. The Group's other income and expense items, such as selling, general and administrative expenses and share of losses of joint ventures, 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.

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 six months ended 30 June 2017 and 2016 is set out below.

	<b>Six months ended 30 June 2017</b>			
	<b>System integration HK\$'000</b>	<b>Maintenance HK\$'000</b>	<b>Rental income HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers and reportable segment revenue	<b><u>134,194</u></b>	<b><u>24,279</u></b>	<b><u>56,234</u></b>	<b><u>214,707</u></b>
Reportable segment gross profit	<b><u>21,793</u></b>	<b><u>13,399</u></b>	<b><u>20,364</u></b>	<b><u>55,556</u></b>
<b>Six months ended 30 June 2016</b>				
	<b>System integration HK\$'000</b>	<b>Maintenance HK\$'000</b>	<b>Rental income HK\$'000</b>	<b>Total HK\$'000</b>
Revenue from external customers and reportable segment revenue	<b><u>54,666</u></b>	<b><u>25,174</u></b>	<b><u>48,365</u></b>	<b><u>128,205</u></b>
Reportable segment gross profit	<b><u>9,619</u></b>	<b><u>13,561</u></b>	<b><u>23,668</u></b>	<b><u>46,848</u></b>

## 5 PROFIT BEFORE TAXATION

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

### (a) Staff costs:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Salaries, wages and other benefits	33,962	31,772
Contributions to defined contribution retirement plans	3,913	3,608
Equity-settled share-based payment expenses ( <i>Note 17</i> )	607	2,367
	<u>38,482</u>	<u>37,747</u>

### (b) Other items:

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Cost of inventories ( <i>Note 13(b)</i> )	88,494	32,431
Depreciation and amortisation	20,632	17,607
Operating lease charges in respect of office premises	3,977	4,275
Interest income	(917)	(1,865)
Investment income	(1,791)	(221)
Net foreign exchange (gain)/loss	(1,360)	882
Loss on disposal of property, plant and equipment ( <i>Note 8</i> )	7	1
	<u>7</u>	<u>1</u>

## 6 INCOME TAX

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

	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
<b>Current taxation:</b>		
Hong Kong Profits Tax	571	548
The People's Republic of China (the "PRC") Corporate Income Tax	5,765	2,022
	<u>6,336</u>	<u>2,570</u>
<b>Deferred taxation:</b>		
Origination and reversal of temporary differences	<u>(1,208)</u>	<u>657</u>
	<u>5,128</u>	<u>3,227</u>

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 six months ended 30 June 2017 (six months ended 30 June 2016: 16.5%).

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.

The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate of 25% for the six months ended 30 June 2017 (six months ended 30 June 2016: 25%).

Certain subsidiaries of the Group established in the PRC have obtained approval 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 three years ending 31 December 2017 or 31 December 2018.

## 7 BASIC AND DILUTED EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2017 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$17,521,000 (six months ended 30 June 2016: HK\$14,765,000) and the weighted average of 2,108,262,000 ordinary shares (six months ended 30 June 2016: 1,428,762,000 ordinary shares) in issue during the six months 30 June 2017, calculated as follows:

Weighted average number of ordinary shares:

	<u>Six months ended 30 June</u>	
	2017 '000	2016 '000
Issued ordinary shares at 1 January	2,106,155	1,423,321
Effect of shares issued under share option scheme ( <i>Note 18(c)</i> )	2,164	5,441
Effect of shares repurchased ( <i>Note 18(b)</i> )	(57)	–
	<u>2,108,262</u>	<u>1,428,762</u>

### (b) Diluted earnings per share

The calculation of diluted earnings per share for the six months ended 30 June 2017 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$17,521,000 (six months ended 30 June 2016: HK\$14,765,000) and the weighted average number of ordinary shares (diluted) of 2,111,653,000 (six months ended 30 June 2016: 1,435,940,000 ordinary shares (diluted)), calculated as follows:

	<u>Six months ended 30 June</u>	
	2017 '000	2016 '000
Weighted average number of ordinary shares at 30 June	2,108,262	1,428,762
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	3,391	7,178
	<u>2,111,653</u>	<u>1,435,940</u>

## 8 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired items of property, plant and equipment with a cost of HK\$1,009,000 (six months ended 30 June 2016: HK\$3,796,000).

Property, plant and equipment with a carrying amount of HK\$7,000 was disposed of during the six months ended 30 June 2017, resulting in a net loss on disposal of HK\$7,000 (six months ended 30 June 2016: carrying amount of HK\$4,000 was disposed of, resulting in a net loss on disposal of HK\$1,000).

## 9 INTANGIBLE ASSETS

Intangible assets of the Group at 30 June 2017 mainly comprised self-developed software and income rights acquired with an aggregate carrying amount of HK\$121,899,000 (31 December 2016: HK\$125,398,000).

## 10 GOODWILL

Goodwill is allocated to the Group's cash-generating units identified according to the operations of the Group as follows:

		At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Operations in the provision of design, implementation and sale of application solutions services	<i>(i)</i>	<b>52,655</b>	51,089
Operations related to the civil communication transmission systems business	<i>(ii)</i>	<b>10,331</b>	10,024
		<b><u>62,986</u></b>	<b><u>61,113</u></b>

### Notes

- (i)* Goodwill was arisen from the Group's acquisition of the 100% equity interests in Innovation Holding Co., Ltd. in 2013.
- (ii)* Goodwill was arisen from the Group's acquisition of the civil communication transmission systems and the respective income rights of seven subway lines and the civil communication income rights of the airport line of the Beijing Subway in 2014.

## 11 INTERESTS IN JOINT VENTURES

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Unlisted equity investments at cost	370,513	312,442
Share of (losses)/profits	(5,736)	128
	<u>364,777</u>	<u>312,570</u>

Details of the Group's interests in joint ventures, which are accounted for using the equity method in the condensed consolidated interim financial statements, are as follows:

Name of joint venture	Place of establishment and operations	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
			The Group's effective interest	Held by the Company	Held by a subsidiary	
Beijing Metro Science and Technology Development Co., Ltd. * 北京地鐵科技發展有限公司	The PRC	Renminbi ("RMB") 30,000,000	49%	–	49%	Maintenance of application solutions for the networking and controlling systems of public transport companies
Beijing Metro Co., Ltd. * 北京京城地鐵有限公司	The PRC	RMB 500,000,000	49%	49%	–	Subway operations management
Beijing Cornerstone Chuangying Investment Management Centre (Limited Liability Partnership) ("Cornerstone Chuangying Centre") * 北京基石創盈投資管理中心(有限合夥)	The PRC	RMB 2,000,000	20%**	–	20%	Management of assets and investments
Beijing Cornerstone Chuangying Investment Centre (Limited Liability Partnership) ("Cornerstone Chuangying") * 北京基石創盈投資中心(有限合夥)	The PRC	RMB 201,000,000	24.88%**	–	24.88%	Investments holding

\* The English translation of the names are for reference only and the official names of these entities are in Chinese.

\*\* The Group is a limited partner of Cornerstone Chuangying Centre and Cornerstone Chuangying, which are partnership entities with two and five other partners, respectively. The Group contributed 20% and 24.88% capital into these two partnership entities, respectively. Pursuant to the partnership agreements, the Group has joint control over the governing body of the respective partnerships.

## 12 AVAILABLE-FOR-SALE DEBT INVESTMENTS

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Unlisted debt investments	<u>147,482</u>	<u>128,564</u>

The unlisted debt investments represent wealth management products issued by financial institutions with guaranteed principal amounts plus variable returns.

## 13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Application solutions related software, hardware and spare parts	89,009	62,707
Materials to be assigned to service contracts	<u>8,977</u>	<u>6,314</u>
	<u>97,986</u>	<u>69,021</u>

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated statement of profit or loss during the period is as follows:

	<u>Six months ended 30 June</u>	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Carrying amount of inventories sold	<u>88,494</u>	<u>32,431</u>

## 14 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Trade receivables due from ( <i>Notes 14(a) and 14(c)</i> ):		
– third parties	259,004	246,746
– the ultimate holding company of the Company	27	27
– an affiliate of an equity shareholder of the Company	74,682	86,326
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	21,237	20,605
Bills receivable ( <i>Notes 14(a) and 14(c)</i> )	7,946	–
	<u>362,896</u>	<u>353,704</u>
	-----	-----
Gross amount due from customers for contract work ( <i>Note 14(b)</i> ):		
– third parties	141,569	122,178
– an affiliate of an equity shareholder of the Company	29,350	14,606
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	5,391	4,485
	<u>176,310</u>	<u>141,269</u>
	-----	-----
Amounts due from related parties ( <i>Note 14(d)</i> ):		
– equity shareholders of the Company and their affiliates	274	186
– the ultimate holding company of the Company	–	84
	<u>274</u>	<u>270</u>
	-----	-----
Prepayments, deposits and other receivables	<u>32,912</u>	<u>29,367</u>
	-----	-----
	<u>572,392</u>	<u>524,610</u>

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 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Within 1 month	69,680	119,628
More than 1 month but less than 3 months	18,610	10,161
More than 3 months but less than 6 months	21,267	7,367
More than 6 months	253,339	216,548
	<u>362,896</u>	<u>353,704</u>

The Group generally requires customers to settle progress billings and retention receivables in accordance with contracted terms. Credit terms of 30 days may be granted to certain customers for progress billings. In accordance with general industry practices, one to three years may be granted to customers for retention receivables.

The Directors confirm that the above trade receivables are generally parts of larger scale projects undertaken by the owners, which are usually ultimately controlled by municipal governments, and consider it the general practice within the infrastructure industry in the PRC in which the owners will usually settle payment to the contractors, such as the Group, upon completion of the large scale projects. The Directors confirm that they are in negotiations with the various owners and expect a substantial portion of the above trade receivables to be settled within one year.

(b) **Project contracts in progress**

At 30 June 2017, 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\$780,000,000 (31 December 2016: HK\$657,237,000).

(c) **Retention receivables**

At 30 June 2017, included in trade receivables are retention receivables in respect of project contracts of HK\$18,335,000 (31 December 2016: HK\$18,567,000).

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

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

**15 CASH AND CASH EQUIVALENTS**

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Cash at bank and on hand	<u>1,075,856</u>	<u>1,118,431</u>

The Group's operations in the PRC are conducted in RMB. RMB is not a freely convertible currency and the remittance of RMB out of the PRC is subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

## 16 TRADE AND OTHER PAYABLES

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Trade payables due to third parties ( <i>Note 16(a)</i> )	284,046	211,939
Bills payable ( <i>Note 16(a)</i> )	3,622	21,354
	<u>287,668</u>	<u>233,293</u>
Amounts due to related parties ( <i>Note 16(b)</i> ):		
– an affiliate of an equity shareholder of the Company	7,036	235
– a non-controlling equity holder of a subsidiary of the Group	5,400	5,400
	<u>12,436</u>	<u>5,635</u>
Other taxes payables	9,394	17,487
Accrued expenses and other payables	5,702	15,275
	<u>15,096</u>	<u>32,762</u>
Financial liabilities measured at amortised cost	<u>315,200</u>	271,690
Receipts in advance from:		
– third parties	46,609	37,276
– an equity holder of the non-controlling equity holder of a subsidiary of the Group	9,216	8,942
	<u>55,825</u>	<u>46,218</u>
	<u>371,025</u>	<u>317,908</u>

At 30 June 2017, 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 and bills payables with the following ageing analysis, based on the maturity date, as of the end of the reporting period:

	At 30 June 2017 HK\$'000	At 31 December 2016 HK\$'000
Due within 1 month or on demand	284,046	213,608
Due after 1 month but within 6 months	3,622	19,685
	<u>287,668</u>	<u>233,293</u>

### (b) Amounts due to related parties

The amounts are unsecured and non-interest bearing. Except for an amount of HK\$5,400,000 at 30 June 2017 (31 December 2016: HK\$5,400,000) which is repayable within one year, all of the remaining balances have no fixed terms of repayment.

## 17 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

The Company has a share option scheme which was adopted on 8 December 2011 and revised on 24 September 2013 whereby the Directors are authorised, at their discretion, to invite (i) any employee or proposed employee (whether full-time or part-time) of any member of the Group or any entity in which any member of the Group holds an equity interest (“Invested Entity”); (ii) any executive or non-executive directors including independent non-executive directors of any member of the Group or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any shareholder of any member of the Group or any Invested Entity; or (vi) any other group or classes of participants from time to time determined by the Directors as having contributed or may contribute by way of joint ventures, business alliances or other business arrangements to the developments and growth of the Group, to take up options at HK\$1.00 as consideration to subscribe for ordinary shares in the Company.

For the share options granted on 26 July 2012, 31 December 2013 and 5 December 2014, 20% will vest after one year from the date of grant; another 50% will vest after two years from the date of grant; and the remaining 30% will vest after three years from the date of grant. The share options granted will lapse on 25 July 2017, 30 December 2018 and 4 December 2019 respectively. Each share option gives the holder the right to subscribe for one ordinary share in the Company.

**(a) The terms and conditions of the grants are as follows:**

	Number of instruments	Vesting conditions	Contractual life of options
<b>Options granted to directors:</b>			
– on 26 July 2012	480,000	One year from the date of grant	5 years
– on 26 July 2012	1,200,000	Two years from the date of grant	5 years
– on 26 July 2012	720,000	Three years from the date of grant	5 years
– on 5 December 2014	100,000	One year from the date of grant	5 years
– on 5 December 2014	250,000	Two years from the date of grant	5 years
– on 5 December 2014	150,000	Three years from the date of grant	5 years
<b>Options granted to equity shareholder:</b>			
– on 5 December 2014	260,000	One year from the date of grant	5 years
– on 5 December 2014	650,000	Two years from the date of grant	5 years
– on 5 December 2014	390,000	Three years from the date of grant	5 years
<b>Options granted to employees:</b>			
– on 26 July 2012	7,360,000	One year from the date of grant	5 years
– on 26 July 2012	18,400,000	Two years from the date of grant	5 years
– on 26 July 2012	11,040,000	Three years from the date of grant	5 years
– on 31 December 2013	4,000,000	One year from the date of grant	5 years
– on 31 December 2013	10,000,000	Two years from the date of grant	5 years
– on 31 December 2013	6,000,000	Three years from the date of grant	5 years
– on 5 December 2014	3,640,000	One year from the date of grant	5 years
– on 5 December 2014	9,100,000	Two years from the date of grant	5 years
– on 5 December 2014	5,460,000	Three years from the date of grant	5 years
Total share options granted	<u>79,200,000</u>		

(b) The number and weighted average exercise price of share options are as follows:

	Six months ended 30 June 2017		Year ended 31 December 2016	
	Weighted average exercise price	Number of share options '000	Weighted average exercise price	Number of share options '000
Outstanding at the beginning of the period	HK\$1.875	33,850	HK\$1.593	51,800
Exercised during the period	HK\$0.892	(3,632)	HK\$0.748	(13,780)
Forfeited during the period	HK\$2.690	(800)	HK\$1.949	(4,170)
Outstanding at the end of the period	HK\$1.974	<u>29,418</u>	HK\$1.875	<u>33,850</u>
Exercisable at the end of the period	HK\$1.831	<u>24,513</u>	HK\$1.729	<u>28,705</u>

The weighted average share price at the date of exercise for share options exercised during the six months ended 30 June 2017 was HK\$1.47 (year ended 31 December 2016: HK\$1.36).

The share options outstanding at 30 June 2017 had a weighted average exercise price of HK\$1.974 (31 December 2016: HK\$1.875) and a weighted average remaining contractual life of 2.01 years (31 December 2016: 2.40 years).

## 18 CAPITAL, RESERVES AND DIVIDENDS

### (a) Dividends

#### (i) Dividends payable to equity shareholders of the Company attributable to the interim period

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: HK\$Nil).

#### (ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved during the interim period

The Directors did not recommend a final dividend for the year ended 31 December 2016 and 2015.

### (b) Purchase of own shares

During the six months ended 30 June 2017, the Company repurchased its own shares on the Stock Exchange as follows:

Month/year	Number of shares repurchased	Highest price paid per share HK\$	Lowest price paid per share HK\$	Aggregate price paid (including expenses) HK\$'000
June 2017	2,168,000	1.20	1.16	<u>2,574</u>

The above repurchased shares of the Company were cancelled on 11 August 2017.

(c) **Issuance of shares under share option scheme**

During the six months ended 30 June 2017, share options were exercised to subscribe for 3,632,000 ordinary shares in the Company at a consideration of HK\$3,239,000, of which HK\$36,000 was credited to share capital and the remaining balance of HK\$3,203,000 was credited to the share premium account. HK\$694,000 has been transferred from the capital reserve to the share premium account.

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

<b>Exercise period</b>	<b>Exercise price</b>	<b>At 30 June 2017 Number '000</b>
26 July 2013 to 25 July 2017	<b>HK\$0.656</b>	<b>14</b>
26 July 2014 to 25 July 2017	<b>HK\$0.656</b>	<b>34</b>
26 July 2015 to 25 July 2017	<b>HK\$0.656</b>	<b>20</b>
31 December 2014 to 30 December 2018	<b>HK\$1.080</b>	<b>2,428</b>
31 December 2015 to 30 December 2018	<b>HK\$1.080</b>	<b>6,210</b>
31 December 2016 to 30 December 2018	<b>HK\$1.080</b>	<b>4,362</b>
5 December 2015 to 4 December 2019	<b>HK\$2.690</b>	<b>3,270</b>
5 December 2016 to 4 December 2019	<b>HK\$2.690</b>	<b>8,175</b>
5 December 2017 to 4 December 2019	<b>HK\$2.690</b>	<b>4,905</b>
		<b>29,418</b>

Each share option entitles the holder to subscribe for one ordinary share in the Company. Further details of these share options are set out in Note 17 to the Interim Financial Information.

**19 OPERATING LEASE COMMITMENTS**

- (a) At 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>At 30 June 2017 HK\$'000</b>	<b>At 31 December 2016 HK\$'000</b>
Within 1 year	<b>3,375</b>	<b>7,574</b>
After 1 year but within 5 years	<b>–</b>	<b>5</b>
	<b>3,375</b>	<b>7,579</b>

The Group leases certain office premises under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew when all terms are renegotiated. None of the leases includes contingent lease rentals.

- (b) At 30 June 2017, the total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	At 30 June 2017 <i>HK\$'000</i>	At 31 December 2016 <i>HK\$'000</i>
Within 1 year	92,378	101,160
After 1 year but within 5 years	33,205	56,603
	<u>125,583</u>	<u>157,763</u>

The Group leases out its civil communication transmission systems to telecommunication companies under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the leases when all terms are renegotiated. None of the leases includes contingent lease rentals.

## 20 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in this Interim Financial Information, the material related party transactions entered into by the Group during the six months ended 30 June 2017 are set out below.

### (a) Transactions with equity shareholders of the Company and their affiliates

	<u>Six months ended 30 June</u>	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Provision of design, implementation and sale of application solution services	2,763	–
Provision of maintenance of application solution services	20,546	19,931
Provision of civil communication transmission systems	286	–
Operating lease expenses	2,414	2,556
Net increase/(decrease) in advances granted	<u>88</u>	<u>(504)</u>

### (b) Transactions with an equity holder of the non-controlling equity holder of a subsidiary of the Group

	<u>Six months ended 30 June</u>	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Provision of design, implementation and sale of application solution services	<u>2,537</u>	<u>–</u>

### (c) Transaction with a non-controlling equity holder of a subsidiary of the Group

	<u>Six months ended 30 June</u>	
	2017 <i>HK\$'000</i>	2016 <i>HK\$'000</i>
Increase in advance received	<u>–</u>	<u>5,400</u>

**(d) Transactions with joint ventures**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Capital contributions	<b><u>58,071</u></b>	<b><u>312,442</u></b>

**(e) Key management personnel remuneration**

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b><i>HK\$'000</i></b>	<b><i>HK\$'000</i></b>
Short-term employee benefits	<b>4,392</b>	5,728
Retirement scheme contributions	<b>221</b>	278
Equity compensation benefits	<b>39</b>	671
	<b><u>4,652</u></b>	<b><u>6,677</u></b>

Total remuneration is included in “staff costs” (see Note 5(a)).

**(f) Transactions with other state-controlled entities in the PRC**

The ultimate holding company of the Company, Beijing Infrastructure Investment Co., Ltd. (“BII”), is a state-controlled enterprise controlled by the PRC government. Apart from transactions with BII and its affiliates which were disclosed in Note 20(a) above, the Group also has transactions with other state-controlled entities include but not limited to the following:

- provision of design, implementation and sale of application solution services;
- provision of maintenance of application solution services;
- lease of civil communication transmission systems;
- bank deposits; and
- purchase of available-for-sale debt investments.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The first half of 2017 was the second year of the Thirteenth Five-Year Plan for National Urban Rail Transit. 12 cities in the country have opened up and operated new urban rail transit lines, with a total length of 381 km. It is predicted that 20 cities in the country will open up and operate new urban rail transit lines, with a total length of 965 km, in the second half of 2017. As of the end of 2016, there were 19 operating rail transit lines in Beijing and the operating mileage reached 574 km. In 2017, 20 lines (sections) will come on stream and over 350 km of transit lines is under construction in Beijing, taking the rail transit construction in Beijing to a new peak.

In the first half of 2017, apart from consolidating the market position in Beijing, the Group continued to deepen its nationalisation layout. The market expansion towards Chengdu, Shenzhen and Changchun has built continuous momentum for the future overall development of the Group. In general, the Group maintained a steady development in the interim period, achieving operating income of approximately HK\$214.7 million, which increased by approximately 67% as compared to the corresponding period in 2016. Profit attributable to equity shareholders of the Company was approximately HK\$17.5 million, which increased by approximately 18% as compared to the same period last year.

#### **System integration related application solution services**

Moving into 2017, the Group maintained a good development on its overall operation. As the core market of this segment, Beijing market relied on the experienced team of the Company, perfect mastery of technology and a unified integration plan to maintain a better developing trend. During the interim period, it mainly benefited from phase 2 of the fare reform project, Line No.2 platform door project, Beijing-MTR MLC project and Beijing SI station platform door project. In the national market outside of Beijing, the Group took advantage of its mature business model and the leading technology on subway coordination and command centre to build the “strongest brain” in Chengdu subway – the Chengdu Coordination and Command Centre (COCC), which could command 23 lines in the future. This is another significant breakthrough achieved by the Group in the national market and would further enhance the strength and market coverage of the system integration business and services of the Group. Besides, the Group continued to maintain its advantage gained from launching the Shenzhen Network Operation Control Centre (NOCC) project in 2016 and expanded into new markets, such as Changchun.

#### **Application solution maintenance services**

Application solution maintenance services mainly represent repair and maintenance of application solution systems developed by the Group and other software developers. In the Beijing market, the Group continued to provide three years of maintenance service for the Automated Fare Collection Clearing Centre (ACC) system, Traffic Control Centre (TCC) system and inspection centre of the Beijing Subway. As for the Hong Kong market, we continued to provide Octopus system maintenance service to The Kowloon Motor Bus Company (1933) Limited and New World First Bus Services Limited of Hong Kong through localised subsidiary of the Group.

## **Civil communication transmission service business**

Exploring the development opportunities of the subway civil information technology has long been the business development blueprint and one of the forward-looking development strategies of the Group. In 2014, the Company officially started the merger and acquisition of subway civil information technology assets. As of the end of 2016, the Group has completed the acquisition of the civil information technology assets of 174 stations of 15 subway lines. The Group uses the above assets and takes the subway network as the carrier to build a comprehensive inter-connected subway information technology new era. This would provide new continuous growth momentum and effectively expand the business areas of the whole Group. In the first half of 2017, we have successfully entered into 4G information transmission service agreements for the existing lines with Beijing Mobile Communication Company Limited (“Beijing Mobile”) and China United Network Communications Group Company Limited, Beijing Branch (“Beijing Unicom”) and signed the 4G communication transmission leasing agreements for the new subway line, the Changping Line, with the above two telecommunication operators. In terms of new areas of development, by taking advantage of the highly secured and comprehensive coverage of the subway fiber optic, we have entered into information transmission service agreement with Beijing Information Infrastructure Construction Services Company Limited\* (北京資訊基礎設施建設服務有限公司) and Beijing Enterprises Teletron Information Technology Co., Ltd (“BETIT”). It is predicted that the civil communication transmission system business will continuously bring stable income to the Group in the future.

## **FINANCIAL REVIEW**

The Group’s revenue increased by approximately 67% from approximately HK\$128.2 million for the six months ended 30 June 2016 to approximately HK\$214.7 million for the six months ended 30 June 2017, while the Group’s cost of sales increased by approximately 96% from approximately HK\$81.4 million for the six months ended 30 June 2016 to approximately HK\$159.2 million for the six months ended 30 June 2017, resulting in an increase in the Group’s gross profit by approximately 19% from approximately HK\$46.8 million for the six months ended 30 June 2016 to approximately HK\$55.5 million for the six months ended 30 June 2017.

Taking into account the effects of other revenue, other net loss, overhead expenses, investment gain and loss, income tax and non-controlling interests, the net profit attributable to equity shareholders of the Company increased by approximately 18% from approximately HK\$14.8 million for the six months ended 30 June 2016 to approximately HK\$17.5 million for the six months ended 30 June 2017.

Further discussion on the Group’s financial performance is set out below.

### **Revenue**

#### ***Provision of system integration related application solution services***

The Group recorded revenue of approximately HK\$134.2 million from the provision of system integration related application solution service for the six months ended 30 June 2017, representing an increase of approximately 145% as compared to approximately HK\$54.7 million for the six months ended 30 June 2016.

Such increase was mainly attributable to phase 2 of the fare reform project, Line No.2 platform door project of the Beijing Subway, Beijing-MTR MLC project and Beijing SI station platform door project. In the national market outside of Beijing, the Group took advantage of the mature business model and the leading technology on subway network coordination and command centre to build the “strongest brain” in Chengdu subway – the Chengdu Coordination and Command Centre (COCC), which could command 23 lines in the future. This is another significant breakthrough achieved by the Group in the national market and would further enhance the strength and market coverage of the system integration business and service of the Company.

#### ***Provision of operation and maintenance of application solution service***

The Group’s revenue arising from the provision of operation and maintenance of application solution service decreased by approximately 4% from approximately HK\$25.2 million for the six months ended 30 June 2016 to approximately HK\$24.3 million for the six months ended 30 June 2017. The revenue generated from the provision of maintenance of application solution service basically remained stable. Main service contracts were still within the contract period during the period under review.

#### ***Civil communication and information transmission service***

The Group’s revenue arising from civil communication and information transmission service was approximately HK\$56.2 million for the six months ended 30 June 2017, representing an increase of 16% as compared to approximately HK\$48.4 million for the six months ended 30 June 2016. The Group completed the acquisition of the other four lines of civil communication assets of BII in November 2016, the details of which were disclosed in the announcement of the Company dated 26 September 2016 and the circular of the Company dated 14 October 2016. No related revenue from the aforesaid four lines was recorded by the Group for the six months ended 30 June 2016. It is expected that the said business line will provide sustainable income from civil communication and information transmission service to the Group.

#### **Cost of sales**

The Group’s cost of sales increased by approximately 96% from approximately HK\$81.4 million for the six months ended 30 June 2016 to approximately HK\$159.2 million for the six months ended 30 June 2017. The Group’s revenue was mainly generated from the provision of system integration related application solution services, provision of operation and maintenance and leasing of civil communication transmission systems, of which the costs were mainly related to equipment procurement, direct labour force, and maintenance cost and depreciation of civil communication transmission systems. The increase in cost of sales was mainly due to the recognition of the related cost of phase 2 of the fare reform project as it was in the delivery stage. In addition, with the completion of acquisition of civil communication transmission systems, the relevant operating cost would increase accordingly.

## **Gross profit**

The Group's gross profit increased by approximately 19% from approximately HK\$46.8 million for the six months ended 30 June 2016 to approximately HK\$55.5 million for the six months ended 30 June 2017. The increase in gross profit for the six months ended 30 June 2017 as compared to the corresponding period in 2016 was mainly due to the relative effect of the increase in revenue and cost of sales.

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

The Group's selling, general and administrative expenses increased by approximately 7% from approximately HK\$29 million for the six months ended 30 June 2016 to approximately HK\$31.1 million for the six months ended 30 June 2017. Such increase was mainly attributable to the increase in labour cost.

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

The Group's profit attributable to equity shareholders of the Group increased by approximately 18% from approximately HK\$14.8 million for the six months ended 30 June 2016 to approximately HK\$17.5 million for the six months ended 30 June 2017. Such increase was mainly attributable to the increase in gross profit of our projects during the six months ended 30 June 2017 as compared to the corresponding period in 2016.

## **LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**

### **Capital structure**

As at 30 June 2017, the Company's total number of issued shares was 2,109,786,727 ordinary shares of HK\$0.01 each (31 December 2016: 2,106,154,727 ordinary shares of HK\$0.01 each).

### **Cash position**

As at 30 June 2017, the Group's cash and cash equivalents amounted to approximately HK\$1,075.9 million (31 December 2016: approximately HK\$1,118.4 million).

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

As at 30 June 2017, the Group had no bank borrowings or charges on assets (31 December 2016: Nil).

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

As at 30 June 2017, the Group had current assets of approximately HK\$1,893.7 million (31 December 2016: HK\$1,840.6 million), while its current liabilities were approximately HK\$408.2 million (31 December 2016: HK\$354.1 million), resulting in net current assets of approximately HK\$1,485.5 million (31 December 2016: HK\$1,486.5 million). As at 30 June 2017, current ratio, calculated based on current assets divided by current liabilities, was approximately 4.6 (31 December 2016: approximately 5.2). As at 30 June 2017, the Group had no bank borrowings, long term debts nor payables not incurred in the ordinary course of business, thus the gearing ratio was nil (31 December 2016: Nil).

## **FOREIGN EXCHANGE EXPOSURE**

The Group has four main operating subsidiaries and two main operating associates, among which, one main operating subsidiary is located in Hong Kong and the other three main operating subsidiaries and the two main operating associates are located in the PRC. All subsidiaries and associates earn revenue and incur costs in their local currencies. The Directors consider the impact of foreign exchange exposure of the Group is minimal.

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group had no material contingent liabilities (31 December 2016: Nil).

## **EMPLOYEES AND REMUNERATION POLICIES**

As at 30 June 2017, the Group had 301 employees (including executive Directors) (30 June 2016: 276). The total staff costs, including Directors' remuneration, were approximately HK\$37.9 million (for the six months ended 30 June 2016: HK\$37.7 million).

Remuneration package is reviewed annually with reference to market conditions and the performance, qualification and experience of individual employee. In addition to basic salaries, bonuses will be paid based on the Group's performance and the contribution of individual employee. Other staff benefits include share options, contributions to the PRC social insurance scheme, contributions to Hong Kong Mandatory Provident Fund scheme and insurance. The Company also organised professional and vocational trainings for its employees.

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

Beijing BII Zhuoyue Technology Development Co., Ltd\* (北京京投卓越科技發展有限公司) ("BII Zhuoyue"), Beijing Cornerstone Entrepreneurial Investment Administration Centre ("Cornerstone Administration Centre") and Suqian Chuangweiyang Investment Management Centre\* (宿遷創為盈投資管理中心) ("Chuangweiyang") jointly established Beijing Cornerstone Chuangying Investment Management Centre (Limited Liability Partnership)\* (北京基石創盈投資管理中心(有限合夥)) ("Cornerstone Chuangying Centre"), a limited liability partnership held as to 20% by BII Zhuoyue, 30% by Cornerstone Administration Centre and 50% by Chuangweiyang. Cornerstone Chuangying Centre was formally incorporated on 25 February 2016, the total subscribed capital contribution of which at the time of establishment was RMB1 million. On 16 May 2017, the total subscribed capital contribution was revised from RMB1 million to RMB2 million according to the supplemental agreement of the Cornerstone Chuangying Centre Partnership Agreement, of which the subscribed capital contributions of BII Zhuoyue, Cornerstone Administration Centre and Chuangweiyang were RMB400,000, RMB600,000 and RMB1 million, respectively. As of 30 June 2017, BII Zhuoyue, Cornerstone Administration Centre and Chuangweiyang have made capital contributions of RMB400,000, RMB600,000 and RMB1 million, respectively.

BII Zhuoyue, ICBC Credit Suisse Investment Management Co., Ltd. (“ICBC Credit Suisse”), Dr. Peng Telecom Media Group Co., Ltd. (“Dr. Peng”), Shenzhen Ever-Rising Industrial Group Co., Ltd. (“Ever-Rising Industrial”), Beijing Tonglingtong Telecom Technology Co., Ltd.\* (北京通靈通電訊技術有限公司) (“Tonglingtong Telecom”) and Cornerstone Chuangying Centre jointly established Beijing Cornerstone Chuangying Investment Centre (Limited Liability Partnership)\* (北京基石創盈投資中心(有限合夥)) (“Cornerstone Chuangying”). The limited liability partnership was formally incorporated on 10 January 2017 with a total subscribed capital contribution of RMB201 million. As of 30 June 2017, the actual contribution was RMB201 million, of which, BII Zhuoyue, ICBC Credit Suisse, Dr. Peng, Ever-Rising Industrial and Tonglingtong Telecom, as limited partners, and Cornerstone Chuangying Centre, as general partner, made capital contributions of RMB50 million, RMB100 million, RMB20 million, RMB20 million, RMB10 million and RMB1 million, respectively, and as a result, held 24.88%, 49.75%, 9.95%, 9.95%, 4.97% and 0.50% partnership interests, respectively.

Save as disclosed above, there were no other significant investments, material acquisition or disposal of subsidiaries and affiliated companies, or other plans for material investments or assets during the six months ended 30 June 2017.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017 (for the six months ended 30 June 2016: Nil). The Group will retain cash to finance the continuing development of its business as well as prospective investment opportunities.

## **PROSPECT**

For the second half of 2017, the Group is confident in maintaining the stable operation of business. In the past few years, the Group actively explored the way of revolution and development. Through merger and acquisition and reorganisation, we have built a diverse business structure. Firstly, the Group conducted merger and acquisition of civil information technology assets which allowed the Company to develop the civil communication transmission system service and continue to expand the value-added services of this business. Secondly, the Group entered into an agreement for acquisition of operating income rights of the airport express line of the Beijing Subway with Beijing Dongzhimen Airport Express Railway Company Limited\* (北京東直門機場快速軌道有限公司), through Beijing City Metro Company Limited\* (北京京城地鐵有限公司), a joint venture owned by the Group and Beijing Mass Transit Railway Operation Company Limited\* (北京市地鐵運營有限公司), at the end of May 2017. The operating income rights include fare income, advertising income and rental income, etc.. In the future, apart from continuing to emphasize on professional operation, the Group will enhance its level of profitability and risk-resisting ability so as to solidify the foundation of rapid development of the Group during the “Thirteenth Five-Year Plan” through a diverse business layout.

## **System integration related application solution services**

System integration related application solution services will continue to maintain its steady developing trend. The Group will continue to focus on the Beijing market and the surrounding Tianjin and Hebei markets so as to consolidate the leading market position in these areas. As for the national market, the main focuses are on East China, Central China, South China and the Northeast and Southwest regions and the market expansion would be based on this regional division. During the second half of the year, apart from continuing to implement a series of contracts entered into in the first half of the year, we will develop the Inspection Centre Technical Renovation Project, Asset Management Information System Project and Beijing Investment Information Infrastructure Project in the Beijing market. As for the national market, on the basis of maintaining the developed Shenzhen, Chengdu and Changchun markets, we would keep on exploring the East China and Central China markets so as to optimise the use and release of mature products and solutions of our Group in the new markets and contribute a steady growth to the Group.

## **Application solution maintenance services**

Application solution maintenance services continue to uphold steady operational model, perfect mastery of technology and years of operation and maintenance experience. Firstly, we will keep on serving the operation and maintenance business of the existing Beijing Subway lines and will start new projects in the second half of the year, including Line No. 14 communication operation and maintenance project and Line No. 14 and Line No. 16 Passenger Information System (PIS) backstage operation and maintenance projects. Secondly, in view of the new construction peak brought about by the 20 new lines (sections) to be launched in Beijing in 2017, the Group will be fully prepared for providing operation and maintenance services to the new lines.

## **Civil communication transmission service business**

Civil communication transmission service business will adopt a strategy of stable basic income, diverse value-added businesses, high-end technology and forward-looking development approach. In view of the rapid development of urban rail transit in our country, the subways of major PRC first-tier cities have become substantial component of the urban transportation systems. Together with the broad use of multi-media and internet exchange platforms, the demand for internet services in the subway becomes more significant. The Group has caught this developing opportunity and started planning in 2014. In 2016, we have already acquired civil communication assets of 174 stations of 15 subway lines of the Beijing Subway, which is the largest subway network in China, through merger and acquisition. In the future, the Group will fully integrate the subway civil transmission systems of the whole Beijing city based on these communication assets. Then, based on this foundation, we will work with operators, multi-media service providers and internet exchange service providers to provide more value-added services and ultimately build an efficient and stable 10 Gigabit Ethernet for Beijing city based on the whole subway network.

We firmly believe that we will continue to create stable returns for shareholders through continuing efforts.

## MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has devised its own code of conduct for securities transactions regarding Directors' and employees' dealings in the Company's securities (the "Securities Dealing Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made with all the Directors and employees to whom the Securities Dealing Code applies. The Directors have confirmed that they have complied with the Securities Dealing Code and the Model Code throughout the six months ended 30 June 2017. No incident of non-compliance with the Securities Dealing Code by the employees was noted by the Company.

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

During the six months ended 30 June 2017, the Company repurchased a total of 2,168,000 shares of the Company on the Stock Exchange as follows:

Month	Number of shares repurchased	Purchase price		Aggregate consideration (excluding expenses) (HK\$)
		Highest (HK\$)	Lowest (HK\$)	
June	2,168,000 (Note)	1.20	1.16	2,565,480

*Note: The total number of shares repurchased during the period from 21 June 2017 to 7 July 2017 amounted to 5,000,000 shares.*

The Directors were of the view that the repurchases were in the interest of the Company and the shareholders of the Company as a whole. All the repurchased shares were cancelled on 11 August 2017.

Save as disclosed above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2017.

## AUDIT COMMITTEE

The Company established the Audit Committee with written terms of reference in compliance with Rules 3.21 and 3.22 of the 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 give material advice in respect of financial reporting; and oversee risk management and internal control systems of the Company.

As at 30 June 2017, the Audit Committee comprises three independent non-executive Directors, namely Mr. Luo Zhenbang (Chairman of the Audit Committee), Mr. Bai Jinrong and Mr. Huang Lixin.

## **REVIEW OF INTERIM FINANCIAL INFORMATION**

The Interim Financial Information is unaudited, but has been reviewed by KPMG, the Company's independent auditor, in accordance with Hong Kong Standard on Review Engagements 2410 "Review of interim financial information performed by the independent auditor of the entity" issued by the Hong Kong Institute of Certified Public Accountants, whose report to the Board will be included in the 2017 interim report and nothing has come to their attention that causes them to believe that such report has not been prepared, in all material aspects, in accordance with International Accounting Standard 34, Interim Financial Reporting.

In addition, the Audit Committee has also reviewed the Interim Financial Information and is of the opinion that such information comply with applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures have been made.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board considers that the Company has complied with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the six months ended 30 June 2017.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT**

This interim results announcement is published on the website of the Company ([www.ccrtt.com.hk](http://www.ccrtt.com.hk)) and Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)). The 2017 interim report of the Company will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board  
**BII Railway Transportation  
Technology Holdings Company Limited**  
**Xuan Jing**  
*Executive Director and Chief Executive Officer*

Hong Kong, 25 August 2017

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

\* *For identification purposes only*