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This announcement, for which the directors (the "Directors") of China City Railway Transportation Technology Holdings Company Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or in this announcement misleading.

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: 8240)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2012

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The board of Directors (the "**Board**") of China City Railway Transportation Technology Holdings Company Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 30 June 2012 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 30 June 2012 (Expressed in Hong Kong dollars ("HK$"))

	Note	**2012** **_HK$'000_**	2011 *HK$'000*
Revenue	*2*	**190,240**	72,047
Cost of sales		**(53,277)**	(24,576)
Business tax and surcharges		**(3,126)**	(2,668)
Gross profit	*2(b)*	**133,837**	44,803
Other net income		**27**	12
Selling, general and administrative expenses		**(29,735)**	(12,384)
Profit from operations		**104,129**	32,431
Investment income		**16**	48
Share of (loss)/profit of an associate		**(4,915)**	13,341
Profit before taxation	*3*	**99,230**	45,820
Income tax	*4*	**(18,515)**	(5,350)
Profit attributable to equity shareholders of the Company for the year		**80,715**	40,470
Earnings per share			
– Basic and diluted (HK$)	*6*	**0.13**	0.08

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2012 (Expressed in HK$)

	2012	2011
	HK$'000	*HK$'000*
Profit for the year	**80,715**	40,470
Other comprehensive income for the year (before and after tax):		
Exchange differences on translation into presentation currency	**656**	1,409
Total comprehensive income attributable to equity shareholders of the Company for the year	**81,371**	41,879

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2012 (Expressed in HK$)

	Note	**2012**	2011
		HK$'000	*HK$'000*
Non-current assets			
Property, plant and equipment	*7*	**1,502**	1,093
Intangible assets	*8*	**39,560**	18
Interest in an associate		**23,400**	18,572
Deferred tax assets	*12*	**1,911**	53
		66,373	19,736
Current assets			
Inventories	*9*	**1,554**	685
Trade and other receivables	*10*	**193,458**	32,679
Cash and cash equivalents		**203,196**	33,021
		398,208	66,385
Current liabilities			
Trade and other payables	*11*	**106,053**	44,971
Current taxation	*12*	**18,714**	194
		124,767	45,165
Net current assets		**273,441**	21,220
NET ASSETS		**339,814**	40,956
CAPITAL AND RESERVES	*13*		
Share capital		**8,000**	1
Reserves		**331,814**	40,955
TOTAL EQUITY ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY		**339,814**	40,956

STATEMENT OF FINANCIAL POSITION
At 30 June 2012 (Expressed in HK$)

	Note	2012 HK$'000	2011 HK$'000
Non-current asset			
Investment in a subsidiary		**40,955**	40,955
Current assets			
Other receivables	*10*	**39,266**	–
Cash and cash equivalents		**166,449**	1
		205,715	1
Current liabilities			
Accrued expenses	*11*	**971**	–
Net current assets		**204,744**	1
NET ASSETS		**245,699**	40,956
CAPITAL AND RESERVES	*13*		
Share capital		**8,000**	1
Reserves		**237,699**	40,955
TOTAL EQUITY		**245,699**	40,956

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2012 (Expressed in HK$)

	Attributable to equity shareholders of the Company					
	Share capital *HK$'000* *(Note 13(c))*	Capital reserve *HK$'000* *(Note 13(e))*	Statutory reserves *HK$'000* *(Note 13(f))*	Exchange reserve *HK$'000* *(Note 13(g))*	Retained earnings *HK$'000*	Total equity *HK$'000*
Balance at 1 July 2010	–	17,165	265	938	3,757	22,125
Changes in equity for 2011:						
Profit for the year	–	–	–	–	40,470	40,470
Other comprehensive income	–	–	–	1,409	–	1,409
Total comprehensive income	–	–	–	1,409	40,470	41,879
Issuance of shares *(Note 13 (c)(ii))*	1	–	–	–	–	1
Contributions from equity shareholders of the Company	–	399	–	–	–	399
Appropriation to reserves	–	–	3,446	–	(3,446)	–
Distributions to equity shareholders of the Company *(Note 13 (b)(ii))*	–	–	–	–	(23,448)	(23,448)
Transactions with equity holders of the Group	1	399	3,446	–	(26,894)	(23,048)
Balance at 30 June 2011	1	17,564	3,711	2,347	17,333	40,956

	Attributable to equity shareholders of the Company						
	Share capital *HK$'000* *(Note 13(c))*	**Share premium** *HK$'000* *(Note 13(d))*	**Capital reserve** *HK$'000* *(Note 13(e))*	**Statutory reserves** *HK$'000* *(Note 13(f))*	**Exchange reserve** *HK$'000* *(Note 13(g))*	**Retained earnings** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 July 2011	**1**	**–**	**17,564**	**3,711**	**2,347**	**17,333**	**40,956**
Changes in equity for 2012:							
Profit for the year	–	–	–	–	–	80,715	80,715
Other comprehensive income	–	–	–	–	656	–	656
Total comprehensive income	–	–	–	–	656	80,715	81,371
Issuance of shares *(Note 13(c)(ii))*	82	42,350	–	–	–	–	42,432
Cancellation of original issued shares and re-issuance of new shares *(Note 13(c)(iii))*	(83)	83	–	–	–	–	–
Capitalisation issue *(Note 13(c)(iv))*	6,000	(6,000)	–	–	–	–	–
Issuance of shares by initial public offering *(Note 13(c)(v))*	2,000	198,000	–	–	–	–	200,000
Share issuance expenses *(Note 13(c)(v))*	–	(24,945)	–	–	–	–	(24,945)
Appropriation to reserves	–	–	–	9,256	–	(9,256)	–
Transactions with equity holders of the Group	7,999	209,488	–	9,256	–	(9,256)	217,487
Balance at 30 June 2012	**8,000**	**209,488**	**17,564**	**12,967**	**3,003**	**88,792**	**339,814**

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 June 2012 (Expressed in HK$)

	Note	2012 HK$'000	2011 HK$'000
Operating activities			
Profit before taxation		**99,230**	45,820
Adjustments for:			
Depreciation and amortisation	*3(b)*	**13,631**	445
Interest income	*3(b)*	**(58)**	(24)
Investment income		**(16)**	(48)
Share of loss/(profit) of an associate		**4,915**	(13,341)
Changes in working capital:			
Increase in inventories		**(869)**	(5)
Increase in trade and other receivables		**(157,774)**	(25,544)
Increase in trade and other payables		**27,550**	15,576
Cash (used in)/generated from operations		**(13,391)**	22,879
Cash received from profit appropriation of an associate		**–**	5,007
Interest income received		**58**	24
Income tax paid	*12(a)*	**(1,853)**	(5,357)
Net cash (used in)/generated from operating activities		**(15,186)**	22,553
Investing activities			
Payments for purchase of short term investments		**(3,065)**	(13,212)
Proceeds from sale of short term investments		**3,081**	13,241
Investment income received		**–**	19
Payments for purchase of property, plant and equipment and intangible assets		**(1,869)**	(255)
Net cash used in investing activities		**(1,853)**	(207)
Financing activities			
Contributions from equity shareholders of the Company		**19,577**	23,255
Proceeds from issuance of shares by initial public offering	*13(c)(v)*	**197,353**	–
Payments for share issuance expenses	*13(c)(v)*	**(24,945)**	–
Distribution to equity shareholders of the Company	*13(b)(ii)*	**(4,878)**	(18,570)
Net cash generated from financing activities		**187,107**	4,685
Net increase in cash and cash equivalents		**170,068**	27,031
Cash and cash equivalents at 1 July		**33,021**	5,812
Effect of foreign exchange rate changes		**107**	178
Cash and cash equivalents at 30 June		**203,196**	33,021

NOTES

(Expressed in HK$ unless otherwise indicated)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

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 ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the GEM Listing Rules. A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and of the Company. Note 1(c) 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 of the financial statements

The consolidated financial statements for the year ended 30 June 2012 comprise the Group and the Group's interest in an associate.

The consolidated financial statements for the year ended 30 June 2011 have been prepared using the merger basis of accounting as if the Group has always been in existence since 1 July 2010 (or where companies were incorporated at a date later than 1 July 2010, since their respective dates of incorporation), as the companies now comprising the Group were jointly controlled by the same ultimate equity shareholder group, namely Mr. Cao Wei and his close family member (the "Controlling Shareholders") before and after the Reorganisation.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs 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:

- IAS 24 (revised 2009), *Related party disclosures*
- Improvements to IFRSs (2010)
- Amendments to IFRS 7, *Financial instruments: Disclosures – Transfers of financial assets*

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

The impacts of these developments are discussed below:

- IAS 24 (revised 2009) revises the definition of a related party. As a result, the Group has re-assessed the identification of related parties and concluded that the revised definition does not have any material impact on the Group's related party disclosures in the current and previous periods. IAS 24 (revised 2009) also introduces modified disclosure requirements for government-related entities. This does not impact the Group because the Group is not a government-related entity.

- Improvements to IFRSs (2010) omnibus standard introduce a number of amendments to the disclosure requirements in IFRS 7, *Financial instruments: Disclosures*. The disclosures about the Group's financial instruments have been conformed to the amended disclosure requirements. These amendments do not have any material impact on the classification, recognition and measurements of the amounts recognised in the financial statements in the current and previous periods.

- The amendments to IFRS 7 require certain disclosures to be included in the financial statements in respect of all transferred financial assets that are not derecognised and for any continuing involvement in a transferred asset existing at the reporting date, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The Group did not have any significant transfers of financial assets in previous periods or the current period which require disclosure in the current accounting period under the amendments.

2 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.

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, and sales of application solution related hardware and spare parts. The amount of each significant categories of revenue recognised during the year is as follows:

	2012	2011
	HK$'000	*HK$'000*
Revenue from the provision of design and implementation of application solution services	**49,909**	37,627
Revenue from the provision of maintenance of application solution services	**29,104**	31,595
Sales of application solution software	**70,680**	–
Sales of application solution related hardware and spare parts	**40,547**	2,825
	190,240	72,047

For the year ended 30 June 2012, revenues from transactions with four (2011: two) customers had exceeded 10% of the Group's revenue. Revenue from these customers amounted to HK$136,999,000 (2011: HK$59,661,000) for the year ended 30 June 2012.

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 continuous expansion of the Group's operations, the information reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment has expanded from one operating segment to the following four operating segments for the year ended 30 June 2012. 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 sales application solution software.

- Hardware and spare parts: this segment sales application solution related hardware and spare parts.

(i) Segment results, assets and liabilities

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 years ended 30 June 2012 and 2011. The Group's other income and expense items, such as selling, general and administrative expenses and share of (loss)/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 years ended 30 June 2012 and 2011 is set out below.

	2012				
	Design and implementation *HK$'000*	**Maintenance** *HK$'000*	**Software** *HK$'000*	**Hardware and spare parts** *HK$'000*	**Total** *HK$'000*
Revenue from external customers and reportable segment revenue	**49,909**	**29,104**	**70,680**	**40,547**	**190,240**
Reportable segment gross profit	**32,979**	**21,228**	**55,653**	**23,977**	**133,837**

	2011			
	Design and implementation *HK$'000*	Maintenance *HK$'000*	Hardware and spare parts *HK$'000*	Total *HK$'000*
Revenue from external customers and reportable segment revenue	37,627	31,595	2,825	72,047
Reportable segment gross profit	22,138	21,296	1,369	44,803

(ii) Geographic information

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

	2012	2011
	HK$'000	*HK$'000*
Mainland China	**168,276**	51,354
Hong Kong	**17,737**	16,599
The People's Republic of China (the "PRC") (place of domicile)	**186,013**	67,953
Thailand	**3,827**	1,694
Australia	**400**	2,400
	4,227	4,094
	190,240	72,047

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

3 PROFIT BEFORE TAXATION

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

(a) Staff costs

	2012	2011
	HK$'000	*HK$'000*
Salaries, wages and other benefits	**19,807**	13,373
Contributions to defined retirement plans	**1,565**	882
	21,372	14,255

The employees of the subsidiary of the Group established in the PRC (the "PRC subsidiary") participate in a defined contribution retirement benefit scheme managed by the local government authority, whereby the PRC subsidiary is required to contribute to the scheme at a rate of 20% of the employees' basic salaries. Employees of the PRC subsidiary 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 subsidiary incorporated in Hong Kong under a trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$20,000 to HK$25,000. 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

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories *(Note 9(b))*	**20,713**	2,177
Auditors' remuneration		
– audit service (including initial public offering related audit service)	**5,222**	413
Depreciation and amortisation *(Notes 7 and 8)*	**13,631**	445
Operating lease charges in respect of office premises	**2,436**	1,048
Interest income	**(58)**	(24)
Net foreign exchange loss	**4**	12

4 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2012	2011
	HK$'000	*HK$'000*
Current taxation *(Note 12(a))*		
– Hong Kong Profits Tax	**1,273**	1,526
– PRC Corporate Income Tax	**19,100**	3,816
	20,373	5,342
Deferred taxation *(Note 12(b))*	**(1,858)**	8
	18,515	5,350

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

	2012	2011
	HK$'000	*HK$'000*
Profit before taxation	**99,230**	45,820
Expected tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned *(Notes (i), (ii) and (iii))*	**25,706**	10,849
Tax effect of non-deductible expenses	**35**	380
Tax effect of unused tax losses not recognised *(Note 12(c))*	**3,085**	–
Tax concessions *(Note (iv))*	**(11,540)**	(2,544)
Tax effect of share of loss/(profit) of an associate	**1,229**	(3,335)
Income tax	**18,515**	5,350

Notes:

(i) The Company and the subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the year ended 30 June 2012 (2011: 16.5%).

(ii) The Company and a subsidiary of the Group incorporated in the Cayman Islands and the British Virgin Islands, respectively, are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.

(iii) The PRC subsidiary of the Group is subject to PRC Corporate Income Tax rate of 25% for the year ended 30 June 2012 (2011: 25%).

(iv) The PRC subsidiary of the Group has obtained approval from the tax bureau to be taxed as an enterprise with advance and new technologies. This subsidiary will therefore enjoy a preferential PRC Corporate Income Tax rate of 15% for the calendar years from 2010 to 2012.

5 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of HK$12,744,000 (2011: HK$Nil) which has been dealt with in the financial statements of the Company (see Note 13(a)).

6 BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

The basic earnings per share for the year ended 30 June 2012 is calculated based on the profit attributable to equity shareholders of the Company of HK$80,715,000 and the weighted average of 623,514,584 ordinary shares, comprising:

(i) 8,581 ordinary shares in issue to the Controlling Shareholders of the Company as at the date of the prospectus of the Company (the "Prospectus") and 481,258,946 ordinary shares issued to the Controlling Shareholders pursuant to the capitalisation issue on 16 May 2012, as if the 481,267,527 ordinary shares were outstanding throughout the year ended 30 June 2012;

(ii) An aggregate of 2,117 ordinary shares issued to equity shareholders of the Company other than the Controlling Shareholders on 6 July 2011 and 118,730,356 ordinary shares issued to these equity shareholders pursuant to the capitalisation issue on 16 May 2012, as if the 118,732,473 ordinary shares were outstanding since 6 July 2011; and

(iii) 200,000,000 ordinary shares issued on 16 May 2012 by initial public offering.

The basic earnings per share for the year ended 30 June 2011 is calculated based on the profit attributable to equity shareholders of the Company of HK$40,470,000 and the weighted average of 481,267,527 ordinary shares, comprising 8,581 ordinary shares in issue to the Controlling Shareholders of the Company as at the date of the Prospectus and 481,258,946 ordinary shares issued to the Controlling Shareholders pursuant to the capitalisation issue on 16 May 2012, as if the 481,267,527 ordinary shares were outstanding throughout the year ended 30 June 2011.

The calculation of the outstanding ordinary shares during the years ended 30 June 2012 and 2011 is as follows:

	2012 ***'000***	2011 *'000*
Issued ordinary shares at 1 July	**–**	–
Effect of shares issued to the Controlling Shareholders of the Company on 7 January 2011 and 6 July 2011 and the related capitalisation issue on 16 May 2012 *(Note 13(c)(ii) and 13(c)(iv))*	**481,268**	481,268
Effect of shares issued to equity shareholders of the Company other than the Controlling Shareholders on 6 July 2011 and the related capitalisation issue on 16 May 2012 *(Note 13(c)(ii) and 13(c)(iv))*	**117,110**	–
Effect of shares issued by initial public offering on 16 May 2012 *(Note 13(c)(v))*	**25,137**	–
Weighted average number of ordinary shares at 30 June	**623,515**	481,268

(b) Diluted earnings per share

There were no dilutive potential shares outstanding for the years ended 30 June 2012 and 2011.

7 PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements *HK$'000*	Office equipment, motor vehicles and others *HK$'000*	Electronic equipment *HK$'000*	Total *HK$'000*
Cost:				
At 1 July 2010	109	859	779	1,747
Exchange adjustments	–	38	37	75
Additions	–	41	214	255
At 30 June 2011	109	938	1,030	2,077
Accumulated depreciation:				
At 1 July 2010	4	141	367	512
Exchange adjustments	–	11	22	33
Charge for the year	14	199	226	439
At 30 June 2011	18	351	615	984
Net book value:				
At 30 June 2011	91	587	415	1,093
Cost:				
At 1 July 2011	**109**	**938**	**1,030**	**2,077**
Exchange adjustments	**–**	**17**	**17**	**34**
Additions	**629**	**233**	**219**	**1,081**
At 30 June 2012	**738**	**1,188**	**1,266**	**3,192**
Accumulated depreciation:				
At 1 July 2011	**18**	**351**	**615**	**984**
Exchange adjustments	**–**	**7**	**11**	**18**
Charge for the year	**199**	**248**	**241**	**688**
At 30 June 2012	**217**	**606**	**867**	**1,690**
Net book value:				
At 30 June 2012	**521**	**582**	**399**	**1,502**

8 INTANGIBLE ASSETS

The Group

	Software *HK$'000*	**Golf club membership** *HK$'000*	**Total** *HK$'000*
Cost:			
At 1 July 2010	30	–	30
Exchange adjustments	1	–	1
At 30 June 2011	31	–	31
Accumulated amortisation and impairment losses:			
At 1 July 2010	7	–	7
Charge for the year	6	–	6
At 30 June 2011	13	–	13
Carrying amount:			
At 30 June 2011	18	–	18
Cost:			
At 1 July 2011	**31**	**–**	**31**
Exchange adjustments	**(25)**	**–**	**(25)**
Additions	**51,768**	**736**	**52,504**
At 30 June 2012	**51,774**	**736**	**52,510**
Accumulated amortisation and impairment losses:			
At 1 July 2011	**13**	**–**	**13**
Exchange adjustments	**(6)**	**–**	**(6)**
Charge for the year	**12,943**	**–**	**12,943**
At 30 June 2012	**12,950**	**–**	**12,950**
Carrying amount:			
At 30 June 2012	**38,824**	**736**	**39,560**

9 INVENTORIES

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Spare parts	**1,554**	685

(b) The analysis of the amount of inventories recognised as an expense and included in the consolidated income statement during the year is as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Carrying amount of inventories sold	**20,713**	2,177

10 TRADE AND OTHER RECEIVABLES

		The Group		The Company	
		2012	2011	**2012**	2011
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Trade receivables	*10(a), (b), (d)*	**135,708**	17,055	**–**	–
Gross amount due from customers for contract work:	*10(c)*				
– third parties		**46,359**	6,665	**–**	–
– an affiliate of an equity shareholder of the Company		**2,062**	474	**–**	–
		48,421	7,139	**–**	–
Amounts due from related parties:	*10(e)*				
– equity shareholders of the Company and their affiliates		**835**	–	**18**	–
– an associate of the Group		**–**	5,065	**–**	–
– subsidiaries		**–**	–	**33,899**	–
		835	5,065	**33,917**	–
Prepayments, deposits and other receivables		**8,494**	3,420	**5,349**	–
		193,458	32,679	**39,266**	–

Except for HK$353,000 (2011: HK$241,000), all of the trade and other receivables are expected to be settled or recognised as expense within one year.

(a) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis as of the end of the reporting period:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within 1 month	**97,300**	14,770
More than 1 month but less than 3 months	**3,442**	2,285
More than 3 months but less than 6 months	**6,338**	–
More than 6 months	**28,628**	–
	135,708	17,055

(b) Trade receivables that are not impaired

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

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Current	**353**	241
Less than 1 month past due	**97,261**	14,770
1 to 3 months past due	**3,387**	2,044
3 to 6 months past due	**6,320**	–
More than 6 months past due	**28,387**	–
	135,708	17,055

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

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

(c) Project contracts in progress

At 30 June 2012, 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$71,809,000 (2011: HK$24,194,000).

(d) Retention receivables

At 30 June 2012, included in trade receivables are retention receivables in respect of project contracts of HK$353,000 (2011: HK$241,000).

(e) Amounts due from related parties

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

11 TRADE AND OTHER PAYABLES

		The Group		The Company	
		2012	2011	**2012**	2011
	Note	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Trade payables:	*11(a)*				
– third parties		**24,821**	1,741	**–**	–
– an associate of the Group		**53,992**	7,996	**–**	–
– affiliates of an equity shareholder of the Company		**6,743**	–	**–**	–
		85,556	9,737	**–**	–
Amounts due to related parties:	*11(b)*				
– equity shareholders of the Company		**–**	9,377	**–**	–
– a subsidiary		**–**	–	**250**	–
		–	9,377	**250**	–
Other taxes payables		**18,139**	1,192	**–**	–
Accrued expenses and other payables		**2,358**	1,810	**721**	–
Financial liabilities measured at amortised cost		**106,053**	22,116	**971**	–
Capital contribution from an investor received in advance	*11(c)*	**–**	22,855	**–**	–
		106,053	44,971	**971**	–

At 30 June 2012, all of the trade and other payables are repayable within one year or on demand.

(a) Ageing analysis

Included in trade payables are creditors with the following ageing analysis as of the end of the reporting period:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Due within 1 month or on demand	**85,556**	9,737

(b) Amounts due to related parties

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

(c) Capital contribution from an investor received in advance

The amount represented capital contribution received in advance from an equity shareholder of the Company. The capital contribution was completed on 6 July 2011 (see Note 13(c)(ii)).

12 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Movements of current taxation in the consolidated statement of financial position are as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Income tax payable at 1 July	**194**	209
Provision for income tax on the estimated taxable profits for the year *(Note 4(a))*	**20,373**	5,342
Income tax paid during the year	**(1,853)**	(5,357)
Income tax payable at 30 June	**18,714**	194

(b) Deferred tax assets recognised:

The component of deferred tax assets recognised in the consolidated statement of financial position and the movements during the year are as follows:

The Group

Deferred tax arising from:	**Amortisation and depreciation expenses in excess of the tax allowances** *HK$'000*
At 1 July 2010	61
Charged to the consolidated income statement *(Note 4(a))*	(8)
At 30 June 2011	**53**
Credited to the consolidated income statement *(Note 4(a))*	**1,858**
At 30 June 2012	**1,911**

(c) Deferred tax assets not recognised

In accordance with the Group's accounting policy, the Group has not recognised deferred tax assets in respect of unused tax losses of HK$18,694,000 (2011: HK$Nil) at 30 June 2012, as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

(d) Deferred tax liabilities not recognised

At 30 June 2012, temporary differences relating to the retained profits of the Group's PRC subsidiary amounted to HK$98,949,000 (2011: HK$15,646,000) of which no deferred tax liabilities in respect of the tax that would be payable on the distribution of these profits was provided as the Company controls the dividend policy of this subsidiary and it has been determined that it is probable that such profits will not be distributed in the foreseeable future.

13 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 are set out below:

	Share capital	Share premium	Capital reserve	Accumulated losses	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Note 13(c))	*(Note 13(d))*	*(Note 13(e))*		
At 7 January 2011 (date of incorporation)	–	–	–	–	–
Changes in equity for 2011:					
Issuance of shares *(Note 13(c)(ii))*	1	–	–	–	1
Contributions from equity shareholders of the Company arising from the Reorganisation	–	–	40,955	–	40,955
	1	–	40,955	–	40,956
At 30 June 2011	1	–	40,955	–	40,956
At 1 July 2011	1	–	40,955	–	40,956
Changes in equity for 2012:					
Total comprehensive income	**–**	**–**	**–**	**(12,744)**	**(12,744)**
Issuance of shares *(Note 13(c)(ii))*	**82**	**42,350**	**–**	**–**	**42,432**
Cancellation of original issued shares and re-issuance of new shares *(Note 13(c)(iii))*	**(83)**	**83**	**–**	**–**	**–**
Capitalisation issue *(Note 13(c)(iv))*	**6,000**	**(6,000)**	**–**	**–**	**–**
Issuance of shares by initial public offering *(Note 13(c)(v))*	**2,000**	**198,000**	**–**	**–**	**200,000**
Share issuance expenses *(Note 13(c)(v))*	**–**	**(24,945)**	**–**	**–**	**(24,945)**
	7,999	**209,488**	**–**	**(12,744)**	**204,743**
At 30 June 2012	**8,000**	**209,488**	**40,955**	**(12,744)**	**245,699**

(b) Dividends/distributions

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

	2012
	HK$'000
Final dividend proposed after the end of the reporting period of HK$0.025 per ordinary share	**20,000**

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

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

Distributions to the equity shareholders of the Company prior to the listing of the Company on the Stock Exchange of HK$23,448,000 were approved during the year ended 30 June 2011.

(c) Share capital

		2012		2011	
	Note	**Number of shares**	***HK$'000***	Number of shares	*HK$'000*
Authorised:					
Ordinary shares of HK$0.01 each (2011: US$1 each)	*(i)*	**2,000,000,000**	**20,000**	50,000	389
Issued and fully paid:					
At 1 July	*(ii)*	**100**	**1**	–	–
Issuance of shares on incorporation	*(ii)*	**–**	**–**	100	1
Issuance of shares on 6 July 2011	*(ii)*	**10,598**	**82**	–	–
Cancellation of original issued shares on 25 November 2011	*(iii)*	**(10,698)**	**(83)**	–	–
Re-issuance of shares on 25 November 2011	*(iii)*	**10,698**	**–**	–	–
Capitalisation issue	*(iv)*	**599,989,302**	**6,000**	–	–
Issuance of shares by initial public offering	*(v)*	**200,000,000**	**2,000**	–	–
At 30 June		**800,000,000**	**8,000**	100	1

Notes:

(i) Authorised share capital

On 7 January 2011, the Company's date of incorporation, the Company's authorised share capital was US$100, comprising 100 ordinary shares of US$1 each.

Pursuant to a written resolution passed on 1 June 2011, the authorised share capital of the Company was increased to US$50,000 (equivalent to approximately HK$389,000) divided into 50,000 shares of US$1 each.

On 25 November 2011, the then equity shareholders of the Company resolved to cancel the above 50,000 authorised shares of US$1 each and revised the authorised share capital to HK$20,000,000 by the creation of 2,000,000,000 shares with par value of HK$0.01 each.

(ii) Issuance of shares

On 7 January 2011, the Company issued 100 ordinary shares with par value of US$1 each, and the shares issued have been fully paid up.

Pursuant to the approval by the board of directors on 6 July 2011, the Company issued 8,481 shares with par value of US$1 each. The amount was fully paid up.

Pursuant to a share subscription agreement signed between the Company and Guotai Junan (Hong Kong) Limited ("Guotai Junan") on 31 May 2011, Guotai Junan agreed to subscribe for 698 ordinary shares of the Company at a consideration of HK$22,855,000. On 6 July 2011, 698 shares with par value of US$1 each were issued to Guotai Junan accordingly. Upon completion of the above share subscription, the proceeds of HK$5,400 (equivalent to approximately US$698), representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$22,849,600 were credited to the Company's share premium account.

Pursuant to a share subscription agreement and a supplemental agreement signed between the Company and Beijing Infrastructure Investment (Hong Kong) Limited ("BII HK") on 23 May 2011 and 6 July 2011 respectively, BII HK agreed to subscribe for 1,419 ordinary shares of the Company at a consideration of HK$19,511,300. On 6 July 2011, 1,419 shares with par value of US$1 each were issued to BII HK accordingly. Upon completion of the above share subscription, the proceeds of HK$11,000 (equivalent to approximately US$1,419), representing the par value, were credited to the Company's share capital. The remaining proceeds of HK$19,500,300 were credited to the Company's share premium account.

(iii) Cancellation of original issued shares and re-issuance of new shares on 25 November 2011

Upon the revision made to the Company's authorised share capital (see Note 13(c)(i)) and pursuant to written resolutions passed on 25 November 2011, the then existing 10,698 ordinary shares of par value of US$1 each were cancelled by the Company, and the Company re-issued 10,698 shares with par value of HK$0.01 each to the equity shareholders in proportion of one share for each ordinary share of US$1 held.

(iv) Capitalisation issue

Pursuant to the resolution passed by the equity shareholders of the Company on 8 December 2011 and upon the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange on 16 May 2012, an amount of HK$5,999,893 standing to the credit of the share premium account was applied in paying up in full 599,989,302 ordinary shares of HK$0.01 each which were allotted and distributed as fully paid to equity shareholders whose names appeared on the register of members of the Company at the close of business on 8 December 2011 in proportion to their then shareholdings in the Company.

(v) Issuance of shares by initial public offering

On 16 May 2012, 200,000,000 ordinary shares of HK$0.01 each were issued and offered for subscription at a price of HK$1.00 each upon the listing of the shares of the Company on the Growth Enterprise Market of the Stock Exchange. The proceeds of HK$2,000,000, representing the par value, were credited to the Company's share capital. The remaining proceeds of approximately HK$198,000,000, and the share issuance expenses of HK$24,945,000 were credited and debited, respectively, to the share premium account.

(d) Share premium

The application of the share premium account is governed by Section 34 of the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands.

(e) Capital reserve

The capital reserve represents the difference between the carrying values of the controlling equity interests in subsidiaries acquired and the considerations paid under the Reorganisation.

(f) Statutory reserves

In accordance with the articles of association of the PRC subsidiary of the Group, the PRC subsidiary was required to set up certain statutory reserves, which were non-distributable. The transfers to these reserves are governed by the articles of association of the PRC subsidiary. The statutory reserves can only be utilised for predetermined means upon approval by the relevant authority.

(g) Exchange reserve

The exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of companies outside Hong Kong into the presentation currency. The reserve is dealt with in accordance with the Group's accounting policy.

(h) Distributable reserves

At 30 June 2012, the aggregate amount of reserves (including the Company's retained earnings, if any, and share premium) available for distribution to equity shareholders of the Company is HK$209,488,000 (2011: HK$Nil). After the end of the reporting period, the directors of the Company proposed the payment of a final dividend of HK$0.025 per ordinary share for the year ended 30 June 2012 (see Note 13(b)(i)). The dividend has not been recognised as a liability at the end of the reporting period.

(i) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted debt-to-capital ratio. For this purpose, the Group defines adjusted debt as total debt (which includes trade and other payables) plus unaccrued proposed dividends. Adjusted capital comprises all components of equity less unaccrued proposed dividends.

During the year ended 30 June 2012, the Group's strategy was to lower the adjusted debt-to-capital ratio via the successful listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange on 16 May 2012. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to equity shareholders, issue new shares, return capital to equity shareholders, raise new debt financing or sell assets to reduce debt.

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Trade and other payables	**106,053**	44,971
Add: proposed dividends	**20,000**	–
Adjusted debt	**126,053**	44,971
Total equity	**339,814**	40,956
Less: proposed dividends	**(20,000)**	–
Adjusted capital	**319,814**	40,956
Adjusted debt-to-capital ratio	**39%**	110%

	The Company	
	2012	2011
	HK$'000	*HK$'000*
Accrued expenses	**971**	–
Add: proposed dividends	**20,000**	–
Adjusted debt	**20,971**	–
Total equity	**245,699**	40,956
Less: proposed dividends	**(20,000)**	–
Adjusted capital	**225,699**	40,956
Adjusted debt-to-capital ratio	**9%**	–

14 OPERATING LEASE COMMITMENTS

At 30 June 2012, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group	
	2012	2011
	HK$'000	*HK$'000*
Within 1 year	**2,472**	285
After 1 year but within 5 years	**4,009**	–
	6,481	285

The Group leases certain office premises under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent lease rentals.

15 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the balances disclosed elsewhere in the financial statements, the material related party transactions entered into by the Group during the year are set out below.

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

	2012	2011
	HK$'000	*HK$'000*
Provision of design and implementation of application solution services	**4,227**	4,094
Technical service costs	**189**	–
Software development costs	**8,090**	–
Net increase in advances granted	**835**	–
Net (decrease)/increase in advances received	**(9,377)**	9,377

(b) Transactions with an associate of the Group

	2012	2011
	HK$'000	*HK$'000*
Technical service costs	**2,376**	7,810
Software development costs	**49,558**	–
Net (decrease)/increase in advances granted	**(5,065)**	5,065

(c) Transactions with subsidiaries of the Group

	2012	2011
	HK$'000	*HK$'000*
Net increase in advances granted	**33,899**	–
Net increase in advances received	**250**	–

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company and certain of the highest paid employees of the Group are as follows:

	2012	2011
	HK$'000	*HK$'000*
Short-term employee benefits	**5,687**	3,616
Retirement scheme contributions	**39**	12
	5,726	3,628

Total remuneration is included in "staff costs" (see Note 3(a)).

16 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) Share options granted

The Company has a share option scheme which was adopted on 8 December 2011 whereby the directors of the Company are authorised, at their discretion, to invite directors, chief executive, their respective associates, and other employees of the Group (the "Grantees") to take up options at HK$1 as consideration to subscribe for shares of the Company.

On 26 July 2012, the Company granted 40,000,000 share options to the Grantees to subscribe for ordinary shares of HK$0.01 each of the Company under the above share option scheme. At the end of the acceptance period on 15 August 2012, only 39,200,000 share options were taken up by the Grantees.

For the options granted to and accepted by the Grantees, 20% will vest after one year from the date of grant, another 50% will vest after two years from the date of grant, and the remaining 30% will vest after three years from the date of grant. The options will lapse on 25 July 2017. The exercise price of the share option is HK$0.656. Each option gives the holder the right to subscribe for one ordinary share in the Company.

(b) Dividend proposed

The directors of the Company proposed a final dividend after the end of the reporting period. Further details are disclosed in Note 13(b)(i).

17 COMPARATIVE FIGURES

As a result of a revision made to the presentation of reportable segments as detailed in Note 2(b) and reclassification of items disclosed in Note 10 and 11, certain comparative figures have been adjusted to conform to current year's presentation and/or to provide comparative amounts in respect of items disclosed for the first time in 2012.

18 POSSIBLE IMPACT OF NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 30 JUNE 2012

As at the date of these financial statements, the IASB has issued the following new standards, amendments to standards and interpretations which are not yet effective for the year ended 30 June 2012 and which have not been adopted in these financial statements.

	Effective for accounting periods beginning on or after
Amendments to IAS 12, *Income taxes – Deferred tax: Recovery of underlying assets*	1 January 2012
Amendments to IAS 1, *Presentation of financial statements – Presentation of items of other comprehensive income*	1 July 2012
IFRS 10, *Consolidated financial statements*	1 January 2013
IFRS 11, *Joint arrangements*	1 January 2013
IFRS 12, *Disclosure of interests in other entities*	1 January 2013
IFRS 13, *Fair value measurement*	1 January 2013
IAS 27, *Separate financial statements (2011)*	1 January 2013
IAS 28, *Investments in associates and joint ventures (2011)*	1 January 2013
Amendments to IFRS 1, *First-time adoption of International Financial Reporting Standards – Government loans*	1 January 2013
Amendments to IFRS 7, *Financial instruments: Disclosures – Disclosures – Offsetting financial assets and financial liabilities*	1 January 2013
Amendments to IFRS 10, *Consolidated financial statements,* IFRS 11, *Joint arrangements* and IFRS 12, *Disclosure of interest in other entities – Transition guidance*	1 January 2013
Revised IAS 19, *Employee benefits*	1 January 2013
IFRIC 20, *Stripping costs in the production phase of a surface mine*	1 January 2013
Annual Improvements to IFRSs – 2009-2011 Cycle	1 January 2013
Amendments to IAS 32, *Financial instruments: Presentation – Offsetting financial assets and financial liabilities*	1 January 2014
IFRS 9, *Financial instruments (2009)*	1 January 2015
IFRS 9, *Financial instruments (2010)*	1 January 2015
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: Disclosures – Mandatory effective date and transition disclosures*	1 January 2015

The Group is in the process of making an assessment of what the impact of the new standards, amendments to standards and interpretations is expected to be in the period of initial application. None of them is expected to have a significant effect on the Group's results of operation and financial position.

MANAGEMENT DISCUSSION AND ANALYSIS

Operational Review

The financial year 2012 was another fruitful year for our Group as we continued to achieve outstanding operational performance with revenue increased by approximately 164.2% to approximately HK$190.2 million and profit attributable to equity shareholders of our Company increased by approximately 99.3% to approximately HK$80.7 million as compared to last financial year.

For the year ended 30 June 2012, our Group mainly focused on the following four operation sectors: 1) the provision of design and implementation of application solutions services; 2) the provision of maintenance of application solution services; 3) the sales of application solution related hardware and spare parts; and 4) the sales of application solution software. In financial year 2012, our revenue and net profit grew significantly, which was mainly attributable to sales of application solution software as well as related hardware and spare parts by ERG Transit Systems (Beijing) Ltd. ("**ERG BJ**"), a subsidiary of our Group.

Provision of design and implementation of application solutions services

For the year ended 30 June 2012, we had participated in the integration of the four new lines of the Beijing subway to the automated fare collection clearing centre system (ACC) and to the traffic control centre system (TCC). Also, ERG BJ won the tender for Light Current Engineering Project of Phase II of the TCC system of Beijing subway, thus maintaining its higher market share in Beijing network. During the same period, ERG Transit Systems (HK) Limited ("**ERG HK**") achieved broader development. ERG HK won tenders in relevant projects of MTR Corporation Limited in Hong Kong, and it, being a subcontractor, undertook supplementary projects of fare collection clearing system for several subway lines in Bangkok.

Provision of maintenance of application solution services

For the year ended 30 June 2012, except for the expiry of the two one-off maintenance contracts, ERG HK maintained a stable customer base in Hong Kong, and continued to deliver high-quality, long-term and effective services to the Kowloon Motor Bus Company (1933) Limited, Citybus Limited, New World First Bus Services Limited and New World First Ferry Services Limited. During the same period, our revenue from maintenance services in Beijing remained stable, comparing to the previous financial years.

Sales of application solution related hardware and spare parts

For the year ended 30 June 2012, our revenue from the sales of application solution related hardware and spare parts was mainly derived from the sales of card readers. Other revenue was mainly generated from the sales of spare parts arising from the provision of design and implementation of application solutions services to our customers.

Sales of application solution software

For the year ended 30 June 2012, our Group started engaging in the sales of self-developed software products. During the financial year 2012, ERG BJ has developed six software products, of which three have obtained Computer Software Copyright Registration Certificates from the National Copyright Administration of the PRC, reflecting that, in addition to the research and development of the card reader, our Group has gradually moved forward to standardise its subway system application solutions and to commercialise it for other applicable usages. Apart from expanding our business and increasing our revenue, such achievements would also be beneficial to our customers, namely regional subway companies, to standardise their system construction and achieve a better management. Our self-developed software products are not only applicable to subway system, but also to other fields, for example, the Development of Integrated Circuit Card Measuring System for Waste Disposal Facilities project which is applying the collection and clearing technology into other areas.

Financial Review

Revenue

Our Group's revenue increased by approximately 164.2% from approximately HK$72.0 million for the year ended 30 June 2011 to approximately HK$190.2 million for the year ended 30 June 2012. The increase was mainly attributable to the increase in the sales of application solution software as well as related hardware and spare parts.

Revenue arising from the provision of design and implementation of application solution services

Our Group's revenue arising from the provision of design and implementation of application solution services increased by approximately 32.7% from approximately HK$37.6 million for the year ended 30 June 2011 to approximately HK$49.9 million for the year ended 30 June 2012. The increase was mainly attributable to the integration of the four new lines of Beijing subway to the automated fare collection clearing centre system (ACC) and to the traffic control centre (TCC) as well as the provision of the Network Emergency Communications Command System Design and Development Project for Beijing subway.

Revenue arising from the provision of maintenance of application solution services

Our Group's revenue arising from the provision of maintenance of application solution services decreased by approximately 7.9% from approximately HK$31.6 million for the year ended 30 June 2011 to approximately HK$29.1 million for the year ended 30 June 2012. The decrease was mainly because during the year ended 30 June 2011, one of our customers requested us to provide additional one-off repair and maintenance services in addition to our normal maintenance services while this additional service was not recurred during the year ended 30 June 2012. Other than that, our revenue arising from maintenance application solution services was generally maintained at similar level.

Revenue arising from the sales of application solution related hardware and spare parts

Our Group's revenue arising from the sales of application solution related hardware and spare parts increased by approximately 1,346.4% from approximately HK$2.8 million for the year ended 30 June 2011 to approximately HK$40.5 million for the year ended 30 June 2012. The increase was mainly attributable to the sale of card readers for use in eight Beijing subway lines, which accounted for approximately 89.5% of our revenue arising from sales of application solution related hardware and spare parts for the year.

Revenue arising from the sales of application solution software

Our Group's revenue arising from the sales of application solution software was approximately HK$70.7 million for the year ended 30 June 2012 while there was none for the year ended 30 June 2011. In view of the market demand for ready-to-use standardised application solution for traffic control, system monitoring as well as fare collection and clearing fields, our Group started to develop software products cater for those markets during the financial year 2012. As a result, our Group had completed, among others, the development of our Integrated System Monitoring Software, Traffic Control System Software and Data Processing and Clearing Software, ready for sale in the market by the end of financial year 2012. The revenue arising from the sale of application solution software for the year ended 30 June 2012 was mainly derived from the sales of those software products.

Cost of sales

Our Group's overall cost of sales has increased by approximately 116.7% from approximately HK$24.6 million for the year ended 30 June 2011 to approximately HK$53.3 million for the year ended 30 June 2012. The increase in the overall cost of sales was primarily due to the procurement of hardware for the card readers ordered by our customer and the costs incurred for the development of our new application solution software products.

Cost of sales in respect of the provision of design and implementation of application solution services

Our Group's cost of sales in respect of the provision of design and implementation of application solution services increased by approximately 6.6% from approximately HK$13.7 million for the year ended 30 June 2011 to approximately HK$14.6 million for the year ended 30 June 2012. The increase was mainly due to the increase in the provision of design and implementation of application solution service during the year as compared to last financial year.

Cost of sales in respect of the provision of maintenance of application solution services

Our Group's total cost of sales in respect of the provision of maintenance application solution services decreased by approximately 25.5% from approximately HK$9.4 million for the year ended 30 June 2011 to approximately HK$7.0 million for the year ended 30 June 2012. The decrease was mainly due to the reduction in subcontracting fee during the year.

Cost of sales in respect of sales of application solution related hardware and spare parts

Our Group's total cost of sales in respect of sales of application solution related hardware and spare parts increased by approximately 1,006.7% from approximately HK$1.5 million for the year ended 30 June 2011 to approximately HK$16.6 million for the year ended 30 June 2012. The increase was mainly attributable to the procurement of hardware for the card readers.

Cost of sales in respect of sales of application solution software

Our Group's total cost of sales in respect of sales of application solution software was approximately HK$15.0 million for the year ended 30 June 2012 while there was none for the year ended 30 June 2011 as our Group had only started developing this kind of software products during the financial year 2012.

Selling, general and administrative expenses

Our Group's selling, general and administrative expenses increased by approximately 139.5% from approximately HK$12.4 million for the year ended 30 June 2011 to approximately HK$29.7 million for the year ended 30 June 2012. The increase was mainly due to the increase in legal and professional fees in relation to our Company's listing.

Profit before taxation and profit attributable to equity shareholders of our company

Our Group's profit before income tax increased by approximately 116.6% from approximately HK$45.8 million for the year ended 30 June 2011 to approximately HK$99.2 million for the year ended 30 June 2012. During the year ended 30 June 2012, our Group incurred approximately HK$11.3 million expenses in connection with the listing of our Company's shares on GEM of the Stock Exchange. Excluding the exceptional listing expenses of approximately HK$11.3 million, the profit before income tax would have increased to approximately HK$110.5 million, representing an increase of approximately 141.3% when compared to last financial year.

The profit attributable to equity shareholders of our Company increased by approximately 99.3% from approximately HK$40.5 million for the year ended 30 June 2011 to approximately HK$80.7 million for the year ended 30 June 2012. The increase was primarily due to the growth in revenue and improvement in gross profit.

Liquidity, Financial and Capital Resources

Capital structure

As at 30 June 2012, our Company's total number of issued shares was 800,000,000 ordinary shares of HK$0.01 each (2011: 100 shares of US$1 each). Details of the changes in the share capital and capital risk management of our Company during the year are set out in Note 13 to the consolidated financial statements.

Cash position

As at 30 June 2012, our Group's cash and bank balances were approximately HK$203.2 million (2011: approximately HK$33.0 million).

Bank borrowing and charges on our Group's assets

As at 30 June 2012, our Group has no bank borrowings and charges on our assets.

Working capital and gearing ratio

As at 30 June 2012, our Group had current assets of approximately HK$398.2 million (2011: approximately HK$66.4 million, while its current liabilities was approximately HK$124.8 million (2011: approximately HK$45.2 million, resulting a net current assets of approximately HK$273.4 million (2011: approximately HK$21.2 million).

Gearing ratio is calculated based on total debt divided by total assets at the end of the year multiplied by 100%. Debts are defined to include payables incurred not in the ordinary course of business, including advanced cash injection from investor, amount due to shareholder and profit distribution payable but excluding trade payables. Gearing ratio is not applicable to our Group as at 30 June 2012 (2011: 37.4%) because our Group was at a net cash position without any bank borrowings, long term debts and payables incurred not in the ordinary course of business during the year ended 30 June 2012.

Business Outlook

In the financial year 2013, according to the 12th Five-Year Plan of Beijing, it is expected that there will be three or four new railway lines to be integrated in 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 at railway network level, generating more market opportunities for us than in 2012.

Our design and implementation of application solutions for public transport systems is charged based on the progress of individual project. Projects won in 2012 will be completed and realised revenues in 2013. At the same time, the maintenance of application solution services sector will continue to generate steady revenue.

Our Group is also committed to expand the types of our self-developed application solution software products. Apart from the system software cater for the railway network, we will continue to invest manpower and resources to develop the system software cater for individual railway line, and accelerate the progress of commercialisation, thus achieving a diversified development. We believe that commercialising and standardising the application solutions in the industry will improve the efficiency of the public transport systems, and lower the procurement costs and costs for maintenance. Meanwhile, standardisation also enables the public transport systems operators to more effectively monitor and oversee the operation of the systems.

While we are implementing our long term goal towards commercialising and standardising the application solutions, we will continue to build on our industry experiences, expand our customer base and consolidate our market position in Beijing and other cities in the PRC and to expand our business in Hong Kong and Southeast Asia. In the coming year, as mentioned in the Prospectus, our Group will be opened to any merger and acquisition opportunities of related businesses; and will continue to enhance our expertise and knowhow for the development of new application solutions and new products, thus realising the diversification and standardisation of our products. Our Group will also continue our research and development of other systems solutions, such as Passenger Information Control Centre System, so as to enhance our reputation and sources of revenue.

DIVIDEND

The Board recommends the payment of a final dividend of 2.5 HK cents (2011: nil) per share for 2012, payable on or about Thursday, 20 December 2012 to those persons registered as shareholders of our Company on Tuesday, 20 November 2012, being the record date for determining shareholders' entitlement to the proposed final dividend. The proposed dividends represents approximately 24.8% of the profit attributable to equity shareholders of our Company for the year. The proposed payment of the final dividends is subject to the approval at the annual general meeting (the "**AGM**") of our Company for the year ended 30 June 2012.

ANNUAL GENERAL MEETING

The AGM will be held on Tuesday, 13 November 2012. Shareholders should refer to details regarding the AGM in the circular of our Company, the notice of AGM and form of proxy accompanying thereto to be despatched by our Company.

CLOSURE OF REGISTER OF MEMBERS

To determine the eligibility of the shareholders of our Company to attend the AGM to be held on Tuesday, 13 November 2012, the register of members will be closed from Friday, 9 November 2012 to Monday, 12 November 2012, both days inclusive, during which period no transfer of shares will be effected. In order to be entitled to attend and vote at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with our Company's share registrars, Tricor Investor Services Limited, 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Thursday, 8 November 2012.

On the assumption that the resolution for declaring the final dividend is duly passed at the AGM, the register of members will be closed from Saturday, 17 November 2012 to Tuesday, 20 November 2012, both days inclusive, during which period no transfer of shares will be effected. In order to qualify for entitlement to the final dividend, the last day of dealing in the shares of our Company on a cum entitlement basis will be on Wednesday, 14 November 2012 and all transfer forms accompanied by the relevant share certificates must be lodged with our Company's share registrars, Tricor Investor Services Limited, 26th Floor, Tesbury Centre 28 Queen's Road East Wanchai, Hong Kong, for registration not later than 4:30 p.m. on Friday, 16 November 2012.

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

Neither our Company nor any of our subsidiaries purchased, sold or redeemed any of our Company's listed securities during the financial year ended 30 June 2012.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

The Board considers that our Company has compiled with the code provisions in the Corporate Governance Code and Corporate Governance Report ("**CG Code**") as set out in Appendix 15 of the GEM Listing Rules during the period from the listing date of the Company (i.e. 16 May 2012) to 30 June 2012.

AUDIT COMMITTEE

We established an audit committee ("**Audit Committee**") pursuant to a resolution of the Directors passed on 8 December 2011 with written terms of reference in compliance with Rule 5.28 and Rule 5.29 of the GEM Listing Rules. The written terms of reference of the Audit Committee was adopted in compliance with paragraph C.3.3 and C.3.7 of the CG Code. 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 our Company. As at 30 June 2012, the Audit Committee consists of three Independent Non-Executive Directors, namely Mr. Hu Zhaoguang, Mr. Bai Jinrong and Dr. Kong Shin Long, Johnny CPA. The Audit Committee is chaired by Dr. Kong Shin Long, Johnny CPA.

Since the establishment of the Audit Committee, the Audit Committee performed duties including reviewing our Group's financial statements, audit findings, external auditor's independence and our Group's accounting principles and practices.

Our Group's annual results for the year ended 30 June 2012 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the financial statements of our Company and our Group for the year ended 30 June 2012 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

AUDITORS

The consolidated financial statements for the year ended 30 June 2012 were audited by KPMG, who shall retire and, being eligible, offer themselves for re-appointment at the AGM. A resolution for the re-appointment of KPMG as auditor of our Company will be proposed at the AGM.

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

Hong Kong, 26 September 2012

As at the date of this announcement, the executive Directors are Mr. Cao Wei and Mr. Chen Rui; the non-executive Directors are Dr. Tian Zhenqing and Mr. Steven Bruce Gallagher; and the independent non-executive Directors are Mr. Hu Zhaoguang, Mr. Bai Jinrong and Dr. Kong Shin Long, Johnny.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at www.hkgem.com for at least 7 days from the day of its posting. This announcement will also be published on the Company's website at www.ccrtt.com.hk.