

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 EIGHTEEN MONTHS ENDED 31 DECEMBER 2014**

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 eighteen months ended 31 December 2014.

The consolidated financial results set out in this announcement are extracted from the Group’s audited consolidated financial statements for the eighteen months ended 31 December 2014. The financial results and information contained in this announcement cover a period of eighteen months from 1 July 2013 to 31 December 2014 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the eighteen months ended 31 December 2014

(Expressed in Hong Kong dollars (“HK\$”))

		Eighteen months ended 31 December 2014 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Revenue	4	657,241	254,135
Cost of sales		<u>(423,872)</u>	<u>(155,992)</u>
Gross profit	4(b)	233,369	98,143
Other revenue		2,070	3,272
Other net (loss)/income		(1,460)	13
Selling, general and administrative expenses		<u>(133,344)</u>	<u>(33,918)</u>
Profit from operations		100,635	67,510
Investment income		–	156
Remeasurement to fair value of pre-existing equity interests in an associate		–	1,795
Share of profit of an associate		<u>–</u>	<u>3,214</u>
Profit before taxation	5	100,635	72,675
Income tax	6	<u>(27,872)</u>	<u>(13,633)</u>
Profit for the period/year		<u>72,763</u>	<u>59,042</u>
Attributable to:			
Equity shareholders of the Company		65,042	59,042
Non-controlling interests		<u>7,721</u>	<u>–</u>
Profit for the period/year		<u>72,763</u>	<u>59,042</u>
Earnings per share			
– Basic (HK\$)	7(a)	<u>0.060</u>	<u>0.074</u>
– Diluted (HK\$)	7(b)	<u>0.059</u>	<u>0.073</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the eighteen months ended 31 December 2014

(Expressed in HK\$)

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Profit for the period/year	72,763	59,042
Other comprehensive income for the period/year (before and after tax):		
Items that may be reclassified subsequently to profit or loss:		
– Exchange differences on translation into presentation currency	5,182	4,924
– Reclassification of exchange differences on loss of significance influence	–	(437)
Total comprehensive income for the period/year	77,945	63,529
Attributable to:		
Equity shareholders of the Company	70,077	63,529
Non-controlling interests	7,868	–
Total comprehensive income for the period/year	77,945	63,529

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

(Expressed in HK\$)

		At 31 December 2014 <i>HK\$'000</i>	At 30 June 2013 <i>HK\$'000</i>
Non-current assets			
Fixed assets		68,108	2,141
Intangible assets		114,597	70,260
Goodwill		69,175	57,368
Deferred tax assets		9,127	3,534
		<u>261,007</u>	<u>133,303</u>
Current assets			
Inventories		33,087	10,040
Trade and other receivables	8	604,447	341,996
Cash and cash equivalents		528,044	207,239
		<u>1,165,578</u>	<u>559,275</u>
Current liabilities			
Trade and other payables	9	364,034	169,707
Current taxation		44,766	28,408
		<u>408,800</u>	<u>198,115</u>
Net current assets		<u>756,778</u>	<u>361,160</u>
Total assets less current liabilities		1,017,785	494,463
Non-current liabilities			
Deferred tax liabilities		18,199	5,111
NET ASSETS		<u>999,586</u>	<u>489,352</u>
CAPITAL AND RESERVES	10		
Share capital		13,060	9,542
Reserves		972,561	473,713
Total equity attributable to equity shareholders of the Company		985,621	483,255
Non-controlling interests		13,965	6,097
TOTAL EQUITY		<u>999,586</u>	<u>489,352</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the eighteen months ended 31 December 2014

(Expressed in HK\$)

	Attributable to equity shareholders of the Company						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	Statutory reserves	Exchange reserve	Retained profits			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Balance at 1 July 2012	8,000	209,488	17,564	12,967	3,003	88,792	339,814	–	339,814
Changes in equity for the year ended 30 June 2013:									
Profit for the year	–	–	–	–	–	59,042	59,042	–	59,042
Other comprehensive income	–	–	–	–	4,487	–	4,487	–	4,487
Total comprehensive income	–	–	–	–	4,487	59,042	63,529	–	63,529
Distributions approved in respect of the previous year (Note 10(b)(ii))	–	(20,000)	–	–	–	–	(20,000)	–	(20,000)
Issuance of shares	1,542	96,118	–	–	–	–	97,660	–	97,660
Increase in non-controlling interests through the acquisition of subsidiaries	–	–	–	–	–	–	–	6,097	6,097
Equity-settled share-based transactions	–	–	2,252	–	–	–	2,252	–	2,252
Appropriation to reserves	–	–	–	3,429	–	(3,429)	–	–	–
	1,542	76,118	2,252	3,429	–	(3,429)	79,912	6,097	86,009
Balance at 30 June 2013	9,542	285,606	19,816	16,396	7,490	144,405	483,255	6,097	489,352
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 (Note 10(c)(ii))	3,327	411,638	–	–	–	–	414,965	–	414,965
Shares issued under share option scheme (Note 10(c)(iii))	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

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 eighteen months ended 31 December 2014 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 eighteen months ended 31 December 2014 (“Financial Information”) set out in this announcement are extracted from the Group’s audited consolidated financial statements for the eighteen months ended 31 December 2014 (“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. The accounting policies and methods of computation used in the preparation of the Financial Statements are consistent with those used in the annual financial statements for the year ended 31 December 2013 except for the changes as set out in Note 3. 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 of directors of the Company 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 a period of eighteen months from 1 July 2013 to 31 December 2014. The comparative figures (which cover the financial year from 1 July 2012 to 30 June 2013) 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.

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 year ended 31 December 2013. 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 and one new Interpretation that are first effective for the current accounting period of the Group and of the Company. Of these, the following developments are relevant to the Group’s financial statements:

- IFRS 10, *Consolidated financial statements*
- IFRS 12, *Disclosure of interests in other entities*
- IFRS 13, *Fair value measurement*
- Amendments to IFRS 7, *Financial instruments: Disclosures – Offsetting financial assets and financial liabilities*

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 new or amended IFRSs are discussed below:

IFRS 10, *Consolidated financial statements*

IFRS 10 replaces the requirements in IAS 27, *Consolidated and separate financial statements*, relating to the preparation of consolidated financial statements and SIC 12, *Consolidation – Special purpose entities*. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 July 2013.

IFRS 12, *Disclosure of interests in other entities*

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity’s interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards.

IFRS 13, *Fair value measurement*

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group’s assets and liabilities.

Amendments to IFRS 7, *Financial instruments: Disclosures – Offsetting financial assets and financial liabilities*

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, *Financial instruments: Presentation*, and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

The adoption of the amendments does not have an impact on these financial statements because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7 during the periods presented.

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 period/year is as follows:

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Revenue from the provision of design and implementation of application solution services	291,446	95,294
Revenue from the provision of maintenance of application solution services	99,286	64,086
Sales of application solution software	36,706	11,292
Sales of application solution related hardware and spare parts	214,855	83,463
Rental income from the lease of civil communication transmission systems	14,948	–
	657,241	254,135

For the eighteen months ended 31 December 2014, revenues from transactions with three (year ended 30 June 2013: two) customers had exceeded 10% of the Group's revenue. Revenue from these customers amounted to HK\$474,649,000 for the eighteen months ended 31 December 2014 (year ended 30 June 2013: HK\$211,911,000).

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

(b) Segment reporting

The Group manages its businesses by business lines. In view of the acquisition of a new line of business as mentioned in Note 11, namely the lease of civil communication transmission systems, and 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 eighteen months ended 31 December 2014 and the year ended 30 June 2013. The Group's other income and expense items, such as selling, general and administrative expenses, remeasurement to fair value of pre-existing equity interests in an associate and share of profit of an associate, 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 eighteen months ended 31 December 2014 and the year ended 30 June 2013 is set out below.

	Eighteen months ended 31 December 2014					
	Design and implementation <i>HK\$'000</i>	Maintenance <i>HK\$'000</i>	Software <i>HK\$'000</i>	Hardware and spare parts <i>HK\$'000</i>	Rental income <i>HK\$'000</i>	Total <i>HK\$'000</i>
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>

Year ended 30 June 2013

	Design and implementation <i>HK\$'000</i>	Maintenance <i>HK\$'000</i>	Software <i>HK\$'000</i>	Hardware and spare parts <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers and reportable segment revenue	<u>95,294</u>	<u>64,086</u>	<u>11,292</u>	<u>83,463</u>	<u>254,135</u>
Reportable segment gross profit	<u>38,402</u>	<u>54,088</u>	<u>3,337</u>	<u>2,316</u>	<u>98,143</u>

(ii) *Geographic information*

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

	Eighteen months ended 31 December 2014 <i>HK\$'000</i>	Year ended 30 June 2013 <i>HK\$'000</i>
Mainland China	623,624	224,026
Hong Kong	33,408	28,508
The People's Republic of China (the "PRC") (place of domicile)	657,032	252,534
Thailand	209	1,601
	<u>657,241</u>	<u>254,135</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

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Salaries, wages and other benefits	97,489	24,217
Contributions to defined retirement plans	8,927	1,638
Equity-settled share-based payment expenses	4,800	2,252
	<u>111,216</u>	<u>28,107</u>

The employees of the subsidiaries of the Group established in the PRC 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, from the above mentioned retirement scheme at their normal retirement age.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Scheme Ordinance for employees employed by the Group's subsidiaries incorporated in Hong Kong under a trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000 (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

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Cost of inventories	271,297	97,055
Auditor's remuneration		
– statutory audit services	3,534	2,450
– other services	1,426	1,075
Depreciation and amortisation	18,894	7,009
Operating lease charges in respect of office premise	13,121	2,587
	<u>111,216</u>	<u>28,107</u>

6 INCOME TAX

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

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Current taxation:		
– Hong Kong Profits Tax	950	1,054
– PRC Corporate Income Tax	33,690	12,555
– PRC Withholding Tax	–	1,560
	<u>34,640</u>	<u>15,169</u>
Deferred taxation:		
– Origination and reversal of temporary differences	(6,768)	(1,536)
	<u>27,872</u>	<u>13,633</u>

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

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Profit before taxation	<u>100,635</u>	<u>72,675</u>
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned (<i>Notes (i), (ii) and (iii)</i>)	27,180	19,370
Tax effect of non-deductible expenses	6,245	3,885
Tax effect of non-taxable income	(391)	(1,099)
Tax effect of unused tax losses not recognised	–	368
Tax concessions (<i>Notes (iv) and (v)</i>)	(4,794)	(8,390)
Tax effect of recognition of prior periods' unused tax losses previously not recognised	(368)	–
Tax effect of share of profit of an associate	–	(804)
Recognition of deferred taxation arising from the change of estimated useful lives of intangible assets	–	(1,257)
Tax effect of PRC Withholding Tax (<i>Note (vi)</i>)	–	1,560
Income tax	<u>27,872</u>	<u>13,633</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 eighteen months ended 31 December 2014 (year ended 30 June 2013: 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 are subject to PRC Corporate Income Tax rate of 25% for the eighteen months ended 31 December 2014 (year ended 30 June 2013: 25%).
- (iv) One of the subsidiaries of the Group established in the PRC has obtained an approval from the tax bureau to be taxed as an enterprise with advanced and new technologies, and therefore enjoys a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2010 to 2015.
- (v) One of the subsidiaries of the Group established in the PRC has obtained approval from the tax bureau to be taxed as a software development enterprise, and according to the relevant income tax rules and regulations, this subsidiary is entitled to a 100% relief from PRC Corporate Income Tax for the calendar years from 2009 to 2010 and 50% relief for the calendar years from 2011 to 2013.
- (vi) Pursuant to the PRC Corporate Income Tax Law, non-resident which have an establishment or place of business in the PRC but the relevant income is not effectively connected with the establishment or place of business in the PRC, are subject to PRC income tax at the rate of 10% on various types of passive income including dividends derived from sources in the PRC (the “PRC Withholding Tax”). The dividends distributed by a subsidiary and an associate of the Group established in the PRC to their immediate holding company in Hong Kong are subject to the PRC Withholding Tax.

7 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share for the eighteen months ended 31 December 2014 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$65,042,000 (year ended 30 June 2013: HK\$59,042,000) and the weighted average of 1,084,725,000 ordinary shares (year ended 30 June 2013: 801,267,000 ordinary shares) in issue during the period, calculated as follows:

	Eighteen months ended 31 December 2014 '000	Year ended 30 June 2013 '000
Issued ordinary shares at 1 July	954,192	800,000
Effect of shares issued on the acquisition of subsidiaries	–	1,267
Effect of shares issued on 3 June 2014 and 10 June 2014 (<i>Note 10(c)(ii)</i>)	127,402	–
Effect of shares issued under share option scheme (<i>Note 10(c)(iii)</i>)	3,131	–
	<hr/>	<hr/>
Weighted average number of ordinary shares at 31 December 2014/30 June 2013	1,084,725	801,267
	<hr/> <hr/>	<hr/> <hr/>

(b) Diluted earnings per share

The calculation of diluted earnings per share for the eighteen months ended 31 December 2014 is based on the profit attributable to ordinary equity shareholders of the Company of HK\$65,042,000 (year ended 30 June 2013: HK\$59,042,000) and the weighted average number of ordinary shares (diluted) of 1,108,209,000 (year ended 30 June 2013: 804,886,000 ordinary shares (diluted)), calculated as follows:

	Eighteen months ended 31 December 2014 '000	Year ended 30 June 2013 '000
Weighted average number of ordinary shares at 31 December 2014/30 June 2013	1,084,725	801,267
Effect of deemed issue of shares under the Company's share option scheme for nil consideration	23,484	3,619
	<hr/>	<hr/>
Weighted average number of ordinary shares (diluted) at 31 December 2014/30 June 2013	1,108,209	804,886
	<hr/> <hr/>	<hr/> <hr/>

8 TRADE AND OTHER RECEIVABLES

	Note	The Group		The Company	
		At 31 December 2014 HK\$'000	At 30 June 2013 HK\$'000	At 31 December 2014 HK\$'000	At 30 June 2013 HK\$'000
Trade receivables due from:	8(a), (b), (d)				
– third parties		223,475	90,802	–	–
– equity shareholders of the Company and their affiliates		60,719	92,029	–	–
– an equity holder of a non-controlling equity holder of a subsidiary of the Group		20,052	19,581	–	–
		<u>304,246</u>	<u>202,412</u>	<u>–</u>	<u>–</u>
Gross amount due from customers for contract work:	8(c)				
– third parties		190,766	60,936	–	–
– an affiliate of an equity shareholder of the Company		75,861	25,629	–	–
– an equity holder of a non-controlling equity holder of a subsidiary of the Group		3,365	–	–	–
		<u>269,992</u>	<u>86,565</u>	<u>–</u>	<u>–</u>
Amounts due from related parties:	8(e)				
– equity shareholders of the Company and their affiliates		174	1,151	18	18
– the ultimate holding company of the Company		6,402	–	–	–
– subsidiaries of the Group		–	–	43,042	152,097
		<u>6,576</u>	<u>1,151</u>	<u>43,060</u>	<u>152,115</u>
Prepayments, deposits and other receivables		<u>23,633</u>	<u>51,868</u>	<u>199</u>	<u>1,501</u>
		<u>604,447</u>	<u>341,996</u>	<u>43,259</u>	<u>153,616</u>

Except for HK\$14,325,000 (30 June 2013: HK\$1,451,000), 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:

	The Group	
	At 31 December	At 30 June
	2014	2013
	HK\$'000	HK\$'000
Within 1 month	214,048	57,314
More than 1 month but less than 3 months	10,084	28,385
More than 3 months but less than 6 months	6,482	12,361
More than 6 months	73,632	104,352
	<hr/>	<hr/>
	304,246	202,412
	<hr/> <hr/>	<hr/> <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:

	The Group	
	At 31 December	At 30 June
	2014	2013
	HK\$'000	HK\$'000
Current	18,044	2,805
Less than 1 month past due	198,579	54,790
1 to 3 months past due	10,084	28,385
3 to 6 months past due	6,482	12,361
More than 6 months past due	71,057	104,071
	<hr/>	<hr/>
	304,246	202,412
	<hr/> <hr/>	<hr/> <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, the management of the Company 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 2014, 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\$472,473,000 (30 June 2013: HK\$129,025,000).

(d) **Retention receivables**

At 31 December 2014, included in trade receivables are retention receivables in respect of project contracts of HK\$16,900,000 (30 June 2013: HK\$1,451,000).

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

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

During the eighteen months ended 31 December 2014, the Company waived an aggregate amount of HK\$251,005,000 due from an indirectly wholly-owned subsidiary. The waived of receivable was amounted for as a capital contribution to this subsidiary.

9 TRADE AND OTHER PAYABLES

	The Group		The Company	
	At 31	At	At 31	At
	December	30 June	December	30 June
	2014	2013	2014	2013
<i>Note</i>	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade payables due to:				
– third parties	288,792	100,099	–	–
– equity shareholders of the Company	–	7,272	–	–
Bills payables	10,428	14,090	–	–
	299,220	121,461	–	–
Amounts due to related parties:				
– an affiliate of an equity shareholder of the Company	10,970	8,651	–	–
– the ultimate holding company of the Company	4,969	–	–	–
– a subsidiary of the Group	–	–	1,126	1,351
	15,939	8,651	1,126	1,351
Other taxes payables	21,187	18,987	–	–
Accrued expenses and other payables	10,932	5,387	14	–
	32,119	24,374	14	–
Financial liabilities measured at amortised cost	347,278	154,486	1,140	1,351
Receipts in advance from:				
– third parties	16,756	3,325	–	–
– an equity holder of a non-controlling equity holder of a subsidiary of the Group	–	11,896	–	–
	16,756	15,221	–	–
	364,034	169,707	1,140	1,351

At 31 December 2014, 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:

	The Group	
	At 31 December 2014 HK\$'000	At 30 June 2013 HK\$'000
Due within 1 month or on demand	288,792	107,371
Due after 1 month but within 6 months	<u>10,428</u>	<u>14,090</u>
	<u>299,220</u>	<u>121,461</u>

(b) Amounts due to related parties

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

10 CAPITAL, RESERVES AND DIVIDENDS/DISTRIBUTIONS

(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 2012	8,000	209,488	40,955	(12,744)	245,699
Changes in equity for the year ended 30 June 2013:					
Total comprehensive income	–	–	–	(14,905)	(14,905)
Distributions approved in respect of the previous year (Note 10(b)(ii))	–	(20,000)	–	–	(20,000)
Issuance of shares	1,542	96,118	–	–	97,660
Equity-settled share-based transactions	–	–	2,252	–	2,252
	<u>1,542</u>	<u>76,118</u>	<u>2,252</u>	<u>(14,905)</u>	<u>65,007</u>
At 30 June 2013	<u>9,542</u>	<u>285,606</u>	<u>43,207</u>	<u>(27,649)</u>	<u>310,706</u>

	Share capital HK\$'000 <i>(Note 10(c))</i>	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 <i>(Note 10(c)(ii))</i>	3,327	411,638	-	-	414,965
Shares issued under share option scheme <i>(Note 10(c)(iii))</i>	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	<u>13,060</u>	<u>712,202</u>	<u>45,382</u>	<u>(49,236)</u>	<u>721,408</u>

(b) Dividends/distributions

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

The directors of the Company do not recommend the payment of a final dividend/distribution for the eighteen months ended 31 December 2014 (year ended 30 June 2013: HK\$Nil).

(ii) Distributions to equity shareholders of the Company attributable to the previous financial year

	Eighteen months ended 31 December 2014 HK\$'000	Year ended 30 June 2013 HK\$'000
Final distribution/dividend in respect of the previous financial year, approved and paid during the following period, of HK\$Nil per ordinary share (year ended 30 June 2013: HK\$0.025 per ordinary share)	<u>-</u>	<u>20,000</u>

(c) **Share capital**

(i) *Authorised and issued share capital*

	At 31 December 2014		At 30 June 2013	
	<i>Number of shares</i>	<i>HK\$'000</i>	<i>Number of shares</i>	<i>HK\$'000</i>
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 July	954,192,094	9,542	800,000,000	8,000
Issuance of shares for acquisition of subsidiaries	-	-	154,192,094	1,542
Issuance of shares on 3 June 2014 and 10 June 2014 (<i>Note 10(c)(ii)</i>)	332,691,575	3,327	-	-
Issuance of shares under share option scheme (<i>Note 10(c)(iii)</i>)	<u>19,092,000</u>	<u>191</u>	-	-
At 31 December 2014/ 30 June 2013	<u>1,305,975,669</u>	<u>13,060</u>	<u>954,192,094</u>	<u>9,542</u>

(ii) *Issuance of shares*

On 3 June 2014, Beijing Infrastructure Investment (Hong Kong) Limited (“BII HK”), an existing equity shareholder of the Company, subscribed for 248,804,313 new ordinary shares issued by the Company at a price of HK\$1.25 each. On 10 June 2014, various third parties subscribed for an aggregate of 83,887,262 new ordinary shares issued by the Company at a price of HK\$1.25 each. The proceeds of HK\$3,327,000 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\$411,638,000 were credited to the Company’s share premium account.

(iii) Issuance of shares under share option scheme

During the eighteen months ended 31 December 2014, share options were exercised to subscribe for 19,092,000 ordinary shares in the Company at a consideration of HK\$12,524,000 of which HK\$191,000 was credited to share capital and the balance of HK\$12,333,000 was credited to the share premium account. HK\$2,625,000 has been transferred from the capital reserve to the share premium account in accordance with the Company's accounting policy.

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

Exercise period	Exercise price	At 31 December 2014 Number '000
26 July 2013 to 25 July 2017	HK\$0.656	1,235
26 July 2014 to 25 July 2017	HK\$0.656	3,883
26 July 2015 to 25 July 2017	HK\$0.656	10,018
31 December 2014 to 30 December 2018	HK\$1.080	4,000
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	4,000
5 December 2016 to 4 December 2019	HK\$2.690	10,000
5 December 2017 to 4 December 2019	HK\$2.690	6,000
		<hr/>
		55,136
		<hr/> <hr/>

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

11 ACQUISITION OF BUSINESS

On 31 August 2014, the Group acquired 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 from the ultimate holding company of the Company, Beijing Infrastructure Investment Co., Ltd. ("BII"), at a consideration of RMB96,000,000 (equivalent to approximately HK\$121,688,000).

The directors of the Company consider the acquisition represents a valuable opportunity for the Group to diversify its business operation into another aspect of the railway transport system by including the provision of civil communication services in the Beijing Subway, as part of its development focus over the value chain of the Beijing railway transportation system. The acquisition is expected to enable the Group to 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 carrying amounts <i>HK\$'000</i>	Fair value adjustments <i>HK\$'000</i>	Recognised values on the acquisition <i>HK\$'000</i>
Property, plant and equipment	67,510	–	67,510
Intangible assets	–	57,085	57,085
Deferred tax liabilities	–	(14,272)	(14,272)
Net fair value of the identifiable assets acquired and liabilities assumed in the acquisition	<u>67,510</u>	<u>42,813</u>	110,323
Goodwill			<u>11,365</u>
Consideration settled in cash			<u>121,688</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 of the Company 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 2014, the above acquisition contributes turnover of HK\$14,948,000 and net profit of HK\$3,944,000 to the Group for the eighteen months ended 31 December 2014. If the acquisition had occurred on 1 July 2013, management estimates that consolidated turnover, and consolidated net profit for the eighteen months ended 31 December 2014 would have been HK\$709,561,000 and HK\$86,566,000, respectively.

OPERATION REVIEW

For the eighteen months ended 31 December 2014, our business operation remained focused on four business segments namely, (i) design and implementation of application solution service; (ii) maintenance of application solution service; (iii) sales of application solution software; and (iv) sales of application solution related hardware and spare parts. However, following the acquisition of the civil communication assets as disclosed in the announcement of our Company dated 8 July 2014, our Group expanded our business operation into a new business segment, the 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.

Benefited from the Chinese government policies to relieve urban traffic issues in China, the rapid growth in demand for subway service in Beijing (average approximately 9.3 million passengers per day in 2014) and the recent ticket pricing reform of Beijing Subway (from a fixed fare of RMB2 yuan per ride to a variable fare based on distance per ride), our Group had won certain major design and implementation of application solution service projects offered for tender during the eighteen months ended 31 December 2014, including the Beijing Subway ticket reform project, the new Multiple Line Centre (“MLC”) project for Beijing MTR Corporation Limited, the Beijing Subway multiple line Passenger Information System (“PIS”) project, and the automated fare collection clearing centre system (“ACC System”) and traffic control centre system (“TCC System”) integration project for new subway lines in Beijing. Apart from Beijing, the Group had also won tenders to undertake certain automatic fare collection (“AFC”) projects for MTR Corporation Ltd. in Hong Kong.

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 eighteen months ended 31 December 2014, 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, apart from the existing ACC system and TCC system maintenance contracts, our Group had won certain new maintenance service contracts in relation to the systems previously constructed by our Group upon the expiration of the warranty 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.

The continuous development and reform of Beijing Subway had generated a fairly good demand for our software products. For the eighteen months ended 31 December 2014, our Group had developed a railway transportation asset management information system software to diversify our existing software product supplies.

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.

The rapid development of railway transportation in China had created numerous business opportunities for related service providers, particularly in Beijing, 16 subway lines with a total distance of approximately 473.5 kilometres had been constructed and put into service since 2002 and the number of average daily passenger surged from approximately 1.3 million per day in 2002 to approximately 9.3 million passengers per day in 2014. The stunning growth rate of Beijing Subway in terms of construction of new subway line and passenger ridership led to huge demand for application solution related hardware and spare parts for construction, repair and maintenance, improvement and modification of the Beijing Subway system. As such, during the eighteen months ended 31 December 2014, our Group won a number of tenders from Beijing Subway for the sale of application solution related hardware and spare parts including a major project for the partial modification and upgrade of the Beijing Subway AFC system.

Civil communication transmission system leasing service

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

As disclosed in the announcement of our Company dated 29 September 2014, our Company had completed the acquisition of the civil communication assets involving eight subway lines of Beijing Subway, which include (i) the fixed assets in relation to the civil communication transmission facilities of seven subway lines of Beijing Subway and the income rights therefrom; and (ii) the income rights in relation to the civil communication transmission facilities of the airport line of the Beijing Subway. This business will provide a stable rental income stream for the Group.

FINANCIAL REVIEW

Revenue

The Group recorded an increase in revenue for the eighteen months ended 31 December 2014 of HK\$403.1 million, or 158.6%, to HK\$657.2 million (Year ended 30 June 2013: HK\$254.1 million). The substantial increase was partially attributable to an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2013.

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 increased by approximately 205.8% from approximately HK\$95.3 million for the twelve months ended 30 June 2013 to approximately HK\$291.4 million for the eighteen months ended 31 December 2014. Such increases were largely attributable to the provision of the Beijing Subway ticket reform project, the new MLC project for Beijing MTR Corporation Limited, the Beijing Subway multiple line PIS project, and the ACC System and the TCC System integration project for new subway lines in Beijing.

Maintenance of application solution service

The Group's revenue arising from maintenance of application solution service segment increased by approximately 54.9% from approximately HK\$64.1 million for the twelve months ended 30 June 2013 to approximately HK\$99.3 million for the eighteen months ended 31 December 2014. Such increases were primarily attributable to an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2013 and the winning of a number of new maintenance services contracts in relation to the systems previously constructed by the Group upon the expiration of the warranty period.

Sales of application solution software

The Group's revenue arising from the sales of application solution software segment increased by approximately 224.8% from approximately HK\$11.3 million for the twelve months ended 30 June 2013 to approximately HK\$36.7 million for the eighteen months ended 31 December 2014. Such increase was mainly attributable to the provision of software modification service in relation to the AFC system upgrade for existing subway lines in Beijing and partly attributable to an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2013.

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 increased by approximately 157.4% from approximately HK\$83.5 million for the twelve months ended 30 June 2013 to approximately HK\$214.9 million for the eighteen months ended 31 December 2014. Such growth was mostly attributable to the sales of hardware and spare parts in relation to AFC system upgrade for existing subway lines in Beijing.

Civil communication transmission system leasing service

The Group's revenue arising from civil communication transmission system leasing service segment was approximately HK\$14.9 million. This business segment had only been established after the acquisition of the civil communication assets involving eight subway lines of Beijing Subway, which include (i) the fixed assets in relation to the civil communication transmission facilities of seven subway lines of Beijing Subway and the income rights therefrom; and (ii) the income rights in relation to the civil communication transmission facilities of the airport line of the Beijing Subway, therefore, the reported revenue of HK\$14.9 million only represented four months' rental income.

Cost of Sales

The Group's cost of sales increased by approximately 171.7% from approximately HK\$156.0 million for the twelve months ended 30 June 2013 to approximately HK\$423.9 million for the eighteen months ended 31 December 2014. The rise in cost of sales was primarily attributable to an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2013 and coupled with the increase in hardware procurement costs arising from the sales of hardware and spare parts in relation to AFC System upgrade for existing subway lines in Beijing during the reporting period.

Gross profit

The Group's gross profit increased by approximately 137.9% from approximately HK\$98.1 million for the twelve months ended 30 June 2013 to approximately HK\$233.4 million for the eighteen months ended 31 December 2014. The growth in gross profit was largely attributable to an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2013 and also due to the increase in number of maintenance services and software oriented projects awarded to the Group during the eighteen months ended 31 December 2014 as compared to the twelve months ended 30 June 2013. The cost of sales related to maintenance services and software oriented projects was mainly internal labour costs which were relatively lower than other services and projects that required third party procurement, thus generated relatively higher gross profit.

Selling, General and Administrative Expenses

The Group's selling, general and administrative expenses increased by approximately 293.2% from approximately HK\$33.9 million for the twelve months ended 30 June 2013 to approximately HK\$133.3 million for the eighteen months ended 31 December 2014. The rise in selling, general and administrative expenses was mainly attributable to the increase in selling, general and administrative expenses due to the consolidation of the financial results of 北京京投億雅捷交通科技有限公司 (Beijing BII-ERG Transportation Technology Company Limited*) into the consolidated financial results of the Group for the eighteen months ended 31 December 2014 following completion of the acquisition of Innovation Holding Co., LTD. on 28 June 2013 (further information regarding the acquisition was disclosed in the announcements of the Company dated 8 May 2013 and 28 June 2013 and the circular of the Company dated 7 June 2013). Furthermore, the increase in overheads of other business generating subsidiaries due to expansion of business, particularly staff costs and office rental expenses, the increase in depreciation and amortisation expenses as a result of the acquisition of the civil communication assets, and the extension of the current reporting period from twelve months to eighteen months due to the change of financial year end date, had further increased the selling, general and administrative expenses for the eighteen months ended 31 December 2014 as compared to that of the twelve months ended 30 June 2013.

Profit Attributable to equity Shareholders of the Company

The Group's profit attributable to equity shareholders of the Company increased by approximately 10.2% from approximately HK\$59.0 million for the twelve months ended 30 June 2013 to approximately HK\$65.0 million for the eighteen months ended 31 December 2014. Such growth was mainly attributable to an extended accounting period of eighteen months currently being reported on when compared with the previous period of twelve months ended 30 June 2013, however, the effect of which was partially offset by the increase in selling, general and administrative expenses during the eighteen months ended 31 December 2014 when compared with that for the twelve months ended 30 June 2013.

Liquidity, Financial and Capital Resources

Capital structure

As at 31 December 2014, the Company's total number of issued shares was 1,305,975,669 ordinary shares of HK\$0.01 each (30 June 2013: 954,192,094 ordinary shares of HK\$0.01 each).

Cash position

As at 31 December 2014, the Group's cash and bank balances were approximately HK\$528.0 million (30 June 2013: approximately HK\$207.2 million).

Bank borrowing and charges on the Group's assets

As at 31 December 2014, the Group has no bank borrowings and charges on assets.

Working capital and gearing ratio

As at 31 December 2014, the Group had current assets of approximately HK\$1,165.6 million (30 June 2013: approximately HK\$559.3 million), while its current liabilities was approximately HK\$408.8 million (30 June 2013: approximately HK\$198.1 million), resulting in net current assets of approximately HK\$756.8 million (30 June 2013: approximately HK\$361.2 million). Current ratio as at 31 December 2014, calculated based on current assets divided by current liabilities was approximately 2.9 (30 June 2013: approximately 2.8).

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 2014, 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 (30 June 2013: 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 2014, the Group did not have any material contingent liability.

BUSINESS OUTLOOK

For the Group's 2015 financial year, according to the 12th Five-Year Plan of Beijing, it is expected that multiple new railway lines will need to be integrated into the automated fare collection clearing centre ("ACC") and the traffic control centre ("TCC"). In addition, 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 automated fare collection system ("AFC") 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").

In the 2015 financial year, the Group will focus on the development of the civil communication business, and implement the 4G contracts for the eight existing lines entered with three operators, fully expanding the 4G business. Also, the investment, construction and fee charging model of new lines will be confirmed as soon as possible. We will also follow technological development trends in the communications field, such as 4G, 5G and 5.8G technologies. We will also research the development trends of the internet in order to establish a development model which accommodates the characteristics of subways. We will also acquire the civil communication assets of other lines which have already been completed and settled by BII in 2015.

Meanwhile, the Group is also committed to expanding various types of self-developed products. Apart from the system software catering for the railway network, we will continue to invest manpower and resources to develop the system software for city public transport system at the line level, and accelerate the progress of commercialisation, thus achieving a diversified development. We believe that commercialisation in each professional field (including AFC and PIS) shall focus on the promotion of standardisation. On one hand, we aim to develop core software and hardware products for that professional field, so as to gradually transform our business model from project-oriented to product-oriented. On the other hand, we shall proactively participate in the maintenance work of each professional field, so as to acquire more accurate and detailed information in relation to the requirements of operation and product demand, hereby providing guidance for our R&D work and forming a business direction focusing on operational maintenance and technical services. For example, the repair, maintenance and upgrading of AFC system, standardisation of PIS system, construction of PCC system, and to focus on the construction of multi-line centers and the sales of standardised products.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2014, the Group employed a total of 270 (30 June 2013: 190) employees. The staff costs, including Directors' remuneration, were approximately HK\$111.2 million (Year ended 30 June 2013: HK\$28.1 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 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

As disclosed in the announcement of the Company dated 29 September 2014, the Company had completed the acquisition of the civil communication assets (民用通信資產) involving eight subway lines of Beijing Subway, which include (i) the fixed assets in relation to the civil communication transmission facilities of seven subway lines of Beijing Subway and the income rights therefrom; and (ii) the income rights in relation to the civil communication transmission facilities of the airport line of the Beijing Subway.

Save as disclosed, there were no significant investments held, material acquisition or disposal of subsidiaries and affiliated companies during the eighteen months ended 31 December 2014. Save for the business plan as disclosed in the Company's prospectus dated 3 May 2012 ("Prospectus"), there is no other plan for material investments or capital assets as at 31 December 2014.

CHANGE OF DIRECTORS

During the eighteen months ended 31 December 2014, Mr. Chen Rui resigned as an executive Director on 1 June 2014, Mr. Hu Zhaoguang resigned as an independent non-executive Director on 9 July 2014 and Mr. Steven Bruce Gallagher resigned as a non-executive Director on 13 October 2014. Ms. Xuan Jing was appointed as an executive Director on 27 June 2014, Mr. Hao Weiya and Mr. Zhang Jie were appointed as non-executive Director on 6 August 2013 and 27 June 2014 respectively, and Mr. Huang Lixin was appointed as an independent non-executive Director on 9 July 2014. After the reporting period, Mr. Shao Kai was appointed as executive Director on 4 March 2015.

Details of the change of Directors and the changes in members of the Board committees were set out in the announcements of the Company dated 30 May 2014, 4 June 2014, 27 June 2014, 8 July 2014, 13 October 2014 and 4 March 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 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 procedures of the Company.

As at 31 December 2014, 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 eighteen months ended 31 December 2014 as set out in this announcement are consistent with those set out in the Company's audited consolidated financial statements for the eighteen months ended 31 December 2014.

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 eighteen months ended 31 December 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The shares of the Company were listed on the Growth Enterprise Market of the Stock Exchange on 16 May 2012 and the Company subsequently transferred the listing of its entire shares to the Main Board of the Stock Exchange on 6 December 2013.

The Board considers that the Company has complied with the code provisions in the Corporate Governance Code as set out in Appendix 15 to the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange during the period from 1 July 2013 to 5 December 2013 and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the period from 6 December 2013 to 31 December 2014.

DIVIDEND

The Board did not recommend the payment of any dividend for the eighteen months ended 31 December 2014 (Year ended 30 June 2013: 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, 12 May 2015, the register of members will be closed from Friday, 8 May 2015 to Monday, 11 May 2015, 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, 7 May 2015.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 12 May 2015. 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 2014 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, 25 March 2015

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. Zhang Jie; and the independent non-executive Directors are Mr. Bai Jinrong, Mr. Luo Zhenbang and Mr. Huang Lixin.