
SUMMARY

This summary aims to give you an overview of the information contained in this document. As this is a summary, it does not contain all of the information which may be important to you. You should read this document in its entirety before you decide to invest in our Shares.

There are risks associated with any investment. Some of the particular risks in investing in our Shares are set out in the section headed "Risk factors" in this document. You should read that section carefully before you decide to invest in our Shares.

OVERVIEW

Introduction

We are principally engaged in the design, implementation and maintenance of application solutions for centralising various functions of public transport systems in Beijing and Hong Kong. A public transport system mainly comprises computer systems and infrastructures which forms a network. A network comprises various lines, which are different routes in a public transport system such as different railway lines. A line in turn comprises various stations, which are destinations for passengers. For centralisation of control, systems used at each station are connected to a line-level system which manages, controls and/or monitors each line while line-level systems are then connected to a network-level system which controls and/or monitors the entire network.

Our application solutions are used at the network level of a public transport system where lines within such system are connected to. Our application solutions provide a centralised computer platform which enables different computer subsystems performing different functions at the line level of the public transport systems to be connected and linked up at the network level whereby operators of the public transport systems can monitor and oversee the operation of the entire public transport system at the control centre. Our application solutions for the ACC System¹ and the TCC System² and the application solutions for the PCC System³ to be developed by us can link up the three important network-level functions required for a public transport system, namely the ticketing and fare and data collection, transport control, and passenger-related functions, and allow exchange of information among these systems.

For further details of the structure of a public transport system and the interactions among the different systems at the network level and the line level, please refer to the simplified diagram set out in the paragraph headed "Overview" in the section headed "Business" in this document.

¹ *The ACC System is the automated fare collection clearing centre system, a network-level system which standardises the settlement and apportionment of the fares collected among the clearing participants (i.e. operators within a public transport system, e.g., for the Beijing Subway, there are two operators managing different railway lines) by collecting the statistical information in relation to transactions and financial data recorded, the issuance of tickets and management of the a public transport system.*

² *The TCC System is the traffic control centre system within a public transport system at a network level, its functions include monitoring and coordination of the operation among different operating units (e.g. different railway or subway lines or routes), electrical and mechanical subsystems, emergency control (e.g. contacting and coordinating with the police, fire stations and weather observatories) and sharing of information.*

³ *The PCC System is the passenger information system control centre system, a network-level system which centralises the functions of compiling and disseminating multimedia information and day-to-day operational data; it integrates passenger information subsystems of different lines within a public transport system so as to enable sharing of resources and information, such as weather information, advertisements and news clippings.*

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Revenue

Revenue by location of subsidiaries

	Year ended 30 June				Five months ended 30 November			
	2010		2011		2010		2011	
	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	HK\$'000	%
	(unaudited)							
Beijing	19,195	78.5	51,354	71.3	8,482	49.9	53,143	81.4
Hong Kong	5,259	21.5	20,693	28.7	8,506	50.1	12,104	18.6
Total	24,454	100.0	72,047	100.0	16,988	100.0	65,247	100.0

During the Track Record Period, all of our work were delivered in accordance with the milestone or timetable mutually agreed with our customers.

Revenue by segment

	Year ended 30 June				Five months ended 30 November			
	2010		2011		2010		2011	
	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	HK\$'000	% HK\$'000	HK\$'000	%
	(unaudited)							
Transportation system design and installation services								
ACC	–	–	23,977	33.3	1,408	8.3	1,711	2.6
TCC	–	–	9,076	12.6	–	–	–	–
AFC (Note 1)	600	2.5	4,095	5.7	1,403	8.2	5,765	8.8
Technical support and general consultancy (Note 3)	2,889	11.8	479	0.7	145	0.9	17,458	26.8
	3,489	14.3	37,627	52.3	2,956	17.4	24,934	38.2
Maintenance services								
ACC	12,539	51.2	12,711	17.6	5,405	31.8	4,732	7.3
TCC	2,831	11.6	3,310	4.6	1,344	7.9	1,312	2.0
AFC (Note 2)	3,663	15.0	15,574	21.6	6,771	39.9	5,814	8.9
	19,033	77.8	31,595	43.8	13,520	79.6	11,858	18.2
Sales of spare parts	1,932	7.9	2,825	3.9	512	3.0	28,455	43.6
Total	24,454	100.0	72,047	100.0	16,988	100.0	65,247	100.0

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Notes:

1. The services in relation to the AFC System⁴ were provided by ERG HK and were mainly related to the Bangkok Smartcard System Project.
2. The services in relation to the AFC System⁴ were provided by ERG HK and were mainly related to the maintenance projects with MTR, KMB, CTB, NWFB and NWFF.
3. These technical support and general consultancy services related to the provision of technical services to, among others, [MTR] for the two years ended 30 June 2011 in relation to the contactless smartcard system and the Network Emergency Communications Command System Design and Development Project with Beijing Jianyi during the five months ended 30 November 2011 (Further details on Beijing Jianyi and the Network Emergency Communications Command System Design and Development Project are set out in the paragraph headed "Customers" in the section headed "Business" in this document).

The reason for the fluctuation of proportion of revenue from transportation system design and installation services and maintenance services during the Track Record Period was that in the year ended 30 June 2010, our Group had just been established through the acquisition of ERG BJ in May 2009, and the acquisition of ERG HK in March 2010, and we were at the stage of re-formulating our marketing strategy, therefore our revenue was largely generated from maintenance services that had continuously been provided by our business operating entities, namely, ERG BJ and ERG HK pursuant to agreements entered into by them prior to our Group's acquisition of such companies. With the formulation of our marketing strategy catering for the expansion of the Beijing Subway, our Group had undertaken more large scale transportation system design and installation services which led to the reduction in the proportion of revenue generated from provision of maintenance services for the year ended 30 June 2011 and onwards.

We expect that revenue from maintenance services will continue to provide a steady income stream for us but we expect the proportion of revenue from design and installation services will increase over time as we undertake more project work.

For each of the two financial years ended 30 June 2011 and the five months ended 30 November 2011, the percentage of revenue generated from the sales of spare parts accounted for approximately 7.9%, 3.9% and 43.6% of our Group's total revenue. The substantial increase in sales of spare parts to approximately 43.6% of our Group's total revenue for the five months ended 30 November 2011 was mainly attributable to the sales of smartcard reader for use in eight subway lines of the Beijing Subway, while in previous period, only minor spare parts were sold on a small scale. Going forward, our Group will continue to focus on the design and implementation of application solutions at the network level. The concentration of business in the sales of spare parts for the five months ended 30 November 2011 was merely due to an one-off order from our 2012 Major Customer (as defined below). However, we would still engage in the sales of spare parts should such demand arise in the future.

⁴ *The AFC System is the automated fare collection system, a line-level system which manages and controls tickets and functions of station-level equipment of a public transport system.*

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Customers

The following table sets forth the breakdown of our Group's revenue by customers during the Track Record Period and the corresponding period ended 30 November 2010:

	Year ended 30 June		Five months ended 30 November					
	2010	2011	2010		2011			
	HK\$'000	% HK\$'000	% HK\$'000	% HK\$'000	% HK\$'000	%	%	
	(unaudited)							
2012 Major Customer (<i>Notes 1 and 2</i>)	–	–	–	–	–	–	28,280	43.3
Beijing Jianyi (<i>Note 2</i>)	–	–	–	–	–	–	17,109	26.2
Beijing Metro Network	16,938	69.2	50,958	70.7	8,092	47.6	7,755	11.9
Vix Technology	600	2.5	4,094	5.7	1,403	8.3	4,021	6.2
KMB	2,092	8.6	8,703	12.1	4,126	24.3	3,134	4.8
CTB	781	3.2	3,204	4.4	1,349	7.9	1,395	2.1
NWFB	689	2.8	2,607	3.6	1,051	6.2	1,073	1.6
NWFF	196	0.8	760	1.1	315	1.9	331	0.5
Others	3,158	12.9	1,721	2.4	652	3.8	2,149	3.4
Total	24,454	100.0	72,047	100.0	16,988	100.0	65,247	100.0

Notes:

1. Our major customer in 2012 ("**2012 Major Customer**") is a company established in the PRC and an Independent Third Party, whose principal activities include the research and development, production and sale of smart end-products as well as the provision of smart card system application solutions. Consent to disclose the name of our 2012 Major Customer is not granted.
2. The end user of the services and/or spare parts provided by our Group to our 2012 Major Customer and Beijing Jianyi is Beijing Subway. To the best knowledge of our Directors, our 2012 Major Customer and Beijing Jianyi are independent from Beijing Metro Network.

Reliance on major customers

The aggregate sales to our top five customers amounted to approximately HK\$[22.15] million, HK\$[69.50] million and HK\$[60.30] million, representing approximately [90.6]%, [96.5]% and [92.4]% of our total revenue for the two years ended 30 June 2011 and the five months ended 30 November 2011 respectively and during the same period, our largest customer, accounted for approximately [69.2]%, [70.7]% and [43.3]% of our total revenue respectively. Beijing Metro Network was our largest customer for each of the two years ended 30 June 2011 and our 2012 Major Customer was our largest customer for the five months ended 30 November 2011.

The business relationship between ERG BJ and [Beijing Metro Network] commenced in 2006 when ERG BJ participated in the setting up of the first ACC System in Beijing for the Beijing Subway. Since 2006, ERG BJ has been the only company to be engaged to provide services in relation to the establishment, integration and maintenance of the ACC System of the Beijing Subway. [From 2006 to the Latest Practicable Date, BII ERG and ERG BJ were the only companies in the PRC that possessed the licensed technology solutions from the Vix Group in relation to the ACC System currently used by Beijing Subway. Other industry players possess technology related to the ACC System which is different from the licensed technology of the Vix Group.] The revenue

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from Beijing Metro Network had dropped for the five months ended 30 November 2011 given that (i) a [majority] part of the revenue from the ACC and TCC Integration Project for five of the lines of the Beijing Subway had already been recognised; and (ii) the ACC and TCC Integration Project for Beijing Subway was only undertaken in December 2011 and the revenue therefrom was not recognised during the five months ended 30 November 2011.

Our Directors believe that our business relationship with [Beijing Metro Network] is one of mutual reliance [and beneficial to each other] and that our established business relationship with [Beijing Metro Network] would enhance our cooperation with [Beijing Metro Network] in the future. However, despite the mutual reliance, there remains the possibility that Beijing Metro Network may not cooperate with our Company in the future.

Our 2012 Major Customer is a company established in the PRC and an Independent Third Party, whose principal activities include the research and development, production and sale of smart end-products as well as the provision of smart card system application solutions. Our 2012 Major Customer undertook the AFC System project for Beijing Subway and engaged our Group to provide card readers. Another major customer in 2012, Beijing Jianyi, is a company established in the PRC and an Independent Third Party, whose principal activities include the research and development, design, production, installation and after-sale services in relation to the AFC System and PSD. Beijing Jianyi undertook the setting up of the network emergency communications command system design and development for Beijing Subway and engaged our Group to provide data of Beijing Subway as we had obtained a large amount of data through our cooperation with Beijing Subway in TCC projects. Both our 2012 Major Customer and Beijing Jianyi subcontracted part of their work for Beijing Subway to ERG BJ. The nature of the projects from each of Beijing Jianyi and our 2012 Major Customer is different from the nature of the projects undertaken by our Group with Beijing Metro Network in the Track Record Period. The projects from Beijing Jianyi and our 2012 Major Customer involve the setting up of the network emergency communications command system and card readers of the Beijing Subway and our Group did not possess extensive experience in these projects.

Suppliers

We purchase the components and equipment required by us from third parties in the PRC and Hong Kong. Our main procurement items include modems, data processors, servers, computers, hardware for smartcard reader and spare parts required for provision of our maintenance services. During the Track Record Period, purchases from our top five suppliers together accounted for approximately [76.7]%, [72.3]% and [93.7]% of our total purchases for the two years ended 30 June 2011 and the five months ended 30 November 2011 respectively, while purchases from our largest supplier accounted for approximately [29.9]%, [43.6]% and [89.3]% of our total purchases during the same period.

Our purchases from our largest supplier increased to approximately 89.3% of our total purchases by us for the five months ended 30 November 2011 because of a one-off purchase of smart card readers that amounted to approximately HK\$[28.28] million. During the Track Record Period, we did not experience any shortage of suppliers. There will also be numerous potential suppliers with relevant expertise in the market for replacement should any need arise in the future.

Market share

According to the HuiCong Research Report, the total value of contracts obtained by ERG BJ during 2009 and 2010 was about RMB33 million which represented ERG BJ having a market share of about 92% of the total amount of subway system network-level projects offered in Beijing during

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2009 and 2010 and a market share of about 8% of the total amount of subway system network-level projects offered in the PRC during 2009 and 2010. In terms of the total amount of subway system projects, at both network level and line level, offered in Beijing and in the PRC during 2009 and 2010, the total value of contracts obtained by ERG BJ represented a market share of about 1.3% and 0.4% respectively.

Cooperation with business partners

[As at the Latest Practicable Date, ERG BJ did not possess the CISI Qualification. The CISI Qualification is a qualification awarded by the MIIT in recognition of entities which fulfill various criteria on computer information system integration capabilities. There are four levels of qualifications, each with different levels of criteria prescribed. As far as our PRC Legal Advisers are aware, [as at the Latest Practicable Date], there was no law or regulation in the PRC that particularly requires a participant of public transport system projects to possess a certain level of CISI Qualification. The grade of CISI Qualification required is subject to tenderees' requirements. Since ERG BJ does not have any CISI Qualification, we have to cooperate with our business partners to make joint tender applications in relation to projects that required CISI qualification. For the year ended 30 June 2010, we did not generate any revenue from the joint tender arrangement with our business partners. For the year ended 30 June 2011 and the five months ended 30 November 2011, approximately [39.4]% and [2.6]% of our revenue was generated from the joint tender arrangement with our business partners respectively.

After its due diligence, our PRC Legal Advisers are of the opinion that the joint tender arrangements of ERG BJ are in compliance with requirements of the tenderer and are also in compliance with PRC laws and regulations. Our Directors currently anticipate our Group will continue to enter into joint tender arrangement with our business partners in the future.

Future plans

We plan to actively participate in tender offered by existing and potential customer(s). Beijing Subway has room for development given that the number of lines supported by the current ACC System shall be increased and its capacity in terms of passenger flow shall be enlarged. According to the HuiCong Research Report, approval for the construction of urban subway system has been obtained by 28 cities in the PRC, which also provides our Group with the potential for future growth. Furthermore, by the end of February 2012, although government approval had been obtained for subway system establishment, the subway systems in Changchun, Qingdao and Zhengzhou were still at the line level and establishment of the ACC System was yet to be commenced. As the number of lines in the subway system of these places is increasing and their structures are becoming more complicated, the ACC System could help consolidate the ticketing and transport fare and data collection subsystems of individual lines within those systems. Our Group plans to replicate the experience and model of the ACC System adopted in Beijing in these new markets. [As at the Latest Practicable Date, our Group had not yet submitted bidding proposals for projects offered in these new markets as we are currently conducting researches and analysis for these new markets and no appropriate tender has been offered yet.] It is expected that appropriate tenders would be offered in 2012 and bidding proposals will be submitted.

Our Group will establish a market development team with approximately [10] employees. We are currently in the course of preparing promotional materials to introduce our business to other cities in the PRC. [We have paid visits to potential customers located in other cities, such as Zhengzhou, Chengdu, Kunming and Changchun to promote our Group's business and inquire into their needs and demands. We have also kept in contact with them so as to keep abreast of the latest development of the public transport system in these cities. During such visits, we have introduced our Group's working experience in Beijing to our potential customers.]

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COMPETITIVE STRENGTHS

We believe that our competitive strengths mainly lie in our (i) experience in providing application solutions and maintenance and technical support services to owners and operators of public transport systems; (ii) expertise and possession of licensed technology solutions covering a broad spectrum of applications within public transport systems; (iii) experienced design and engineering team with strong customisation capabilities; (iv) commitment to provide high quality services and products; (v) experienced team with sound industry knowledge, management skills and technical know-how; and (vi) good relationships with prominent and other customers.

BUSINESS STRATEGIES

In essence, our business strategies are to (i) expand our business; (ii) enhance our expertise and technical know-how on development of new application solutions; (iii) enhance our reputation; and (iv) expand our customer base.

RISK FACTORS

We believe that there are certain risks involved in our operations, many of which are beyond our control. They can be broadly categorised into risks relating to our Group, the industry, conducting business in the PRC and the [●], among which, the relatively material risks encompass (i) our Group’s reliance on a few major customers in the PRC and Hong Kong; (ii) our Group’s dependence on the cooperation with, and the technological know-how of the Vix Group; (iii) the lack of CISI Qualification which are required by the tender offers in general; and (iv) we may also face difficulties in sourcing or developing new customers or business. Details of these risks are set out in the section headed “Risk factors” in this document.

FINANCIAL INFORMATION

The following tables regarding consolidated income statements, consolidated statements of comprehensive income and consolidated balance sheet summarise the consolidated financial information of our Group during the Track Record Period, details of which are set out in the Accountants’ Report in Appendix I to this document.

Consolidated income statements

	Year ended 30 June		Five months ended 30 November	
	2010 HK\$’000	2011 HK\$’000	2010 HK\$’000	2011 HK\$’000
Revenue	24,454	72,047	16,988	65,247
Gross profit	12,034	44,803	9,982	48,381
Profit from operations	6,649	32,431	6,660	34,222
Profit before taxation	6,177	45,820	6,221	32,811
Profit for the year/period	<u>4,948</u>	<u>40,470</u>	<u>5,161</u>	<u>26,030</u>

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Consolidated statements of comprehensive income

	Year ended 30 June		Five months ended 30 November	
	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	2010 <i>HK\$'000</i> (unaudited)	2011 <i>HK\$'000</i>
Profit for the year/period	4,948	40,470	5,161	26,030
Other comprehensive income for the year/period				
Exchange differences on translation of financial information of entities outside Hong Kong	938	1,409	249	834
Total comprehensive income for the year/period	<u>5,886</u>	<u>41,879</u>	<u>5,410</u>	<u>26,864</u>
Attributable to:				
Equity shareholders of the Company	<u>5,886</u>	<u>41,879</u>	<u>5,410</u>	<u>26,864</u>

Consolidated balance sheets

	As at 30 June		As at 30
	2010 <i>HK\$'000</i>	2011 <i>HK\$'000</i>	November 2011 <i>HK\$'000</i>
Non-current assets	10,829	19,736	20,152
Current assets	12,906	66,385	119,860
Current liabilities	1,610	45,165	29,760
Net current assets	11,296	21,220	90,100
Total assets less current liabilities	22,125	40,956	110,252
Net assets	<u>22,125</u>	<u>40,956</u>	<u>110,252</u>
Capital and reserves	22,125	40,956	110,252
Total equity	<u>22,125</u>	<u>40,956</u>	<u>110,252</u>

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Margin analysis

The following table sets forth the breakdown of our Group's gross profit margin and net profit margin during the Track Record Period:

	Years ended 30 June		Five months ended 30 November
	2010	2011	2011
	%	%	%
Gross profit margin			
– Transportation system design and installation services	79.9	58.8	84.9
– Maintenance services	46.5	67.4	80.0
– Sales of spare parts	20.3	48.5	62.3
Overall	49.2	62.2	74.1
Net profit margin	20.2	56.2	[39.9]

Gross profit margin

Our Group's gross profit margin in respect of transportation system design and installation services decreased from approximately 79.9% for the year ended 30 June 2010 to approximately 58.8% for the year ended 30 June 2011 and increased to approximately 84.9% for the five months ended 30 November 2011. The particularly low gross profit margin for the year ended 30 June 2011 was primarily attributable to the use of subcontractors, mainly our associated company BII ERG which was the only company in China that possessed the requisite licensed technology awarded by Vix Group in relation to the ACC System during the period, to undertake certain parts of our work during the year ended 30 June 2011. We engaged subcontractors and services providers to provide labour, materials and services necessary for completion of certain parts of the services undertaken by our Group under the project agreements. There was no subcontracting arrangement for the year ended 30 June 2010 and the five months ended 30 November 2011.

Our Group's gross profit margin in respect of maintenance services increased from approximately 46.5% for the year ended 30 June 2010 to approximately 67.4% for the year ended 30 June 2011 and further increased to approximately 80.0% for the five months ended 30 November 2011. The increase was largely attributable to the strengthening of our Group's servicing team to undertake the work that used to be carried out by subcontractors. In addition, as certain of our staff who participated in the development of the ACC System in Beijing and were seconded to BII ERG during its establishment had returned to ERG BJ in the end of June 2011, we were able to deliver more efficient maintenance service to our customer by leveraging on their experience, thus further lower our costs of service. Moreover, maintenance services mainly involve routine regular check-ups and non-routine ad hoc technical support services; as fewer ad hoc technical support services were demanded during the five months ended 30 November 2011, less costs were incurred during the period and we were able to achieve a higher gross profit margin during this period with fixed-price maintenance contracts.

Our Group's gross profit margin in respect of sales of spare parts increased approximately from 20.3% for the year ended 30 June 2010 to 48.5% for the year ended 30 June 2011 and further increased to approximately 62.3% for the five months ended 30 November 2011. The improvement was primarily attributable to the increase in the selling of higher margin products, in particular, smart card readers.

Net profit margin

Factors affecting the fluctuation of our Group's net profit margin include share of profit of associate, share of loss of associate, growth in gross profit margin and increase in selling, general and administrative expenses. An analysis of the fluctuation of our Group's net profit margin is set out in the paragraph headed "Net profit margin" in the section headed "Financial information" in this document.

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Recent development

So far as our Directors are aware, the recent credit crisis in the PRC did not have a material impact on our operations or financial conditions. In particular, our Group did not have any bank borrowings during the Track Record Period and [up to the Latest Practicable Date] we had not experienced any cancellation or delay of contracts with our customers or default by our customers in settlement of the amount payable by them. Our Directors also believe that there will not be any difficulty for our Group to obtain bank financing should any need arise in the future.

During the three months ended 29 February 2012, in addition to our existing contracts on transportation system design and installation projects, maintenance services and sales of spare parts, our Group had secured five new contracts in relation to the provision of transportation system design and installation services with an aggregate contract value of approximately HK\$[30.2] million and one new contract in relation to sales of spare parts with an aggregate contract value of approximately HK\$[3.00] million. Based on our revenue and results for the five months ended 30 November 2011 and our recent work progress, our Directors expect that there would be an increase in our revenue for the year ending 30 June 2012. However, as there was an increase in the headcount of our technical staff in our design and engineering team since December 2011 and also an increase in our direct labour costs since January 2012 due to salary review of our existing technical staff, our Directors expect that our gross profit margin for the year ending 30 June 2012 would be lower than that recorded for the five months ended 30 November 2011 as the increase in labour costs would be recognised in our financial year ending 30 June 2012. Likewise, our Directors also expect there would be an increase in our selling, administration and general expenses for the year ending 30 June 2012 as a result of, among other things, the increase in staff-related costs and [●]. Taking into account the above, our Directors expect that our net profit margin for the year ending 30 June 2012 would be lower than that for the five months ended 30 November 2011.

OUR HISTORICAL ORDER BACKLOG

The following table sets forth the order backlog information in respect of our transportation system design and installation services, maintenance services and sales of spare parts for each of the two financial years ended 30 June 2011 and the five months ended 30 November 2011.

	Year ended 30 June						Five months ended 30 November		
	2010			2011			2011		
	Awarded by			Awarded by			Awarded by		
	Beijing Metro Network	Others	Total	Beijing Metro Network	Others	Total	Beijing Metro Network	Others	Total
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Backlog order beginning									
balance (Notes 1 and 7)	21,235	31,632	52,867	43,979	40,004	83,983	58,598	32,463	91,061
New contracts signed (Note 2)	42,373	10,396	52,769	51,339	26,404	77,743	6,220	73,965	80,185
Orders completed (Note 6)	(19,629)	(2,024)	(21,653)	(36,720)	(33,945)	(70,665)	–	(19,105)	(19,105)
Backlog order ending balance (Note 7)	<u>43,979</u>	<u>40,004</u>	<u>83,983</u>	<u>58,598</u>	<u>32,463</u>	<u>91,061</u>	<u>64,818</u>	<u>87,323</u>	<u>152,141</u> (Note 5)

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1. The backlog order beginning balance for the year ended 30 June 2010 represents the contracts awarded to ERG BJ and ERG HK before they were acquired by our Group.
2. Five new contracts under the ACC Integration Project were obtained through joint tender bid during the year ended 30 June 2011 and these contracts amounted to approximately HK\$[32.11] million. In addition, one new contract amounted to approximately HK\$6.22 million under the ACC Project ([the only ACC Project offered by Beijing Metro Network during the period]) was obtained through joint tender bid during the five months ended 30 November 2011.
3. As at the Latest Practicable Date, the aggregate amount of outstanding backlog order was approximately HK\$[188.13] million of which seven outstanding backlog orders were awarded by Beijing Metro Network, which amounted to approximately HK\$[95.64] million. As at the Latest Practicable Date, the year of relationship with our backlog order customers ranges from approximately four months to three years since the establishment of our Group. The contracts executed by ERG HK that are governed by Hong Kong law under the backlog order are valid and enforceable in Hong Kong. The contracts executed by ERG BJ that are governed by the PRC law under the backlog order are also valid and enforceable in the PRC.
4. As at the Latest Practicable Date, [approximately 15.3%] of the backlog order required the use of licensed technology.
5. Our Directors believe that our Company is able to fulfill its obligations under such backlog order having considered the sufficiency of its cash flow and manpower.
6. The amount represents the whole contract sum of the contracts completed during the year/period.
7. Backlog orders for a particular year/period refer to contracts that have not been completed as of the end of the relevant year/period indicated; and the whole contract sum for the relevant backlog order has been included for the purpose of calculating the amount of backlog order at the beginning and end of the relevant year/period (as the case may be).

PROFIT DISTRIBUTION

For the year ended 30 June 2010 and the five months ended 30 November 2011, our Group had not made any profit distribution. For the year ended 30 June 2011, our Group had made a profit distribution to original shareholders of approximately HK\$23.4 million, of which approximately HK\$18.57 million was paid during the year ended 30 June 2011 and the remaining was paid in July 2011.

DIVIDEND

We currently do not have a dividend policy. The declaration, payment and amount of dividends in the future will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors that our Directors consider relevant. Any declaration and payment as well as the amount of dividends will be subject to the Articles and the Companies Law.